

“India Unbound”

The library of the Geological Society of India added a new book, ‘India Unbound’, authored by Gurucharan Das, a product of Harvard College and a former CEO of a multinational company and a consultant to industry and government. In this eminently readable book, the author reviews developments in India during the past 50 years and has made interesting comments on the happenings in our country. He characterizes present day India as ‘a vibrant force in market economy’, which has outgrown a centralized bureaucratic state which had stifled industrial growth all these years. I have taken the liberty of stringing together some of the appealing aspects of the analysis attempted by this successful man of modern times. According to him India failed to take off for the following reasons:

“There were at least six things wrong with India’s mantra; one, it adopted an inward-looking, import-substituting path, rather than an outward-looking export promoting route; it thus denied itself a share in world trade and the prosperity that trade brought in the post-war era. Two, it set up a massive, inefficient, and monopolistic public sector to which it denied autonomy of working; hence, our investments were non-productive and we had a poor capital-output ratio. Three, it over-regulated private enterprise with the worst controls in the world..... Four, it discouraged foreign capital and denied itself the benefits of technology and world class competition. Five, it pampered organized labour to the point where we have extremely low productivity. Six, and perhaps most important it ignored the education of half its children especially of girls.”

The objectives of our rulers after gaining independence was to end poverty, ignorance, disease and inequality of opportunity. But the policy of Nehru and his successors did not promote these objectives.

“After fifty years the failure is staggering! Four out of ten Indians are illiterate, half are miserably poor, earning less than a dollar a day; one third of the people do not have access to safe drinking water, only a sixth of the villages have modern material facilities. Even more devastating, the system that Nehru created and his daughter perfected actually suppressed growth.

Besides bulk of the expenditure of the Central and State Governments go towards payment of salaries and the labour employed in the organized sector belonging to inefficient state-owned enterprises which are bleeding the country.”

The author goes on to narrate several success stories, especially those of Rajasthanis and Gujaratis. In the sixteenth and seventeenth centuries, Gujarat was one of the richest centers of trade and commerce in the world. Kasturbhai Lalbhai conquered the textile industry in Ahmedabad and he also set up a great chemical industry. Writing about the ordeal faced by Kasturbhai and G.D. Birla, the author writes:

“Had a hundred Kasturbhais been encouraged rather than discouraged we might have had a different India. When ordinary human beings err, it is sad, but when leaders do, it is a national tragedy.”

"History teaches us that India had once been fabulously wealthy and this had sent the Europeans on their great voyages of discovery. English found that India produced the world's best cotton yarn and textiles in enormous quantities. India's textile industry was unbeatable for quality, variety and cost.... India then had a vigorous and large skilled workforce that produced not only cotton but also luxurious products for the zamindars, courts, and the aristocracy. Consequently, the economy produced a fabulous financial surplus... Economy was dynamic and commercial, not stagnant and backward."

"In those days we were exporters and not exploiters... We sent out the most wonderful fabrics the world had produced. We exported diamonds, gold, spices... We had indigenous and unfadable dyes. All that is now gone. "The East India Company came to buy and remained to sell... By means the foulest imaginable our trade was captured and killed by them in order to make a market for their own goods... This is the history of how our skills were lost."

British colonial rule de-industrialized India with Sir William Bentinck noting that 'the bones of the cotton weavers were bleaching the plains of India'.

License Raj

The continued backwardness of India according to the author was the result of bad policies, especially the promulgation of the Industrial Licensing Act of 1951. He states:

"An untrained army of underpaid, third rate engineers at the Directorate General of Technical Development, operating on the basis of inadequate and ill-organised information and without clear-cut criteria, vetted thousands of applicants on an *ad hoc* basis. The low-level functionaries took months in the futile micro-review of an application and finally sent it for approval to the administrative ministry. The ministry again lost months reviewing the same data before it sent the application to an inter-ministerial licensing committee of senior bureaucrats, who were equally ignorant of entrepreneurial realities... Once it cleared the licensing committee, it was sent to the minister for final approval. After the minister's approval, the investor had to seek approval of the import of machinery from capital goods licensing committee... If finance was needed from a state financial institution, the same scrutiny had to be repeated afresh. The result was enormous delays, sometimes lasting years, with staggering opportunities for corruption."

It is amazing how the bureaucrats of Delhi (admittedly clever and to a certain extent patriotic individuals) failed to see the absurdity of the whole exercise. Large business houses set up parallel bureaucracies in Delhi to see their files move, organize bribes and win licenses. This was not the end of their labour. Further hurdles had to be crossed:

"If the entrepreneur finally got started and had made a success of his enterprise, he was again in trouble. It was an offense punishable under the law to manufacture beyond the capacity granted by the license....

The endless delay in clearing applications discouraged the entry of efficient and honest entrants and rewarded only inefficient producers who could manipulate the system."

The effect of this frustrating and futile exercise was to kill at the birth itself any hope for achieving industrial revolution.

There is no perceptible change for the better even now in the dealings of officialdom. The liberalization policy for example, announced by the government in 1991 is still to be implemented. There has been hardly any progress in the mineral sector. The bureaucracy is impervious to any new ideas and maintains its familiar attitude of arrogance, blocking every step towards progress. That, in spite of all the obstacles, perceptible progress has been achieved reveals the indomitable courage and optimism of individual entrepreneur. Yet, the fact remains as stressed by Edmund Burke long time ago – 'if ever there was a country qualified to produce wealth, it is India.'

Food self-sufficiency

The author of 'India Unbound' has paid rich tributes to Lal Bahadur Shastri as Prime Minister, C. Subramaniam as Minister for Agriculture, M.S. Swaminathan, a technocrat and Sivaraman, a bureaucrat, who together were responsible for ushering in a new era of food self-sufficiency. Food production has increased from 54 million tonnes in 1950-51 to 200 million tonnes as of now – a remarkable achievement. Equally significant is the transformation witnessed in milk production. Terribly deficient India has become the largest milk producer in the world largely due to one man, Verghese Kurien, who achieved this miracle through cooperative endeavour. It is indicative of what is possible in other sectors of the economy given wise and intelligent leadership.

Amartya Sen's thesis is that famines are caused by income failures rather than harvest failures. If poverty has to be eradicated, the earning capacity of the farmer should be increased by providing him food for work. What is needed is a blueprint for action to provide jobs for the villagers and prevent their migration to cities.

A work programme for each and every village can be drawn up and geologists can play an important role in this scheme by producing thematic maps on a scale of 1:10,000, identifying lands of individual farmers and their resource potential. Contour at 5 m intervals should be drawn and sites for erecting contour bunds and excavation of ditches identified. Locations for construction of check dams for conserving rainwater and augmenting groundwater should be marked. Marginal lands should be identified, plans for growing horticultural crops suggested and tanks in the area revived. Extent of accumulated silt, should be estimated and a blueprint for action with cost estimates drawn up for these various works. Such a scheme is sure to provide work for every able-bodied person in the village and migration to urban centres will automatically cease. By adopting such measures villages will develop slowly but steadily and the incidence of poverty will be greatly reduced through gradual introduction of high technology systems into rural India.

This country is yet to realize what it lost through the sudden demise of Lal Bahadur Shastri. 'A great deal died along with Shastriji, values departed from our political lives and governance became amoral.'

The success stories of J.R.D. Tata, Dhirubhai Ambani, Aditya Birla and several others make interesting reading. Our young entrepreneurs can learn valuable lessons from the lives of these

financial wizards and successful industrialists. From the beginning Dhirubhai concentrated on his business, strove for global competitiveness. His leading competitors were multinationals – Dupont, ICI and Shell. The Reliance story could be an inspiration to many young people all over India.

A great change came about in 1991-1993 largely due to P.V. Narasimha Rao, ably assisted by Chidambaram, Manmohan Singh and Montek Singh Ahluwalia, great economists of the day. The inside story is very well narrated. 'Four men with commitment and courage had achieved what seemed impossible twelve hours ago'. Progress however was painfully slow and even after a decade the position has not changed much. The author analyzing the reasons for frustrating delays says:

“It needs the full application of the mind; it needs problem-solving ability; and it needs mental toughness. Most of all, it requires accurate attention to detail. It is not for drawing-room amateurs. Unfortunately our politicians and parties are mentally lazy and amateurs when it comes to the economy.”

“As a society we are ancient; in modern democratic politics we are young; and the combination of ancient senility and political immaturity pose formidable obstacles”. This was a statement made by C.R. Reddy, former Vice Chancellor of Andhra University. “We may have inherited a self-governing state but nobody can give us a self-disciplined nation except ourselves.”

Winds of Change

“.... the minds of the people have begun to change. It has happened more in the middle class; it is more apparent in the young; it is more obvious in the business world. People have begun to look at the world differently. There is a quiet confidence in the air. People genuinely believe that their children will be better off than they were.. Becoming rich has also become acceptable. Whereas a government job was the route to success in the previous generation, now the thing to do is to go into business. Money has replaced power and privilege. Older, traditional people are quick to condemn the changing attitudes. They call it 'greed'. They are upset and see it as a threat to Indian culture. But the younger people defend themselves saying that it is not greed but a desire for achievement. They want to 'get things done', 'to produce results', and business offers to them a stage to do so.”

There is evidence, although the older generation does not perceive it, of a new energy and a new sense of freedom among the young. Governments are not held in respect and their orders are questioned and not obeyed. Non-government organizations (NGOs) are coming up in every State and some of them have shown what spectacular results can be achieved by cooperative effort. Given time such efforts may lead to a revolution in our way of thinking and a perceptible reduction in poverty. 'Our resource utilisation should ensure a modest life style for all, rather than luxury living for a few'.

Young entrepreneurs are to be seen everywhere and Governments, fortunately, have not been able to suppress the spirit of enterprise. According to the author of the book there will soon be a million millionaires in India. Money is replacing power and privilege but it is not a question of greed always. Rather it is the pursuit of excellence, a sense of adventure to attempt the difficult

and the impossible. Infosys has become a big name in Bangalore and its success is the result of recruiting the best talent and keeping them motivated in a 'learning environment'. We are told that this company started with six computer engineers with a capital of Rs.10,000, is worth Rs.66,000 crores in Feb.2000 with a steady appreciation of its stock. It has more than a hundred managers individually worth a million in dollar terms and more than 400 managers each worth more than Rs. 1 crore!

Success stories of companies like Infosys, Reliance, NIIT, Jet Airways and Zee TV are impressive; they serve to kindle in the minds of the young a desire to venture out boldly and not to get disheartened at initial setbacks. Sufficient importance has not been given to the success which Indians have achieved.

"Palampuri Jains have captured half the world's market share for uncut diamonds... Aditya Birla group is the world's largest producer of rayon; Laxmi Mittal's global steel empire has made him richer than the Queen of England; Reliance is among the ten most admired companies in Asia; Taj and Oberoi have created world class hotel chains. Indias' software companies have the best computer engineers in the world and Indian entrepreneurs in Silicon Valley are at the heart of internet revolution."

But there is no ground to lose heart as a better future awaits us. 'The collapse of communist second world has accelerated the integration of the world's economy and the opening of the third world. The book ends on a highly optimistic note.

"The old Congress-dominated centralized India is as completely in the past as the British Raj. The new India will be one of competition and decentralization. We face the real prospect of conquering the pervasive poverty that has characterised the lives of the majority of the people. We have thus, good reasons to expect that the lives of the majority of Indians in the twenty-first century will be freer and more prosperous than their parents' and grandparents' lives. Never before in recorded history have so many people been in a position to rise so quickly."

From ancient times the people of India have travelled east and west in peaceful trade and friendship. India is the meeting place of nations. Even those who came to war have settled down to live in peace in the land; they have therefore many different gifts and if India wishes she can show the world how all these different gifts can be used in peace for the good of all.

India is known for its tolerance – a country where 100 crores of people of diverse religions have lived happily together. Why should such a land witness heartrending scenes such as those enacted in Gujarat? 'Some new Newton must rediscover, simplify and restate the laws of human happiness'.

The greatest task before India

Nani Palkhivala, an eminent jurist and intellectual, in his Nehru Memorial lecture delivered at Trinity College, Cambridge said:

"Today the unity and integrity of India seem to be at stake. But even this shall pass away. Indian society will in course of time, acquire the requisite political culture

– the attitudes and habits of tolerance, mutual respect and goodwill which alone can make democracy workable.

The day will come when the 26 States of India will realise that in a profound sense they are culturally akin, ethnically identical, linguistically knit and historically related. The greatest task before India today is to acquire a keener sense of national identity, to gain the wisdom to cherish its priceless heritage, and to create a cohesive society with the cement of Indian culture. We shall then celebrate the 15th day of August not as the day of Independence but as the day of inter-dependence – the dependence of the States upon one another, the dependence of our numerous communities upon one another, the dependence of the many castes and classes upon one another – in the sure knowledge that we are one nation.”

'India Unbound' presents a fresh perspective from the viewpoint of a successful Indian entrepreneur/NRI with global experience. The message it conveys is not to despair, despite our temporary set backs and at times gloomy outlook. We must realise our inherent strengths as well and create an environment for our talented youth to forge ahead to become a prosperous, tolerant and creative nation of a billion people.

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