

Review of: "Diversity and Inclusion for Innovation-Led Growth"

Nikhilesh Dholakia¹

¹ University of Rhode Island

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India at 100: Multiple Challenges, Crossroads Ahead

On August 15, 2023, India celebrated its 77th birthday as an independent nation, a free democratic nation, after nearly two centuries of British rule. A little later in August, India landed a spacecraft on the south pole of the moon, the first nation to reach that lunar pole. The present juncture in global history is therefore a good time to reflect a bit on India's past but, more importantly, to try to project – as analytically and in as sound an interpretive way as possible – about the future of India, in particular with an eye to the 100th Independence Day of India in 1947. The *Qeios* article by Singh et al. (2023) makes an attempt at such a projection.

The *Qeios* article by Singh et al. (2023) argues that nations, on their development trajectories, transition from land- and labor-driven growth (note: their term 'factor-driven' is too broad here, since 'capital' is also a 'factor') to investment-driven growth. The next transition point they visualize is a shift to innovation-driven growth. They see India at such a transition point, with need for rapidly increasing investments in advanced skills, high technology, and innovation capabilities. They further argue that for India, the key requirement at this stage is a step, and steep, increase in the diversity and inclusivity, particularly in terms of gender, in the country's educational system and its workforce. Their contention – not as well supported as it should be – is that increasing diversity and inclusion in India would boost innovation, and hence economic growth and per capital incomes. They present some evidence to show gradually increasing gender diversity in the country's educational settings, at all levels ranging from primary to tertiary education.

These views of gender equity issues in India are echoed by others. Writing on the eve of India's 77th Independence Day, Anand and Mehta (2023) noted that in India there is a dire need to:

... increase the female labour force participation in its economy. India has just over 19% of women (aged 15-59) being part of its labour force in 2022. This is much lower than the world average of 47%. It will help in dramatically increasing household incomes, spending and saving and usher in greater women empowerment and reduce gender gaps in the country.

Ashoka Mody (2023a) also echoes the gender diversity theme of Singh et al. (2023). Ashoka Mody (2023a) writes:

As the demand for jobs continues to grow, the economy will struggle evermore to supply decent, honorable employment. Rather than indulge in wishful thinking and gimmicky industrial incentives, policymakers should aim to power economic

development through investments in human capital and by bringing more women into the workforce... That is what all economically successful countries since the Industrial Revolution have done.

In their *Qeios* article, Singh et al. (2023) point to the high, or at least rising, female participation rates in secondary and post-secondary higher education, including – to an extent – in the so-called STEM fields that are deemed as central for a technologically innovative and advancing nation. These rising female participation rates of course portend well for the future of India. What the article by Singh et al. (2023) lacks is an acknowledgement of the vast – some would say insurmountable (Mody 2023b; Mody 2023c) – challenges for India. On its path to its 100th independence anniversary, India must make sweeping and rapid-fire reforms to increase the ‘formalization’ of its industrial activities and, besides steep boost of female labor force participation, make deep dents in the income and wealth inequality problems. Anand and Mehta (2023) are blunt on this point:

[T]he majority of Indians still live on low incomes. Poverty in India has declined from 74% in 2004 to 26.5% in 2020 measured at \$3.2/day. However economic growth has not led to economic equality... There are socio-deep economic divisions within and between the population, regions, and states. The gaps between rich and poor, urban vs rural India, northern vs southern states etc. is alarming. If we see the wealth share, the top 1% account for 40.6% of the country's wealth. The number of Indian billionaires grew from 102 in 2020 to 142 in 2021, the worst year yet for India during the pandemic. This was also the year when the share of the bottom 50% of the population in national wealth was a mere 6%. The richest 98 Indian billionaires had the same wealth (USD 657 billion) as the poorest 555 million people in India, who also constitute the poorest 40%. Despite formalization of the economy gathering pace, the informal sector continues to employ about 80% of India's labour force and produces 50% of its GDP. Government needs to do more to uplift millions of people at low incomes beyond the food and fuel subsidies.

Even after pointing to these glaring inequalities, Anand and Mehta (2023) maintain an overall optimistic tone in their assessment of the future prospects of India. Ashoka Mody, discussing his book ‘India is Broken’ in an interview, is not as sanguine. He summarizes the entrenched structural issues that keep India bogged down in poverty and inequality (Mody and Compton 2023):

I have long felt that that upbeat story [about India] is completely divorced from the lived reality of the vast majority of Indians. I wanted to write a book about that lived reality, about jobs, education, healthcare, the cities Indians live in, the justice system they encounter, the air they breathe, the water they drink. And when you look at India through that lens of that reality, the progress is halting at best and far removed from the aspirations of people and what might have been. India is broken in the sense that for hundreds of millions of Indians, jobs are hard to get, and education and health care are poor. The justice system is coercive and brutal. The air quality remains extraordinarily poor. The rivers are dying. And it's not clear that things are going to get better. Underlying that brokenness, social norms and public accountability have eroded to a point where India seems to be in a catch-22: Unaccountable politicians do not impose accountability on themselves; therefore, no one has an incentive to impose accountability for policy priorities that might benefit large numbers of people. The elite are happy in their gated first-world communities.

Lest the impression be created that, like a few other serious critics (e.g., Mishra 2023) of the current populist BJP regime

of Narendra Modi, Ashoka Mody is of the same ilk, it should be noted that in his 2023 book *India is Broken*, Mody (2023b) takes to task a long list of regimes of independent India – from that of India’s first prime minister Jawaharlal Nehru to the contemporary Narendra Modi regime. He points to a series of policy failures stretching over seven decades, and stresses forcefully that the current prevalent hype about India about to become an economic superpower is misleading, even dangerous (Mody 2023a; 2023c).

In its less-than-quarter-of-a-century-ahead journey to its 100th Independence Day, India – its economy, polity, and society – will face multiple crossroads. The path(s) chosen would depend on happenstance, global geopolitics and economics, India’s internal political-economy, and of course on policy choices made at various governmental levels and by private entities, ranging from corporations to NGOs to informal enterprises to individuals. While celebratory and optimistic accounts of a resurgent, fast-rising India are not out of place – in the prevalent geopolitics, and especially with the economic doldrums in China after four decades of very high growth (Magnus 2023) – such accounts need to be tempered with the pervasive and seemingly entrenched problems of poverty, inequality, biases, and rifts. Also, the challenges of lack of access – to good education, health care, housing, climate, food, and water; and to well-paying formal sector jobs – have been dogged and persistent, worsened by the vast nets of petty to high-level corruption.

Realism is needed as a check on rose-tinted optimism. In Europe and the Americas, it typically took one to three centuries for nations to move from low-income to high-income status. Indeed, in the Americas, most nations are still on the struggling journey on this path. In Asia, there are some exceptional cases of a few just-multi-decades journeys to high-income status – Singapore, South Korea, Taiwan being main examples – but the vast majority of Asian nations, including China and India, are on a longer and struggle-strewn trajectories, similar to those in Europe of the 17th to 19th centuries. We have also seen cataclysmic violent events – the American Civil War, WW-I and WW-II in Europe and Asia – throw a wrench in the turning wheels of economic progress.

For India, sound analysis and projections about the future require the recognition of – besides the existing and entrenched problems and constraints – possible future detours, diversions, disruptions, and even possible reversals. To be resilient, policy choices and implementations must be democratic, disaggregate, and decentered. As all who observe India – from within the country and from outside – realize and recognize, the top-down authoritarian development model of China is not only unworkable but totally irrelevant for India. To end with a slight irony, contemporary India may benefit from long-lost slogans from nonrelevant settings – let ‘a hundred flowers bloom’ (Mao’s China) and ‘a thousand points of light’ (Bush Sr.’s America). Contemporary India is rife with promising decentralized development experiments. The need of the day is to let these thrive and spread widely.

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