

Indian Industry Confederation Chief Mentor, Mr. Tarun Das:

"We Are Now a Continent Of Competitiveness"

The following are excerpts from a paper, delivered by Mr. Tarun Das, chief mentor of the Confederation of Indian Industry, at the World Knowledge Forum held recently by the Maeil Business Newspaper at Sheraton Walkershill Hotel, in Seoul. - Ed.

We have a country where 600 million have been living in the rural areas. Their life is one of subsistence, which means they are very poor families of farmers. Thanks to technology, information technology, television, telecommunications, today the farmer in a village has a cellphone. These 600 million people are being gradually drawn into the economy of India as people who earn, people who spend, people who save, and people who are then becoming players, if I can use American term, they are becoming players in our society.

These 600 million people will not come into the economy tomorrow morning. They will come and they are coming because of our high growth rate, perhaps 30 million a year or 40 million a year, and it will vary from year to year. But over the next 10-15 years the economy will expand, the business opportunities will expand because you are looking at a new continent of consumers.

We are a traditional society in many ways, like the people of Korea. We are a conservative society. We have strong traditions. It is a continent committed to continuity. We don't change things overnight. Our society, our systems, our culture is for gradual change. When you hear about the difficulties of doing business, I will remind you that for 44 years since our independence in 1947 India was a closed economy; closed to foreign investment; closed to international trade.

The liberalization of the Indian economy, the opening to foreign investment and opening to competition started in 1991, so we are 16 years old in this new environment for the economy and business. China started, as you heard, in 1978. They are nearly 30 years old and we are 16 years old. We are changing; we will change; we will change steadily.

This is a continent of continuity and of gradual change, but the technology that I mentioned earlier is pushing the change faster. But still, because of our conservative culture we will change gradually.

We always had a private sector. We had followed a Soviet system of government, of centralized planning. The private sector was there and the government sector was there, both coexisting. The government sector has been more important for the past 50 years and the private sector has been less important.

We don't blame our first Prime Minister Mr.



CII Chief Mentor Tarun Das

So much so that Indian companies are now allocating more and more resources to corporate social responsibility, to education, to health, to rural development, which are some of our biggest challenges. If you see, for example, the website of Satyam, you will find the kind of work that Satyam Foundation is doing in India in health and education. You will see that Asim Premji Foundation of WIPRO is doing magnificent work in primary education in the country.

I gave you just two examples of change in the private sector and how they have become competitive. By the way, Indian private sector is now employing foreigners, as required, to run their businesses or to be their senior executives. Responsible for the entire hotel business of the Tata group, the CEO who sits in Bombay is an American. The entire Tata group International globalization strategy is under a British businessman, Alan Rosling.

If you look at the largest telecom company of India Airtel - Bharti, they have 12 expatriates in senior management positions running different parts of the business. This is a huge change which has come about in India.

We failed to control our population growth. We tried in the 70s but we failed because we are a democracy. We could not impose on the people of India any kind of law or policy to demand that every family should have one child. I mentioned earlier that we had 300 million people in 1947 and today we have over one billion people. But the great news is that 500 million people are under 30 years of age. What are we talking about?

We are talking about people with energy, with enthusiasm, with excitement, with entrepreneurship, driving the new India, impatiently driving the change faster. It is a continent of creativity because the young people are very creative and they are bringing about a new phenomenon in India.

I will close with just one remark: India has every complexity that you can think of. India has every challenge that you can think of. We have to meet these challenges remembering that we are a democracy and we will remain a democracy.

We are a diverse country, where people speak different languages in every part of India. We have every religion in India, we have 150 million Muslims in India, so we must maintain balance, and through this process we have to develop.

Today we are a continent confident that we can meet these challenges and we will grow at an average over 10% over the next 10 years.★

Nehru for going down this road because he had to build the basic industries and the basic infrastructure of the country after 1947. When we got independence it was after World War II and I was eight years old. We had 300 million people, Mr. Nehru and Gandhi had gotten independence for India, and were really looking for help in how to develop India. Our 300 million people at that time is the equivalent of the over one billion we now have.

Mr. Nehru sent a team of administrators and economists to Moscow because Russia was the only country ready and willing to assist India. That team of economists and administrators came back, Mr. Ambassador, and said that there is a system of centralized planning which may be suitable to India, so we adopted that system. We actually had no one else at that time to hold out their hand in friendship to us. We went down the wrong path for too long.

Our entrepreneurs who were afraid of competition 10 years ago, who were afraid of China and Chinese exports to India, went through a very difficult time from 1997-2002, after the IMF crisis, and came out not only competitive at home, but globally competitive. Fear was gone. Fear of foreign investment had gone.

The Indian industry started investing abroad, acquiring companies abroad.

You may have read recently that we have acquired a very large steel company in Britain (Corus) by Tatas of India. Tatas of India is also in Korea. They have invested in Korea in a truck company, Daewoo. This is the new phenomenon.

More importantly, foreign investors are allowed to come in much more freely, and recently one of our largest telecom companies was bought by the British telecom company Vodafone for US\$18 billion, the biggest ever acquisition by a foreign investor in India. This was not possible 10 years ago; this was not possible five years ago. Because we are not afraid anymore, we are able to deal with these issues because we have strong entrepreneurs and a strong private sector.

There are a few Indians sitting in this room: one of them is from Satyam Computers in Hyderabad, one of our finest entrepreneurs and leaders of Indian business worldwide. This is just one example, because I could see him sitting here. But now the country is full of entrepreneurs.

I summarize this in three words: we are now a "continent of competitiveness." I have talked about the continent of consumers; I have talked about the continent of continuity; and now I mentioned to you that we are a continent of competitiveness.