

India grows despite its woes

by: LAURIE WINSLOW World Staff Writer
10/24/2007

Global trade is credited for lifting millions out of poverty.

Globalization has been good for India's economic growth, helping create jobs and cut poverty, but many challenges remain, a professor and author said Tuesday.

The country's crumbling infrastructure, for example, is just one among many problems that keep India from reaping even more from world trade.

Shalendra Sharma, a professor in politics and economics at the University of San Francisco, outlined many challenges that persist in India as well as the positives that have accompanied globalization.

His keynote luncheon address was part of "India Today: Business & Beyond," a conference at the University of Tulsa.

Sharma is a prize-winning author whose most recent book is "Achieving Economic Development in the Era of Globalization."

"India used to be labeled the country of the future. The future has arrived," Sharma said.

Both China and India often are held up as the poster children for globalization, he said. Combined, the two countries account for two-fifths of the world's humanity, with 1.3 billion people in China and 1.1 billion in India.

Whereas China has the third largest economy in the world, India's ranks No. 10. Economic growth for both countries has translated into better lives for millions.

"Openness to globalization has improved the poverty rate in both China and India," Sharma said.

In 1991, 40 percent of India's population lived below the poverty line, but today that has dropped to 28 percent, meaning 100 million people have been pulled out of poverty in the last 15 years, Sharma said.

China has benefited from its labor-intensive manufacturing sector, while India's growth has come largely from its information technology sector. If China is the country that produces the hardware, then India is the one that produces the software, Sharma said.

He noted that India's high-tech exports now reach more than \$20 billion.

China's government has played a key role in attracting foreign investment in its manufacturing base, but that has not been the case in India, which generally has an inefficient manufacturing sector and restrictive labor laws that prevent similar investment, Sharma explained.

India's central government simply cannot institute reforms to get manufacturing off the ground, he said, yet the country has grown. Sharma noted that India's entrepreneurs and others in the private sector have been the real heroes in the globalization success story.

But Indian businesses can only do so much, he said. India needs to create more than 100 million jobs over the next decade, and the high-tech sector alone will not be able to accomplish this.

The average size of a business in India is small, as big firms of more than 100 employees are faced with punitive, draconian labor laws, Sharma said.

"India's manufacturing base has to become larger," he said. "To make it larger, the government will have to get rid of some of its restrictive red tape."

India's crumbling infrastructure -- highways, airports, roads and railways -- needs to be addressed if the country wants to build a manufacturing base, Sharma said, noting that it takes about 24 days to move goods from India to the United States compared with 15 days for China.

India loses about \$6 billion a year because of its infrastructure, he said.

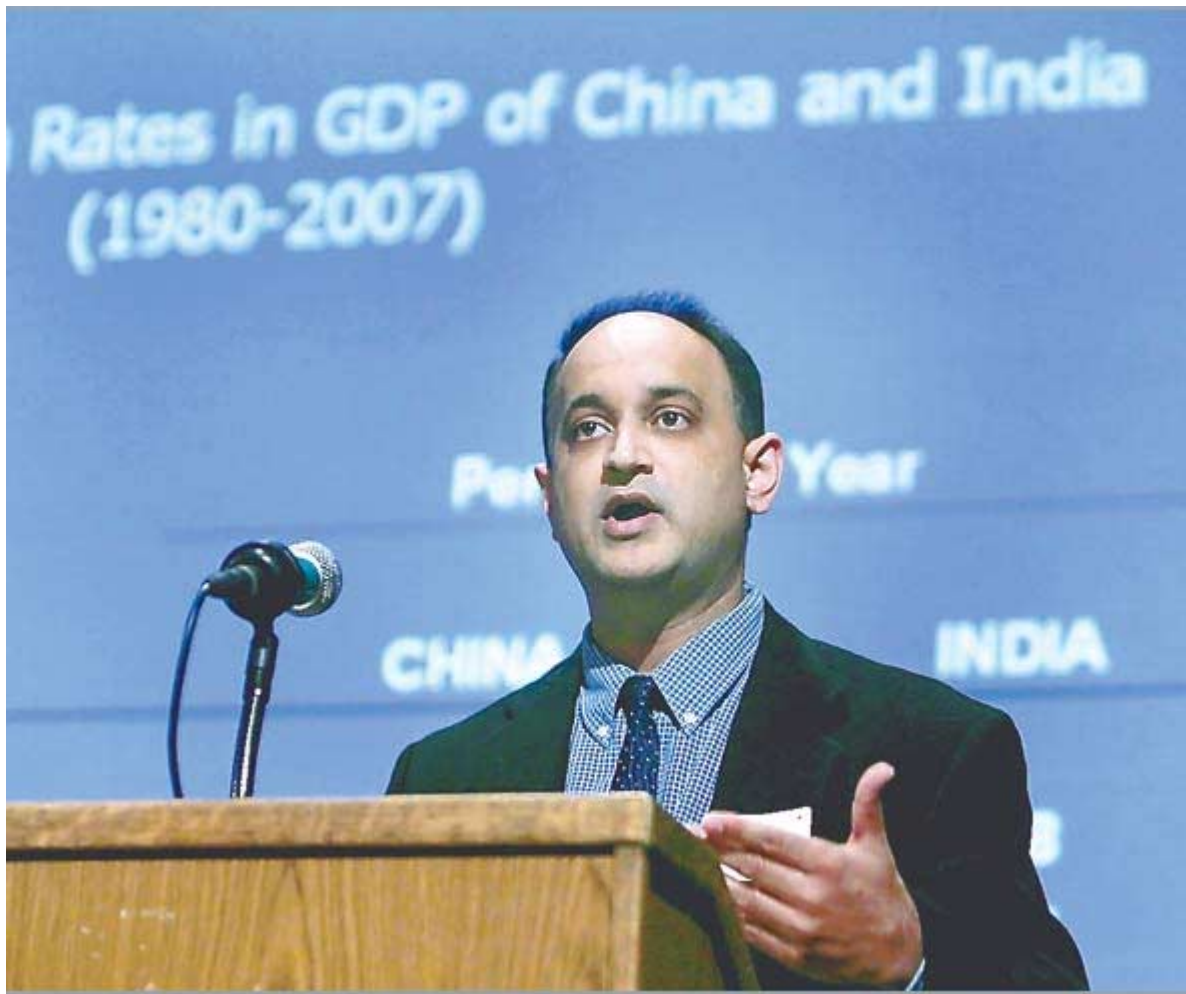
Even with these problems, scholars still bet on India's success because the country is a democracy, has a large, young working population, and its economy is driven by the private sector.

Presenting sponsors of Tuesday's conference were the Tulsa Metro Chamber, Tulsa Global Alliance, TU and the Indo-American Chamber of Commerce of Oklahoma.

Laurie Winslow 581-8466

laurie.winslow@tulsaworld.com

Associate Images:



Shalendra Sharma speaks Tuesday at "India Today: Business & Beyond," a University of Tulsa conference.

Copyright © 2007, World Publishing Co. All rights reserved

[Return to Story](#)