



Book Imagining India

The Idea of a Renewed Nation

Nandan Nilekani
Penguin Group (USA), 2009

Recommendation

Many businesspeople believe that India’s national economy will be a dominant international force in the future. India’s vast resources, untapped human capital and enterprising businesses cast it firmly in the role of global economic powerhouse. Nandan Nilekani, co-founder and co-chairman of Infosys, the corporate services giant, offers an insider’s view of his home country’s remarkable progress and ever-present challenges. He pulls no punches in detailing India’s problems, ranging from political to cultural to economic matters, but in so doing, he paints a revealing portrait of a nation slowly coming to grips with myriad issues. This substantial book is detailed, sometimes too much so for the casual reader, but its wealth of insight and information make reading it a worthwhile endeavor. *BooksInShort* recommends Nilekani’s honest assessment of India – past, present and future.

Take-Aways

- In the past few decades, India’s many enterprising, educated, English-speaking people have launched its meteoric rise to global economic superstardom.
- India’s huge population, once a burden, is now one of its greatest assets.
- Economic reforms unleashed capital into the Indian economy, propelling young, ambitious entrepreneurs to launch start-up companies.
- The English language unified and exposed Indians to “nationalism, liberty and freedom.”
- Technology is another factor uniting India’s widespread, multicultural population.
- Internally, India faces a number of challenges. Many of these issues are long-standing and others are emerging as a result of changing expectations.
- India faces problems in “education, urbanization, infrastructure and a...common market.”
- The state and the private sector are working together to combat India’s crumbling infrastructure, neglected cities and restrictive business policies.
- As the economy expands, all sectors of Indian society are demanding better education.
- While government remains slow to change, individuals are seizing every opportunity.

Summary

Great Technology, Bad Roads

India presents the outsider with a complicated and often contradictory face: Some of its most modern office complexes are difficult to reach because of unpaved, jammed roads; its democratic society tolerates one of Asia’s largest slums; its large numbers of well-educated “knowledge workers” disguise the world’s highest tally of school dropouts; and globally renowned companies operate in an often hopelessly bureaucratic home market.

India’s “problems are now coming to a head...our inequalities are making people angry and also limiting our ability to take advantage of the huge opportunities India has today.”

Dwelling on these anomalies obscures the road to progress India has traveled since its independence in 1947 and its rise to global economic superstardom in the past few decades. Since the early 1990s, annual growth rates in excess of 6% have spurred a mushrooming domestic and international economy that provides enough money to create a viable middle class and to raise millions of people out of poverty. The thousands of Indians who are well educated and English speaking comprise an in-demand workforce that has made the country the home of world-famous technology and service industries.

“India...for all its complexity is a country that is as much an idea as it is a nation.”

That’s the face India presents to the outsider. Most of the experts who observe India anticipate that its role in a globalized economy will continue to expand. Yet internally, India faces a number of challenges, many of them remnants of its colonial past and others emerging due to the changing expectations of a once inward-looking population, now thrust into global opportunity.

India’s People

India is home to an estimated 1,500 languages and dialects, but the country officially recognizes only 22 tongues, the most official languages of any nation. The country’s peoples range from the relatively older, more affluent, city-based population in the south to the younger, poorer residents of the rural north. These northern states – Bihar, Madhya Pradesh, Rajasthan and Uttar Pradesh – constitute the *Bimaru* (Hindi for “sick”), an area where access to education, technology and economic opportunity still remains uneven.

“India’s weaknesses are all within, in the ongoing struggle to define the direction of our future ideas and policies for the country.”

Throughout its history, India’s people have suffered numerous devastating famines that have left millions dead. By the mid-20th century, predictions of a population explosion concerned world social scientists and Indian politicians. The latter chose to encourage – and, in some cases, enforce – mass sterilizations, as well as a widespread “family planning” program. In addition to easing social burdens, having smaller families allowed women to enter the workforce. With fewer dependents, families could save more, invest in education and businesses, and thereby usher in the Asian “miracle” economic boom of the 1990s and early 2000s.

“Our politics is broadly organized along the lines of caste, religion, region and class. These form the basis of our loyalties and, often, of our development policies.”

This “demographic dividend” – improved economic growth due to having a young population with fewer dependents – accounts for India’s annual “two million English-speaking graduates,” along with 15,000 new lawyers, 9,000 doctoral graduates and 300,000 engineers. This cohort is part of the reason that India’s population burden is now a vital asset.

India’s Entrepreneurs

Indians have had both positive and negative perspectives on business and entrepreneurs. The country’s experience of mercantilism and capitalism under British rule hardened under the often-exploitative East India Company. After India’s independence, leaders who were suspicious of trade and business defined how the country developed. The mainstream thinking was that a protective, guiding state had the greater interests of its people at heart. Therefore, many early politicians obeyed socialist and central economic planning tenets. Businesspeople in India came to rely on – and indeed welcome – government protection in their economic life.

“Our human capital has emerged as a vibrant source of workers and consumers not just for India, but also for the global economy.”

But after decades of stagnation, popular discontent and the proliferation of an unwieldy bureaucracy, the Indian economy shook in the face of oil price shocks beginning in the 1970s. Through the 1980s and 1990s, the government embarked on a series of financial and market reforms. The state abolished the “wealth tax” and removed price controls and restrictions on foreign investment. These moves poured capital into India’s economy, propelling young, ambitious entrepreneurs to launch start-up companies. Many new firms focused on services such as providing technology and “business process outsourcing” (“BPO”). They thrived alongside more traditional, long-standing family firms. From large conglomerates to individual street sellers, these newly energized businesses formed the roots of India’s economic success.

“The Auntie Tongue”

Indians have a conflicted history with the British raj and one of its vestiges, the English language. The British first promoted English language instruction to Indians in the early 1800s in a cost-cutting move: English-speaking Indians could substitute for higher-salaried British employees. In 1844, the East India Company instituted preferential hiring of English-educated Indians. Universities specializing in England’s language and culture sprang up in large numbers.

“Our response [to questions about education] will make all the difference between the world’s largest lumpen community of illiterates in an uncertain nation, and a country with a large pool of talented human capital.”

Yet the language that British imperial power imposed on India also served as a bridge for Indians across the subcontinent to understand one another and exposed the educated classes to Western concepts of “nationalism, liberty and freedom.” This common tongue united splintered Indian peoples in their efforts for independence. Once liberated, sovereign India continued to use English as its lingua franca. Attempts to impose Hindi as the national language met with intense opposition from southern states, which rallied behind English to counter those who pushed for Hindi. In 1967, both Hindi and English became “official languages.” English retained its cachet for upward mobility in society. With globalization and India’s economic surge, English is once again more ascendant. Two-thirds of BPO jobs are “voice-based” and demand English fluency.

“Technology Embedded in Our Fingerprints”

In a country where most inhabitants “have no access to good roads and drinking water,” technology might seem to be an unusual specialty. Yet India gave birth to several top information technology companies, including Infosys, Wipro and Tata Consultancy Services – firms that compete globally. In their early years, these start-ups focused on international sales because their domestic market offered little opportunity. India’s banking and financial sectors were among the first industries to adopt computerization, which the socialist bureaucracy “demonized” as threatening to replace employees with machines. When Prime Minister Rajiv Gandhi exhorted railway officials to present their data on spreadsheets, they had no idea what he was requesting; they returned with statistics written on a bedsheet.

“Over the last few decades, Indians embraced the ideas of education, entrepreneurship, globalization and urbanization because they saw them as keys to a

better life.”

“Electronification” reached the masses when computers managed the national elections in 2004 and when India’s extensive railway system began using technology to eliminate long queues for tickets and reservations. But much of rural India still lacks basic access to technology, so entrepreneurs have set up “IT kiosks” in the countryside to allow farmers and their communities to exchange crop information and use the Internet. Slowly but surely, technology is bringing India’s widespread population together and enabling it to function within a common identity.

India’s Challenges

While India has made much progress in just a few decades, that very progress has brought into stark relief the challenges the nation still faces, particularly in “education, urbanization, infrastructure and a united common market.”

Education

The Indian educational system boasts the “second-largest number of engineers in the world every year,” but the overall population remains only two-thirds literate. Affluent parents vie to have their children enter top-of-the-line private schools, while the poor tolerate ramshackle state schools that lack basic necessities like blackboards. However, India’s modern citizens – urban and rural, rich and poor – have widespread expectations of access to economic opportunity through the avenue of education, which is both the individual path to prosperity and the wellspring of an adequate labor force.

“In essence, while the Indian economy has changed over the past 25 years, the state has not.”

Income, religion and caste status have led to major disparities in educational opportunities. Historically, state benevolence kept the poor from needing an education; secure government jobs induced millions to strive for low-level, but secure, work as “sweepers, cooks” and “janitors.” But as the economy expands, all sectors of society are clamoring for better educational opportunities.

Cities

India’s major cities are notorious for crowded conditions, crumbling infrastructure and neglected services. In the past, political leaders clung to a vision of India as a rural nation and failed to invest in urban environments. The British colonial class contributed to this phenomenon by segregating itself in urban centers, creating a dichotomy between city and country dwellers. The modern economic surge focused attention on the cities’ deficiencies. The situation in Bangalore, an IT and BPO center, highlighted the need for better services and infrastructure. The private and public sectors now are uniting to reform cities into thriving, well-served economic engines.

Infrastructure

“All centuries co-exist in India,” particularly in regard to its infrastructure. It’s not unusual for generators to power modern skyscrapers, for neighborhoods to get water from private wells and for business parks to have “dirt roads leading up to their gates.” Decades of socialist-style policies led to poor upkeep of utilities, streets and other public services. Aside from India’s extensive rail system – a British legacy – public spending has never met growing civic and commercial needs.

“India is a bit like a Monet painting – from a distance, the picture seems clear...But close up, our reality is less straightforward.”

Politically, expedient short-term subsidies won out over long-term infrastructure investment. Business demands and technological innovation increased the density of India’s telecom network by the end of the 1990s, but roads, railways and airports still lag. Private enterprise now is teaming up with government to provide necessary upgrades to the nation’s infrastructure, improvements that will help address rural citizens’ inequities in economic opportunities.

A Single Market

Although India looks like a unified entity, in fact, cultural, political and fiscal policies divide it internally. Businesspeople tend to find transactions with the outside world easier than interregional commerce. Different tax structures, commercial rules and political constraints have kept India from achieving the true efficiencies of a single market. As technology improves and people move more easily among India’s states, the need for local liberalization builds. Both culturally and economically, India is still working on becoming one nation.

The Future

India’s global opportunities are enormous, but the time when it can benefit the most from globalization’s prospects is running out as other developing nations, like China, catch up in world markets. Partisan struggles and the clash between traditional mind-sets and modern societal demands continue to compromise India’s ability to grasp those opportunities. India’s government still sets prices for crucial crops, creating unintended consequences like hoarding and supply shortages. Corporate “caste quotas” keep minorities dependent on public largesse. Unions still insist on antiquated work rules. India’s firms will need to generate jobs for 14 million new labor pool entrants every year, woefully exceeding the current capacity of one million new jobs annually.

“It is impossible to frame a single picture of India: The reality of India depends on where you stand.”

Yet while India’s government remains slow to change, ambition drives the Indian people. Many are not waiting for the state to lead the way. They have resorted to starting their own businesses, from university-trained software specialists to vegetable sellers in rural marketplaces. The society is shifting from a “cathedral model” of growth – predicated on the “closed, top-down influence” of the government – to a “bazaar model” – that is, an “open-source” paradigm driven by the entrepreneurial private sector. This change energizes the untapped potential of India’s vast human capital, propelling the nation to the forefront of the world’s economy.

About the Author

Nandan Nilekani is co-founder and co-chairman of Infosys Technologies Limited.
