

No consensus on reforms hampering growth: Gita Gopinath

IANS IANS – Wed, Nov 7, 2012

Gurgaon, Nov 7 (IANS) India, after a surge, is stuck with a five percent growth because there is no consensus on the economic reforms even after they were introduced 30 years ago, Gita Gopinath, professor of economics at Harvard University, said here Wednesday.

And the recent reforms have been introduced in response to international ratings agencies, Gopinath said.

"There is no consensus on reforms in the country. Each percentage growth of Indian economy has benefitted negligible proportion of poor people as compared to China or South Korea," said Gopinath at the World Economic Forum on India conference here.

Also, she said, not enough has been done to communicate the objectives of the reforms to the larger populace.

Gopinath said India's challenge has been balancing equity, inflation and fast growth.

India needs to guarantee that reforms reach all and benefit all.

India's high growth rate of 8-9 percent has been revised downwards to 5.5 per cent, an all-time low since 2004.

To embark on a new growth path, India needs to create a consensus on reforms, revitalize the manufacturing industry that will create better jobs in the organized sector, and remove rigid labour laws.

"India needs a strong manufacturing base which today accounts for just 16 percent of the GDP. The progress from agriculture to service economy can't exclude the step of manufacturing. Manufacturing brings money to large sections of the society. What is also desperately needed are labour reforms," she said.

Others like Bajaj Auto Chairman Rahul Bajaj said political reforms can address the crisis at a fundamental level.

"We are paying the price for democracy," said Bajaj, participating at the session "Rebooting India".

"What is good for the country is not important. Political opportunism is the truth," he said, adding that crony capitalism has worsened the condition further.

Tata Consultancy Services Managing Director Natarajan Chandrasekaran said he believed India's falling growth was largely due to a lack of "confidence and comfort".

He said the government failed to gain the trust of industry, largely due to its inability to deliver on economic targets and projects.

"We have had high inflation, low growth and mounting fiscal deficit. And the government has failed to rein in inflation. Just keeping interest rates high does not stem inflation," said Chandrasekaran.

Nestle Chief Executive Paul Bulcke differed a bit, attributing India's current crisis, among other reasons, to "sheer gravity".

"It is big and carries the weight of rich traditions and is pitted against a fast-moving world."

He said, "I look at society as a painting. The government provides the frame and nothing more. It's for the people, entrepreneurs to colour the canvas. However, the frame should not be so wide that it leaves very little space to paint. That kills entrepreneurial spirit. That has been India's problem."

Bulcke said India needs to show more courage for transparency and "start doing things".

"The point is to get it done."

Law Minister Ashwani Kumar said "Indian democracy needs to reboot its constitutional balance" and hoped a 7 percent growth rate can be achieved soon with some corrective measures improving transparency.

Kumar said the government has consciously adopted a model of faster inclusive growth to address the aspirations of all people, including those on the margins of society.

Indo-Asian News Service

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