

# Well-deserved Festschrift

A fitting tribute to the versatility of **Deepak Nayyar**, rich in terms of the topics dealt with and the rigour of its analysis. BY **C.T. KURIEN**

“**D**EEPAK NAYYAR—a great teacher, an eminent academic, a distinguished policymaker and a leading thinker of our times,” says the opening sentence of this volume authored by his friends and admirers from different parts of the globe.

What makes Nayyar great is that he is a rare combination of academia and administration: he has been professor of economics in this country and other parts of the world, Chief Economic Adviser to the Government of India, Vice Chancellor of Delhi University, and much more. Not that he was an academic who then became an administrator; he moved in and out many times, enriching both spheres. His writings—many books, journal articles and popular pieces—all have the unique quality of freshness of approach and depth of insight.

## HARD TO FOLLOW

The tributes in this volume are of high quality, many of them so full of theory and statistics that they will be difficult for lay readers to follow. In this review I shall, therefore, try to convey the gist of the papers, concentrating on the themes of development and globalisation. Like

most of his contemporaries, Nayyar’s initial academic involvement was with development, taken to be the need of all nations at all times, with capital formation as its prime requirement. Nayyar was soon to grasp that each country had its special problems and hence had to follow its own trajectory.

Similarly, when globalisation became the preoccupation of academics with a similar approach and prescription, Nayyar saw different patterns in different countries and emphasised that these patterns would change over time. While for many, globalisation is a market-centric phenomenon, for Nayyar the concern was to make it human-centric. And as globalisation progressed and inequalities within countries and

between nations became pronounced, Nayyar immediately recognised the link between the two. He also anticipated nationalism emerging as a powerful force, with globalisation “sputtering”, as an official document put it.

The contributors to this volume deal with many of these themes. Four essays in Part II deal with the evolving dimensions of globalisation: the role of multinational corporations and their championing of markets, mainly the market for financial instruments; global warming and climate change; and details of geography, natural resources and culture in shaping development.

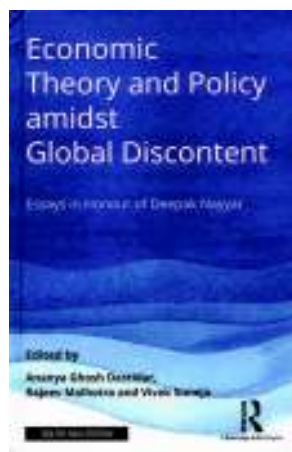
Another paper depicts how globalisation has resulted in the integration of the commodity, capital and labour markets, leading to

the domination of the top 1 per cent globally and within countries.

Part III deals with economic theory and public policy with emphasis on the former; an essay by a Nobel laureate demonstrates the relationship between money, output and the interest rate. Another paper deals with income distribution. There is also a theoretical discussion of the formal-informal conundrum in the labour market under capitalism.

Part IV is more familiar territory, the theme being the global development experience, with special reference to India. One of the chapters is an international comparison following Nayyar’s much-discussed 2013 study, *Catch Up: Developing Countries in the World Economy*. Another examines the experience of Latin American countries, and yet another, that of African countries.

There is a comprehensive treatment, decade by decade, of India’s experiments with development from 1950 to the present. On the early stages, it remarks: “While the global polity had an alternative to the NATO [North Atlantic Treaty Organisation] powers, the global economy too had found an al-



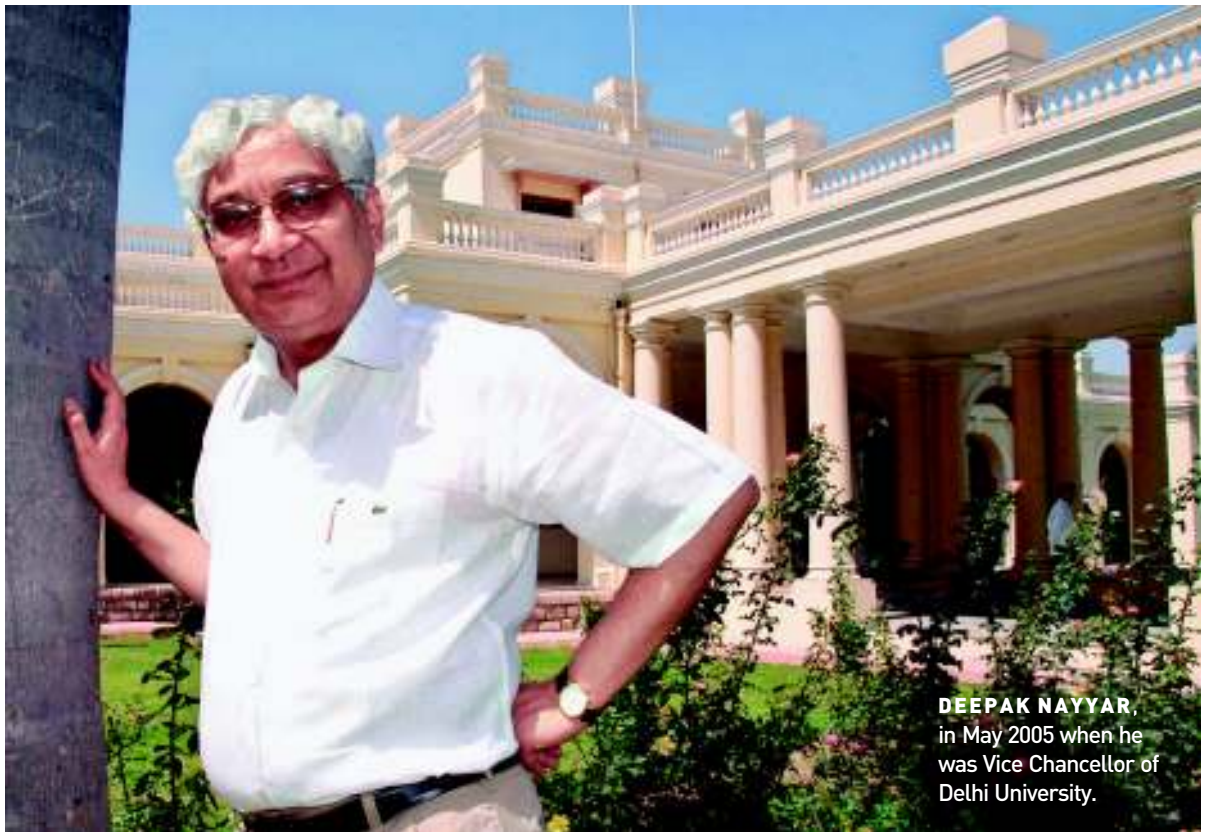
**Economic Theory and Policy amidst Global Discontent**  
Essays in Honour of Deepak Nayyar

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**DEEPAK NAYYAR**,  
in May 2005 when he  
was Vice Chancellor of  
Delhi University.

S. SUBRAMANIAM

ternative to the standard Anglo-Saxon model of capitalist development—people dreamed big in terms of an active state intervention to kick-start an otherwise stagnant economy with massive public investment.”

And, indeed the early period (1950-64) turned out to be a star performer, experiencing high gross domestic product (GDP) growth of 4 per cent. After critically examining the subsequent decades, the study concludes: “In retrospect one gets the impression that policy debates in India have tended to underestimate importance of experiences of other countries and the impact of the global economy on the Indian economy.”

Another paper in this section deals with the much-discussed theme of

job creation and the relevance of the “Make in India” policy in that context.

#### ‘MAKE IN INDIA’

The Indian economy has undergone a substantial structural transformation, with the share of agriculture in GDP coming down from over 50 per cent to under 15 per cent over the post-Independence period. At the same time, India has one of the lowest shares of the manufacturing sector in GDP among Asian countries. Thus, the bloating of the services sector in GDP without absorbing labour from the rural areas has been the post-Independence Indian experience.

What accounts for the slowing down of the Indian economy in recent years is the theme of another paper. In the first

decade of the 21st century, India became integrated with the global economy largely via trade. It was also a period of high growth for the global economy, and India’s imports from the rest of the world increased.

#### OIL IMPORTS

In the second decade, especially the 2012-14 period, oil imports became costly. On the export side, in the early period the manufacturing sector dominated. However, this could not be maintained for long because private investment, which was driving the manufacturing sector, started slowing down, finally affecting the economy as a whole.

As the author who deals with this aspect puts it: “...During the high growth phase, the pattern

of integration into the global economy created a virtuous cycle of cumulative causation where manufacturing trade, private corporate investment and manufacturing growth fed off each other. During the slow down, this process reversed itself, creating a vicious cycle of cumulative causation where a deceleration in private corporate investment through the expected profitability channel was reinforced by manufacturing imports replacing domestic capacity.”

The volume, therefore, is rich in terms of the topics dealt with and the rigour of its analysis, a fitting tribute to the versatility of Deepak Nayyar. I recommend it to those who have the competence to follow the technical analysis that dominates it. □