

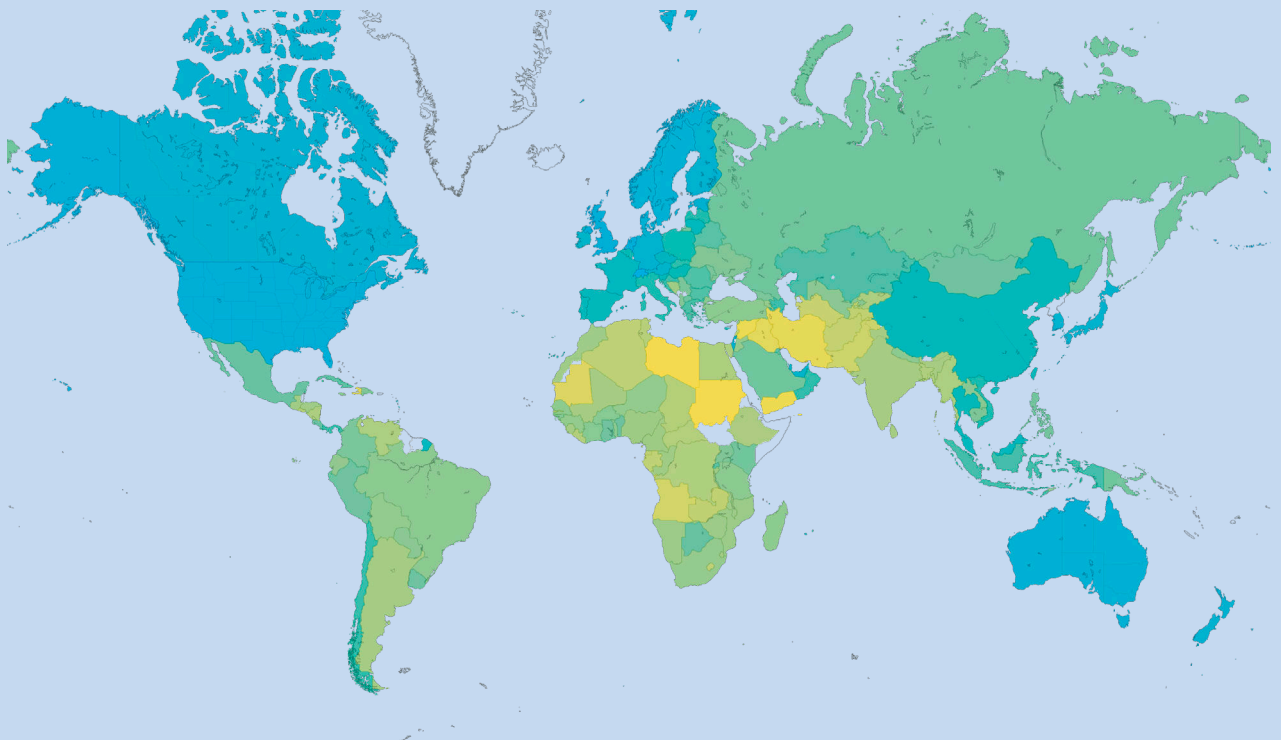
ELITE QUALITY REPORT 2021

EQx2021 contribution:

India: Divisive elites struggle to create prosperity

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India: Divisive elites struggle to create prosperity

India scores poorly in the EQx2021; ranked # 118 out of 151 countries covered. The country is dragged down by the Pillars of the Value Sub-Index (rank # 144), which suggests that there is a lack of desire by Indian elites to produce value.

The Power Pillar produces better results (rank # 44) but these are contradictory. High scores for *Political globalization* (PGL, i.1, rank # 17), decentralization (PDE, i.1, rank # 33), and *Protecting minority investors* (PMI, i.2, rank # 12) co-exist with little *Press freedom* (PFD, i.1, rank # 116) and a lack of *Social mobility* (MOB, i.1, rank # 115), which reflects insufficient access to education. Such negligence may ruin a country where 50% of the population is under 29 years of age and with a very high *Youth unemployment rate* (iv.12, YUN, rank # 120).

The *Human Rights Index* also ranks India poorly (HRI, ii.4, rank # 112), sadly confirmed by a similarly dismal performance in the *Global Slavery Index* (GSI, i.3, rank # 101), and the Indicators for religious freedom (GRI, i.3, rank # 120; SHI, i.3, rank # 144). Evidence of widespread cow vigilantism and religion-linked brutalities in the February 2020 Delhi riots come as little surprise in such an environment.

70 Despite the atrocious level of inclusiveness of women in economic life (WBL, i.3, rank # 91) and major imbalances in the *Labor force participation ratio - male vs female* (LFR, iv.12, rank # 139), women from the higher classes do enjoy some economic power. India's results in the *Women's Power Index* (WPI, i.1, rank # 47) and *Women self-made billionaires* (WSB, ii.4, rank # 11) are striking.

Entrepreneurship and investment policies are working effectively, as is reflected by *Construction as a percentage of GDP* (CON, ii.4, rank # 5), *Governmental support to entrepreneurship* (GSE, ii.6, rank # 7), and *Venture capital availability* (VCA, ii.6, rank # 12). However, the economic pie is extremely unequally distributed, as evidenced by the *Top 10% share of pre-tax national income* (INE, iii.8, rank # 137) and *Billionaires wealth as % of GDP* (BIW, ii.5, rank # 132).

Interestingly, though India ranks well in being *Open for business* (OFB, iv. 10, rank # 29), it is one of the worst countries in providing a supportive environment for the entry of new firms (ENR, ii.6, rank # 111). The disappointing number of formally registered *SMEs per 1,000 people* (SME, ii.5, rank # 105) could partly reflect the implementation of the 'de-monetization' policy.

India has been particularly hard hit by the COVID-19 pandemic. The first wave was destructive, but the havoc wreaked by the second wave has exposed fault lines across the health, digitalization, education, and food security infrastructures.

The 'Digital India' flagship program never took off, resulting in a low global position for *Internet access* (INT, iii.7, rank # 100). Inadequate Internet access has also led to a dismal result for *COVID-19 lost schooldays* (CLS, iii.7, rank # 146). It has also magnified the negative impact of the pandemic on economic growth (CGD, iii.7, rank # 62). Failures to modernize and support agriculture caused higher food prices and overall *Inflation* (DOI, iv.12, rank # 115). The new farm laws of September 2020 promise liberalization, but they may instead leave millions of farmers at the mercy of a few agribusiness conglomerates, subtly favored by these laws. A positive outcome will depend on curbing the extractive abilities of elites to bend the new regulations to their advantage.

In a nutshell, India's economic growth may not attain its expected levels unless the political and business elites wake up and tap into the country's enormous potential and resources to forge a path towards Value Creation. The battle now is between growth for a few or sustainable growth for all.

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India

EQx2021 Country Scorecard

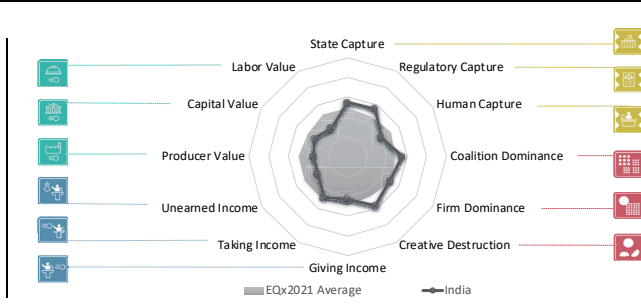
Population **1366 million**
 GDP (nominal) **2869 billion USD**
 GDP per capita **2'100 USD**



Level 1 - Index	EQx Rank / 151 118	EQx Score 42.9	Middle Quality Elites
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Level 2 - Sub-Indices & Index Areas	EQx Sub-Indices				EQx Index Areas							
	Power		Value		Political Power (i)		Economic Power (ii)		Political Value (iii)		Economic Value (iv)	
	Rank / 151	Score	Rank / 151	Score	Rank / 151	Score	Rank / 151	Score	Rank / 151	Score	Rank / 151	Score
	44	53.7	144	37.5	69	51.0	30	55.1	122	42.4	144	35.1

Level 3 - Pillars	Rank / 151	Score	EQx Sub-Indices	
			Power	Value
Political Power (i)	State Capture	47	55.0	
	Regulatory Capture	57	55.8	
	Human Capture	124	39.1	
Economic Power (ii)	Coalition Dominance	49	55.4	
	Firm Dominance	89	49.8	
	Creative Destruction	31	57.2	
Political Value (iii)	Giving Income	120	42.7	
	Taking Income	92	47.9	
	Unearned Income	133	34.7	
Economic Value (iv)	Producer Value	141	34.6	
	Capital Value	117	37.6	
	Labor Value	129	33.1	



Level 4 - EQx Indicators	Rank / 151	Score	EQx Sub-Indices	
			Power	Value
State Capture (i.1)	COR Political corruption	76	48.6	
	MOB Social mobility	115	7.9	
	PDE Political decentralization	33	67.2	
	ADE Administrative decentralization	64	46.7	
	PGL Political globalization	17	81.1	
	WPI Women's Power Index	47	62.0	
	RTC Government's responsiveness to change	28	69.7	
	EPR E-Participation Index	29	73.6	
	PFD Press freedom	116	32.9	
	COC Control of corruption	66	48.2	
Regulatory Capture (i.2)	DBI Institutional quality	58	62.0	
	CRO Crony capitalism	50	48.4	
	PMI Protecting minority investors	12	82.6	
	ECR Ease of challenging regulations	15	81.3	
	EDB Digital institutional quality	38	14.9	
	PRI Property rights	49	58.7	
	GSJ Global Slavery Index	101	46.1	
	WBL Women, business and the law	91	48.3	
	LIN LGBT+ Inclusiveness	77	39.8	
	GRI Religion - Government Restriction Index	120	25.5	
Human Capture (i.3)	SHI Religion - Social Hostilities Index	144	0.0	
	WSB Women self made billionaires	11	55.4	
	HRI Human Rights Index	112	29.7	
	FDP Forcibly displaced population as % of population	35	56.2	
	AFI Academic Freedom Index	107	35.2	
	IEE Top 3 industries exports as % of GDP	15	54.5	
	ECI Economic Complexity Index	45	57.9	
	IVA Top 3 industries as % of VA	29	60.0	
	CON Construction as % of GDP (dev. fm optimum)	5	70.7	
	MIL Military expenses as % of GDP (dev. fm optimum)	114	34.1	
Coalition Dominance (ii.4)	UNI Unionization rate (dev. fm optimum)			
	CBC Collective bargaining coverage			
	BSN Barriers in service & network sectors			
	PRO Top 10 firms profitability	75	56.2	
	SME SMEs per 1,000 people	105	37.2	
	BIW Billionaires' wealth as % of GDP	132	25.3	
	FKG Top 10 firms market cap as % of GDP	49	48.7	
	FRG Top 3 firms revenues as % of GDP	34	57.2	
	FRR Top 30 firms revenues as % of GDP	31	60.1	
	TUL Listed firms turnover, long run 15 years	22	36.2	
Firm Dominance (ii.5)	TUS Listed firms turnover, short run 3 years	10	66.0	
	ENT Entrepreneurship	58	42.9	
	VCK Venture capital finance	1	100.0	
	RND R&D as a % of GDP	37	54.2	
	ENR Firm entry ratio	111	11.9	
	EXR Firm exit ratio			
	BCD Billionaire's creative destruction	30	50.4	
	IWE Index of Women Entrepreneurs	47	25.0	
	VCA Venture capital availability	12	92.5	
	GSE Governmental support to entrepreneurship	7	87.4	

Level 4 - EQx Indicators	Rank / 151	Score	EQx Sub-Indices	
			Power	Value
Giving Income (iii.7)	SNT Subsidies and transfers as % of expenses	58	46.4	
	REG Regional redistribution as % of government budget	70	58.2	
	EDU School life expectancy	77	26.2	
	GPS Expenditure on general public services as % of GDP (dev. f			
	INT Internet access	100	31.0	
	NRI Network Readiness Index	82	39.1	
	LEW Life expectancy women	80	38.8	
	LEM Life expectancy men	74	45.5	
	FSQ Global Food Security Index - availability, quality and safety	80	36.2	
	COV COVID-19 excess deaths, age-adjusted			
Taking Income (iii.8)	COF COVID-19 fatality rate, age-adjusted	74	56.8	
	CGD COVID-19 growth differential	62	52.8	
	COM COVID-19 mortality rate, age-adjusted	56	52.0	
	CLS COVID-19 lost schooldays	146	5.8	
	OSI Online Service Index	23	75.4	
	DCT Corporate tax rate (dev. fm optimum)	67	47.9	
	HOM Homicide rate	62	46.3	
	INE Top 10% share of pre-tax national income	137	15.9	
	FDE Fiscal decentralization			
	DTR Tax revenue as % of GDP (dev. fm optimum)	14	77.3	
Unearned Income (iii.9)	BRD Battle-related deaths per 100,000 people	124	53.6	
	GCI Global Cybersecurity Index	47	68.6	
	SUI Suicide rate per 100,000 people	132	21.7	
	SUB Death rates from substance use disorders per 100,000 peop	74	57.7	
	OCR Organized crime	82	42.3	
	DUT Dutch disease propensity	68	49.0	
	EPI Environmental Performance Index	137	19.3	
	DBT Government debt as % of GDP	109	43.2	
	TRF Trade freedom	94	45.9	
	FDI FDI net inflows as % of GDP	101	42.2	
Producer Value (iv.10)	BTF Barriers to FDI	67	29.2	
	EGL Economic globalization	82	45.6	
	HEI Health Efficiency Index			
	OFB Open for business	29	47.5	
	ESG ESG company scores	48	0.0	
	RDR R&D as % of revenue Top 10 firms	22	46.8	
	FSA Global Food Security Index - affordability	70	44.3	
	PAT Number of patent applications per 100,000 people	43	42.7	
	IPM Share of imports targeted by protectionist measures	141	0.0	
	DGI Share of discriminatory government interventions as % of tr	79	40.2	
Capital Value (iv.11)	DNI Neutral interest rate (dev. fm optimum)	25	0.0	
	DOI Inflation (dev. fm optimum)	115	34.3	
	GOL Gold demand as % of GDP	21	28.8	
	DMA M&A as % of investment - 3 yrs. rolling average (dev. fm. c			
	DKI Delta capital gains tax vs income tax			
	UNC Unicorns per 1 million people	25	45.7	
	BSG Billionaires self-made number per 1 million people	51	31.0	
	BSM Billionaires self-made as % of total billionaires	45	40.1	
	FMI Financial Markets Index	33	72.2	
	UEM Unemployment rate	58	50.6	
Labor Value (iv.12)	LFP Labor force participation rate	131	17.7	
	WLP Delta real wage vs labor productivity increases			
	LDR Labor dependency ratio	118	34.6	
	YUN Youth unemployment rate	120	30.9	
	GWG Gender wage gap	65	50.6	
	BRN Net brain drain			
	LFR Labor force participation ratio - male vs female	139	0.0	

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