

## 'Reforms have bypassed bullock cart economy'

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IN the backdrop of the ongoing World Economic Forum (WEF) in the Capital, the insights provided by a yet-to-be released report on the country's economic status may give corporates and policy makers something to chew on.

'Rethinking India's Future — Prosperity of the Periphery' brought out by the Strategic Foresight Group of the Mumbai-based International Centre for Peace Initiatives, emphasises the fact that India has no single economy, but three distinct economies: The business class economy, the bike economy and the bullock cart economy.

The research team, headed by the economist, Mr Sundeep Waslekar, points out that the three economies are reflected by their consumption patterns and while one is the focal point of most economic policies, the other two have been relegated to the periphery. It is this distorted development pattern that has resulted in low international ranking for India. Development neglect has also resulted in violent conflicts in Jammu & Kashmir, the North-East and central India.

The report, to be released at the Agrotech in Chandigarh on November 30, explains that the first, the 'Business class economy', constitutes a mere two per cent of the population. However, this segment has access to luxuries such as cars, washing machines, computers, internet, mobile phones and air travel. Their homes have every conceivable facility including LPG connections, televisions and telephones.

The 'Bike economy' comprises 15 per cent of the population and can afford to consume televisions, telephones, water and gas connections, radios and motorbikes.

The third and the largest, the 'Bullock cart economy' covers a whopping 83 per cent of the population and only half of them own *pucca* houses, televisions and radios.

This segment does not even have the basics in

amenities and comforts.

Economic reform, which has brought about liberalisation mainly in the external and financial sectors and hence heralded important changes such as allowing FDI, industrial delicensing, opening up of select sectors such as insurance, telecom etc and growth in IT exports, has benefited only the 'Business class economy', says the report.

The other two economies continue to be "shackled" with archaic laws and other limitations.

The report also divides the States into either 'Bike economy' States or 'Bullock cart economy' States depending on their rate of growth.

The growing States such as Andhra Pradesh, Gujarat, Haryana, Himachal Pradesh, Karnataka, Kerala, Maharashtra, Punjab, Rajasthan, Tamil Nadu and West Bengal have poverty levels below 25 per cent and a per capita income between Rs 15,000 to Rs 30,000. They have attracted 89 per cent of the proposed industrial investments in the country, while the rest of the "stagnant states" with low per capita income and low literacy rate have attracted only 11 per cent of total project investments.

Expressing serious concern about problems such as stagnant agricultural and industrial growth, the no-hope situation faced by farmers, increasing urban migration, declining ground water resources and joblessness in the peripheral economies, the report recommends a transformation of the entire rural economy.

It envisages three scenarios for India — breakdown, break-up or breakthrough.

It feels that only bringing about a breakthrough — a change in the policy mix and mobilising political, intellectual and spiritual resources — can increase overall productivity and growth in the future, not just for a narrow section of society, but also for people living in the periphery. If the present economic reform priorities continue, the country would be moving on the road to disaster.