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## India's Development Dilemma

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With a population of approximately 1.3 billion, India is the largest parliamentary democracy in the world, having a culture based on 5000 years of tradition and a legal and bureaucratic system inherited from the British during 150 years of colonial rule. In this book, Jay Nathan analyzes the dilemma posed by India's religious and cultural traditions that are often in conflict with modern or global development.

Although India is home to the world's second-largest population with an overall GDP (PPP) ranking sixth worldwide, the per capita GDP of \$7,200 used ranks approximately 120<sup>th</sup> compared to China with \$18,200 and the USA with \$59,800. Nathan points out that development in India is uneven, with the top echelon enjoying all the modern conveniences of development such as cars, computers, cell phones, and foreign travel while many are "lucky" to have electricity and running water for only a few hours each day. A dramatic and perhaps unbelievable example to people living in highly developed countries is that, based on a 2011 study of modes of transportation owned by individuals, 4.7% owned a car, 21% owned a motor scooter, 44.8% owned a bicycle, and 44.1% did not own any mode of transportation. Of course, much of this inequality in development stems from a caste system's remnants, making it extremely difficult to break out of one's lot. A boy from a family of candy makers becomes a candy maker.

Breaking the Indian economy down into eight sectors, Nathan analyzes each sector in search of both impediments to and opportunities for economic development. Beginning with the agriculture sector, one finds that India is the leading producer of many of the world's fresh fruits and vegetables, second in rice and wheat production, and, overall, fifth in the world for all agricultural products. The government is implementing initiatives such as loans, insurance, and international cooperation to boost agricultural development while still over a third of all food produced spoils due to lack of infrastructure and necessary supply chains to get the food to consumers.

Development in the retail sector exhibits the challenges of the Indian "way of life." Government regulations have restricted foreign investment in retail and discouraged the development of large box stores in fear that the Walmart syndrome will destroy many small family-owned shops, thus worsening economic development inequality. However, the awareness of global trends and the realization that large, partially foreign-owned firms will create well-paid jobs has

caused some states to ease restrictions on foreign direct investment. Nathan posits that a hybrid system of traditional shops in city centers and large multipurpose retail stores in the suburbs will result in a surge of retail growth.

The author paints a similarly optimistic outlook for the banking sector based on diminishing government regulation and increasing electronic and internet banking, allowing even the smallest retailer to have access to instantaneous transactions.

Through extensive analysis of transportation across India, the author again highlights the discrepancy between urban and rural India. Massive government investment in infrastructure and deregulation of foreign investment has enhanced urban transportation projects, yet development has not trickled down to the poorest regions where owning a bicycle is considered a luxury.

Perhaps the rosier outlook of all sectors is in information technology, where India is recognized as a world leader in the education and training of IT professionals. India has a young population with a median age of 28.1, ranking 138<sup>th</sup> in the world, compared with the EU at a median age of roughly 42, which gives the country a competitive edge in expanding its IT services both as a top offshore producer for global IT companies and expanding R&D in areas such as product development and cloud services.

At the time of writing the book, Nathan studied real estate markets showing growing high-end developments and advanced communities in many large cities, some of which were spurred by a growth in international travel. An interesting follow-up would be to assess the impact of the global COVID-19 pandemic on this sector.

In conclusion, Nathan laments a government bureaucracy that has created a culture "immune to productivity" by implementing a reward system that "promotes lethargy and wastefulness." For example, this results in an environment in which it is expected for someone to be paid beyond the negotiated contract in order to keep a project moving on time. Nathan's dilemma of unequal development within the Indian population reminds one of Balram Halwai's personal economic development story in the novel, *The White Tiger*, by Arvind Adiga, where the protagonist, in his letter to the Chinese premier, wonders why China is doing so much better than India. Balram, through training, luck, corruption, and crime rises out of severe poverty to become a successful capitalist. Balram learns that the

dream of a better life offered by globalization (perhaps Americanization) is best achieved through unfettered entrepreneurship. As a companion reader to *India's Development Dilemma*, this dark comedy makes thought-provoking reading that puts a face, though fictional, on the dilemma of the Indian rural poor.

Dr. Jay Nathan's book provides a thorough economic analysis of India today, along with prospects for the future. It is a first-rate resource for anyone interested in an in-depth understanding of the impacts of Indian culture and bureaucracy on economic development. The book is a must for any reference collection or could serve as the foundation for a course on today's India or as an adjunct reading for a more general course on economic development.

**James C. Pomfret** is Executive Director and Board Chair of the Global Awareness Society International and professor emeritus of Mathematics from the Bloomsburg University of Pennsylvania. He has organized several study abroad programs in China and Korea and has organized over 25 international conferences for the Global Awareness Society International. He hopes that when the pandemic world of 2020 regains stability, perhaps *India's Development Dilemma* will provide background for organizing a conference or study tour in India.