

INDIA'S TIME HAS COME

S. GURUMURTHY



Photo by Suhas Mehra

Today, obviously all of us seem to have a unanimous view that India's time has come. But maybe, the situation to say that India's time has come has come, I think. That India's time has come was always a fact, if you look at what Sri Aurobindo wrote, in the beginning of the 20th century, when anybody would have seen only darkness on the horizon, but for us Indians to realise that India's time has come has taken a century more. So I present the perspective that the greatest impediment to India, the realisation of its potential and the arrival of its time, has been the Indian elite leadership.

Trying to comprehend whether India has arrived, we obviously look at the GDP, we look at the per capita income, and we look at macro-economic fundamentals, inflation. All these are the benchmarks on which a nation is assessed today. The world assesses it and we cannot refuse to assess it that way. In terms of things the world regards as critical for the country, in an area driven by an acute sense of materialism and economic progress, the terms on which the world would assess India are the terms on which we are assessing India. It is appropriate too. However, this is not the *basis* on which we should assess India, but the *context* in which we should assess India.

Whether India's time has arrived should not be assessed from the point of the economic fundamentals on which we are saying that India has arrived, but it should be in the context of India's pronounced performance in the economic field. There is a world of difference between these two perspectives.

To say India's time has arrived in terms of economic fundamentals, technological fundamentals, in terms of things which the world respects, you have to look at the newspapers. For instance, newspaper reports on three successive days in July.

27th July. *The Financial Express*.

India is set to become one of the top ten pharma production centres. The FDA in US has cleared 60 production centres in India. Indian manufacturers pose the gravest threat to Western generic companies. Currently their market capacity in generics is 20 per cent of the global market. This is a very normal news item.

28th July. *International Businessweek Online*.

India has an increasingly growing role in technology.

29th July. *Various news items.*

India to dominate global bandwidth business. BSNL, Reliance, Bharti, VSNL taking over underwater cable ownership from AT&T, MCI and Sprint. BSNL owns one third of the US capacity to Asia and Australia, twice the combined capacity of other major cable owners in that area. Teleglobe acquisition by VSNL with 1400 wholesale customers with 13 billion minutes of voice traffic.

Normal news items. That India is acquiring global capacities exceeding the capacity of the largest operator in the world is a normal day to day news item. The Japanese ambassador to India says on the same day that India is on its way to become the IT manufacturing kingdom of the world. Normal news item. This is the context in which we are now assessing, viewing, perceiving and understanding India. But we are not understanding India through all this. We are trying to understand India, capture India and present India to ourselves in the context.

The kind of growth India has been achieving, of which Indians are not fully aware, is something astounding. The textile industry in India has the potential no other segment of Indian business has. This is the assessment of the world today. Our cotton production was 88 kg per hectare in 1950; it was 305 kg in 2002. The export target of textiles is 50 billion dollars by 2010, out of which one half is to be from garments. It is astounding growth. There are likely to be 12 million extra jobs over the already existing 20 million. The last five years alone, the investment in textiles has been Rs. 50,000 crore. Just nine companies have invested Rs. 2,600 crore and have committed to invest Rs. 6,400 crore in the next two years. We own 25 per cent of the global spinning capacity and 33 per cent of the global weaving capacity. While India is growing on the technological end at the frontier of technology in the IT field, it is also building up a huge 100 per cent Indian value-added industry with an

employment potential perhaps three times the size of the Australian population.

The National Intelligence Council's 2020 report looks at the global situation from a helicopter perspective. There was a time when the people of India were considered to be a burden, a problem. I was addressing some 40 executives of the Xerox Corporation in the US in 1993. I explained the difficulties an old civilisation had to undergo in the context of the global IPR regime. I mentioned our huge, immeasurable, unrecorded knowledge, spanning over 5,000 years of recollectable experience. I stressed that a recorded civilisation with an existence of 150 to 200 years would have a tremendous advantage over us, which I said was an unfair regime. I said recorded knowledge was an impossibility to maintain for a population of a billion people.

One arrogant executive stood up and told me, 'You set up your numbers as a defence when it comes to globalising the Indian economy.' Fortunately, I had a copy of the US Air magazine which had an article on how 140 million Native Americans had been exterminated by colonial expansion. The population of North America and Mexico put together in the year 1500 was more than the population of India, Pakistan and Bangladesh in 1500. So I told him, had you allowed the original inhabitants of America to continue to live, your population would have been more than our population. Unfortunately, it is such an issue of guilt for the Americans that most of them did not eat lunch that day.

The economic theories presented to India made us feel that the problems of India were the Indian people themselves. The villager, carpenter, mason, agriculturist, plumber, are the problem. We have a population that lacks quality! So the problem of India are the people of India, as a 40-year sermon to India by Indian intellectuals, economists, political leaders, foreigners would have us believe. Today, the greatest advantage seen in India, are the Indian people themselves.

Mapping the global future, the demographic trends out of a hundred global dwellers, 56 will emerge from Asia - 19 will be from China and 17 from India. This is supposed to be a conquering advantage. Sixteen from Africa, 7 from new Europe, 5 from old Europe. And only four from the UAE. Actually many countries in old Europe will not live after 50 years. Scandinavian populations, they say, will disappear in the next 50 years. Demography will shift so much against them they may cease to be a living society. Look at the huge advantage that India enjoys. It is the 4th largest economy in terms of purchasing power (PP) parity. PP parity is the real worth of the nation. 3.36 trillion is the GDP on PP parity. But if you put it in monetary terms, it becomes 691 billion. Five times is the GDP as per the PP parity, higher than the monetary value of the GDP. That is the extent to which the Indian rupee is undervalued in the global economy.

The outcome report of the recent budget has a technology part, educational part, research and development (R&D) part and a brand India part. According to it, India may be the next powerhouse of Science & Technology in the not too distant future. In the next ten years, S&T will regain its past glory in a country that invented the concept of zero. According to a study conducted by CLSA, the first visible sign of India regaining its past glory are the over 100 R&D facilities set up by MNCs operating in India.

A study by two professors of Pondicherry University has completely demystified the relationship between growth and foreign investment in India. They have all the accepted models that the Economist accepts. They have come to the conclusion that foreign investment in India has nothing to do with growth in India. That we have grown without foreign investment is important.

A country's capacity to grow on its own strength, on its own capital, on its own market strength is important. The global-trade-driven economics is overcrowded today. There is a huge domestic market developing in India. In fact, no country should be driven by foreign trade. Every country that undertook the overcrowded route of developing the country through foreign trade collapsed in no time. Such growth is very fast, like a flood. And it comes back by the same route. That's what happened to the Latin American countries, to Mexico. It happened to some European countries. It certainly happened to the Asian countries in 1997-98 and they began remodelling their growth strategies depending more on domestic consumption than on exports. One of the areas where Indian clarity is yet to emerge is the proportion of psychological and physical dependence on the external sector. We should not accept the prescription handed down in the last 15 years and we have to reassess this position.

The report goes on to give an account of the intellectual potential of India. In addition to 200 national labs, the manufacturing sector boasts of 1300. By 2015, India will have 20 million students coming out of higher learning institutions every year. 1.4 million engineering, 60,000 doctors, 50,000 PhDs every year. 250 universities, 1,500 research institutions, 10,000 higher educational institutions have an annual intake of 10 million students as of date. Five million graduates enter the workforce every year. China has 1.2 million graduates every year.

This huge intellectual potential can conquer the world, most of the world. The R&D expenditure of the BSE 500 companies has risen by 600 per cent. So there is a mindset variation taking place. And according to the Brand India survey by the Anholt GMI National Brand Index, Brand India is rising faster than Brand China. They give two specific reasons for that—consumer preferences and perception and India's cultural heritage and high technical skills.

A topic like this 20 years ago would have been unthinkable, 10 years ago immature, not because India had not arrived, but because we were not prepared for the topic. On September 2, 2005, University Global Online said:

As India gains economic strength, its entrepreneurs are acquiring companies overseas. In the first eight months of 2005, Indian companies paid 1.7 billion dollars to acquire 62 foreign businesses, including a German forge, South Korean truck maker and British tea company. This is a matter of fact. India as a global owner marks a clear reversal for a country with vivid memories of its own subordination to British colonialism. This is the context in which India is gaining confidence.

And why is it all happening? Is it because we have universities or produce graduates and engineers? A more fundamental Indian asset has been unearthed by a global entrepreneurship monitor, a study instituted by the University of Rotterdam. It says the share of employment of Fortune 500 companies has come down from 20 per cent in 1970 to just 8.5 percent in 1996. It then goes into the total population of India, 1049 million. People in the age group of 18 - 64 - 598 million, total entrepreneurial activity -107 million.



Photo by Eeshaan Mahesh (www.binduartaaura.com)

We look at the vegetable vendor as a vegetable vendor. Actually, she is an entrepreneur. Some of our economists say she is paying usurious rates of interest. She borrows 99 rupees in the morning and returns 100 in the evening. So on 100 rupees she is paying one rupee as daily interest. In a year, she pays 365 rupees as interest on 100 rupees. This is a theoretical accountant's economic calculation. She is actually an entrepreneur, and this has been lysed better by foreigners than Indians. So we have 107 million entrepreneurs. In China, it is 99 million, and the US has far fewer them because the population is lower. We have 85 million start-up businesses, and 17.9 per cent of the people in the age group of 18 to 64 are entrepreneurs in India. Organised sector employment in India is just 7 per cent of the total employment. This country is unemployable but wholly self-employable.

Has anyone measured this social capital in India? You cannot generate it. You can destroy it. That is what communism did in Russia, for instance. They destroyed all the independent business people. The whole economy

was destroyed. Capitalism and communism do the same thing. Capitalism does it through the market, and communism through the state. Both produce employers and employees because for their survival it is necessary. Communists cannot survive without employees. Capitalism cannot survive without employers. Both are in difficulty when people are self-employed. The model of a family driven economy is that it is largely self-employed.

The Indian economy has a self-employment driven character and that is why there is a very high level of entrepreneurial activity in this country, generating 33 million jobs every year. No newspaper in India acknowledges it. No research institution will present this India to us. There is a hidden India driving the known India. And this hidden India is a traditional India which can handle modern India.

In the whole process, a huge transition from a foreign dependent mindset of the 1990s to an India-centric approach has occurred. This has come about not because of some Indian realisation. It is because US intelligence produced a report or Mckinseys produced a report or PWC produced a report that said 'India has arrived.' When they say India has arrived, we have to accept.

The cause of this transition is not economic, it is trans-economic. In fact, economic growth is founded on trans-economic drives, just as economic decline can be traced to trans-economic drives.

The 1998 Pokhran blast in India and the 2001 terror attack on America were two trans-economic events. When India exploded the atom bomb, the whole country and the whole world were stunned. Nobody thought India would ever do that. India announced a new India. She said, 'Don't look at India only through Ashoka and Gandhi, there is another India.' And when India announced it, the whole world converged on India. Everybody announced sanctions on India, economic sanctions, technological sanctions —except we were not treated on par with Saddam Hussein. Short of that, every country attempted to do its best to destroy India. The whole world was watching how India responded. The spirit of India had been aroused. The government made an appeal to non-resident Indians to contribute five billion dollars to the India development bonds. They gave us eight billion dollars.

The world was stunned—by a country against which a whole lot of sanctions had been announced by the most powerful in the world, simply because it exercised an option it always had. India was not a signatory to any international treaty not to explode an atom bomb. It had retained that option at a heavy political cost. Though our policies were against proliferation, we had not accepted the non-proliferation treaty. We exercised that option.

All these powers had developed atomic weapons and said that after 1966 nobody should do it. These were rogue nations. They set rules for others which they have broken themselves. They were watching India. When India stood its ground, they came around to accept that India. They withdrew the sanctions.

Ms Tara Sinha, a well-known figure in Indian advertising wrote an article in ET, sometime in 2001 or so. She said whenever she went abroad, she never stayed in hotels, but stayed with friends. She constantly heard Indians abuse India in the presence of foreigners. It was a dirty, third-rate, corrupt country. Imagine 20 million Indians carrying on this kind of campaign against India and just 150 IFS officers trying to defend India. India underwent this kind of mass trivialisation, degeneration, for 40 years. Tara Sinha said all that stopped one day, the day India exploded the Pokhran atom bomb.

The spirit of India had been aroused. Neither the finance nor the market opportunity or concrete statistical figures drive an organisation. It is actually the spirit of the organisation that does it. When the spirit of India was aroused, the Indian economy became a performing economy. The world began to invest in India, investing their support to India, seeing the spirit of India able to stand up to the world on a principle. It was not a bad country, had not sent out a single soldier to occupy another country. It had no history of violence. It was a subject of violence. The world began understanding India. And one trans-economic, non-economic event began building up India. The curve of India started going up from then. People began to say that with sanctions in force India's Science and Technology would grow faster. Top officials said, 'We don't want technological invasion from abroad. We are competent enough. We can develop technology at a much lower cost. We don't want these sanctions lifted. Abdul Kalam said, 'If you impose sanctions we will grow faster.'

That is the spirit of India which began driving India. The world respects that power. America began courting China in 1970. China was the poorest nation at that time. Between 1957 and 1960, China suffered a famine in which 3 crore people died, a fact they mentioned in public only in 1987. In 1970, China and America came together at the initiative of America. America tried to beseech China's support, because it had the atom bomb. That is what made Henry Kissinger travel stealthily and land in China, wait for 36 hours to meet Chou en Lai.

So economic power is a component of a nation's power. Without the other components, economic power is inadequate to handle the world. We are not Korea or Thailand or Singapore or Hong Kong. These are all small countries, which can be our colonies. We are a huge nation. Our size is global; our vision is global. We thought of the whole world not for conquest, but for its well being. This has been our prayer. So our vision has always been global. In today's world in which power matters, India has to think of comprehensive powers.

The Indian Council for Research on International Economic Relations has produced an extremely interesting document. It says India will become a global power while other nations, except US and China, will be regional in status. It talks about geopolitical power, comprehensive power that can militarily defend the country, even militarily threaten those who threaten

India. Past Indian forays into the world have been commercial and cultural. We never thought of a military conquest of the world. It is a fact of life. The document goes on to cite Indian kingdoms in Southeast Asia which stood unconnected to India. How many people know that there are at least a few hundred Vedic families reciting Vedas in Vietnam today? That for 1500 years, Indian civilisation, Indian kings ruled there, unconnected to India? We never turned them into colonies. India lacked strategic thought and experience to handle this world.

We need to develop those strategies. We should not leave it to the government. In America businesses have established think tanks, universities. They have contributed to the intellectual, mental growth and the growth of the American spirit. American government would have done nothing. The rise of economic power imposes other responsibilities. You cannot defend the economic prosperity of a country because of the other components of power. The Indian corporate, Indian business will have to think strategically about other areas — strategic alliances, strategic technology to be developed, strategic military options. Without this India's rise will be incomplete. The arrival of India's time will be delayed. We need a mental transition.

One of the greatest intellectual tragedies of India has been the misinterpretation of emperor Ashoka. It has stifled India intellectually. He has been projected, praised, celebrated, illustrated, presented as a renouncer, as a pacifier. This is an absolutely false presentation of Ashoka. If Ashoka had been defeated in the Kalinga war, nobody could have presented him as a renouncer. It is because he won the war and won it brutally, he renounced war. It is the victor's renunciation which we are celebrating. It is not pacifism. Unfortunately, the whole country got into a state of mind of renunciation, renouncing war, renouncing power. The result is that we became virtually an impotent nation. That's why we never built our army, we never built our potential and we lost the war in 1962. India, which was a rising power, was classified as not a country to be backed by anyone. It was a country to be supported, not one to be partnered. We don't want global support, we want global partnership. You cannot be a partner, unless you have all the components of power in a world in which power is respected. And you must have benevolent power not barbaric power. There is a history that goes with it. In India our war ethics were very high. *Encyclopaedia Britannica* says war ethics were barbaric in the world till the second world war.

In India, kings waged three kinds of war, dharma vijaya, lobha vijaya, and asura vijaya. Asura vijaya was never resorted to. In dharma vijaya you don't go to war, you conduct a yagya and the forces attending the yagya signify acceptance of your superiority. Yagya became a substitute for war. You did not wage war simply because you had a big army. In lobha vijaya, you wanted to conquer and dominate others, something Indian civilisation never recommended, until Chanakya came into the picture. He said, we should not wage barbaric war but we should have ambitious war. We should expand

our kingdom; we should build a huge state. His thoughts were rejected in the country in the 7th century because it was not in tune with the Indian spirit. If a king conquered another king, he had to reappoint him as the king unless he did not want to be king. Even then, you had to appoint someone who would safeguard the local customs and traditions of the people. That was inviolable. When Prithviraj Chauhan defeated Mohammed Gory 17 times, he followed this procedure. So the war ethics of India worked against India in all the wars with the Muslim invaders. We need a reorientation, an intellectual reorientation.

An India that arises with not just might but with ethics and principles will change the world. When terrorism hit America on 11 September 2001, it was a trans-economic event, but intended to have economic consequences; American confidence took such a beating. It has not recovered even today. Huntington predicted such civilisational clashes, tribal and barbaric, in 1993. Many people rejected the prognosis. Now there is no one who says that this will not happen, as it is happening in front of our eyes. Outside of Indian history and geography, you do not have one thought which will harmonise. Every thought said, you accept my God, otherwise I will kill you. You are a heathen, you are a kafir.

The world is now in the throes of violence because of violent ideologies which have been ruling for the past several centuries, assuming different forms and dimensions, but with the same spirit; the same aggressiveness; the same militarism; the same barbarism. The world needs the Indian input. Civilisational harmony can come only by Indian thought. Nobody is going to accept your thought unless you are powerful enough. The world needs Indian contribution to harmonise, to escape from civilisational clashes. Is there such high level intellectualism in India that we have to contribute? This is what Swami Vivekananda declared in 1893 in Chicago on the same 11 September: In this world where barbarism rules, the Indian contribution of universal brotherhood is the only thing which will save this world. That contribution has to come from India. And that contribution cannot come unless India is conscious that it has the competence, capacity, heritage, it has the intellectual resources, it has the moral backing of its history of non-interference that it can and should make this contribution. And to make this contribution we need this kind of power, comprehensive power of which economic power is a component. And the achievement and demonstration of that power are an important globally recognised norm for the world to accept us. This is the context in which we are saying that the time of India has arrived, not for India. The time of India to deliver its message for the world has arrived—provided we understand the comprehensive, penetrating, profound nature of the message that India has to deliver to the world.

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