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Important to be International

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ABSTRACT:

India has to increase its exports in manufacturing and match China in exports. The fact that India has succeeded in Information technology exports and BPO services exports gives confidence that India will succeed in Exports.

I have always found it easy to make friends with foreigners, whereas most Indians find it difficult to be friends with foreigners. The Global GDP is around 80 trillion dollars and out of this almost 20 trillion dollars is exported. That is a huge percentage in itself. But just imagine much of the global production of goods and services cannot be exported.

Such as barbers services. Such as perhaps doctor's services, even though medicines may be exported. Such as teacher's services or shopkeeper's services of services of police and soldiers. Not only services but many goods cannot be exported - fresh flowers and vegetables. Theoretically, they can be but the cost of transportation is too much.

It is safe to say that out of 80 trillion dollars of Global GDP almost 50% cannot be exported. Hence only 40 trillion dollars can be exported.

Thus out of 40 trillion dollar almost 20 trillion dollars is exported.

That is how international the modern global economy is.

Sometimes exports are huge percentage of industry. Consider India's software development sector. The total revenues are around 180 billion dollars out of which 135 billion dollars are exports thus almost 80% is exported. This should give confidence that Indian talent has ability to be considered adequate in international market. And yet there is an export pessimism in India.

Indians don't believe that they are good for the international market. Except for software and to a limited extent BPO industry most Indian industry is very limited to India. That there was some amount of export pessimism in India immediately after independence is to be expected. After all India had been a colony under foreign rule for 200 years under the British and before than under the Mughals.

However it is shocking that almost 80 years after independence there is still the same export pessimism that characterizes Indian mindset. Even today Government of India's slogan is MAKE IN INDIA, and the emphasis is on self reliant economy and import substitution. This is rather stupid and silly. After all, if the software industry can compete in the international market, so should other industries such as hardware, consumer goods, machine goods and pharmaceuticals.

And there is a good reason to believe that India can compete in other areas such as say mobile phones and laptops. And yet there is export pessimism that is inexplicable.

And the global economy is 80 trillion dollars out of which the domestic Indian economy is 2 trillion dollars. Hence there is every reason to go for exports just considering this size of the market and the cost advantage that Indian labour has.

This requires an International Mindset and Indians do not have an International Mindset. Indeed until a century ago it was prohibited for Indians to go

outside India on religious grounds.

The only thing International about India, it seems is the ability to speak English language. Other than that Indians are very insular and narrow minded.

This article is admittedly skewed towards India rather than other nations. Because most nations are export oriented and international.

Only India is rather insular and inward. There is enough data in development economics literature that confirms that nations whose export to GDP is higher experience higher growth rates and transition to developed economy status sooner than others.

China is a prime example. China's per capita income was same as India's in 1991. However by 2021 China's per capita income is 5 times that of India.

A significant amount of this is due to export orientation of Chinese Economy.

If China can do it, so can India. After all it was export orientation that first led East Asian economies such as Japan and South Korea to developed economy status. After that China caught the bandwagon. Now in India the software industry has proved that India has what it takes to compete in a global economy. It is matter of time for other sectors in Indian economy to catch the bandwagon. However, this would require Indians to abandon their insular mindset and adopt international mindset. It will take efforts of government and industry associations to change this mindset.