

# SCENARIOS FOR THE FUTURE OF INDIA, AND THE WORLD

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'Concentration of power in governments and large business monopolies to push faster GDP growth leads to further unrest' | Photo Credit: AP

Making predictions of the economic growth of nations — long term, annual, and quarterly — is a lucrative industry employing many economists, researchers, analysts, and commentators. The fast growth of BRICS (Brazil, Russia, India, China, South Africa) economies was forecast by economists at the turn of the millennium. The prediction had a large impact on the public imagination and on corporate investments.

Some industry leaders in the World Economic Forum (WEF) were wary. They recalled that economists in the 1980s, extrapolating the remarkable post-war performance of Japan, had predicted that the 21st century would be Japan's century. Few economists then had predicted the quick collapse of the Soviet Union or foresaw China's remarkable ascent. In the next decade, Japan's growth was limping, the Soviet Union was history, and China was the country investors were being directed to. China was the economic powerhouse in the BRICS projection: India, Brazil, Russia, and South Africa were the other four.

Whereas economists' forecasts do not compute the effects of social conditions and domestic politics on economic policies, strategic thinkers in the Shell Oil company, using methods of "scenario planning", had forecasted the collapse of the Soviet Union and integration of the Russian economy with the West. Shell redirected billions of dollars of investments beforehand and gained a strategic advantage over its competition.

Responding to its members' needs, WEF commissioned a "scenario planning" exercise for the BRICs countries in 2004. WEF collaborated with the Confederation of Indian Industry (CII) to prepare scenarios for India's growth because CII had supported a similar exercise internally in 2000 and knew the methods of scenario planning.

The foundational discipline of scenario planning, which distinguishes it from conventional forecasting and planning, is "systems thinking". Scenario planning does not begin with the data. It starts with listening to diverse points of view about what is going on within a complex system

at present to understand the undercurrents that will surface and disrupt predictions of economists' models. Scenarios depict shapes that a country's economy may take in the future depending on changes in social and political conditions with economic growth. Systems' scenarios include subjective perceptions of poverty and inequality, and also mistrust in institutions of governance, which are "externalities" to economists' quantitative models.

The WEF/CII report, 'India and the World: Scenarios to 2025' (published in 2005) projected three scenarios of India's future depending on the country's economic policies. India was in an "India Shining" mood at that time: it was celebrated as "the world's fastest growing free market democracy" to tempt western investors away from autocratic China's even faster growing economy.

The first scenario looked deeper within India's current reality at that time. Evocatively labelled "BollyWorld", the scenario revealed forces which would dampen growth in the future if not responded to in good time. The opening of India's economy had created more opportunities for private enterprises and rapid increases in the wealth of the top 1%. Millionaires were multiplying. The imported cars they owned, the expensive clothes they wore, and the champagne they drank in their parties were celebrated on "page 3" of daily papers. While entrepreneurial spirits were unleashed and young people aspired to become wealthy, signs of their increasing frustration were also visible. Violence was not restricted to rural, "Naxal" areas; petty urban crimes, many violent, were also increasing. Glamour and violence can be mixed for the entertainment of viewers of Bollywood movies. However, India's "BollyWorld" economic growth is a real story that was becoming painful for millions of citizens living in it.

The second scenario was called "*Atakta* Bharat". It showed how increasing inequality and insecurity could compel the government to impose controls on politics for security, and also compel it to play a larger role in the economy without adequate resources. A heavy-handed government would dampen India's democracy and stall its economy. In both scenarios, BollyWorld and *Atakta* Bharat, the "theory of change" is top-down. Change is led by leaders on top of large organisations in government and businesses. Fortunately, a third, and more attractive scenario was also visible. Here, the changes that people need are produced by them: by local leaders of women's self-help groups; cooperatives for water conservation, and farming and dairying; and profitable business enterprises based on local production and consumption. Such "enterprises by the people for the people", using local resources and local energies, are more sustainable than top-down, large-scale programmes. The scenerists projected that if India's policymakers pursued this model of change, economic growth would be more inclusive, more environmentally sustainable, and faster too. They called this scenario "*Pahale* India".

These scenarios were made in 2006 before the global financial crisis, to recover from which governments of the G-7 took actions to save the "too large to fail" financial institutions. The G-7 enlarged to the G-20 to stabilise global financial and economic institutions. There are tensions within the "BollyWorld" model of top-down, and wealth driven, economic growth the world has pursued in the last 30 years. Increasing inequality and insecurity around the world, rising along with "free market" globalisation, have resulted in reactionary forces in many countries, including China and Russia amongst the BRICs. They have appeared in India too.

Inequalities have further increased; top-down solutions to the global environmental crisis are producing only more hot air. Violence between powerful countries deploying the latest technologies is harming millions of innocent people around the world. The Indian scenerists had pointed to a choice before public policymakers when societal tensions increase in a "BollyWorld"-like scenario the world seems caught in. One choice is concentration of power in governments and large business monopolies for imposing more security and pushing faster GDP growth. This leads to further unrest and "*Atakta*" (stalling) economies. The other choice

revolves around local systems solutions for environmental and economic problems, cooperatively implemented by communities. This model solves global systemic problems; it also creates a more harmonious world.

India must promote this model in the G-20 it is hosting this year. It must also adopt this “Gandhian” approach more determinedly to make “ *Pahale* India” a reality for all Indian citizens.

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