

India's Promise

Christopher Lingle, TCS Daily, 19 December 2005

NEW DELHI, INDIA -- At the beginning of the great European explorations of the world, India was home to a fabulous amount of wealth. Indeed, all the invading empires from the Mughals to the British became vastly rich. And the Maharajahs and Nawabs in the Princely States that were scattered throughout India accumulated enormous wealth over many centuries.

The end of British colonialism left Indians with some amazing opportunities and daunting challenges. Few countries have started with so much promise.

Those that became leaders of the world's largest democracy were given a modern physical infrastructure that included one of the best railway systems in the world. And they were in possession of a well-developed "institutional" infrastructure that provided the possibilities of gaining from the advantages associated with the *rule of law*.

But the new rulers in New Delhi that took over from the British soon began to squander the birthright of their own citizens. Much of India's population suffers from dire poverty, caused by serial blunders in economic policy.

In a classic case of deflecting blame for their own shortcomings, many politicians insist that the size of the population is India's biggest problem. It is hard to imagine a more cynical or despicable lie. If left free from the extensive interferences of various levels of government, the energy and creativity of the Indian people would soon allow them to be among the richest on earth.

Indians are not poor because there are too many people. Instead, many Indians are poor because of regulations that interfere with the creation of new businesses and jobs.

India was ranked 116th in a report by the World Bank ("[Doing Business](#)") that evaluates the ease of doing business in 155 countries. The rankings examine the time, cost and minimum capital requirement to start a business as well as the difficulty of hiring and firing workers. Also examined are barriers for obtaining licenses and registering property as well as access to credit and protection for investors.

India's political culture is guided by socialist instincts that reflect the beliefs of its modern founders. In a preamble to the Indian Constitution modified by Indira Gandhi during the Emergency of the 1970s, India is identified as a "sovereign, secular, socialist republic".

At the same time, an amended section in the Representation of Peoples Act required that all recognized and registered parties must swear by this Preamble. All parties must in theory stand for socialism. There are no parties that espouse [classical liberalism](#), even while there are many communist parties.

There is difficulty in abandoning ideas with such honored lineage, but socialism has been widely discredited and abandoned so Indians should reconsider this commitment. Perhaps local disasters arising from India's socialist state provide better reasons to give up on it.