

\$4tn To \$30tn, Fast

That India may become the world's fourth largest economy by end-2025 is a reminder of unfinished reforms agenda. To become a real powerhouse, policy must be transformative

- Amitabh Kant*

A fortnight after Op Sindoor, economic data is buttressing the point that India and Pakistan can no longer be hyphenated. India's set to become 4th largest economy by year-end, on course to becoming the 3rd largest in three years. Maharashtra's economy is larger than Pakistan's; Tamil Nadu's is the same size. India's \$4tn economy is over 10x that of Pakistan. BSE and NSE's capitalisation is 200x that of Pakistan Stock Exchange. Companies like HCL and Axis Bank command a market capitalisation equivalent to Pakistan's entire stock exchange. LIC's assets under management (\$640bn) are nearly 2.5x of Pakistan's national debt. Pakistan's forex reserves: \$ 16bn, India's: 680bn.

As PM said post-Op Sindoor, the path to peace goes through power. And history shows economic power – not just military might – elevates nations on the global stage. If a \$4tn economy gives India so much heft, imagine what a \$30tn+ economy could do. So, now is the time to place ourselves among the most powerful economies with transformative , not incremental, reforms.

Less regulation | Because overregulation increases the cost of doing business by raising compliance costs, we must address regulatory overreach. Excessive licensing, sector-specific controls, and proliferation of circulars and NOCs need to be eliminated. We must institutionalise self-certification and certification by third-party professionals. All approvals must be digital with no human intervention. Regulators shouldn't see themselves as instruments of control and overreach.

Rationalise GST | GST has enabled formalisation and encouraged ease of doing business. It's time to rationalise GST rates and slabs, and simplify processes to reduce the compliance burden for small enterprises. In the spirit of cooperative federalism, GST council should work towards developing a roadmap for incorporating petroleum products, electricity, and to the GST regime.

Ease of borrowing | We must liberate financial markets to ensure adequate and reasonable business borrowing rates. RBI must create a roadmap to phase out the statutory liquidity ratio (SLR), which compels commercial banks to buy govt bonds. While this enables govt to finance the fiscal deficit, it curbs the availability of finance for MSMEs and impacts the development of a commercial bond market. Freeing up the SLR requirement will help reduce borrowing costs for private businesses. It's also important to make the cost of public sector borrowing as high as that of the private sector.

Make for world | Our tariffs on intermediate goods and inputs are too high and must be brought down to push manufacturing in India. High tariffs on critical inputs, particularly in electronics, automobiles and machinery, blunt PLI scheme's effectiveness. They also keep Indian companies out of global value chains. Non-tariff barriers, such as quality control orders (QCOs), must be

rationalised. In textiles, QCOs have killed our ability to expand in manmade fibres and create jobs. We must engage with firms in China and Southeast Asia and handhold to shift their operations to India. Our approach with Apple in mobile manufacturing provides a template. At the same time, we must pursue more bilateral and regional trade agreements.

Need for speed | We're a major importer of batteries, solar cells and modules, motors, controllers and wind turbines in the clean tech sector. If we don't 'Make in India', we'll never become energy-independent. So, speedy implementation of the Clean Tech Manufacturing Mission is critical. Thrust on infra must continue. High-speed rail and dedicated freight corridor projects must be sped up. Public-private partnerships must be rekindled, bringing more private investment in infra.

Labour laws and Factories Act are outdated and need a complete overhaul. State govts must implement labour laws that Parliament has already passed to increase the size and scale of manufacturing.

Brain gain | To propel India to the forefront of R&D, we need to attract top-tier scientific minds. We should aim to attract 500 distinguished academics from top 100 global universities over five years, requiring them to spend at least six months annually at an Indian host institution. We must create 1,000 research sabbaticals for academics from the top 200 global universities. Speedy implementation of India AI Mission will ensure we build sovereign frontier models. We must also build multilingual and multimodal foundation models, given our 22 recognised languages.

Incredible India | Lastly, tourism offers India a huge opportunity. Tourists do not face any tariffs and the sector is not subject to retaliatory duties. It can provide India foreign exchange at scale. We have the finest hotels and the best airlines India must roll out a global 'Incredible India' campaign inviting tourists from across the world, and demonstrate that there is no destination like India. This is India's soft power.

The reshaping of globalisation, marked by shifting trade rules and emerging technologies, presents a massive opportunity for India. This realignment is not a threat—it is India's moment and we must seize it.

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