

Dr Arvind Subramanian, Chief Economic Advisor, Government of India has said that the Indian economy has followed a unique development path that can be called as a precocious developmental model.

Delivering the convocation address at the National Institute of Banking Management here Subramanian said, “A precocious child does things far ahead of its time. I am going to argue that the Indian economy is a very precocious economy in both the good and the bad sense.”

Elaborating, he said there were three aspects of the precocious developmental model – India’s uniqueness from social science perspective, its precocious achievements and lastly what was special about the manner in which the model was unfolding.

Pointing out that no country in the world has so many social cleavages points of differences, he said, “Basically there are at least six axes of differences or cleavages or fissures that determine the economic and political outcomes.”

What was also unique about India was its effort to develop based not on exploiting its comparative advantage on unskilled labour but on its relatively under-supplied skilled labour, Subramanian said.

The highlight of this model was that the country was doing things at levels of development and income much earlier than what other countries did.

Though generally, FDI was expected from the richer countries which had the technology, capital and entrepreneurial skill to the poorer countries with labour and resources, Subramanian pointed out that India has actually exported FDI, citing acquisition of Jaguar Land Rover, Corus and software companies in the US as examples.

Lastly, referring to the manner in which the model was unfolding, the two things to watch out for were the top down changes in the political system and the competitive federalism amongst the New Delhi and the states that would serve as models as well as magnets for growth.

Earlier, invoking the message from the *Bhagwad Gita*, Subramanian told students, “The life lesson for you is that in both your professional and personal lives focus on the process rather than the outcome.”

“It is absolutely the case that you are going to encounter failure and a lot of failures in your life,” he cautioned, reminding them of Rudyard Kipling’s words to treat both success and failure as impostors.

This was the 11th annual convocation of the Post Graduate Diploma in Management (Banking and Financial Services) of the NIBM, and the first batch of students to graduate after the AICTE approval making the course equivalent to an MBA.

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