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Creating a shared and sustainable world economy

The key to growth is now shared between the emerging and developed economies, and thus, the world needs to develop new strategies and partnerships to lift global growth and support global rebalancing

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GLOBAL GROWTH conditions have been subdued for the past few years, and are further projected to be moderate in 2016. The slowdown is broad based, with both advanced and emerging economies suffering from growth rates that are below expectations. At a time when development, job creation, and better living conditions continue to be an imperative, the forces of partnership between the advanced economies and their emerging counterparts need to be deepened in order to strengthen driving forces and subdue unfavourable conditions.

The uneven growth has also led to global economic rebalancing. The West is no longer the center of gravity of the world economy. It has shifted to the East now. The past few decades have witnessed a shift in shares of global income, trade and investment flow as emerging economies such as India, China and Africa have expanded rapidly.

Interestingly, this shift is not one-sided. While the emerging economies are the major sources of global growth today, there is high degree of interdependence between the advanced and emerging economies. The emerging economies depend on advanced economies for markets, new technologies, innovation, advanced production processes, and investments. On the other hand, advanced economies seek markets, cheap labour forces, and investment opportunities in the emerging world. These developments are encouraging nations and global institutions to pool resources for shared and sustainable growth.

Our inability to make judicious use of natural resources of earth has led to calamities that are beyond human control and have led to massive waste of economic resources. This calls for collective actions by the rich and the poor.

In fact, at the recent COP21 climate negotiations in Paris, 196 countries have collectively committed to reducing their carbon emissions based on their national priorities. For developing countries such as India, the impact of climate change is particularly severe, given their vulnerabilities, inadequate means and limited capacities to adapt to its effects.

In short, the key to growth is now shared between the emerging and developed economies. And thus, the world needs to develop new strategies and partnerships to lift global growth and support global rebalancing.

India stands at an exciting moment in its economic journey, a time when numerous forces converge to offer the nation an unprecedented opportunity for progress and prosperity.

India offers the world countless reasons to partner its growth and development. It is now the world's fastest growing large economy. The World Bank's Global Economic Prospects 2016 observes that growth in India remained robust, buoyed by strong investor sentiment and because of a positive effect on real incomes from the recent fall in oil prices.

It has 1.27 billion consumers, half of whom are under 25 years. By 2020, its $2.2 trillion economy is projected to reach $3.5 trillion, with per capita income climbing steeply from about $1,500 in 2013, to $2,500. It is going to be "the world's emerging skills capital", with home to a quarter of the world's skilled workforce by 2020. India will be a whopping $13 trillion consumer market by 2030. That's not all. Now India is also

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the source for a third of the world's engineering process outsourcing, home to the world's second-largest pool of technically competent and innovative personnel, and the world's largest importer of defence, electronic surveillance, communication and aviation equipment.

To be well-connected globally, India needs to develop a global integration strategy that not only meets its own economic and geopolitical aspirations, but also be a voice of the other emerging economies. The rapid succession of the prime minister's overseas visits in many countries across different continents does indicate a renewed focus of the present government to realign it economic diplomacy efforts.

In addition, the "Act East" policy; "Connect Central Asia" policy; free trade agreements (FTAs) with the Association of Southeast Asian Nations (ASEAN); negotiation for Regional Comprehensive Economic partnership (RCEP membership; a renewed focus on the neighbourhood policy; and so on, further signif the government's foresightedness and ability t comprehend specific economic priorities in India's foreign economic policy priorities. However, they are certainly not enough.

Countries and regional groupings that have crafted foreign economic integration strategies with foresight are more successful in boosting trade, investment and better connected with global value chains (GVCs). China and the ASEAN are prime examples. India needs to design a long-term foreign economic integratio strategy keeping its economic and geo-politica priorities in mind.

The steps of the current government show that India is certainly heading in that direction. What is required is a more concerted effort to connect India to the world.