My Way of Writing Papers

Trajectory of My Studies on the Indian Economy

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Introduction

Almost 50 years have passed since I entered and later completed the graduate school doctor program, making up my mind to study the Indian economy. The reason why I was destined to continue my studies on the Indian economy without being attracted by other regions was because it was not easy for me to approach the Indian economy with its deep history and extraordinary diversity, and therefore I have had my hands full pursuing my own studies on India. Meanwhile, one more thing I should like to add here is that it is not enough to keep our eye on only India in terms of having a big view of India. We need a country for comparison so as not to be disoriented in our studies. For my part, I paid much attention to the movement in Brazil during the 1980s and 1900s, staying there for nearly one year for research. After the 2000s, I came to have a growing interest also in the China movement.

The most important issue I had in mind when I started my studies on the Indian economy was why India had not been successful in economic development as many assumed she would be, and I struggled for a while to improve my studies under the above topic. It was not until the 1990s that I was happy to observe the Indian economy make a very impressive economic emergence. Since then, I felt it necessary to make a new approach to the Indian economy with a dynamic angle, which helped me find the real pleasure of studying the Indian economy. Here, in terms of tracing my research work conducted so far, I will quote few excerpts from the following five selected writings and add some background briefing to each as well.

1. Analysis of the Indian Economy under the Framework of Development Economics

1.1 Background Briefing

I entered graduate school in 1970, when Japan was still under the midst of high economic growth period with the Vietnam war and campus disputes raging. At that time, I had a strong interest in the North-South problem or the issues of under-developed countries, and it was quite natural for me to major in the studies of development economics. At that time, it was lucky for me that the voluntary book club was organized every Saturday on campus by my respected senior, Toshio Watanabe. I feel so grateful to him, as he gave me much encouragement and motivation for boosting my studies of development economics. At the beginning, I was absorbed with the studies of dual development model which occupied a central part of economic development theory. My first printed paper dealt with the Fei-Ranis model as an extension of the pioneering Lewis model. My paper, which elucidate the entire picture of the Fei-Ranis model, while pointing out some issues in the model, appeared within the graduate student journal of the Mita Economic Studies in 1971.

It was not until I advanced to the graduate school doctor program that I became deeply involved with the studies of the Indian economy as my lifelong research subject. As India-related materials were abundantly accessible, it seemed advantageous and attractive to be engaged with research on the Indian economy. Nevertheless, after I stepped in that field of study, I became overwhelmed by India's complicated economy with a large width and deep depth, and I spent almost ten years agonizing over trying to find the big picture view of the Indian economy. One day I felt a certain confidence when I came up with an idea of analyzing the relationship between labor migration and income distribution in India, compared with the cases of Japan, Brazil, and Taiwan, based on the combined framework of the dual development model and the Kuznets hypothesis. Fortunately, I was given an opportunity to read my paper at the 8th World Congress of the International Economic Association held in New Delhi in December 1986, which was included in the proceedings of the 8th Congress, published by McMillan in 1989. The essence of that paper is reflected in the following excerpt.

1.2 Excerpt from Chapter 2 (Industrialization, Income Distribution, and Labor Migration), *The Analysis of the Contemporary Indian Economy* (Keiso Shobo, 1994)

"Industrialization accompanied by the movement from rural to urban areas decisively influences the arrival of the turning point. Once the turning point arrived, further industrialization would be accompanied by equalized distribution of income. Two extreme cases occur prior to the arrival of the turning point – the Brazilian case (including countries like Japan), which closely follows the Kuznets hypothesis, and the Taiwanese case, which does not. In attempting to determine which of these cases may apply to India, it was found that income distribution in India has changed rather insignificantly, due mainly to the sluggish movement of labor from the agricultural to the industrial sector. In the case of India, it would be difficult to expect the same function to offset Kuznets effects in the rural sector as seen in Taiwan. Thus, I have concluded that patten of industrialization and income distribution in India can be classified as an instance of the Brazilian case.

The pace of urbanization is sluggish in India, and its pattern of migration is different from Brazil. Migration can be classified into four patterns: rural-to-rural (R-R) migration; rural-to-urban (R-U) migration; urban-to-rural (U-R) migration; and urban-to-urban (U-U) migration. In

India, R-R migration is still in the overwhelmingly majority, while U-U migration which is dominant in Brazil. The influx of population into urban areas is associated with U-U migration in Brazil, while it is mostly explained by R-U migration in India. In Brazil, those population who influx into metropolitan areas come mostly from small cities, where they get some experience or training as industrial labors before they move into metropolitan areas. On the other hand, those people who migrate to urban areas are directly pushed out from rural areas as unskilled labors not eligible for industrial activities.

The extent to which the industrial sector can absorb surplus labor ultimately influences the promotion of the labor movements that leads to the arrival of the turning point. In India's case two points are crucial to enhancing this labor absorption: (1) The sector having the highest potential labor-absorption capacity must be determined, and the sector encouraged to develop, and (2) the economic stagnation in effect since the mid-60s must be broken out of and industrial growth accelerated. Regarding (1) above, it is estimated to what extent the increase of one unit of final demand in forty industrial sectors generated both industrial and urban industrial employment, based on the Leontief inverse matrix for 1973-74; it shows that most high-ranking sectors can be classified under light consumer goods. From this viewpoint, the industrial strategy in India's Second and Third Plan (note: 1956-66), which favored heavy industry, adversely affected the labor-absorption capacity in the industrial sector. Regarding (2) above, the Brazilian case is discussed which has shown a pattern of rapid industrial growth. The relevance of the Brazilian to the Indian experience is examined. The Brazilian model was defined as development based on the expansion of durable consumer goods targeted for upper an upper-middle income class consumption. Applying the case of the Brazilian automobile industry literally to the Indian case was difficult, however. Thus, it is concluded that the most productive way for India to pave the way toward early arrival of the turning point would be to institute industrial growth based on rather light consumer goods suited to the Indian market."

2. The Power Sector of Deep Trouble

2.1 Background Briefing

Before India achieved its economic take-off in the 1990s, my research works on the Indian economy had for the most part been arranged within the framework of development economics. However, as India began to exhibit new economic growth under economic reforms after 1991, I came to realize that the existing framework of development economics was not sufficient to cover the then reality of the Indian economy; a more detailed industrial approach was required. Consequently, I started my studies on the steel and automobile industries comparing India with Brazil, based on my field survey conducted in the two countries. The research result were collected in chapters 5 and 6 of the above *The Analysis of the Contemporary Indian Economy*.

Thereafter, I came to fully recognize the importance of undertaking in-depth case studies on the the power sector. In spite of the introduction of economic reforms (once called the New Economic Policy), the power sector was insulated from the progress of reforms, as it was subject to accumulated contradiction and harmful effects under the mixed-economy system. During the period from the late 1990s to the early 2000s, I was intensively engaged with the research work on the power sector, energetically gathering information by visiting and making interviews at the Central Electricity Authority, the state electricity boards (SEBs) in Delhi, Uttar Pradesh, West Bengal, and Karnataka, and the research institutes with regards to the power sector. I had an opportunity to read my paper on the issues of India's power sector, compared with the case of Japan's power sector reform in 1951, at a joint Indo-Japanese seminar held in New Delhi in January 1999 under the auspices of the Indian Council of Social Science Research (ICSSR). My paper was published by ICSSR in 2001 as under the chapter on *Economic Liberalization in India: Japanese & Indian Perspectives*. Besides, I contributed several articles on the power sector in the magazine specialized in electric power in India.

My research work on the Indian power sector culminated in the paper below, appearing in the Journal of the Japan Association for Asian Studies (JAAS), *Azia Kenkyu (Asian Studies)*. The paper was supported by Grant-in Aid for Scientific Research on Priority Areas (A-2), 2012, under the Ministry of Education, Culture, Sports, Science and Technology. The paper's conclusion was that the main issue confronting the Indian power sector lied in accomplishing the "user charges principle," with the statesmanship holding the key to break down the vested interests. Thereafter, various power sector reforms were launched by all possible means, but it is regrettable that the issues indicated by my paper have not yet been cleared at the core.

2.2 Excerpt from "Economic Liberalization and Power-Sector Reforms in India," Azia Kenkyu (Asian Studies), Vo. 48, No.1, January 2002

"Since India embarked on a full-fledged economic liberalization under the New Economic Policy in 1991, the country has experienced an existing mixed-economy subject to measurable changes. The major task facing India under the so-called Second-Generation Reform is the implementation of public-sector reform along the principle of market mechanism. It is the widespread vested interests embedded in the public sector that stand in the way of a further round of economic liberalization. We can say that the power sector has been inflicted with more negative and complicated aspects of the mixed-economy system than any other public sector in India. The power sector has been under virtual public monopoly since independence, stipulated as the "concurrent sector" in which both the Union and the States have public authorization to make laws, although certain private power companies have been retained as licensees supplying power for specified areas. The State Electricity Boards (SEBs) dominate the public-sector power as virtually integrated regional monopolies of generation, transmission, and distribution. The purpose of the paper is to analyze the changes and challenges of the Indian mixed-economy system, focusing on the power sector, which has a great influence over the promotion of both industry and welfare.

Power shortages that surfaced during the 1980s came to be exacerbated in the 1990s, constituting major bottleneck against industrial expansion. Private projects have been encouraged to enter into the power sector since 1991 under the New Economic Policy in order to alleviate power shortages. It was against the backdrop of the limited scope of public investment expansion due to the stringencies of public finance caused by the financial losses of SEBs that ever more private projects were expected to enter into the power sector. However, it was found that private projects were not easy to fructify unless the poor financial conditions of SEBs, the counterparts for private investors in signing power purchasing agreements, improve. At the core of power-sector reforms lies rehabilitating the poor financial conditions through SEB reforms. Among the many factors behind the poor performance of SEBs, "moral hazards" based on populism, entrenched in Indian society, is the most important to be noted, since it leads to unreasonable tariff structures and improper billing and thus sound recovery of costs.

The future trajectories of SEB reforms are in the hands of each State concerned, but it is the power of execution at the level of state governments that has the say in SEB reforms. Considering that SEBs reforms encounter resistance from rent seekers, it is impractical to implement them without any external pressure. Thus, all of those current SEBs that are undergoing reforms have turned to external financial institutions, including the World Bank, for finance and guidance. Present organizational reforms of SEBs in progress include the unbundling of integrated functions into generation, transmission, and distribution; the division of generation entities into smaller units; and the division of distribution systems into several zones accompanied by privatization. What seems to be most significant in terms of financial rehabilitation is the division of distribution systems into several zones accompanied by privatization. What is important for financial rehabilitation is to what extent the "user charges principle" can be implemented, to say nothing of tariff reforms, including raising agricultural tariffs. Since tariffs are already in the direction of being determined by independent state electricity regulatory commissions, the question boils down to how to recover tariffs. The privatization of distribution sectors, which is already in progress in some states, should be further promoted in order to consolidate recovery of tariffs. Considering vast tract of agricultural areas with low power densities, it is not commercially practical to privatize all distribution sectors in the states at once. Privatization should be implemented step by step over the long run."

3. The Emergence of the Indian IT Industry

3.1 Background Briefing

Currently, India has already established its position as an IT superpower. It was as recently as in the 1990s when the Indian IT industry started to emerge. It was when I visited Bangalore clad in fresh greenery in 1998 to carry out interviews at several IT start-up companies and the software park newly established that I came to cherish an idea to make a major investigation into the Indian IT industry. Biding my time for a while, I was blessed with an opportunity to conduct a corporate research at India's largest IT company of the Tata Consultancy Services (TCS). It was a rare case that a corporate survey was permitted to an external scholar at the IT company. Luckily enough, I could conduct a detailed corporate survey under the full support and backup of TCS. I could visit the headquarter (Mumbai), the delivery centers (Delhi, Chennai, and Bangalore), the corporate training and education center (Trivandrum), and the research development and design center (Pune) to carry out interviews with front-line staffs at each site. The corporate survey conducted at TCS was indispensable for me to deepen my understanding of the real situation and obtain an entire picture of the Indian IT industry at that time. The research result was published as a book titled *The Indian Software Industry: Strategic Partner for the Revival of Higher Profit* (Toyo Keizai Shimposha, 2004).

For almost ten years after 2000, the IT industry occupied a major part of my studies on the Indian economy. Reflecting an increasing interest in the Indian IT industry among the Japanese society, I spent quite busy time writing and lecturing on the Indian IT industry. In parenthesis, reflecting a rising demand for learning from the Indian IT industry, I had an opportunity to present a lecture on the Indian IT industry several times before the audience of the Chinese IT companies and the Chinese Software Association for several years after 2004. Among my articles on the Indian IT industry, including the English version, the following one is selected as an example.

3.2 Excerpt from "Progress of the IT Industry and its Human Resources in India," in Takeuchi Hiroshi, Suehiro Akira and Fujimura Hiroyuki(eds.) Competition to Attract Highly Skilled Professionals: How to Leverage Global Brain (Gakuseisha, 2010)

"IT outsourcing to India started in the 1970s when the US mainframe company of Burroughs made a request to the Tata Consultancy Services (TCS) to send Indian programmers to its client companies for the installation of software. In the beginning, the on-site services of sending Indian programmers to the US were dominant, with other Indian IT vendors following TCS in making an entry into such programming services. Those Indian engineers who were sent to the US were blessed with an opportunity to learn the latest technology. At that time, on-site services were mostly accounted for short-term (less than one year) and low value-added operations, but many

Indian engineers decided to remain in the US after they completed their commitments.

After the 1980s, many Indian students started to study abroad in the US for finding nice job opportunities where they could fully exhibit their own talents. Given that the popularity of engineering has become low among native young Americans, the share of foreign students in the total number of bachelors and master's and doctor's degree holders was as high as 26% in 2003, with foreign students accounting for 22% of the undergraduates, 38% of the master's course, and 51% of the doctor's course, among which there were many Chinese and Indians.

India has a reputation for an abundance of science and engineering personnel. The Indian highly skilled personnel in the US not only contributed to the progress of the IT industry in the US, but also played an important role for the expansion of US companies outsourcing to India. During the period from 1995 to 2005, more than one-fourth of US technology companies were founded by foreigners, the largest number of which were Indians. In 2004, there were more than 2.3 million Indians in the US. As many Indians were working as professionals, their average income was more than 50% higher than the average American.

It was a fortune to the development of India's IT industry that certain policies in favor of the IT industry had been introduced during the 1980s. Import tariffs were slashed by 60% for both hardware and software, as the New Computer Policy was announced in 1984 under the Rajiv Gandhi government. The software industry was regarded as an industry exempt from industrial licensing, and foreign companies were permitted to set up their 100% ownership subsidiaries. In order to make it possible to access international telecommunications infrastructure at a reasonable price, many software parks were set up throughout the country. Preferential treatment was given to the exports of software where corporate tax was exempted. As a country which implemented economic reforms in 1991, India could subsequently take advantage of a tide of globalization and IT revolution.

Throughout the 1990s, the IT industry emerged as a new face of the Indian economy, marking an annual growth rate of around 50%. In 2008-09, the revenue of the Indian IT industry amounted to US$71.6 billion, 5.8% of the GDP. The Indian IT industry is characterized by being heavily tilted toward against hardware and toward exports against domestic market. As for delivery of IT services, on-site method of sending IT engineers to the customers was initially predominant. However, in the course of time, the offshore method of using satellite communications and delivering services directly from India where wage rates are low has ever become prevalent.

In 2007-08, India's share in the global IT industry was as low as around 4% (less than 3% when hardware is included). However, as far as global outsourcing (offshoring) is concerned, India enjoyed an outstandingly important position as its destination. India's IT services and Engineering Services accounted for 62~66% of the global outsourcing of US$44~47 billion, and its Business Process Outsourcing (BPO) accounted for 38~42% of the global outsourcing of

US$26~29 billion. It is indigenous companies which constitute major players of India's IT exports. Nevertheless, foreign companies, including captive centers, also play an important role, accounting for 25~35% of the IT-Engineering services exports and 70~75% of the BPO exports.

Currently, the Indian IT industry is composed of IT services, BPO, Software products/Engineering services, and hardware. What is noteworthy is that the Indian IT industry is showing a rapid evolution and expansion year by year, moving up the value chain in each segment.

IT services include application development, maintenance, and IT infrastructure operation. In the beginning, those IT services belonging to lower process and low value-added areas such as programming and debugging were predominant, but later they move and expand into upper-end process and high value-added software development.

It was in the late 1990s when BPO came constituted as one of the main items of the Indian IT industry. Initially, such low-skilled services as customer support (call center) were predominant, but later back-office operations such as financial accounting, human resource management, and procurement services emerged as the main items of BPO. In the more recent years, those high-end knowledge process outsourcing (KPO) which requires sophisticated domain knowledge such as financial services research, data analysis, and predictive modelling were added to the new items of BPO.

It was after the turn of the new century that software products/engineering services came to be highlighted as the new items of the Indian IT industry. The above services include software product development. semiconductor design and development, computer-aided development/computer-aided manufacturing (CAD/CAM), and embedded software, which have recently shown a rapid expansion."

4. Comparison between India and China

4.1 Background Briefing

Both China and India are the two great rivals in Asia, with the largest and the second largest population, and the second and the third largest GDP in the world. For the studies of the Indian economy, its comparison with China is an important topic. Up to now, I have published several articles under this topic, including "Achievement and Issues of India's Economic Reforms: Compared with China," *Sekai Keizai Hyoron* (*The World Economic Review*), July 2001, "(Dialogue) China VS. India, Ryo Seiko + Kojima Makoto," *Sekai Keizai Hyoron* (*The World Economic Review*), April 2007, and "The Formula of India's Economic Expansion and its Prospects," *Toa (The East Asia)*, July 2008. The most impressive experience for me to deepen my studies on this topic was when I was associated with the India Study Group sponsored by the Japan Center for Economic Research (JCER), being held consecutively from 2007 to 2001. The topic in 2010 was exactly on the comparison between India and China. Its research result was submitted in December 2010 as the Report on *Opening-up the Expanding Asia: India and China—Gigantic Elephant and Dragon in the Asian Ocean*, and its new version was published in 2012 by Nippon Keizai Shimbun Shuppansha under the title of Urata Shujiro, Kojima Makoto and JCER (eds.) *India VS. China: Ability Comparison between the Two Major Emerging Countries.*

In the above Report, I paired up with Prof. Zhu Yan and Prof. Du Jin, respectively, and co-wrote "Comparing the Emerging Indian and Chinese Economies in Historical Perspective" and "Infrastructure and Energy." The following excerpt is from my joint paper with Prof. Zhu Yan. Reading back over the paper after 11 years, I can say that most of our arguments still remain valid, but as far as our prospect that China will be obliged to follow democratization is concerned, it seems to have lost its validity under the current Xi Jinping administration.

4.2 Excerpt from "Comparing the Emerging Indian and Chinese Economies in Historical Perspective" (Chapter 1, co-authorship with Zhu Yan), Japan Center for Economic Research, *Opening-up the Expanding Asia: India and China – Gigantic Elephant and Dragon in the Asian Ocean*, (The Report of Commissioned Research for the Nihon Keizai Shimbun, 2010).

"India and China both of which boasted an erstwhile magnificent civilization, declined under the colonization or semi-colonization. After experiencing the post-World WarIIturbulence in connection with the partition of India or the civil war between the Communist Party and the Nationalist Party, both countries introduced the state-led development path with a strong emphasis on economic self-reliance, although the two countries were different from each other in system: India under parliamentary democracy and the mixed-economy system vs. China under the dictatorship of the Communist Party rule and the planned economy. The private sector, which was nationalized in China, was retained in India. However, in accordance with the principle of priority on public sector expansion under the mixed-economy system, the economic activities of those private enterprises larger than a certain size were subject to restraint. As the restrictive economic management became strengthened, the Indian economy faced a stagnation period (1965~80). It was the area of infrastructure development (including irrigation), primary and secondary education, and public health where India fell largely behind China.

Meanwhile, as a result of the fact that the optimum allocation of resources and efficiency were sacrificed, and there were little incentives under the planned economy stripped of market mechanism, China started to implement a reform policy and began opening up economically since 1979. It was the same with which India introduced economic reforms in 1991, following the partial economic liberalization in the 1980s. China started with the reform of rural collective farming, which was spread to price liberalization, the introduction of foreign capital, financial reform, and the reform of state-owned emprises. The Chinese government took a strong leadership in market-oriented reforms, which were implemented gradually, not taking a form of shock therapy. The reforms were allowed to expand nation-wide only after their effectiveness was confirmed beforehand through experimentation. The Chinese pattern of development was characterized by manufacturing-led and external demand-led, accompanied by a huge investment into infrastructure development, which brought about an annual growth rate of 9.9% in over the past 30 years. Currently, China is aiming to transform its economy into a domestic demand-led economy by stimulating consumption, but it faces a big challenge of the widening inequality including the Three Rural Issues (note: the problem of peasantry, rural areas and agriculture).

Economic reform in India was intended to accelerate its movement toward a market-oriented economy by implementing drastic reforms in the existing mixed-economy system under State control. While economic reform expanded the range of activities for the private sector and advanced the opening-up of the Indian economy, it was mainly focused to the organized sector; the unorganized sector including agriculture was out of its reach. Different from China, the Indian economy showed a services-led growth after the 1990s, with the industrial sector showing a new expansion only after the turn of the century. Another characteristic of the Indian economy can be found in its regionally diffuse development. After the introduction of economic reform, as the bearer of industrial activities, it was the private corporate sector with the industrial group at the core, which performed the driving force for the expansion of the Indian economy.

Both India and China face several political and economic issues. As for the population and employment issues, China has come to face a conspicuous shortage of unskilled labor against the background of declining birth rate and aging population issues under the one-child policy. On the contrary, India faces the challenge of how to ensure the employment opportunities for the constantly expanding labor force.

A look at the relationship between the central government and local government is somewhat enlightening. In China, the central government controls the fiscal aspects of the local government, with the province government taking the initiative in promoting reginal economic development through the upgradation of infrastructure. It remains to be seen how far the central government can effectively control the issues of land acquisition, environmental pollution, and corruption at the local government. Meanwhile, in India, not only that the States are not so much dependent on the Union for finance, but they are invested with jurisdiction over many sectors including infrastructure, education, and public health. Under the conditions that those sectors under the States' jurisdiction are generally in bad shape, the issue is whether the Union can exert a strong leadership role in improving the situation or not.

The last topic is related to the issues of political regime. Ensuring social stability under the one-party rule of the Communist Party, China has been successful in making great strides in economic progress at an enormous speed. However, given that it is not possible to skirt the way to democratization from now on, the challenge awaiting China is how to walk the way to democratization suitable for the Chinese society and instill it without causing any confusion. Meanwhile, as for India, parliamentary democracy was introduced since the initial period of independence, and the rule for change of government has been firmly rooted, but India faces governance issues in terms of functions of the State. It is a big challenge for India how to overcome the above problems under a vibrant civil society."

5. The Indian Economy under the Modi Government

5.1 Background Briefing

After the 2010s, my concerns about the Indian economy have been focused on the impact of government leadership exerting influence on the Indian economy, as I came to increasingly be convinced that the improvement of governance or the implementation of policy accompanied so as to break down the vested interests was indispensable to the progress of the Indian economy. It is true that India achieved a new economic expansion since it introduced economic reforms in 1991, opening-up its economy to the world, followed by a higher annual growth rates of around 7% after the turn of this century. However, due to policy paralysis under the second Congress-dominant UPA (United Progressive Alliance) government, the Indian economy came to be at a temporary standstill.

Under the Modi government which started in 2014, a wide range of initiatives have been taken to achieve a vigorous growth, including the transformation and bottom-up of the Indian society. A 7%+ growth was achieved during the initial four years under the first Modi government, although there appeared a sign of slowing growth since the fifth year. With the government party of BJP securing an overwhelming victory in the general election held in April-May 2019, the second Modi government started. India aims to invest100 trillion rupee (160 trillion yen) into infrastructure by 2024, becoming the third largest economy in the world by 2030. However, there remains many challenges ahead to be cleared, superimposed by serious economic damages due to the corona pandemic.

Up to now, I have published numerous articles under the topic of economic policy taken since the 2010s and its impact on the Indian economy, which appeared in various Journals including *the World Economic Review* and *the Contemporary India Forum*. Here, I'd like to quote an excerpt from my latest paper included in the book published in March 2021. This paper was intended to examine the economic policy and the trend of economic performance under the 2010s, highlighting the remaining issues for the realization of sustainable growth.

5.2 **Excerpt from "The Indian Economy during the 2010s: Struggling to March on the Citadel of Economic Reforms," in Horimoto Takenori, Murayama Mayumi and Miwa Hiroki (eds) *Future Directions of India: The Changing World and the Modi Government* (The University of Tokyo Press, 2021).**

"The 17th general election was held in April-May 2019. Because of a rising complaint among the farmers who felt that they were not enjoying the fruits of economic growth and in connection with the worsening employment conditions, the ruling BJP was expected to face an up-hill battle, but the result was that the BJP met a sweeping victory, obtaining more seats than it did in the previous election, and thereby the BJP was manded another five years to steer the Indian economy. According to the election mandate, the BJP will make a capital investment of 100 trillion rupee (160 trillion yen) in the infrastructure by 2024 and is committed to make India a US$ 5 trillion economy by 2025 and US 10 trillion economy by 2032, aspiring to make India the third largest economy of the world by 2030.

It cannot be denied that the first Modi government achieved great results in the field of social sector reforms with redistribution, including the construction of rural toilets, the dissemination of LP gas and the deployment of direct benefit transfer combined with the Jan Dhan Yojana (a financial inclusion plan of the Government of India open to Indian citizens, aiming to expand affordable access to financial services, particularly bank accounts). Nevertheless, in terms of ensuring a high-level sustainable growth, the Modi government is required to make sincere efforts to cause a dent in the core part of economic reforms. The remaining important challenges include the issues concerning labor regulation, land acquisition, the agricultural sector, and power sector reform. The last item assumes special importance because of its impact on an aggravating water shortage problem.

Given that strong vested interests are entrenched and that the state governments are vested with jurisdiction over the above fields in India, it is difficult to make uniform reforms throughout the country. Large efforts of political resources are required to implement reforms to break down vested interests. Different from its first government, the second Modi government could acquire a favorable political state that seems to be reachable by the majority even in the Upper House. Under the above conditions, what the second Modi government intends to address more than anything else is the implementing those policy measures prescribed in the election manifesto that pushes forward Hindu nationalism, among which are the abrogation of the Article 370 of the Indian Constitution thereby revoking the special status granted to Jammu and Kashmir and the passage of the Citizenship (Amendment) Act, 2019 thereby granting citizenship to refugees and immigrants except Muslims. Shouldering the new challenge of the COVID-19 pandemic, it is to be noted how far the second Modi government will be able to penetrate incisively the remaining challenges of economic reform, while ensuring secularism and political decentralization under which the politics of India is based.”

Conclusion

While the goal is still faraway, looking back nearly 50 years of my research life in pursuance of the Indian economy, I am awfully grateful to my many respected persons for their valuable cooperation on many critical occasions. As my subject of reginal studies, I have been committed to the studies of the Indian economy, and I think it important to face the issues of India, asking myself the mission of regional studies. From now on, without being constrained within the framework of one country study, I am thinking of being more committed to the subject of how Japan secure good relations with India under the Indo-Pacific Era where the both security and economic aspects are increasingly interlaced.