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Keiichi Iwasaki entered The Sankei Shimbun in April, 1971. He had been in charge of finance and market field at social and economy section, also served as editorial writer and so on.

Projects Mr. Iwasaki visited

Field survey: June 2006

India

- Delhi Mass Rapid Transport System Project
- Bangalore Metro Rail Project

- Eastern Karnataka Afforestation Project
- Bangalore Water Supply and Sewerage Project

Dealing successfully with a growing colossus – a paradigm for development in India and Assistance from Japan –

India accelerated into high gear in 2005, when it achieved a growth rate exceeding 8%. The background of this rapid growth are increasing direct investment as the country followed China in pursuing a course of economic deregulation, and growth in the IT service sector which produced a rise in consumer spending coinciding with the explosion of the upper-middle classes. However, mass poverty – especially in rural areas – continues to be a problem, and the gaps between the haves and have-nots are becoming increasingly vivid. The search for ways to achieve balanced growth, India's biggest problem and concern, is thus converging on this issue.

India's economic administration sees its efforts to raise overall levels through "a stable political and economic environment" as being the key to maintaining the world's largest democracy. Seen in this light, the country can neither adopt the area-based development method that has been favored by China, which has focused on coastal areas to "let some people get rich first" through a dictatorship in the name of development, nor is it geographically amenable to such way. Accordingly, India pursues location-based development expansion, focusing on the country's major cities which are scattered across an area nine times larger than Japan (see map).

In aiming to support the limited mass transit systems of Delhi and Bangalore, the two subway construction projects I visited during this field survey are consistent with above mentioned India's development method. Also, the projects for expanding water supply and sewerage facilities in the rapidly expanding slums of Bangalore and the regional afforestation project are both examples of devel-

opment that aims to promote independence among the poor, a development assistance method in which Japan excels, and are interesting strategies for poverty reduction.



India's principal cities

Nonetheless, these big cities scattered across the country will need to be linked to sustain stable high growth, that is, the development of a road network linking major cities will be indispensable. In addition, in terms of inter-industry relationships, the IT service sector can only produce limited knock-on effects on other industries, and should not thus be overrated. The key to improving the economy lies in finding ways to develop the manufacturing sector as the platform underpinning exports and domestic spending, and the transport infrastructure for such merchandise will need to be secured. It is also the greatest need for those Japanese companies expanding into India. Therefore, Japanese assistance will need to focus on the development of roads, ports and other infrastructure.

Japanese companies have become unduly disposed towards China, where the risks attendant upon a socialist market economy are mounting. As a parliamentary democracy, India is free from such risks and its relations with Japan have been cordial throughout history. This is a crucial difference between India and China. The establishment of labor, finance and distribution remain regulation, but in the long term, India is set to become one of the leading players in the global economy. Development assistance to India is thus critical to Japan's policy toward Asia.



Delhi Mass Rapid Transport System Project