

The Giant Whose Shoulders a Viksit India will Stand On

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Dr Manmohan Singh will be long remembered as the reformer who changed the direction of Indian economy. He put India on a faster track of growth. He laid the foundation for an economy that is efficient. The reform philosophy introduced by him has been followed up by other governments.

The crisis of 1990-91 demanded measures to ensure stability followed by structural reforms. These were conceived by Dr Manmohan Singh. There is a common thread running through the various measures introduced since July 1991. The objective is simple: to improve the efficiency of the system. The regulatory mechanism involving multitudes of controls had fragmented capacity and reduced competition even in the private sector. The thrust of the new economic policy initiated by Dr Manmohan Singh was towards creating a more competitive environment in the economy as a means to improving the productivity and efficiency of the system. This was to be achieved by removing the barriers

tioning of the various entities, whether in the private sector or the public sector, by injecting an element of competition among them.

The gamut of reforms introduced has been widening. Starting with fiscal and financial sector reforms, they have been extended to other sectors. The reforms witnessed in early 1990s had a big impact when Dr Manmohan Singh became Prime Minister. Between 2005-06 and 2007-08, India's real growth was in excess of 9%, a remarkable achievement. After 2011-12, the growth declined but that was partly cyclical.

Dr Manmohan Singh in his earlier part of his career in government was a believer in planning and the importance of the role of state. Even at that time, he was, however, a strong advocate of export promo-



With the late former PM PV Narasimha Rao

FINDING BALANCE

DR SINGH SAW GROWTH AND EQUITY AS THE TWO LEGS WITH WHICH A NATION MUST WALK

to entry as well as the restrictions on the growth of firms. While the new industrial policy which dismantled licenses and controls sought to bring about a greater competitive environment domestically, the trade policy sought to improve international competitiveness, subject to the protection offered by tariffs which were themselves coming down. The private sector is being given a larger space to operate in, as some areas earlier reserved exclusively for the public sector are now also open to the private sector. In these areas, the public sector will have to compete with the private sector, even though the public sector may continue to play the dominant role. What is sought to be achieved is an improvement in the func-

tion. He did change his views. That is why we call the reforms a paradigm shift. In the final analysis, what is important is benefit to the country. His emphasis on efficiency did not take away his concern for the vulnerable groups. Rural Employment Guarantee Scheme is one good example of how he tried to take care of the deprived. National Food Security Act was another example. Given the production and procurement capabilities, he asked the Committee that he set up under my chairmanship to formulate a scheme of entitlements to the vulnerable. We modified the scheme suggested by National Advisory Council but kept in greater part the spirit of the recommendations. There is a mistaken impression that reforms ignored equity considerations. That is not true. Dr Manmohan Singh always regarded growth and equity as the two legs with which a nation must walk. In the execution of certain types of projects like roads, he also thought in terms of public private participation.

Will India become a developed country by 2047? This depends upon many factors. But without the foundation laid by Dr Manmohan Singh in the early 1990s and followed up by other governments later, we could not have been talking about becoming a developed country today.

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