

## INTERROGATING THE INDIAN DEVELOPMENT TRAJECTORIES: LESSONS FOR NIGERIA

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### **Abstract**

*From a backward agriculture dominated economy, India jumped straight within a short-while (after four decades of diverse experiment with the socialist model) into an economic structure lead by service and high-end manufacturing sector. Its development model is principally driven by the rapid expansion of the high-end knowledge- intensive sector. This is otherwise known as the knowledge economy. We attempt to unveil the path to the knowledge economy. To do the explanation, we adopt neo-liberalism as our theoretical guide. Our method is historical, descriptive, and analytical. Data are basically collected from secondary sources. A careful analysis of the Indian model of development show: paradox of a flailing state; a neglect of the low-end labour- intensive sector such as manufacturing and agriculture, a growing inequality despite the quantum leap in GDP, This call for a more inclusive development model that will be a sustainable model for a pluralistic society such as India.*

**Keywords:** *Development, Development Model, Knowledge Economy, Liberalism, Briefcase Politics.*

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### **1. Introduction**

Bharat (Hinda) as it is locally called or the Republic of India as it is internationally known gained independence from Britain in 1947. Prior, its absorption into the British Empire, India suffered disturbed incursion and external insurrections, notably the Islamic invasion through the northern walls by Arab, Turkish, and Persian. Thereafter, the politico-economic landscape changed with the arrival of the Portuguese navigator, Vasco da Gama in 1498. His arrival and

the establishment of European Maritime Supremacy exposed India to major external influence arriving by a process that culminated in the decline of the ruling Muslim elite and the absorption of the sub-continent within the British Empire (Fukuyama, 2011; Morris, 2011; Sach, 2005). After India's independence, the sub-continent was balkanized along religious line with majority Muslim forming Pakistan. Later the eastern part broke away and formed independent Bangladesh.

Geographically, India is situate north of the equator between  $8^{\circ} 4^1$ , to  $35^{\circ} 3^1$  latitude and  $68^{\circ} 7^1$  to  $97^{\circ} 25^1$  east longitude. India which is roughly one-third coastline is bordered on the northwest by Pakistan and Afghanistan; with China, Nepal, Bhutan, Bangladesh and Myanmar (Burma) to the northeast; Srilanka to South. It is the seventh-largest country by total area of 1,222,550 (sqmi) and 3,166,391 total area in sq.km, and the second-most populous country after China with 1.3 billion people, (2017 estimate) (<https://en.m.wikipedia.org>). India's largest mineral resources includes coal (4<sup>th</sup> largest reserve in the world), Iron ore, manganese ore (7<sup>th</sup> largest reserve in 2013) Mica, bauxite, natural gas, diamonds (4582 thousand Carat), limestone (1,753,345 million tonnes) crude oil, Gold (390.29 million tonnes). (Wolpert, Spear, Subrahmanyam, Calkins, & Srivastava (nd)).

As at 2015, though with a largely rural population, India has three of the most populous and cosmopolitan cities in the world namely: Bombay, Calcutta and Delhi (Sach, 2005). Other cities such as Bangalore, Mandras, and Hyderabad are among the world fastest growing high-tech centre. India's demographic figures have 32.7% of urban population and 67.3% rural population (Managariya, 2008). Life expectancy at birth stood at 66.4 years for male and 69.6 years for female by 2010-2014 survey. It literacy rate for the population of 15 years and above is 76.9% for male and 54.5% for female; with a GNI per capital of 1680USD by 2016 survey. India's monetary unit is the Indian Rupee (Rs), with a current exchange of 1 USD equals 74.138 Rs (Wolpert, et al, op cit).

As a secular state, India has no official religion. Its religious configuration shows christainity-2.3%, Sikhism-1.7%, Islamism 14.2 %, Hinduism 79.8 %, Buddhism, Jainism constituting the remaining 2%. It is sometimes argued that her religious secularity and civilization account for her rich intellectual life in the field of mathematics, astronomy, architecture, literature, music and fine arts. India illustrious history of ancient civilization dating back to 500BC, with periods of high prosperity and rich cultural heritage, intellectual capacity and enlightened leadership

played major role in her path to development. Ethnographically, India is home to hundreds of ethnoses and tribes mostly divided into two main groups: Indo-Aryan 72%, Dravidian 25% and a small mongloid and other 3% respectively of the population. (Landes, 1998; Wolpert et al, op cit:)

Politically, India is referenced as the most populous democracy in the world, is a multiparty federal-parliamentary democracy with a bicameral legislature viz: the Council of State of (245 members) and the House of the People of (545) members. (Wolpert et al, op cit). At independence, India was blessed with several leaders of world stature most notably Mohandas Mathama Gandhi, (the independence nationalist leader) and Jawaharlal Nehru. Both, together with others were able to galvanize the masses at home to bring prestige to India and abroad. Two major important events in India's life apart from the struggle for independence are the "Green revolution" and the missile launches of Prithvi 1, 2, 3 and the powerful Agni versions which made a very high place for India in the international area.

India's adventure into nuclear arm race was informed by her hostile geo-politics with Pakistan and China. India and Pakistan got locked in a bitter arm race over the disputed territory of Kashmir. The aftermath for India was the establishment of an Atomic Energy Commission. Its nuclear programme dates back to 1948, just one year after independence. India's nuclear devices are built according to Nehru not as weapons but as "peaceful nuclear explosives" which is the one for "credible minimum deterrence" against neighboring nuclear powers- China and Pakistan (<https://www.nationalinterest.org>). Today India is estimated to have 520 Kilogram of Plutonium. Its first nuclear test was conducted on May 18, 1974 at Pokhran Test Range in the Rajasthan desert. The device which was nicknamed the "Smiling Buddha" has an explosive yield of between six and fifteen Kilotons (The Hiroshima device is generally estimated at sixteen Kilotons). The Test propelled India into the nuclear club (<https://www.aljazeera.com/2018>).

## **2. Literature Review and Theoretical Framework**

### **Theoretical Review**

For the avoidance of doubt, this paper finds the theory of neo-liberalism appropriate for explanation of the subject. Neo-liberalism purely, signifies the "appreciation of the ideal of free trade with internal freedom of production and external freedom of exportation" (Johari, 2012, p. 483). The theory is therefore committed to the principle of self regulated market.

Obviously, India has been in the shackles of poverty despite her rich cultural (culture is used here generic term) heritage, experiment, one failed strategy after the other till the adoption of

the pragmatic liberalization strategy, seemingly acknowledging that over regulation by government hampers initiatives and entrepreneurship. Other principles of neo-liberalism by extension are control of inflation and limit to debt and a balancing budget. The combined effect on this approach together with invigoration of private enterprises and competitiveness are the engine of economic development. Opening up to this approach, together without barrier a free international trade with other countries in a technologically enhance globalized world is the impetus of development. We therefore find this theory suitable in explaining the Indian case. India opening up to the forces of liberalized market reform together with strong and viable state intervention did the puzzle. The country once caricatured as a country whose industrialization and growth were obstructed by politics and patronage is now one of the fastest growing economies of the world.

### **Development Model of India**

Generally, development means securing of social and economic growth by changing the conditions of underdevelopment through organized and planned efforts aimed at the control of poverty, hunger, disease, illiteracy and economic and industrial development. Because development is complex and multi dimensional, several models have been adopted to explain or drive it.

Largely, developmental model is a methodological guide to achieving or understanding a developmental process. Clearly identifiable models of development are the pro-market western liberal model, welfare (strong state role) model, democratic socialist model and the sustainable development mode (Sach, 2005). Peet and Harwick (2009) identifies, Lewis- Dual sector model, Harod-Domar Model, Rostow Stages of Growth model etc. For the purpose of this paper, we shall confine ourselves within the categorization provided by Jeffrey Sachs.

After a long journey of developmental struggles, negotiated through meticulous planning and policy initiatives and at different times punctuated by the dynamics of domestic politics, India finally emerged as a major player in the world economy. India's journey began as a newly independent poor underdeveloped nation in 1947. Its economic policy after independence was influenced by colonial experience, which was seen by India's leaders as exploitative. Domestic policy moved toward protectionism with strong emphasis on import-substitution-industrialization, economic interventionism, large government ran public sector, business regulation and planning.

There was however, a paradigm shift and a tendency towards economic liberalization, hence the liberalized- open -economy model of development in the 1990s. India's successful emergence in the world economy would therefore be attributed to a liberalized trade and industrial policy regime. Essentially, rather than focus on the broad base development strategies, Indians specific policy element are formulated within such an overall strategies framework to achieve narrow and targeted goal of development. This is what we would refer to as "India model" of development.

### **Evolution and Periodization of Development Efforts in India**

It is important to note that conventional discourse predicts India's development policy largely within the paradigm of inward (autarkic) versus outward looking strategies, dividing it into two distinct regimes. These are import substituting industrialization regime extending until the 1980s, followed by a paradigm shift in 1991 toward a liberalized trade industrial policy. However, we shall for obvious reason break these periods into three with a stage of *gradual movement to liberalism* linking the both regimes.

#### **A. Controls and Self Reliant Economy 1947 – 1970**

This period saw economic policy driven by ideology and saw India remain a close economy for nearly four decades after independence in 1947. This follows the adoption of an inward-looking development strategy. The argument was to achieve self-reliance in all possible dimensions of economic activities of the nation. According to Jeffrey Sach " after a long and hard won struggle against colonial rule, Nehru and his fellow nation builders has no task for risking a new period of subjugation to foreign forces" (2005,p. 176). The choice was therefore for an inward-looking (autarkic) development strategy. Within this period, nationalist businessmen that played tremendous roles during the independence struggle, needed protection for their business against foreign competition (Venkatsubbiah, 1977)). The state and the business class reached a compromise for limited state regulation and protection from the perceived adverse dangers of foreign competition. The opposition to trade liberalization was legitimized by an economic development paradigm of an import-substituting industrialization, which was deployed as the infant industry argument. It was believed that infant industries, especially in high technology area required substantial state supported finance and protection from international trade until they mature into the competitive industries (Bhagwati, 1995). This has an understanding of a hangover of the prolonged colonial rule with

its attendant process of “drain of wealth” through tripartite and unequal trade relation dictated by the colonial powers. This hangover was re-enforced by the scholarship of the “dependency theorist” (Sach, 2005, p. 174). Peet & Harwick (2009) holds similar view. According to Nilekani (2001,) it was the widespread belief that colonialism had harmed Indian industries.

The architecture of India’s post-colonial development policy was inspired by the soviet model of development. Jawaharlal Nehru had strong faith in the socialist ideals. He was a self-declared Fabian socialist. Until the mid 1960’s, socialist sentiment defined India’s understanding of development in terms of both its means and ends; as Sach puts it soviet style central planning was the cornerstone of India’s initial development strategy” (Sach, 2005, p. 176). This view is also corroborated by Frankel (2004). The “Nehru-Mahalanobis” Strategy as it was called (Hughes, 2017) was to rapidly build capital machinery, this being perceived as critical to every manufacturing line. There were steps toward rationalizing export duties and liberalizing import licensing and reduced import duties, albeit only to the protectionist policy framework (Wolf, 1982). The inherent contradiction created by the back and forth movement degraded the efforts of industrialization. As a consequence, the Indian economy grew by a mere 1.7 percent between 1950 and 1966 (Hughes, 2017).

Another area worthy of attention in the India’s development policy during the Nehruvian era was her concerted focus on social sector policies, driven by the ideals of a so-called Nehruvian Socialism. By this policy, public health, higher education and research especially in the fields of science and technology were emphasized and well funded.

The two neighbours conflicts (1962 China and 1965 Pakistan) exposed the grand realities of India’s limited military capabilities and the consequent vulnerabilities against global forces and alliances. Rapid capital intensive industrialization posed a constraint on resources available for agricultural development during the Second Five Plan. The first and 2<sup>nd</sup> Five Year national economic development plan borrowed from the Soviet Union emphasized agricultural production. With it came the Green Revolution which briefly saw food sufficiency and reduced dependence on foreign charity and on food import in general (Hughes, 2017; Sachs, 2005). However, as Wolf provided, there was temporary and short-lived trade-liberalization attempt during the devaluation of 1966. The policy of exclusively is supporting industrialization at the cost of agricultural development resulted to the acute food crisis of 1966; and related financial situation exposed India’s economic vulnerability vis-à-vis the United States. India has to fall

on the USA for subsidized food supplies and financial assistance. To sustain the assistance, India liberalized its trade regime and devalued the Indian Rupee bowing to external pressure (Joshi and Little, 1994, Franked, 1994 ).

Suddenly within same period, India slowly started to align with the Soviet Union on both strategic and economic front despite being one of the founders of the non-align movement. This was taken as rapid step toward self-reliance and its nuclear capabilities.

Fundamentally, this was also a period during which capitalists were emerging as a powerful class in India, as it is an outcome of its original vision of a mixed economy. This class had a vested interest in protecting their business from international competition and a policy of self-reliance and import-substitution was in perfect harmony with their narrow interest. This gave rise to the license-Raj policy. The policy of license-Raj created a rent seeking interest among bureaucracy (Fukuyama, 2011, p.342). By this trend, India industrialists had become past masters at briefcase politics which entails bribing the government officials in order to secure production, import and export licenses (Kochanek, 2007). *Briefcase politics* which have an Indian origin explains a situation whereby industrialist maintained an excellent relation with the politicians and bureaucrats through their office in Delhi. A senior minister in Indira Gandhi cabinet, Lalit Narayan Misra, had become famous for collecting money in return for providing commercial privileges to industrialist. The cash used to be collected in briefcase with each bag full of Rupee bills (Kochanek, 2007)

This period also witnessed a passage of several legislative acts that have direct bearing on India's development model. Chiefly among them are: the Foreign Exchange Regulation Act (FERA) 1973 which was to restrict and regulate the operations of foreign multinationals companies in India to protect and develop indigenes industrial and technological capabilities; The Mono- polices; and Restrictive Trade Practice Act of 1970 and the Patent Act of 1970 (Chakravarty, 1987). All these acts introduced in the 1970s which were towards an active promotion of indigenous technology creation and adoption, resulted in a policy framework that took the goal of self-reliance beyond mere manufacturing capabilities to technological self-reliance. According to Murkherji, "state control and autarkic industrialization were intended to contribute to poverty alleviation and human development" (2009, p.6). This rather produced a dismal result as the poverty ration did not notice any significant decline instead soared (Panagariya, 2004).

The years of ideology driven policy planning, 1947-1975 could be described as years of “sluggish growth accompanied with a poor record in human development” (Mukherji, 2009, p. 17). This has to give way critical thinking within the policy circle. It is important to note that within this period, India has three Prime Minister. Their personal idiosyncrasies and dynamic of inter and intra party politics affected the direction of economic policy.

## **B. Gradual Evolution of the Liberal Momentum:1975 – 1990**

The flipside of the protectionist policy regime soon revealed itself in form of inefficiencies of the various kinds. There was no incentive to keep pace with the fast changing global technology frontier in many of the manufacturing sector. This resulted in Indian industry becoming technologically backward and inefficient with respect to global standards of cost and quality. Protectionism and associated domestic resource costs gave rise to such situation. From this point, the Indian economy began to rely more on private initiative to a greater degree than the preceding years.

From the mid 1980s, Rajiv Gandhi the son of the late Ghandi, as a prime minister, had a technological view of development which was gaining momentum in India’s development debates. It also important to note that *Rajiv Gandhi* was an airline pilot and had deep interest in electronics and radio engineering before he decided to join politics. Influenced by his IT background, he dedicated his tenure as Prime Minister to technological development and to reducing government control over industrial activities. The department of Electronic was created and directed under his office as Prime Minister. This is how the personal idiosyncrasies of a leader drive the particular direction of economic policies (see Sharma, (2009). A leader lacking in idea will lead his state to misery.

With a dynamic appeal along with his team of technocrat advisers, the end-all goal could no longer become fashionable. Rather attention shifted to doing a thing “efficiently”. This may require opening its doors to the latest technological development on the global frontiers, making a quite departure from its earlier inward-looking policy regime. No doubt, with the spring of the Asian miracle, South Korea, Taiwan and Singapore demonstrated the superior potency of private initiative and trade promotion as veritable drivers of rapid economic growth and well being. Indira Gandhi even affirmed that “China rise powered by export orientation since the late 1970s was even more convincing example of how the world economy could be



beneficial for poor developing countries” *especially when value is added to the export commodity*” (Gandhi, 1985, p. 236) *italics mine*.

This marked the beginning of India’s trade liberalization. However the policy response beginning in the mid-1980’s was feeble and sporadic, given that it was limited to liberalizing particularly aspects of the control system, without any major change affecting the entire system itself in any fundamental way. One could say the attempt at liberalization during this period was piecemeal and ad hoc without a comprehensive programme of reform. But this would change with the succeeding governments. Beginning with Prime Minister Indira Gandhi, all others gradually but often stealthily deregulate economic activities of the private despite socialist *appeals* and rhetoric (Panagariya, 2008; Jenkin, 1999). The industrial policy statement of 1980 under the Premiership of Indira Gandhi showed a new direction and was more gradual than the reforms initiated by Rajiv Gandhi. Most visible in this direction was the need to seek for fund outside in the aftermath of the second oil shock in 1979.

Certain fundamental feature that engineered the growth of India within this period is worthy of identification. One of them is that, despite substantial opposition to economic deregulation especially within the faction within the congress party Indian industry, private sector oriented liberalization began to unfold. This entails industrial deregulation and restrictions for large businesses were relaxed. The telecommunication sector was unbundled in the direction of private sector orientation. The department of Telecommunication was corporatized. The 1980s no doubt witnessed the birth of comparative advantage in India information technology (IT) sector. This was the first commercial activities that earned India’s service-trade a good reputation.

The period of domestic deregulation witnessed the emergence of the software sector as an export oriented sector which gave birth to government investment in Software Technology Parks. The technology parks provided India firm with cheap connectivity, office space and infrastructure and was a major boost for India software export. (Oubgkem, 1999; Kapur, 2002). India agriculture boomed during the 1980s with an annual rate of 3.4 %. Industrial and agricultural development during the period made some impact on the well being of people.

To be more specific the foreign exchange crisis of 1991, coupled with the failure of commercial bank to lend to India in the midst of the financial crisis, put India in a dire situation and created a firm resolve within it technocracy follow IMF oriented micro-economic policy and promote

India's competitiveness and its private sector. This will mean tariff reduction, greater freedom of foreign capital, devaluation of the Rupee, closure of corporatized public sector unit etc (Shastri, 1997, pp. 43). According to Tendulkar & Bhavani (2007, p.116) "devaluation increased the cost of import and reduced the price of Indian export, this making India's product especially in IT more competitive". Meanwhile by *corporatization* we mean a process by which government created companies owned by it, which were to be run like a private company free from political interference.

### **C. Paradigm Shift 1991 onwards**

This is described as India's period of high growth trajectory. The year 1991 marked a radical departure from the past. According to Mukherji (2009, p.92) "Prime Minister Rao was more committed to economic reform, understanding that the end of the cold would require a fundamental restructuring of India's internal and external policy". Importantly the regime was blessed with a distinguished, world class Cambridge and Oxford trained development economist, doctoral graduate of Oxford University, Mamohan Singh as Finance Minister, "with an excellence technocrat team, Singh was able to drive India's economy on path of sustained growth" (Sach, 2005, p. 170).

A financial crisis was looming large over India by 1990. Growth in government spending has occasioned fiscal deficit. This pattern of expenditure reflected a political economy where the farmer, the industrialist and the urban middle class exerted pressures for concession within a democratic policy and India had to acquiesce to this pressure more than as it was done in the past (Varshney, 2000). Also the establishment of bodies like the Investment Commission and the National Manufacturing Competitiveness Council clearly highlight a major shift in the government role from "control" to "regulation" as far as the industrial sector is concerned (Varshney,(2000).

By liberalizing import, the Indian government was promoting export. IT revolution means export by way of satellite linkup. By the late 1990s, the Indian cities of IT operation has become new destination for major companies looking for software engineering, data transcription, services, computer graphics, back-office processing, computer-aided design and a myriad of IT-based activities (Sach, 2005, 179). Obviously, an export boom in IT service fueled the rapid economic growth of India. Instead of multinational conquering India as skeptics feared, India is now accused of taking U.S. job through out- sourcing.

On the fiscal front, the Fiscal Responsibility and Budget Management Act were passed to achieve fiscal consolidation and stabilization. This act enjoined the central government to eliminate its fiscal and revenue deficits in a phased manner. Subsidies on petroleum product were progressively dismantled also to block leakages in government expenditure. The banking sector was also deregulated which significantly expanded its size. The capital market was liberalized with gradual removal of controls on various transactions in the capital account; Agriculture which hitherto receives scanty attention was reformed giving way to subsidies, procurement and the public distribution system. By and large, the industrial de-licensing after 1991 allowed India private companies to produce whatever they liked in almost all areas, without the need for a license. India private sector business have offered successful business model worthy of emulation (Vengardo, 2007).

### **3. India's Development Trajectory**

Our focus in this section is to unveil the process of India's emergence as a major player in the world economy. Despite its rich heritage and endowment of intellectual and scientific capacities, India remained a poor underdeveloped country for more than half a century after independence (Sach, 2017; Fukuyama, 2011). It is rather intriguing to note that much of labour-surplus Asia (Vash and South – East, in particular) forged ahead with economic prosperity from the 1960s and 1970s despite starting from a much lower based compared to India.

The Asian miracle was not an isolated, regional phenomenon; rather it reflected an unfolding pattern of international specialization, integration of labour surpluses of Asia into the mainstream of world trade. Within (labour - surplus) East Asia, the development of different national economies followed and orderly sequence – the so-called “flying geese” pattern (Akamatsu, 1962). The initial leader Japan was followed by the four tigers (Korea, Taiwan, Hong Kong and Singapore), then Indonesia, Malaysia and Thailand and finally by China and Vietnam”.

Despite its bulging population, labour-surplus India was not in the Asian Miracle. Its autarkic trade policy regime created strong anti-export bias and negative incentive structure that hindered its active participation (Bhagwati & Srinivarsan, 1975; Wolf, 1982). By the time the India's policy shift took place, competition in the global mass market in labour-intensive manufacturer had intensified and India has already lost out in the race against the East and South-East Asia. This was perpetuated by India's obsolete industrial policies and especially

the policy of product reservation for small scale enterprises. It was supposedly in the interest of equity and employment, which spectacularly succeeded in crippling the textile industry, the spearhead of labour – intensive export expansion in the rest of the developing world (Guha & Ray, 2004).

However, none of the points raised enough prevented India's from charting its own trajectory of simple labour cost advantage. India knowledge input gives its advantage in software. Information technology and information technology enacted services, biotechnology and pharmaceuticals. This gives India's knowledge economy comparative advantage. As the knowledge intensive sector begins to dominate world economy, India is not out. Its strong university –educated middle class translating labour abundance into skill abundance and its public investment in technology and science and technology (S & T) research give India advantage compared to Nigeria. India telecommunication sector has recorded a growth rate that surpasses all other countries of the world. The private sector served about 80% of India telecom market in 2009.

In the pharmaceutical sector, India created a unique policy for itself that fostered the technological capability of the domestic pharmaceutical industry (Ray & Bhadari, 2014). Albeit, carefully designed and targeted policy framework adopted in the 1970s birthed the achieved of this feat. Complimentary policy instrument such as the Intellectual Property Right (IPR) and Patent Act provided the pharmaceutical industry favourable environment to thrive. Within this favourable policy environment, the pharmaceutical industry in India embarked upon a new trajectory of technological learning and acquired substantial technological capability of process development through reverse engineering through process revolution, India pharmaceutical sector is now poised to make a major dent in the global generic market (Ray, 2008).

One of the most dynamics new export sector for India is the automotive components where India is becoming the location of choice for major global producers of automobiles. Components are now produced in India and shipped to the assembly over the world (Sach, 2005, p. 182). By this, India is also gradually producing its automobiles, e.g the Indi car.

It therefore follows that, India's development trajectory and economic emergence is understood within the context of a transition from an inward-looking policy regime to a more open and liberalized economic environment in line with the neo-liberal tradition. In this higher education

and S & T research to product reservation and Intellectual Property Right (IPR) has played fundamental role in India's economic emergence.

### **The Indian Model of Development Promises and Pitfalls**

As earlier explained, the Indian model of development is based on a foundation of knowledge resources it is thriving to towards a knowledge economy. A *knowledge economy* is one that creates, disseminates and uses knowledge to enhance growth and development. This is principal driving force behind economic growth and development. Indeed, India has enormous potential and unprecedented opportunities to make effective use of its knowledge resources to enhance productivity to all fields and make a successful transition towards a *knowledge economy*.

The Indian model of development- principally driven by rapid expansion of high-end knowledge-intensive sector (IT, biotech, business/knowledge process out sourcing and other similar services) come with a tragic neglect of low-end labour intensive mass manufactures. This implies that India economic reforms have not had the desired impact or substantial part of the economy. Electricity generation is crucial for industry, agriculture and the general well being of the citizenry in a dismal shape. Agriculture has been experience slow growth. The failure of India's power sector to provide services efficiently is on sharp contrast to the success in the IT sector. Quite unfortunately, the power is yet to be liberalized.

But how high are India's high-end capabilities. Ironically, India's high end is not quite so high Ray (2009) maintains that although India has demonstrated significant competitive strength in skill intensive task like coding (in software) or process development in (pharmaceutical), it adversely lack creativity and innovativeness to reach the global frontiers of technological advancement. India is yet to make a mark in cutting-edge global technologies. Effectively, India cannot compete with advanced nations in the truly high-tech segment in terms of creating new technologies and ideas. In fairness, India constantly making remarkable economic progress.

In the framework of the conventional structural transformation paradigm as explained by (Chenery and Syrquin, 1975), the India model of development seems to have skipped the middle phase of an expanding secondary sector, in which manufacturing should account for a greater percentage of the GDP. From an agriculture-dominated economy, India jump-started

to an fast growing economy, albeit with frustration period of three or four decade during which service assumed the lead role.

India's remarkable success in high-end activities of the high-end knowledge intensive sector has undoubtedly created unprecedented opportunity for a limited segment of the society mainly the English speaking college/ university educated urban elite. No doubt it has created upward mobility and transformation and absorbed many into the India's middle class. It cannot however be called an inclusive strategy for economic development as it emphasis service performed by the educated middleclass in the leading sector in the midst of mass illiteracy and poverty. This is surely not a sustainable development model.

The major challenge of India development is the question of inclusive growth. Growth has unambiguously reduced poverty and improved human condition. It is no longer the world headquarter of extreme poverty. However, it development style has created high inequality gap. India is ranked a disappointing 60<sup>th</sup> among the 79<sup>th</sup> developing economies assessed in the World Economic Forum latest Inclusive Development Index. This is reflected in growing inequality. India's richest 1% own 53% of its wealth, up to 36.8 % in 2000. For comparison the richest 1 % in the United States own 37.3 of its wealth. (Samans, et al 2017). Therefore inequality is compromising the pace at which India is lifting people out of extreme poverty. The political economy of a flailing state explains the paradox of India's development model. ( Pritchett, 2009)

The growing ability of machine learning to replace human worker is also a challenge. A recent Mckinsey Report reckons that within a few years, up to half of 3.9 million India current work in the IT sector will become irrelevant. This is even as agriculture is not given the attention it deserves. India's National Sample Survey, 2013 has the contribution of agriculture to the GDP as negligible despite the fact that 50 % of the population is employed in agriculture. India albeit presents a clear case of a *flailing states* (Pritchett, 2009). This means India presents a paradox of spectacular economic growth accompanied with low level of human development. This condition has being a result of the political economy of a *flailing state*- one (state) whose *national* elite institutions have performed well in many areas but whose governance at the local level leaves much to be desired.

The new global economic order has ushered in process of globalization entailing greater integration of the global economy, following the principle of free and laissez-faire, while it

open up new vistas for Indian growth. It also posed serious challenges, especially regarding the social sectors. Social sector allocation particularly in primary and secondary education, health and poverty has been reduced with direct consequences and threat to the under privileged masses of its enormous population. It is this same pool of human resources if properly nurtured- that will prove to be its greatest strength and source of opportunity to embrace globalization positively and productively to become a global economic power in every sense of the term.

#### **4. Conclusion and Lessons**

The lessons are drawn from the successes and pitfalls. Nigeria has to adopt the successes with modifications to suit her existential realities. For instance, Indian development trajectory showed a slow –paced compared to other Asian country. The form of government causes the difference. While the dynamics of Indian inter/intra party politics slowed her development authoritarian, caused rapid economic transformation of countries like other Asian tigers. So leadership got a key role to play in any nation’s development question. We mean trained, equipped with physical capability and mental capital imbued with a vision for excellence. Rajiv Gandhi provided that exemplary leadership for India. There lies the difference between developed, developing and underdeveloped societies. Such leadership may be labeled a democratic authoritarianism but with vision the future is bright. The Asian Tigers provided examples of such leadership as well. Lee Kwan Yuu of Singapore is another styling example.

Largely, the richness of comparative advantage and division of labour was strongly relied upon by India. This also directed her changes in response to technological possibilities, although it does not provide an inclusive growth. The comparative advantage of Nigeria lies in agriculture. It has to be complimented with value chain production in the petroleum sector. Together, they could drive the country’s development with its multiplier effect reeling off on other sectors.

The policy of *produce what you can* without emphasis on license opened up India. It helped its pharmaceutical and medical sector to blossom. Demonstrating the example of *doing a thing efficiently*, with focus on Science, Technology and research especially IT, India has become the World destination point for health and medicine.

Again, the gradual economic deregulation in the 1980 prepared the ground for a major shift after the balance of payment crisis in 1991. Consequent upon this, a great part of the technocrat and policy elites were more convinced of the economic benefits of the changes arising from

economic deregulation and the promotion of competitiveness. They were also convinced that economic self-reliance was not sustainable in a globalized world.

India varied geography also further deepened our understanding of how physical environment help to shape economic activities (Landes, 1999). The coastal ports cities have been the stars and growth port of Indian economic growth. Nigeria again is not in lack the deep sea water and ports. Using the Indian and Chinese examples, proper development of our water resource could be the star of Nigeria's economic growth.

Very importantly, on the global scene, the emergence of India and China is seriously reshaping global politics and society. The overwhelming dominance of the west is receding fast. Gradually an era of mutual respect and beneficial exchange between east and west is seeing the light of day (2005, p. 187). This is product of her recent pace of growth and development.

Finally, a decline in growth rate in the last two years does not signify the end of the success of the Indian growth. It rather marks an important juncture to revisit the trickle down aspect and the analysis of the inclusiveness or otherwise of the Indian growth model.

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