

What is driving the growth in India is it sustainable An analysis of developing competitive strengths for sustainable growth

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1.1 Preface

The economic growth in India has been an achievement of number of factors. Increase in domestic demand, economic independence and skilled manpower are some of the factors which is fuelling the growth process.

One of the main factors, which have distinguished India in globe, is the presence of growing educated and intellect sharp manpower. This advantage seems to be reducing in our young generation. The next generation (Students in our schools) are less focused towards mental development in the right direction for achieving higher excellence. The required trust is lacking in education, sports as well as in character building in next generation. Our studies on the schools of mumbai have shown a substantial decrease in general reading habit and dedication towards overall knowledge attainment. Need to create focus today for creating talent focus on personal growth at a primary education level.

The overall development of human resource in the country is essential especially in Government, Public Sector, Legal and Defense. This infrastructure is run by a dedicated talented and efficient manpower at present. Are these services still attracting and retaining the level of talent and dedication in the young staffs is a concern, which needs to be addressed for a world-class infrastructure. The huge remuneration gaps and rationalized promotion policies need to be addressed in this sector.

2.1 Source & Collection of Data

The Source of data on past performance is from economic reviews, world bank report, Education guidelines issued by CBSE.

The Source of data on present trend is collected by survey report conducted in a reputed CBSE School in Mumbai "Borivali Education Society Students (Mumbai). The study was conducted on class V & VI students.

Our Study of trend and preferences was mainly on the following grounds.

- 1) School Students/ Teacher on the change in grasping patterns, dedication, thrives for excellence.
- 2) Involvement of sports in overall development of students ie in chess, carom, football, table tennis
- 3) Changes in involvement in extra curricular activities by students i.e in debates, quiz competition, music and dance.

Collection of performance related issues faced by human resource departments of premier organizations like HDFC Bank/International Travel House and central government departments through interaction.

Development of trends in human resource management especially in Government, Public Sector, Legal and Defense has been collected through informal meeting with some senior staffs in these specific organisations. The infrastructure is run by a dedicated talented and efficient manpower at present. Are these services still attracting and retaining the level of talent and dedication in the

young staffs is a concern, which needs to be addressed for a world-class infrastructure. The huge remuneration gaps and rationalized promotion policies are the concerns raised in these meetings.

Analysis of past data, specific to the field of Law & order, education, health and political stability. Their contribution to present growth. Impact of changing trends on the expected performance in next decade and in a future span of 50 years.

2. 1 India's Growth

Since Independence India has moved from a moderate growth path of the first three decades (1950 to 1980) to a higher growth trajectory since 1980s. Over the last two and a half decades, India has emerged as one of the fastest growing economies of the world, averaging about 6 percent growth rate per annum and ranking of the country in terms of size of the economy, especially in Purchasing Power Parity (PPP) Terms have improved. In the last three years. We have averaged a growth rate of 8 percent. Apart from registering impressive growth rate over the last two and a half decades, India's growth process has been stable. Studies indicate that the yearly variation in growth in India has been one of the lowest.

During the period, we have faced only one crisis in 1991. The crisis was followed by a credible macroeconomic structural and stabilization program encompassing trade, industry, foreign investment, exchange rate, public finance and financial sector. The evidence of stable economic condition is the successful avoidance of any adverse contagion impact of shocks from the East Asian crisis, the Russian crisis during 1997-98, sanction like situation in post pokhran scenario, and border conflict during May-June 1999.

The performance of the Indian economy during the current fiscal year has exceeded expectations. Initial growth projections for the period April 2004 to March 2005 were around 6.8%. Expectation was paired with a percentage point due to low rainfall from July 2004. Global price shocks in oil, steel and coal added to apprehension, particularly about inflation. However, shaking off these fears, the economy has grown by a robust 6.9%.

There are two aspects to the "emergence of India." First, there are signs of vigorous growth in manufacturing. High growth rates in exports have been extended beyond the now-familiar services story to skill-intensive sectors like automobiles and drugs. Manufacturing growth accelerated every month after May 2004 to reach double-digit levels in September and October. Merchandise export growth in the first 10 months of 2004-05 was 25.6%. For three quarters running, revenue growth in the corporate sector has been above 20% and net profit growth has been around 30%. Second, there is a pronounced pickup in investment. From 2001-02, the investment rate in India, low by East Asian standards, rose by 3.7 percentage points to 26.3% of GDP in 2003-04. There are signs of an investment boom in the high growth in production and imports of capital goods from late 2004 onwards.

2. 2 Agriculture Sector

Agricultural production, mainly of food grains, accounts for around one-quarter of GDP (at factor cost) and is an important determinant of overall economic growth. Total food grain production in fiscal year 2001/02 (April-March) amounted to a record 212m tonnes, including 89.5m tonnes of rice and 75.6m tonnes of wheat. However, yields per hectare remain low by international standards. Other major crops grown include oilseeds, cotton, pulses, sugar, tea, coffee, rubber, jute and potatoes. From 2002 onwards the agricultural sector has been on a decline. The decline in production has been so bad that during year 2005-06 we have imported a record six million tons of wheat. We need to raise overall food production to meet growth. The swaminathan committee has made sweeping recommendations to the government of India for reviving agriculture and those call for initiatives in areas such as land reforms, irrigation, knowledge

enhancement, market reforms, and more effective credit. The magnitude of the problem is such that any shortfall improvement – at least sustainable seems unlikely. The socio-political fallout of economic disparities across regions will be too serious a problem to ignore. The rural-urban divide will be wedged open wider since the service sector boom continues to enrich the middle class in urban areas.

Two-thirds of India's labour force works in agriculture which, with forestry and fishing, accounts for around 25% of GDP. It could create severe imbalances in the country. However, the majority of landholdings are farmed at subsistence level, and many farming families live below the poverty line. India has some of the lowest human development indicators in the world, particularly in rural areas. Reducing poverty is a challenge for sustainable growth. Development of rural India and Agriculture sector in particular will need a large amount of dedicated and revolutionary efforts for sustainable growth of economy.

The 70's program to revive the dairy industry in the country through the cooperative movement, cold chain, infrastructure and a sound marketing system endures to this day and address the dairy need for the country and creates a surplus. The movement was driven by demand, structure and cooperation. Revolutionary movement is required in each agriculture produce i.e. in field of grains, oils, fruits, horticulture, fishing and in marine sectors. With introduction of giants in retail marketing like Reliance and Wal-Mart who aim at creating supply chain and backward integration. The retailing industry should also ultimately aim at benefit to the farmers rather than reducing the intermediaries.

2.3 Industry

A policy of import substitution in the decades after independence encouraged the development of a broad industrial base, but a lack of competition contributed to poor product quality and inefficiencies in production. Several sectors have now been opened up to foreign participation under India's liberalising reform programme, contributing to a significant expansion in the production of durable consumer goods including cars, scooters, consumer electronics, computer systems and white goods. However, a large portion of heavy industry is still publicly owned. Development of profitability and accountability of public sector undertakings need to be reviewed for implementing quick decisions for public sector growth.

2.3.1 Manufacturing sector

The first few post reform years were traumatic for the sector that had for long been protected by high tariff wall. When the economy opened up the small and medium enterprises were the casualty, But Industry invested heavily on modernizing and upgrading capacities and on rationalizing its bloated manpower. The process was painful and the sector emerged from it leaner, meaner and fighting fit. Many Indian countries (it should be companies) are eyeing on the overseas market. India is one of the active production hub not only because of cost advantage but also because many importers are trying to diversify their sources of procurement and keep away from china so as to manage their currencies better.

The importance of the manufacturing sector can be gauged from the following: -

- Manufacturing forms 17% of India's GDP
- It contributes 75% to exports
- It employs 11 % of our workforce
- Manufacturing sector is a force multiplier as every rupee of investment increases GDP by Rs 4.

The growth in manufacturing sector has been a quest unwritten and unavoidable for our growth process.

Some of the areas, which need attention for achieving stable and sustainable growth, are

2.3.1 Indian Railways

- 1) Indian Railways: - Railways, which is the largest transporter for the Indian goods do not have focus on agriculture transport. The growth in railway infrastructure in terms of increased trains and better facility is far behind the need of the train traveler. In the last two decades we have seen shortfall in supply by railways. If we list the no of trains between any two locations in India say between Mumbai & Chennai. We can easily point out the no of trains available is only marginally more than what was available 10 years before whereas the traveling population has increased by more than three times. This has resulted in increased burden in road transport. Road Transport is more costly and uses oil. The oil sector carries 55000 crore subsidy bill and is a major constituent of our imports. Neither the growth plans of railways have a huge infrastructure built up for catering the future demand nor we have alternative facilities which will save our power & fuel consumption. The need for cheap and efficient railway facility for movement of agricultural produce cannot be ignored.

2.3.2 Liberalisation of Public Sectors

We are self reliant in large number of industries but are we ready to face the world competition. One main concern is the petroleum and fertilizer industry. The prices and supply of which has the direct impact on the economic growth. Will all the private players achieve their immediate goals keeping in mind the economic development of the nation? In case of privatization of public transport to transporter like BEST /Volvo, will they operate in unprofitable routes in maharashtra? If service is the primary goal of transport department, then what will be the level of commitment of the public service? If transport department is privatized and profit is the primary motive, then how the need for access to all regions and locations be addressed.

2.3.3 Imbalances due to liberalization

We have seen the turbulence in manufacturing industry after 1990's reforms. It has been exposed to global competition and shredded products in which it was not globally competitive. This has lead to relocation of only small portion of our human resources. The industry has quickly adopted itself to the global standards to remain competitive. But the growth in retail segment and introduction of retail chains and super marts will essentially reduce the trader class from the system. This may also lead to resentment of unorganized labour.

2.3.4 Imbalances due to rapid economic and environment change.

The CII will have to look for major industry drawbacks before the competition makes the industry sick. The Industry should be informed of the problems of the future and the remedial measures required now to change or adopt before a crash of the industry. Some examples on the same are below.

- 1) The textile and handicrafts industry might be a causality of the fast growth in the adaptation of western lifestyle. The women garment industry is a 50,000 crore industry. Of which sarees and dress material constitutes 80 % of the industry. Very fast adoption of western wear by Indian women has reduced the demand for sarees. At present the demand for sarees as a daily wear for ladies is for women above 50 year age and salwar/suits for ladies in 30's. After 10 years there will be tremendous reduction of demand for sarees and suits, which will shrink or kill the industry. Along with garment demand of accessories will also reduce like bangles, bindis, artificial jewellery and flowers. The study has been conducted on the purchasing during festival season in a leading silk store Kumaran silks in chennai even if the level of income has increased during the last two years. The sales during festival season for silk sarees has dropped by 20 % in 2006 compared to 2004. The industry needs to revamp the dress so as to make it easy to wear and attractive for the

young generation. Instead of waiting for the industry to die and looking for ways of reviving later the industry and experts needs to act now. Some of my colleagues do not consider this as a big challenge and cause for distress. Their contention is the garment sector will still be attractive and provide substitutes to women wear. The difference is the predicted longevity of western wear over Indian and reduction of change in taste, colour and texture choices. Which is limited in case of western wear. The weavers of sarees and dress materials are a very large portion of employed craftsmen who's relocation needs to be addressed. In the sector, which is largely, disorganized and highly segmented into varieties the concerns are higher in case of industry crash. This crash if what has been anticipated is true will be larger than the crash of textile industry due to price wars of textile yarns.

- 2) **Public Transport System.** The public transport system in India has not been up to the requirement of the growing population. This is causing a burden to national growth. If we take the example of mumbai local trains the number of first class traveler have increased by 4 times in last 5 years still we have same no of first class coaches in local trains. Even during office hours we do not have first class specials to cater to the ever-growing upper middle class traveler. This has fuelled the need for personal vehicle to be used for commuting to office. The position is even worse in chennai where there is a very low frequency and no linkage with new growth towns and financial hubs. It also demands a change in the lifestyle of the people, which will result in increased consumption of nonrenewable and imported energy resource of the nation.
- 3) **Knowledge Changes in technology and market** are so fast in certain industries the need for dissemination of knowledge is very essential for the sustained growth. One example is the banking sector with the banking reforms and quick adaptation to market needs by private banks and foreign banks. (The industry will be open to foreign plays to buy stake in any bank by 2009) The huge gap in the service levels and the change in needs of the consumers exist between different players. Need of adoption of improved technology and alternative channel of service is to be highlighted to all the players in the industry. At certain times some of my colleagues assert that the demand from the industry for adaptation of new system is generally high. If the leader gets the first mover advantage and his performance is attributed due to certain processes which is not patented to him alone then we are asking for transparency in process for all bankers to adopt. In an industry where there are large no of restrictions and guidelines under which the banks have to operate. It is of almost importance for all the bankers to discuss and publish method to deal with credit assessment / risk reduction / controlling non-performing assets or rural credit initiatives.

2.4 India's Strengths in growth

India, with an average age of 26, is a younger country, which holds 30% of the world's employable population and has started to look on its growing population as a potential asset. A 2003 report by Goldman Sachs, an investment bank, on the four big emerging economies—Brazil, Russia, India and China—suggested that, alone among them, India's economy would continue to grow at more than 5% a year until 2050.

Apart from Goldman's Sach's report Asian Wall Street, Economist, and other leading economist of the world have predicted a sustainable growth for Indian economy for the next 4 decades till year 2050. There are numerous reasons favourable for the growth of Indian economy as compared to different economies of the world. India also has a friend, China, in this excellent journey of stable and sustainable growth. China is growing at 10% per annum. It has a GDP of 2.8 times of India and India will take 56 years to beat its GDP and if China grows at 6% per annum and India has a sustainable growth at 8% India would take 28 years to cross its GDP. No serious economist believes that growth predictions going even two decades into the future can be made with accuracy. When such predictions turn out to be true, it is entirely by fluke. Therefore,

all long run predictions must be treated with great skepticism. India needs to create 8 million jobs every year to maintain current rate of unemployment. Hence the thrust and need for sustained growth is not only desirable for the economy but vital for its subsistence at current level.

3.1 Pillars in Sustainable growth

On analyzing the stability of growth of different economies of the world and studying the high growing economies of the world. We can draw the few pillars for sustainable economic growth as follows. These are not the only contributors for growth but have been selected to highlight the strengths we possess and adaptation required to be a world's largest and sustained growing economy.

1. Economic Independence
2. Liberty
3. Law & Order
4. Political stability and commitment.
5. Education and Health

General study of the pillars for sustainable growth present growth factors with projections of future trends i.e after 25 years and 50 years are as follows.

3.1.1 Economic Independence.

There has been considerable focus on removing imbalances in the balance of payments. India has constantly moved from a -ve foreign reserve to a 200 billion foreign reserve country in a last 5 years. India now has over a decade of experience of conducting macro policy in a setting where foreign portfolio investors have full convertibility, and the exchange rate is determined in the currency market.

Our approach aimed at market-determined exchange rate with no predetermined target along with market interventions essentially to manage volatility has served us well. At the empirical level, the flexibility of Indian exchange rate policy is captured by market two-way movement of Indian rupee against the major currencies including US dollar. Recent international research on viable exchange rate strategies in emerging markets had lent considerable support to the exchange rate policy followed by India.

The main driver of growth in India has been domestic demand. The growth in demand is paralleled by an equivalent rise in growth of economy, higher earning power of people and rise in employable skilled workforce in India.

The overall improvement in GDP growth during the reform period has also been facilitated by improvement in the rate of aggregate domestic saving. For instance, in the high growth phase of last three years the saving rate rose from 5.5% points from 23.5% in 2001-02 to 29.1% in 2004-05. Gross domestic investment rate, for the first time remained above 30% in 2004-05, mainly on account of private investment growing at 19.7%. With the fiscal responsibility and budget management act in place, the fiscal consolidation process envisages phased reduction in the key deficit indicators. Monetary policy, while being supportive of investment demand places emphasis on price and financial stability. These factors give confidence to possibility of sustaining the present growth momentum – GDP growth close to 8% per annum.

As mentioned by our Finance Minister Mr P Chidambaram, we do not expect any change in the basic framework of our policies both in terms of growth based on efficient use of capital and stability assured by sound macroeconomic policies.

Concern of oil prices movements can distort the economic growth of the economy especially when the economy is the World's 6th largest energy consumer and oil accounts for about 42% of India's total energy consumption. The preventative steps of using renewable energy resources, strengthening public transport system, Gas pipelines from Kazakhstan whereby reduced dependence on import of oil will help in reducing the import burden of Indian economy

Looking at the past performance of our economy and futuristic view of our economist & Financial Policies we can boldly consider to be equipped to grow at a sustainable growth level of 8 % GDP for the next 25 years

50 years ahead we have to look at India as being a financial giant. Our attractiveness to International Investors will be analysed on the basis of our growth potential. We need to have strong current account surplus as compared to capital account surplus. Rising oil prices would result in widening current account imbalances. Need to be self reliant for power and oil to meet the energy consumption of the country.

3.1.2 Liberty & Equality

Freedom of expression/ rights and ability to excel. Liberty and personal satisfaction are the most important motivating factors which have worked wonders in the American Economy. Growth, stability and equity are mutually reinforcing objectives. The sustainable growth is possible only when the able and efficient are given chance to experiment and implement new processes and inventions into practice. Growth in Indian SME segment is a stunning example of the liberty of the enterprising venture to take up new projects and running them efficiently. The liberalization has gone further in helping the entrepreneurs to look for foreign partners, collaborators and aggressively target overseas.

Growth in India has steadily accelerated from 1980 onwards. And this has been achieved simultaneously with nearly 60 years of faithful adherence to democratic norms and traditions. The enshrining of democratic principles in a newly independent country might have involved some initial "fixed costs." But democracy is the only legitimate and stable foundation for a society. India, having paid those "fixed costs," now appears to be reaping the dividends. Concerns in developing the foundation of liberty and equality have different aspects, which can be disputed and argued.

Are we still investing in developing the foundation of democracy equality and liberty? Is the reservation and poverty removal programs still reaping the economic growth of the country or generating unequal opportunities for equal players? Is financial liberty not an hindrance for primary education in India ?

3.1.3 Legal and Judicial System

Law & Order plays a vital role in strengthening the economy. The main milestone achievement in US economy for a consistent growth till 90's is the contribution of judicial and political system. Process of reducing risk in Indian legal system needs attention in reducing the loopholes in our judicial system and realigning the law and order in the country. The efficiency and effectiveness of Mumbai's police have been a boon to the development of the economy. It has been a world-class efficient and committed work force, which has been able to enforce law and order in the state. We have experienced complete freedom exercised by financial and entertainment industry of the country

30 years from now we will have a huge economic disparity between different classes of people hence need to have proper enforcement process to attract and retain the rich and famous citizens in the country. We should have a system to differentiate the different citizens on the basis of past track record of ethical conduct, default and tax payment. Accountability of all law enforcement

departments is a must to evaluate and improve the service levels in this sector. The challenge of attracting talent and enforcing commitment towards national security goals needs to be addressed. With the current emoluments and increased growth of demand of talented employees in other sectors it will be a major bottleneck for the future. Any lack in compliance and maintaining law and order will show multiple efforts on the growth process of our country. Cast based reservation policy in recruitment and promotions need to be evaluated, as it will have long-term repercussions on motivation and inequality within the employees. It will also reduce the effectiveness of discharging the duties.

50 years from now we will need to have a world class legal and law enforcement system. It will not only attract the rich and the famous to select India as a destiny to live life of comfort with security and develop tourism. But also address reduction of migration of citizens out of country to safeguard their assets and security. Presently we are in a trap where people earn at one location and invest in other as they are not secure in the location & business in which they are in. for example the people living in town are moving towards cities and people in cities are moving towards foreign destinations in search of security and better standards of living. It will also lead to outflow of Indian investors to other destination. We need to do a large amount of groundwork in developing our legal system. Safeguard of personal and national property will be a issue only to be addressed by our law and order. Freedom to work efficiently and effectively by our economy will be supported by law and order of the country.

3.1.4 Political Stability .

Political stability helps in making economic decisions and reducing the risk of imbalance in the economy. In May 2004, elections brought the United Progressive Alliance (UPA) into power. Growth, stability and equity are mutually reinforcing objectives. The quest of the UPA Government is to eliminate poverty by giving every citizen an opportunity to be educated, to learn a skill, and to be gainfully employed. The economic strategy of the UPA is composed of four main elements: maintaining macroeconomic balances; improving the incentives operating upon firms; enhancing physical infrastructure; and a range of initiatives aimed at empowering millions of poor households to participate in the growing prosperity.

The major concern remains on commitment towards national interest, reduction of interference of unlawful elements in politics, public accountability and growth oriented policies of the government. Under the leadership of Dr Manmohan Singh the focus of the government is appropriate and will not be cause of distress.

3.5.1 Education & Health

India has a second largest employable work force next to china. India, with an average age of 26, is a younger country than China (33), and has started to look on its growing population as a potential asset. A 2003 report by Goldman Sachs, an investment bank, on the four big emerging economies—Brazil, Russia, India and China—suggested that, alone among them, India's economy would continue to grow at more than 5% a year until 2050. Not only the population but a skilled and educated population will be differentative edge for sustainable growth of our country.

The flaws in our education system would need to address for development into a world class education system. Indian students have excelled in various profession in different parts of world due to their abstract thinking ability and undetermined hard work. We need to sustain and pass the ability to the next generation without adopting the inefficiency of western lifestyle and lack of focus towards knowledge..

3.5.2 Drawbacks in present system

While commenting on the education system let us examine the present structure of our education system. Even after 59 years of Independence the following situation remains

- Drop-out rate in schools from KG to 10+2 is (Including those who never attended school) 90% to 94%.
- We have about 1.10 million schools in India not enough for even 50% of the student population.
- The existing Indian definition of Literacy (if you can write your name you are literate) needs to be amended to International Standards. The present literacy rate is 37% whereas china has a literacy rate of 93%
- About 7% TO 8% of the youth who finish the 10+2 stage (pre-university) enter the 17,963 colleges of India 70% of all graduates are B.A. or Arts graduates are not-employable.
- Presently there is little connect between education and employment generation & quality of Life.
- The ‘Governance’ in Government run schools is very low in many cases teachers are absent (15% to 50% absenteeism) from schools in rural and urban schools of India and are paid full wages and perks in spite of this! Studies have shown that even the poorest of the poor rather send their children to un-aided schools where fees have to be paid and not to government run free schools is higher than Government schools although the salary of Government teachers is two to three times higher than the teachers of the un-aided schools.
- The total amount spent on education is about Rs.91,000 crores per year. 15% by the Central Government and 85% by the State Governments. The Education Cess will collect another Rs.7,000 crores per year. This is about 3.3% of GDP. The MHRD has calculated that another Rs.40,000 crores per year would be required only for additional requirements for Primary Education!
- Presently there is little connect between education and employment generation & quality of Life
- About 27 million people are added every year to the existing education system, which is like adding another Australia + Hong Kong + Singapore & UAE per year. Are we developing infrastructure to take care of demand and quality of education.
- We in India have 362 Universities. China has 900 universities; USA & Japan have 3650 & 4000 Universities respectively!
- 25 per cent of government primary teachers in India are absent from work. Only 50 per cent are accurately engaged in the act of teaching while at work.
- In India, the fees of the courses, pay scales to the teachers, appointment of the head of the institution and the syllabus, are decided by the 58 or more Central and State-Government Boards of Education. Will this create innovation, excellence and world-class students?
- India has about 5113 ITI’s (Ministry of Labour) and about 6000 Vocational schools (Ministry of HRD), while China has about 500,000 senior secondary vocational schools!
- India has 300 million unemployed able bodied between the ages of 18 to 50, but they have no skill sets and therefore not employable! Employers in India are facing a huge shortage of skilled manpower.
- Wages and salaries in India, of skilled manpower are going up too fast. India will not be able to take advantage of the demographic profile of its population, if we do not provide quality Education & Training.

3.5.4 Bottlenecks to be addressed for world-class education system

- Because of the “License Raj’ in Higher and Technical Education, it is estimated that nearly 110,000 to 120,000 students leave India every year for studying abroad. At any given time these 350,000 students cost the country a foreign exchange out flow of nearly

US\$ 10 billion per year or nearly Rs. 46,000 crores per year, enough to build 40 IIM's or 20 IIT's per year.

- The present problem of reservation will not solve the needs and aspirations of the youth. India needs a larger number of educational Institutions, seats and higher quality in the area of Higher & Technical education. Rationing, quotas and reservation can never address the actual situation. The Central and State governments are strapped for funds even for Primary and Secondary education. The solution lied in complete decontrol of all forms of Higher & Technical education; the same way as business was delicensed in 1991! Since 1947 we have tried reservation and controls in the allocation of steel, cement, colour TV's, airlines tickets, cars, scooters, etc and have failed. Only increase of supply and decontrol has finally solved these issues.
- As per estimates of research by Times of India Rs.100, 000 crores are required per year just to have reasonable quality of Primary and Secondary education, up to class 10th which is where the Central and State Governments should concentrate for the next 10 to 20 years, or till we have at least 95% literacy and at least 80% of the population who are completing the High School stage or class 10th.
- As per research by Times of India the total expenditure for education is nearly 8% of GDP, about 3.3% from Government and about 4.7% from Private participation. This includes funding of unaided schools and colleges + bribes and capitation fees + payment for students studying abroad + tuition classes + coaching classes + private I.T. & Software training institutes. Most of this private funding is confined to urban areas where only 30% people stay.
- India can become an Educational Hub for the world and earn US\$ 100 billion per year, after 10 to 20 years! We need to start now, but remove 'Licence Raj' first, as was done for business in 1991! India has 7,700 foreign students while Australia has 363,000 foreign students!

4.1 Strengths to be developed

The economic growth in India has been an achievement of number of factors. Economic reform, industrial growth, global competitive advantage and educated adaptive and sharp manpower. The advantages for growth need to be developed as strength for future growth.

Particularly educated sharp manpower is an advantage for our country. This advantage is reducing in our young generation. The next generation is not as focused towards general reading habit and dedication towards overall knowledge attainment. By not working I mean we are not holding importance to mental development as we did a decade ago. We as parents and students are working more towards examination led studies rather cultivating interest in education. The study of present students in primary and secondary schools their general knowledge, and ability to participate in debates & quiz with students in the same school a decade ago helps us to locate the warning signals. Students and parents do not indulge in storybook reading / knowledge building activities during young age. This will gradually reduce the skill advantage of India over the world. Economic growth has to be complemented by providing infrastructure for growing demand particularly we need to address the need for power and water for the growth of agriculture. Are we developing enough canals, ponds and water resources for economy, which is agri, based? These needs to be studied for development of projects and implemented keeping in mind the future requirements for sustainable growth.

4.2 Steps which can help to sustain strength of our human resources

Some highlights of the new trends in our lifestyle: our strengths and hence need for development for the next generation.



- 1) The cultivation of reading habits increases the thinking and imaginative power of the child. The level of indulgence in reading comic books, Novels like Famous Five, Nancy Drew is reducing day by day. Now days more stress is given for all round activities and virtually no competition exists in developing reading skills in students. All studies are restricted towards academic books. Even the buying habits of book by the parents have reduced. Major part of pocket money and life styles have influenced in spending more on accessories and dressing up compared to fueling of mental abilities. More and more parents and students do not aspire for the best. This reduces the ability to do best from the very young age.
- 2) The emphasis of learning music or musical instrument at young age improves memory. It creates grasping ability and generates perfection in performance. Learning a hobby also creates interest and keeps students busy. This ability in long run differentiates the skills of our work force from the employees of other parts of world.
- 3) Indulgence in sports as a daily routine is an essential activity for the student. This activity generates quick decision-making and development of teamwork spirit in students.
- 4) Aim High Attitude needs to be developed which will lead to attain high level of achievement. Of late students do not aim for science stream as a craze. Aim high attitude develops a ability to put forward all your efforts towards one goal i.e. education which in turn develops as an ability to attainment of goal
- 5) Character and discipline building is entrusted only to parents our education system does not address it. Discipline implemented in school would certainly have an enrichment of complete society.

4.3 Steps which can help in transformation and sustaining the strengths of our economy for future growth.

Some warning signals in the economy need corrective actions or focus to divert any possible shortfalls in economic growth.

- 1) The change and adoption of Indian garment industry from ethnic Indian wear to western wear in ladies garments will lead to a closure of demand for 50,000 crore Indian saree market. This needs to be addressed and corrective steps taken so as to reduce the impact of change on the economy and industry.
- 2) The need to develop infrastructure for strengthening growth especially local transport system, transport of agricultural commodities, water and resources with capacity built beyond the demands.
- 3) Need to stress for developing and using public transport system in rural and urban India as this leads to reduction of usage of non renewal power resources and saving of foreign currency reserves.
- 4) Health care initiatives would bring better reach on utilizing resources of public hospitals providing preventive health care service in two shift basis whereby increasing the service time & facilities.
