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Edited by Pradeep Agrawal
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Reviving Growth in India

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Preface

Between 2000 and 2011, India's growth rate averaged over 8 per cent per annum. This growth rate raised hopes of a Chinese-type economic miracle, of an escape from the low-income trap India has been in for centuries and of regaining its bygone glory as a leading nation of the world. However, since mid-2011, India's growth rate has been faltering precipitously. This book was conceived in mid-2012 to help discover the latest research finding on ways to revive and sustain higher growth rates in India.

The next 20 years or so is a particularly opportune period for maintaining a high growth rate, because we would have the support of the demographic dividend—in the form of the world's youngest population and one of the highest proportions of working age population to total population in the world. That is why it is important that we revive high growth rates urgently, for, once this demographic dividend is exhausted, achieving 8–10 per cent rates of growth, and escaping from the poverty trap, will become much more difficult.

To discover the latest research ideas for reviving growth, leading economists from India and abroad were invited to a workshop to present research studies pertaining to reviving and sustaining high growth rates in India. The workshop was held on 25–26 July 2013. The inaugural address was delivered by Raghuram Rajan (then Chief Economic Adviser to the Ministry of Finance and currently Governor, Reserve Bank of India). The second day saw a special address by Subir Gokarn (former Deputy Governor of the Reserve Bank of India and currently Director of Research at Brookings India), who also presided over the session on monetary and financial sector issues and commented on the research studies in detail. Based on the feedback during this workshop, the studies were refined. This book is a selection of resulting research studies that address practically all the relevant aspects of reviving growth in India.

If proper attention is paid to these issues, and the right policies are followed, India's growth cannot only be revived but sustained at the 8–10 per cent level for decades. This would turn India into an upper-middle-income country in 15 years and a developed country in about 30 years. Fortunately, the new government seems to be showing keen awareness of these key issues. We hope it delivers on the huge expectations people have from it and takes India to its rightful place as a leading nation of the world. We also expect the research and policy recommendations presented in this book to make useful contribution to this immensely valuable task.

The Think Tank Initiative of the International Development Research Centre (IDRC), Canada at the Institute of Economic Growth, and the Reserve Bank

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Pradeep Agrawal