

David Cameron's Bad Date in Delhi

Jayati Ghosh

Suddenly India is being wooed again. In the space of a few days, both François Hollande and David Cameron have turned up on its doorstep with palms outstretched in the search for business contracts. It will have come as a soothing balm to an Indian government facing increasing disillusion at home and growing cynicism on the part of investors abroad.

In their foreign dealings, Indian policymakers must feel as if they are on a seesaw with changing partners of varying weights on the other side. There was a period, especially in the last decade, when they India's policymakers could do no wrong in the eyes of global capital and western powers. Then, the same policies that were celebrated as causes of India's fantastic dynamism were discovered to have resulted in corruption, cronyism and growing inequalities. Popular revolts against these conditions forced even the global media to sit up and take note. And now, suddenly, India is acceptable again. Even the more unpleasant elements such as Narendra Modi – once shunned following the pogrom of Muslims in Gujarat, where he was chief minister – are [brought in from the cold](#).

Within India this renewed enthusiasm is hard to understand, as the macroeconomic indicators continue their downward trend to the point that even [India's central banker is sounding warnings about the future](#). GDP growth is projected to be only 5% this fiscal year, the lowest in more than a decade. The current account deficit is 5.3% of GDP, much higher than it was before the 1990-91 crisis, and it is being funded by highly volatile flows of short-term finance that can be easily reversed. The central government is widely criticised not just for lack of action in ensuring essential rights like minimum basic needs and physical security for women, but also for becoming politically tone deaf. The general election next year is likely to throw up no clear result, portending more uncertainty.

So why all this interest? Of course, it is true that while Indian economic growth may be decelerating, it's still higher than Europe's, and the Indian market is unquestionably vast. Also, India and China are two of the few remaining "hinterlands" for global capital to penetrate through privatisation, since there are large public sectors. While the French president was low-key about his intentions, Cameron made no bones about his: business, big business and bigger business. He brings with him an assortment of more than 100 "captains of industry", supposedly the largest such delegation ever to accompany a British PM on a foreign trip. And the delegation went first to India's business capital Mumbai to meet their Indian counterparts, and only afterwards to the administrative capital New Delhi.

Cameron spoke of his vision of becoming "[the partner of choice](#)" for what would become one of this century's major economies. Lots of work is required to get there: trade with the UK has been progressively declining in importance for India, with exports to the UK only 2.5% of total merchandise exports (compared with 6.5% in 1990-91) and imports from the UK even less significant at 1.5% (down from 6.7% in 1990-91).

For such ambition, Cameron's actual promises were somewhat bonsai in nature. He promised £1m to help fund a feasibility study into using British expertise to develop a "business corridor"

between Mumbai and Bangalore – an amount so pathetically tiny that it may even have embarrassed his Indian listeners. And he promised easier and greater visa access to Indian students coming to the UK – perhaps a belated response to the reduction in Indian student numbers that has become a matter of concern in British universities.

Both of these rather miss the point. Cameron's strategy of engagement is based on the continuation of an Indian economic strategy that has lost its legitimacy within the country. It ignores the genuine Indian economic concerns about British policy with respect to trade and investment rules and intellectual property rights. It underplays and even seeks to accentuate the growing inequalities of opportunity that afflict education and result in a brain drain. So it is unlikely to gain much traction in India, however large the size of his delegation. In such a context, maybe a smaller but smarter group of British visitors may have been more effective.

* This article was originally published in [The Guardian](#) on 19 February, 2013.