

Opportunity of the Millennium for Uttar Pradesh

Global economies are melting and business models are in free fall. Romanticism with hyper capitalistic models around global centers of core competency and supply-chains is on the decline. A non-entity virus destroyed the myth about more advanced countries' readiness to deal with sudden large-scale surprises.

Rabobank estimates global GDP to contract by 2.6% and Paul Krugman terms the Covid crisis as 'Ten trillion-dollar self-induced coma'. Crude oil futures have hit the floor and Gold prices are ruling the roost. In a bid to move away from the enviable Chinese manufacturing juggernaut, Japan, South Korea, the US, and many other countries are looking for an alternate host to power their plants and that's where there is a huge opening for Uttar Pradesh.

History reminds us that the biggest beneficiaries of the twentieth-century cold war were Germany and Japan, two countries that rose from the ashes. We are on the brink of yet another cold-war-like situation where two economic blocks may compete for not only global dominance but for placing their governance model at the center stage.

In the conflicting scenario of democracies and non-democracies, India with its deep soft power, credible governance systems under the Modi government, huge technical human capital, and a proven destination of high growth economy could become a front-running beneficiary. While Uttar Pradesh has been plagued with structural issues in the last decades, it seems to have already started moving in the fast lane of development with the largest Samsung plant, some of the longest expressway & power initiatives, and the ODOP program.

The virus crisis brings in a frenzy and unleashes nervous energy. The options are to grow or perish. Decades are lived in weeks and monumental achievements, completely out-of-box, could be achieved to the schemes and Incentive for pioneer industries

1. Infrastructure / Special Economic Zones Incentives: Setting up 12-15 Special Purpose Hubs to set up "Centres of Excellence" in collaboration with companies relocating in those regions. These hubs will be developed on the lines of successful IT SEZs (Special Economic Zones) and Gujarat's Japanese township and the German Corridor in Pune, Maharashtra.
2. Leverage India's FTAs (Free Trade Agreement): As per Asian Development Bank Institute, India has one of the largest FTAs in Asian regions either signed or under negotiation. As a result of the FTA, India's trade has increased many times over with SAFTA, ASEAN, and other blocks. Uttar Pradesh would have an existing framework in FTA and DTA (Double taxation agreements) ready to leverage.
3. Uttar Pradesh government panels to meet with the JETRO & MITI (Ministry of International Trade & Industry) from Japan leveraging JICA (Japanese International Cooperation Agency) in

India, MOEF from South Korea, and USISPF in the US to position UP as the fast-emerging destination of business with aggressive investment plans.

IMF predicts that India will have the fastest GDP growth in 2021 globally and possibly its GDP would still stay in positive growth territory in 2020 despite Coronavirus malaise. With our lower oil bill, softer inflation, and bold RBI stimulus, India so far, seems to be placed well to weather the virus storm.

States like Telangana, Delhi NCR, Tamilnadu, and Maharashtra have better track records of roping in FDI and have an eco-system to support it.

Many states have already started courting the Japanese, American, and other investment boards on the lines of Thailand, Vietnam, and other East Asian countries.

Gujarat Principal Secretary (Industries) Mr. Manoj Das has confirmed that the state government has sent pointed communications to JETRO (Japan External Trade Organization), USISPF (US India Strategic Partnership Forum), and other similar agencies to maximize the inflow in the wake of re-location drive.

The million-dollar question is whether Uttar Pradesh can shift gears and start punching as per its weight.