

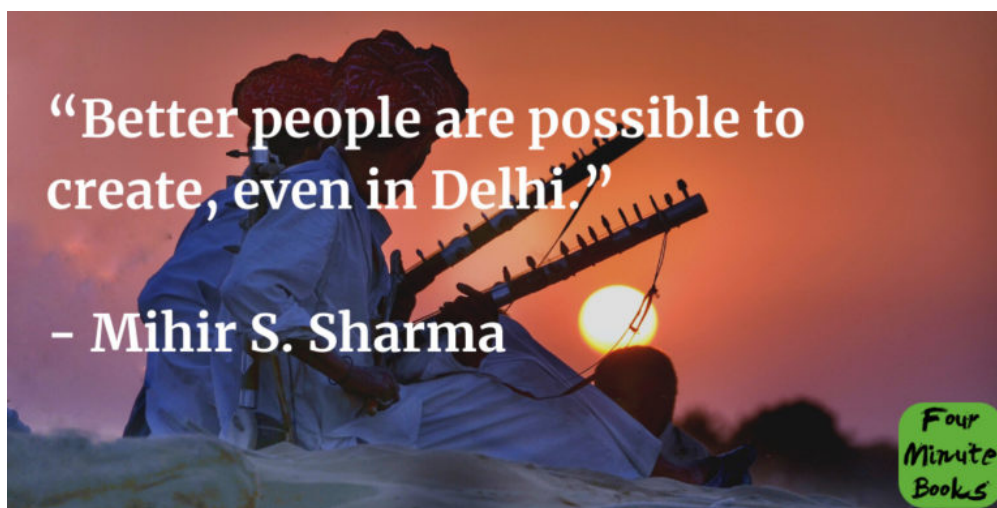
Restart Summary

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1-Sentence-Summary: *Restart* tells the story of how India was on the edge of becoming a leader in the world's economy a few years ago but instead succumbed to the problems that have held it back in the past and continue to do so today and shares some ideas about how the country might resolve these issues.

Read in: 4 minutes

Favorite quote from the author:



India was poised to become a major player in the world's economy. Even from the start of the twenty-first century. It was an emerging global economy along with Russia, Brazil, China. While the other countries moved forward, today, the Indian economy remains stagnant.

In *Restart: The Last Chance for the Indian Economy*, Harvard economist Mihir S. Sharma explains what happened. We learn that several serious problems are holding the country back, including overspending to lack of infrastructure.

But there is hope, however. Mihir explains that India can and must change these harmful policies. In doing so, India can unlock the creativity and ingenuity of its billion people and become the world superpower it almost was.

Here are just 3 of the many lessons from the book:

1. India struggles so much in part from its inadequate infrastructure, which results from cultural beliefs affecting manufacturing practices.
2. Unemployment is a big problem in India because there aren't enough industrial jobs, and farms are unprofitable.

3. The government puts too much power in the private sector, but if they didn't, things could improve.

Let's take a trip to India and find out what we can learn from it!

Lesson 1: India's woes are partly due to a cultural belief system that has led to inadequate infrastructure.

If you've been to a major Indian city, you know that traffic jams are no joke. In Delhi, even with a new bridge meant to ease traffic, the bumper-to-bumper traffic persists. Why? Because city planners built the original road knowing that it wouldn't be big enough.

It might sound crazy, but it's true. So why did they go forward with it? **Because in Indian culture, things that are bigger and complex are often seen as a waste of time and resources. India was used to shortages, having too much is generally frowned upon.**

This mindset is also rooted in Gandhi, the influential Indian leader. He was known to travel only in third-class train carriages.

This way of thinking has had devastating consequences for the economy. For instance, it's tough for manufacturers to get their orders out on time because of the insufficient infrastructure. A truck driver spends only about 40 percent of his time driving and the other 60 percent waiting in traffic and lines for tax checkpoints.

All of this wasted time coats manufacturer's money. Crazy enough, it is actually cheaper to send something from Bangalore, India, to Hyderabad by sending it to Europe first, then Hyderabad.

Lesson 2: Indian farms aren't profitable, and infrastructure jobs are scarce, which gives the country a big unemployment problem.

In wealthy countries, people tend to think countries with weaker economies need a larger workforce. But with a population of 1.3 billion, there is obviously no shortage of potential workers.

One of the problems for the Indian economy is that there aren't enough farmers anymore. With shrinking farms and higher production costs, the wages are so low that no one wants to get into farming anymore. The available farmland is only half of what it was in 1970.

And while half of all employed people in India are working on farms, it only accounts for 15 percent of its GDP

Overall, these smaller farms don't produce as much, meaning the farmers don't make as much.

The people who don't want to work on farms often look for factory jobs. But unfortunately, these are hard to come by. Most factories want to keep as few employees as possible.

Why? It is because of government regulations. Making it almost impossible to fire employees. So, if employers get unproductive employees, they can't replace them with better ones.

Government inspectors target companies that have more than 99 employees. If they don't receive any bribe money, they will report them even for the smallest violations.

Lesson 3: If the government wasn't putting all the weight on improving the country's private sector, things might get better for India.

Obviously, the government had to do something about India's poor infrastructure. So, they turned to the private sector.

Private companies were asked to fix roads in exchange for money, while the public sector gave the green light. This worked well initially, but soon it slowed down because the private sector stopped investing in national projects.

Why? Because they didn't want their money stuck in unfinished projects. Furthermore, the government placed so many rules and restrictions on projects. Which results in Private sectors worry about their profits.

Eventually, private companies sometimes even took the opportunity to exploit government resources. After starting a project, they would demand more money and threaten to leave if private companies didn't meet their demands. Clearly, this was a broken system from the start.

Another problem with having the private sector run projects is that they both oversee the operations. This is a problem because there is no one to keep things in check, so they cut corners to save money.

Sharma says there are a few things the government can do to remedy these problems. First, one company should be in charge of operations while the other is in charge of construction to ensure things are done properly.

For jobs to be done right, the government trained their inspectors. That's the second one. Third, the government could do it themselves but ensure they had their own internal inspection system.

The author believes it would be best to pay for construction projects through the government, but the private sector still does the actual construction. **The main issue that needs remedying is that the private sector has far too much power.**

Restart Review

I didn't know a lot about India before this, and it was exciting to learn everything that Restart taught me. It's hard for me to like books about places that I'll probably never go to, but that doesn't mean this is bad. I think you'll really like it if you're the kind who likes politics, society, and government.

Who would I recommend the Restart summary to?

The 28-year-old knows next to nothing about India, the 47-year-old who loves to learn about world cultures and societies, and anyone with an interest in governments and how not to run one.