1. India Needs a Bottom-up Growth Model

Context:

- India's bold decision to stay out of the Regional Comprehensive Economic Partnership (RCEP) until the needs of the country's small enterprises, farmers, and poorest citizens are properly addressed dismayed many economists.

- The Indian government's fear was that the resulting increase in Chinese exports would harm small producers and farmers.

Cross country comparison: India and China

- China and India, the two most populous countries in the world, both embarked on new journeys around the same time. More than 70 years later, **China has progressed much Faster.** India, other the other hand, is yet to reach the development indicators that China attained back in the early 1990s.

- China's fast progress is due to **make their policies people-centric rather than growth-centric.** The Chinese government derives its legitimacy from citizens' satisfaction with their well-being, not from a vote in an election.

India's Different Models of Development:

- India's constitutional structure enables its States to adopt different models of development. Thus, there is a 'Kerala model', a 'Gujarat model', and now a 'common man's model' implemented by the Aam Aadmi Party (AAP) in Delhi.

- **Local, participative governance has been a distinction of Kerala's model** and the State has been well ahead of the rest of the country, matching China in its Human Development Indicators in education, health, and women's inclusion.

- Delhi's AAP government has adopted **a people-centric model of Government.** It has established School Management Committees with parental involvement. Teacher training budgets have increased five-fold. The performance of Delhi's government schools is not only higher than the national average; it now exceeds the performance of private schools in Delhi. Public health expenditures have more than doubled. 'Mohalla clinics' have been set up in poor colonies to provide accessible and affordable health care.

- This has improve the 'ease of living' of citizens by improving the quality and accessibility, and reducing costs, of a range of public services has increased savings per family by ₹4,000 per month. This proves that growth must be bottom-up to be equitable and sustainable.

Focus should be on Citizen's Well-Being:

- India has climbed many rungs on the World Bank's 'Ease of Business' rankings. Yet, **Investments to expand production ventures have not Increased** much because consumer demand has slumped.

- Citizens want their governments to put jobs in their countries first, and to implement policies that increase incomes at the bottom of the pyramid rather than facilitating only further growth at the top.

India's Complex, Socio-Economic Environmental System:

- India's complex, socio-economic environmental system is under even greater stress. The country must improve on many fronts simultaneously. India ranks very low in international comparisons of human development (education and health), even below its poorer sub continental neighbours.

- It is the most water-stressed large economy in the world; its cities are the most polluted.

- **India's Economic Growth is not generating enough jobs for its burgeoning population of youth:** The employment elasticity of India's growth (numbers of jobs created with growth) is amongst the worst in the world.

Conclusion:

- India's challenge now is **to build an Indian ecosystem in which competitive enterprises** will grow to create more opportunities for jobs for youth and for increasing citizens' incomes.

- Growth of incomes in India will make India more attractive for investors. A stronger industrial system will give India more headroom in trade negotiations too.

- **India's industrial and Entrepreneurial Ecosystem's Growth must be accompanied by an Improvement In Environment**. Policies must be managed with a whole systems view.

- While 'Ease of doing Business' gauges health from a business perspective, 'ease of living' should become the measure of the health of the whole system.