

Ten steps of \$5 trillion: Lesson from RCEP fiasco is that India must execute bold reforms to become competitive - A Review

***Sabyasachi Pradhan**

Gurcharan Das is an author and former CEO of Procter & Gamble India. He is highly acclaimed for writing a trilogy based on the classical Indian goal of the ideal life. India Unbound was the first volume on Artha, 'material well-being'. The Guardian called it 'a quiet earthquake'. It is available in 19 languages and has been narrating the story of Indian economic rise filmed by the BBC. The second, The Difficulty of Being Good, is on Dharma or 'moral well-being', and is "rich with learned musings on the epic, Mahabharata and its moral dilemmas" that speak to our day to day contemporary life. Kama: The Riddle of Desire is on the third goal of desire, and recounts a tale of "love and vulnerability, about self-doubt and betrayal, about wanting more of everything and being haunted by settling for less."

He was born in Lyallpur (Faisalabad, Pakistan) on 3rd of October, 1943 in a middle-class family. His father was an engineer with the government of Punjab. The family lived in Lahore at the time of the partition of India in August 1947 when they had to flee for their lives. They arrived as refugees in Shimla. His father was much into meditation and mysticism. Therefore the boy was raised in an environment charged with Bhakti mysticism. Gurcharan Das graduated with honours from Harvard University in Philosophy. He later attended Harvard Business School (AMP). He was the trust CEO of Procter & Gamble India, and later became Managing Director,

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Procter & Gamble Worldwide. At the age 50, he took early retirement to become a full-time writer.

He writes a daily column for TOI and five other Indian language papers. He contributes to Financial Times, Wall Street Journal, Foreign Affairs and New York Times. He is a speaker to a number of the world's largest corporations. His other books include India Grows at Night: A liberal case for a robust state, which was on the FT's best books for 2013. He is also the author of a completely unique, A Fine Family, a book of essays, The Elephant Paradigm, and an anthology, Three Plays, consisting of Larins Sahib, a prize-winning play about the British in India. He is presently editing for Penguin: The Story of Indian Business in 15 volumes.

Gurcharan Das wrote an article “Ten steps of \$5 trillion: Lesson from RCEP fiasco is that India must execute bold reforms to become competitive” on 3 December 2019 in The Times of India.

Introduction

RCEP (Regional Comprehensive Economic Partnership) may be a proposed trade agreement within the Asia Pacific Region between the ten-member states of the Association of South-East Asian Nations (Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Philippines, Singapore, Thailand and Vietnam) and their five FTA partners (Australia, China, Japan, New Zealand and South Korea). RCEP potentially includes quite 3 billion people or 45% of the world's population, and a combined GDP of about \$21.3 trillion accounting for about 40% of the world trade. India's decision not to join RCEP reduced the impact of RCEP significantly. The combined growth of potential RCEP members surpassed the combined GDP of Trans Pacific Partnership (TPP) members in 2007. Gurchanran Das had a very critical view point about India walking out of Regional Comprehensive Economic Partnership (RCEP). As India and China both are

fastest growing economies of the world and are trade-rivals, India backing out of RCEP at 11th hour was a huge set-back according to the author. The dream of \$5 trillion economy of Hon'ble Prime Minister Narendra Modi cannot be achieved without increasing the horizons of exports and imports. Author is a strong admirer of open economy and robust export and import laws.

In the first paragraph, author talks about Export Pessimism. Export pessimism is a trade theory which is governed by the idea of "inward looking growth" as opposed to outward looking growth. According to Jagdish Natwarlal Bhagwati an Indian born American economist, export pessimism is of two distinct forms. One form of export pessimism prevailed during the period from the World War II to the mid 1960's and the second prevailed in 1980's. The second sort of export pessimism became manifest during 1980's. Jagdish Bhagwati termed it as new export pessimism. The inability of less developed countries to enlarge their exports was explained in terms of Nurksian Hypothesis that developed countries could not absorb expanding exports of primary products from the developing countries.

The writer completely endorses the idea of free market and no restriction on imports. He believes that in this competitive environment, entrepreneurs will be pushed to make qualitative products which can compete in international market.

A Tariff is a tax on imports and exports between sovereign states. It is a form of regulation of foreign trade and a policy that taxes foreign products to encourage or safeguard domestic industry. Tariffs therefore provide an incentive to develop production and replace imports with domestic products. The author is against higher tariffs. He talks about sunset clause it is a measure within a statute regulation or others

law that provides that the law shall cease to have effect after a specific date, unless further legislative action is taken to extend the law and how it should be used by India to make the entrepreneurs more competitive.

The author distinctively talks about collaboration of different departments with commerce ministry and red-tapism. The bureaucratic bottleneck causes a lot of delay in getting clearances which demotivates genuine investors and entrepreneurs from doing meaningful business. India has not realized its full growth potential and the labour laws are among the biggest hindrance. The Government is introducing bills designed to ease a number of those rules, including improving worker's safety, allowing more overtime, increasing penalties for flouting regulation and permitting more women to work night shifts, but a lot need to be done. About 94% of Indian workers are in, what the government describes as, informal sectors including agriculture, construction or other home based activities. The writer advocates the policy of "hire and fire" but also talks about labour welfare fund. He wants government should take proactive steps in order to safeguard the interest of labour.

The author is very critical about land acquisition in India. Land acquisition refers to the process by which the union or a state government in India acquires private land for the purpose of industrialisation, development of infrastructural facilities or urbanisation of the private land, and provides compensation to the affected land owners and their rehabilitation and resettlement. The biggest FDI of 52,000 crores by POSCO in the state of Odisha didn't materialise because of difficulties in land acquisition. In the past regimes, land acquisition was an uphill task where hundreds of signatures were required to acquire a piece of land. Modi government has introduced a few bills, which got stuck at Rajya Sabha, to make the process faster. But government should come-up with something more concrete and robust where the farmer's interest and the industry benefits both can be

realised. The author also throws light on basic infrastructure and education system of India which requires reforms in order to give edge to our local entrepreneur vis-a-vis foreign entrepreneur.

Conclusion

The author believes that there is nothing new about these ten ways to make India competitive. India is in the midst of an economic crisis. A crisis brings urgency to reform as the government has shown by dramatically lowering corporate tax to competitive levels. The present government should take bold steps as it is in absolute majority. It is very evident from past experiences that rule-based trade and open markets are the best way to lift India's living standards and build shared prosperity.