

With the TERC, there is hope for a process-based approach to strengthening the economy

System check

BY TARUN DAS

THE ANNOUNCEMENT of a prime minister-led Trade and Economic Relations Committee (TERC) is a reflection of a new mindset in India. From a defensive, protectionist, isolationist India, standing in one corner, to an India ready, willing and able to engage the world with self-respect, self-confidence and a sense of well-being, based on competitiveness of the Indian industry and a growing strength in the national economy.

The TERC thus reflects an initiative to set up a process-based approach to external economic relationship building, as distinct from VVIP-visitor based, event-oriented activities which are often not sustainable. And this process is all about merging the long-term, the medium-term, the short-term agendas, needs, strategies of international relations and domestic economic reforms and growth.

A snapshot of the domestic economy shows a strongly performing services sector (beyond IT), an increasingly competitive manufacturing industry, changing agriculture and infrastructure sectors and a GDP growth rate of over 7 per cent with the potential of reaching 9 to 10 per cent.

Another snapshot needs to be looked at. The human capital infrastructure which, in spite of many inadequacies and weaknesses, has shown that, with a young population of under 40 and under 25, the globally competitive human resources of India are truly amazing — the envy of many countries. One dimension of this is the engineering, technological, professional (doctors, lawyers, accountants, etc.) capacity of the Indian people. The other dimensions are the amazing entrepreneurial capability of Indians going far beyond just the old business families (which, themselves, have been transformed). One study shows that 130 of India's billionaires are first generation entrepreneurs showing the enormous creativity of our people, given opportunity, space and trust to perform.

In this backdrop, the TERC is clearly battling on a good wicket. It can review where India's external economic relations stand today and where India wants to go in its national interest, and also, very importantly, in the mutual interest. Mutuality is important so that India sees both sides of relationship-building and sets new standards and



RIBBON OF PROGRESS: Manmohan Singh inaugurates a memorial in Delhi

is different from many who only push their own agenda and needs. This must be a unique benchmark of India's strategy, plans and approach.

A second issue is to view this activity as a process, not a one-off exercise. A process which is evolutionary, steady, consistent and continuing. And the outcome will be deep, sustained relationship-building. Mutual benefit will flow and when the relationship hits unexpected difficulty, which is always likely the depth of the economic ties will help to overcome hurdles and blocks. And, in the process, the importance of confidence-building measures (CBMs) with all our partners must be recognised. CBMs are not only required with specific countries. These are required universally and these have to be specific to countries and regions so as to build trust in India.

A third issue is to have an approach of support to others. One aspect common to all countries but, especially, to the developing world, is the need for capacity-building. This can be divided into two parts: economic capacity and human capacity. Today, India can assist and support such capacity-building across the world, based on our experience and learnings through mistakes, failures and successes. As it happens, the two — building economic and human capacity — are closely linked and India can play a modest part in this process. The value of this activity will be enormous.

Communications has become crucial in every activity and the partnership of the media — in India and internationally — thus becomes key. Advertising has some value, but

be taken to build India's international partnerships.

There is also need to move away from the standard events and speech-making on such visits, which serve very little purpose. Every visit can be used to deepen understanding through interactive, high quality sessions with thought leaders from different parts of civil society.

One particular facet needs to be kept in mind — that the agenda is broad and comprehensive, going well beyond trade and investment. In today's world, human resources, energy, defence security, environment, technology, natural resources, all figure in the matrix of economic relations. Therefore, orientation and involvement of these different elements of partnership are of great importance.

India, of course, has relations with the entire world. And resources being limited, there will be the need to prioritise. The US, China, the EU and Asean are clear priorities. And within regions, there are also focus areas, e.g. Britain, France, Germany and Italy in the EU being the major economies of Europe. The US clearly needs special focus and attention both because of five decades of baggage and lack of mutual trust but, more important, because of the huge potential for mutually valuable economic ties.

There is also need for priority for South Asia, the CAR and Africa, especially to extend support to build their economic and human capacities. Though Latin America and Australia/New Zealand are separated by distance, in today's world of technology this distance can be bridged by the use of creative approaches to bridge-building.

Finally, it needs to be accepted and understood that the government cannot do everything itself. There is need for a public-private partnership in driving external economic relations. While the majors in oil and gas are public sector corporations, most of the players are from the private sector. For the government to sit by itself may be less than effective from India's point of view because the real experiences and firsthand knowledge are often with companies and institutions outside the Bhavans and blocks in Delhi.

The TERC is a recognition of a real need. It can make a difference to the future of India's international economic relations.