



Time to Break Free

Debdas Sen

A few years ago, noted economist and my professor Ilian Mihov along with Antonio Fatas co-authored *The 4 I's of Economic Growth*. The paper discusses what the authors believe are the major drivers of growth in an economy. It is a fantastic read and I strongly recommend you read it online.

The first driver is the 'initial' condition of the economy. The lower the base, the higher the potential to grow.

The second is the amount of 'investment' that is made.

The third driver is around the 'institutions' in the economy and the ease of doing business. Not surprisingly, Ilian rates India low on this parameter.

'Innovation' is the fourth driver. In this paper, the driver of innovation is described to arrive once there is near saturation to 'imitate' and bridge the gap of initial condition.

The Manthan nominations this year reminded me of this paper. What struck me strongly is our phenomenal ability to innovate, as a nation. While 'necessity is the mother of innovation' the quality of work in the nominations did not only cater to the necessities, they

were also a testimony to the importance we have started gaining as a nation.

It is such work that will finally catapult us into the big league as a true super economy. There is a certain gap though, in that we need to scale such innovations to professional production quality and scalable sustainable products and services. Filled in, that would surely complete the jigsaw.

The authors of *The 4 I's of Economic Growth* may have called our institutions weak, but the ability to leapfrog and embrace change as a nation more than make up for this. For hundreds of years we have been at the forefront of innovation and if we can rewind back in time to revive that spirit, we could move ahead at 'Bolt' speed.

The work that I saw in the nominations restores my faith in what we as a nation can do. It's the will that paves the way, 'institutions' of economy, prevailing sentiments and brain drain notwithstanding.

Debdas Sen is Executive Director-Consulting, PwC India. He can be reached at debdas.sen@in.pwc.com

34

EXPERT VOICE