

Book Review -I

***An Indian Economic Strategy to 2035: Navigating from Potential to Delivery*, Mr Peter N Varghese AO, Australia, 2018, 516 pages.**

“An Indian Economic Strategy to 2035: Navigating from Potential to Delivery”, has been drafted by Mr Peter N Varghese AO who is the Chancellor of the University of Queensland. He is a retired Australian diplomat and served as the Secretary of the Department of Foreign Affairs and Trade from 2012 to 2016.

Australia and India are connected by a shared colonial past and common values of democracy with a strong belief in a rules-based order. Both countries are among the largest economies of the Indo-Pacific. Both countries are located in the turbulent region of the Indo-Pacific which is currently witnessing a geopolitical repositioning due to the shifting of the Balance of Power in the region. Both countries also recognise the structural shift in the maritime environment of the Indo-Pacific region and that is why they seek to extend the scope of the bilateral strategic convergence. The two nations are also working in close collaboration on several platforms including the ASEAN+, IORA, QUAD, WTO etc. Despite having a large number of common interests both countries are struggling to establish deeper economic ties.

The report provides valuable insight into Australian business and industrial entities and has sketched a blueprint for investment opportunities in India. It portrays an elaborate picture of the potential benefits which could emerge from greater economic cooperation between the two countries. It comprehensively highlights the set of opportunities as well as the challenges in a balanced way, which provides a comprehensive dataset to the Australian business community.

The report consists of nineteen detailed chapters highlighting the ten flagship sectors that have been identified for the investment having a competitive advantage. The initial two chapters of the report explain the macroeconomic framework and investment ethos of India. The report presents a balanced view of the existing and potential areas of cooperation between the two countries in various sectors which can take the economic ties to a new height.

The chapter covering each sector starts with a macro overview of the same with multiple datasets which makes the reader familiar with the on-ground realities. Following the overview, the chapter highlights the investment opportunities and collaboration in that sector which also includes case studies of successful investment stories. The investment opportunities are followed by the constraints and challenges highlighting the various policy gaps, bureaucratic hurdles, outdated legislation, infrastructure constraints, public acceptance and much more which makes it even more important for the policymakers and the business houses. The chapters then sum up themselves with recommendations to the Australian business entities and policymakers for better investment decisions and bilateral collaboration respectively.

The report has carefully highlighted the fact that “India is best seen not as a single economy but as an aggregation of very different state economies, each growing at

different rates, driven by different strengths, led in different ways and likely to continue to be uneven in their progress". It has selected ten states (Maharashtra, Gujarat, Karnataka, Tamil Nadu, Andhra Pradesh, Telangana, West Bengal, Punjab, the National Capital Region of Delhi and Uttar Pradesh) for the increased business and investment. The document not only provides crucial insights to the Australian business community but also targets the Indian policymakers as part of the document dealing with the challenges and constraints highlights all the hurdles which the foreign entities go through while investing in the country.

The report has identified and targeted ten sectors of the Indian market where Australia has a better capacity which in turn can be utilised to increase its investment and export in these sectors of the Indian economy. These ten sectors have been divided into three categories i.e., 'Flagship Sector,' 'Lead Sector,' and 'Promising Sector.' Education has been labelled as a 'flagship sector' whereas, Agribusiness, Resources and Tourism have been collectively placed under the 'lead sectors.' Similarly, Energy, Health, Financial Services, Infrastructure, Sport and Science & Innovation have been included in the promising sectors.

The chapter on Education talks about the Australian expertise in this sector along with India's inability to provide qualitative higher education to a very large population. The reports effectively justify the ripple effect caused by higher education in almost every sector of the economy. The report identifies the potential areas of collaboration in this sector where India can gain from the Australian capabilities. It impressively highlights the potential of such collaboration that can help India to achieve its demographic dividend and can fill the void of skilled labour for both countries.

The fourth chapter deals with the Resources and Mining Equipment and paints a detailed mosaic of the Australia-India partnership in this sector. Australia is a renowned player in Mining Equipment and Technology Services (METS) which can prove to be complimentary for India as it is far behind in terms of mining technology. It highlights that the major chunk of the resource relationship between the two countries is dominated by Australian exports rather than outbound investment from Australia's side. The chapter calls out to Indian policymakers to ease the layering caused by the central and state laws and poor enforcement of contracts that limit foreign investment in this sector. The fifth chapter which deals with Agribusiness Sector enlists India's concerns with respect to this sector along with the high volatility in terms of import demands and policies. It seeks to develop a channel between the policymakers of both countries to minimise the demand and price distortions and to increase the two-way commercial engagement between both countries in this sector. The sixth chapter which deals with the tourism sector largely focuses on the importance of Indian tourists for the Australian tourism sector. Accordingly, it seeks to introduce policy changes to make the Australian tourism sector more India-centric.

In its seventh chapter, the report talks about the energy sectors of both countries with a special focus on the energy needs of India along with its policy loopholes. The chapter identifies a broad range of new critical areas in which Australia can provide its expertise to India. In the next chapter, the report targets the Health Care sector and talks about the potential opportunities for Australian exports. It also acknowledges the

opportunities provided by the potential collaborations between India and Australia in this sector. It seeks the harmonisation of sector-specific standards and regulations to increase interoperability. It does not miss out on the potential of India as the largest source of skilled labour in the healthcare sector. The ninth chapter points towards the challenges faced by India in Infrastructure creation and suggests a potential solution which involves Australia as a partner. Maritime infrastructure has also been talked about but the content is quite minuscule compared to the other facets of the infrastructure sector. The next ten chapters are very small and cover a wide range of sectors and sub-sectors ranging from Financial Services, Sports to Defence and Security.

The report is comprehensive in nature but misses out on some crucial sectors where the collaboration between the two countries is the need of the hour. The report shies away from highlighting the need for bilateral investments in increasing the environmental resilience of infrastructure in both countries. Though the report stresses collaboration in the renewable energy sector but skips the collaboration on increasing the climate resilience of the existing infrastructure. It also doesn't specify the technology transfer of the 'New and Emerging Strategic Technologies' (NEST) between the two countries. Apart from the bilateral investments, the report does not talk about the long-term strategic investment by both the countries in the other third-world nations.

In conclusion, the report offers an insightful overview of the Indian economy and presents a number of opportunities that exist in trade and commerce, and investment. The IES 2035 sets an ambitious target for India to become one of Australia's top three export markets, and the third-largest destination in Asia for Australian outward investment worth \$100 billion by 2035. It aims to establish a bigger and better trade basket with sustainable trade relations between both countries. The report has done a great job of prioritising the core areas of collaboration between Australia and India which will reap benefits with an exponential effect.

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