

NANI ARDESHIR PALKHIVALA

In 1972-73 the full Bench of thirteen judges of the Supreme Court of India heard with rapt attention a handsome lawyer argue for five months before them that the Constitution of India, which guaranteed fundamental freedoms to the people, was supreme, and Parliament had no power to abridge those rights. The Judges peppered him with questions. A jam-packed Court, corridors overflowing with members of the Bar and people who had come from far-away places just to hear the lawyer argue, were thrilled to hear him quote in reply, chapter and verse from the U.S., Irish, Canadian, Australian and other democratic constitutions of the world.

Finally came the judgment in April 1973 in *Kesavananda Bharati v. State of Kerala*, popularly known as the *Fundamental Rights* case. The historic pronouncement was that though Parliament could amend the Constitution, it had no right to alter the basic structure of it.

The doyen of Indian journalists, Durga Das, congratulated the lawyer: "You have salvaged something precious from the wreck of the constitutional structure which politicians have razed to the ground." This "something precious" - the sanctity of "the basic structure" of the Constitution - saved India from going fully down the totalitarian way during the dark days of the Emergency (1975-77) imposed by Mrs. Indira Gandhi.

Soon after the proclamation of the Emergency on 25th June 1975, the Government of India sought to get the judgment reversed, in an atmosphere of covert terrorization of the judiciary, rigorous press censorship, and mass arrests without trial, so as to pave the way for the suspension of fundamental freedoms and establishment of a totalitarian state. Once again, braving the rulers' wrath, this lawyer came to the defence of the citizen. His six-

page propositions before the Supreme Court and arguments extending over two days were so convincing, that the Bench was dissolved and the Court dropped the matter altogether. Commented a Judge: "Never before in the history of the Court has there been a performance like that. With his passionate plea for human freedoms and irrefutable logic, he convinced the Court that the earlier Kesavananda Bharati case judgment should not be reversed."

This man who saved the Indian Constitution for generations unborn, was Nani Ardeshir Palkhivala. His greatness as a lawyer is summed up in the words of Justice H.R. Khanna of the Supreme Court: "If a court were to be made of the ten topmost lawyers of the world, I have no doubt that Mr. Palkhivala's name would find a prominent mention therein". The late Prime Minister, Morarji Desai, described him to Barun Gupta, the famous journalist, as "the country's finest intellectual". Rajaji described him as, "God's gift to India".

Nani A. Palkhivala, who passed away on 11th December, 2002, was for four decades one of the dominant figures in India's public life. An outstanding jurist, redoubtable champion of freedom and above all a great humanist.

Born on 16th January 1920, Mr. Palkhivala had a brilliant academic career. He stood first class first in both his LL.B., (1943) exams and in the Advocate (Original Side) Examination of the Bombay High Court.

His expositions on the Union Budget in Mumbai and other places were immensely popular and attracted attendance in excess of 1,00,000. He eloquently espoused the cause for a more rational and equitable tax regime.

He was India's Ambassador to the U.S.A. from 1977 to 1979. While in the U.S. as India's Ambassador, he delivered more than 170 speeches in different cities

which included speeches at over 50 Universities. He was also invited by various Universities and institutions in other countries to address them.

In April 1979, the Lawrence University, Wisconsin (U.S.A.), conferred on Mr. Palkhivala, the Honorary Degree of Doctor of Laws with the following Citation:

“...As India’s leading author, scholar, teacher and practitioner of constitutional law, you have defended the individual, be he prince or pauper, against the state; you have championed free speech and an unfettered press; you have protected the autonomy of the religious and educational institutions of the minorities; you have fought for the preservation of independent social organizations and multiple centres of civic power... Never more did you live your principles than during the recent 19-month ordeal which India went through in what was called “The Emergency”.... Under the shadow of near tyranny, at great risk and some cost, you raised the torch of freedom...”

In 1997 Mr. Palkhivala was conferred the Dadabhai Naoroji Memorial Award for advancing the interests of India by his contribution towards public education in economic affairs and constitutional law. In 1998 he was honoured by the Government of India with PADMA VIBHUSHAN. The Mumbai University conferred upon him an honorary Degree of Doctor of Laws (LL.D.) in 1998.

Mr. Palkhivala was associated with the Tata group for about four decades. He was Chairman of Tata Consultancy Services, Tata International Ltd., Tata Infotech Ltd., the Associated Cement Companies Ltd., and was Director of Tata Sons Ltd., and several other companies. He was President of Forum of Free Enterprise from 1968 till 2000, and Chairman of the A. D. Shroff Memorial Trust from 1966 till his death.

N. R. NARAYANA MURTHY

N. R. NARAYANA MURTHY (Date of Birth: August 20, 1946, Education : B.E. Electrical '67, Univ. of Mysore ; M.Tech. '69, Indian Institute of Technology, Kanpur, is the Chairman of the Board and Chief Mentor of Infosys Technologies Limited, a global Information Technology (IT) consulting and software services provider, headquartered at Bangalore, India. He founded Infosys in 1981 along with six other software professionals & served as the CEO of Infosys for twenty years before handing over the reins of the company to co-founder, Mr. Nandan M. Nilekani, in March 2002. He served as the Executive Chairman of the Board and Chief Mentor from 2002 to 2006. Under his leadership Infosys was listed on NASDAQ in 1999.

Mr. Murthy is the Chairman of the governing body of both the Indian Institute of Information Technology, Bangalore, and the Indian Institute of Management, Ahmedabad. He is a member of the Board of Overseers of the University of Pennsylvania's Wharton School, Cornell University Board of Trustees, Singapore Management University Board of Trustees, INSEAD's Board of Directors and the Asian Institute of Management's Board of Governors. He is also a member of the Advisory Boards and Councils of various wellknown universities – such as the Stanford Graduate School of Business, the Corporate Governance initiative at the Harvard Business School, the Yale University and the University of Tokyo's President's Council.

Mr. Murthy has led key corporate governance initiatives in India. He was the Chairman of the committee on Corporate Governance appointed by the Securities and Exchange Board of India (SEBI) in 2003.

Mr. Murthy serves as an independent director on the board of the DBS Bank, Singapore, the largest government-owned bank in Singapore. He is a member of the Asia

Pacific Advisory Board of British Telecommunications plc., and a member of the Board of New Delhi Television Ltd. (NDTV), India. He serves as a member of the Prime Minister's Council on Trade and Industry, and as a member of the Board of Directors of the United Nations Foundation. He is an IT advisor to several Asian countries. He is also a member of the Board of Trustees of TiE Inc. (Global), a worldwide network of entrepreneurs and professionals dedicated to fostering entrepreneurship.

Mr. Murthy has been the recipient of numerous awards and honors. The Economist ranked him 8th in the list of the top 15 most admired global leaders (2005). He was ranked 28th among the world's most-respected business leaders by the Financial Times (2005). He topped the Economic Times Corporate Dossier list of India's most powerful CEOs for two consecutive years – 2004 & 2005.

The TIME magazine "Global Tech Influentials" list (August 2004) identified Mr. Murthy as one of the ten leaders who are helping shape the future of technology. In 2006, the TIME magazine again voted him as one of the Asian heroes who have brought about revolutionary changes in Asia in the last 60 years. He was the first recipient of the Indo-French Forum Medal (in the year 2003), awarded by the Indo-French Forum, in recognition of his role in promoting Indo-French ties. He was voted the World Entrepreneur of the Year – 2003 by Fortune magazine. In 2001, he was named by TIME/CNN as one of the twenty-five most influential global executives, a group selected for their lasting influence in creating new industries and reshaping markets. He was awarded the Max Schmidheiny Liberty 2001 prize (Switzerland), in recognition of his promotion of individual responsibility and liberty. In 1999, Business Week named him one of their nine Entrepreneurs of the Year, and he was featured in Business Week's 'The Stars of Asia' for three successive years – 1998, 1999 and 2000.

He has been conferred Honorary Doctorate by several well-known universities in India and abroad.

INTRODUCTION

The Nani A. Palkhivala Memorial Trust was privileged to have Mr. N. R. Narayana Murthy to deliver the Fourth Nani A. Palkhivala Memorial Lecture on the subject “Making Globalization Work for India”.

Mr. Narayana Murthy is one of our most respected business leaders. Within the short span of 25 years, Infosys Technologies Limited which he founded in 1981 has become a global information technology (IT) consulting and software service provider. It was IT which spearheaded India’s entry into world markets and Mr. Narayana Murthy is one of the very small group of persons who made this possible. But it is not merely his entrepreneurial achievements which have made him an icon and role model for the educated youth in our country. His entrepreneurial spirit is matched with an unparalleled sense of social consciousness, intellectual integrity and a willingness to display independence and courage in being an outspoken commentator on critical issues vitally affecting the nation. He is, therefore, ideally placed to speak on the essential pre-requisites without which India’s globalization efforts will not be sustainable.

In a brilliant lecture, Mr. Narayana Murthy addresses these pre-requisites in the context of what he considers are the two gigantic problems facing the nation. First is the problem of unemployment. As he has pointed out, to an existing base of around 250 to 300 million unemployed, we are adding each year about 35 to 40 million new job seekers while currently we are able to generate hardly 2 to 3 million jobs each year. Second, while almost 65% of our population lives in the rural areas, agriculture and related services

contribute just 26% of the total GDP resulting in a high incidence of rural poverty.

As he sees it, the solution lies in enhancing arable land, moving at least 100 to 120 million people from agriculture to other sectors within the next 10 years, focusing on exports and encouraging urbanization of a standard that the modern world demands.

Important as these are, the essence of Mr. Narayana Murthy's lecture lies in his proposals for the major mindset transformations we have to bring about to make globalization work for India. These proposals reflect in a sense, the essential elements of his character – his belief in compassionate capitalization, his faith in democracy and his belief that work culture, discipline, integrity and honesty play an important role in the rational pursuit of economic gain and consequently in eradicating poverty.

Reading Mr. Narayana Murthy's "no holds barred" proposals, no one can accuse him of what Mr. Palkhivala has called "the treason of the intellectual" namely "not speaking out loud and clear for the values that he, by his vision and the very nature of his personality, holds sacred".

Mr. Narayana Murthy's outstanding lecture provides valuable lessons for our political leaders, bureaucrats and for us as responsible individual citizens and we can ignore them only at our peril. They, therefore, deserve the widest dissemination. In publishing this Memorial Lecture and giving it the widest distribution, the Trustees hope this purpose will be adequately served.

Mumbai
5th February 2007

Y. H. Malegam
Chairman
Nani A. Palkhivala
Memorial Trust

MAKING GLOBALIZATION WORK FOR INDIA

N. R. Narayana Murthy*

Friends, I am extremely fortunate to deliver this year's Nani Palkhivala Memorial lecture. I am grateful to my friend, Mr. Yezdi Malegam, an extraordinary gentleman, for this generosity. Looking at the galaxy of speakers that have preceded me, I must admit that I have neither the expertise nor the oratory skills of these wonderful speakers. My adventure is rationalized by what Mark Twain once said: *We are always anxious to be distinguished for a talent which we do not possess.*

Be that as it may, I am excited about this opportunity, because Nani was a hero to most Indians. He was tireless in battling economic controls and in improving bureaucratic efficiency. He believed that economic and social progress could be achieved while human rights and civil liberties flourished. Nani's most valuable service to the people of India is clearly his success in defending our fundamental rights, as enshrined in our constitution, in Keshavananda Bharati case. My wife and I thoroughly enjoyed his post-budget commentaries during the early eighties. It is safe to say that every Indian aspires to become a Nani.

I have chosen the theme – *Making globalization work for India* - since economic progress through democratic means in contemporary, integrated world was very dear to Nani's heart and is equally dear to me. Today, we live in a world where every nation that has something to contribute

*The author is Chairman of the Board and Chief Mentor, Infosys Technologies Limited. The text is based on the Fourth Nani A. Palkhivala Memorial Lecture delivered under the auspices of Nani A. Palkhivala Memorial Trust on 15th January 2007 in Mumbai.

can improve the lives of not just her own people but throughout the globe – the rich and the poor, the powerful and the weak, the educated and the not-so-educated. Never before in the last two hundred years did the developing countries have an opportunity to take their share of limelight as it is today. In fact, currently, more than half of world's GDP, measured at purchasing power parity, is generated by developing countries. The air travelers in the US going from La Guardia airport to Ithaca flying Embraer aircraft from Brazil; well-known Wall Street companies running heart-beat systems designed by Indian software engineers; the Indian companies and the Indian operations of companies like Intel, CISCO and Texas Instruments filing over a thousand patent applications with the US patent office in the year 2004 alone; and sophisticated electronic gadgets like iPods, manufactured in China, filling the shelves of Best Buy in the US are all good examples of the global integration and the contribution of the developing world to the global economy.

What is globalization? I will define it at two levels. At the macro level, it is about frictionless flow of capital, services, goods and labor across the globe. It is also about global sharing of ideas, knowledge and culture. It is about creating a shared concern and plan for global issues like poverty, AIDS and environment. Tom Friedman calls such a world a 'Flat World' while I call it a 'Globalized World'. At the microeconomic or firm level, it is about sourcing capital from where it is cheapest, sourcing talent from where it is best available, producing where it is most efficient and selling where the markets are, without being constrained by national boundaries. Infosys, IBM and Nike are all good examples of globalization at the firm level.

Joseph Stiglitz, the Nobel laureate economist at Columbia University, is an expert on globalization. I have read and learnt much from his three books on this topic – *Globalization and Its Discontents*, *The Roaring Nineties*

and Making Globalization Work. His arguments about fair trade, patents, *the resource curse*, the burden of debt, reforming the global reserve system, *the democratic deficit* in multilateral institutions, and saving the planet are all well thought out, and are supported by data. He is an extraordinary gift to any discussion on globalization. Being a humanist, he is very sympathetic to the position of the developing nations and looks at the deficiencies and ills in the perspectives of developed nations and the multilateral institutions towards globalization, and he argues for reforms. Similarly, economists - Jagdish Bhagwati, Jeffrey Sachs and Paul Krugman - too have done seminal work in this area. I have neither the competence nor inclination to engage in debate with these distinguished experts. In my talk, I will look at making globalization work for India primarily from the perspective of what we, in India, have to do to bring the benefits of globalization to alleviate poverty of the larger masses. So, I bow to Joe Stiglitz, and I will assume that the outside world will remain as it is with all its warts and pimples. I will speak about what we have to learn from the successes of globalization in China, the East Asian countries and Mexico. I believe that performance brings recognition, recognition brings respect, and respect brings power. Hence, I will focus on creating a culture of speed, performance and excellence in our public institutions, and the role of leadership in doing so.

I must make clear a few of my beliefs before proceeding further since the very basis of my arguments stands on these beliefs. First of all, I believe in capitalism. Having sympathized with, studied and experienced socialism and communism in some detail, I am, now, convinced that we have to give a fair chance to compassionate capitalism if we have to solve the problem of poverty. After all, capitalism is about creating an environment of equal and fair chance to every citizen to improve his or her life economically through hard work, enterprise and initiative. Compassionate

capitalism is about pursuing capitalism while keeping the interest of the society in every decision we take to further our own interest.

I believe in democracy. As Churchill said, democracy may not be the best form of government but alternatives are worse. Democracy is about achieving the collective aspirations of a nation and not that of a few vested interests. Democracy mandates openness for discussion and debate, and generally brings out the best idea. Democracies provide the best platform for addressing the basic needs of every citizen – education, health care, shelter and nutrition. Democracies create equal opportunities for everyone to better his or her life. Democracies also avert disasters, as very well argued by the Nobel laureate economist, Amartya Sen.

I believe in Max Weber's philosophy. His essay on *The Protestant Work Ethic and the Spirit of Capitalism* is a favorite of mine. Having observed the Indian society in action and the slow progress we have made in alleviating poverty, I believe that work culture, discipline, integrity and honesty play an important role in the rational pursuit of economic gain, and, consequently, in eradicating poverty. I also believe that these attributes can be influenced by leadership in corporations, communities and nations. Hence, in this talk, I will speak about issues of creating a culture of performance, role of leadership, leveraging the power of democracy to win in the globalized world, and enhancing the accountability of bureaucracy.

Let me now discuss why we have to embrace globalization and integrate better with global markets. The primary objective of every nation is to ensure prosperity, harmony, peace and joy for all its citizens. Harmony, peace and joy come only if abject poverty is eradicated and prosperity is ensured. Let us remember Nehru who said: "We have to

fight poverty as stoutly and as bravely as we fight any enemy who invades our country. We can build our nation only when we build our people and make them happy and contented". I believe that the only way we can eradicate poverty in India is by creating jobs with disposable income. This is a massive task. Several estimates put the number of unemployed in India around 250 to 300 million. Every year, we are adding about 35 to 40 million new job seekers to this massive figure. This problem is exacerbated when we realize that about 70% of these youngsters – aged between 18 and 25 – are illiterate or barely literate. As against this, the country has been able to generate hardly two to three million jobs a year. It means we are moving towards a grave situation which may become explosive. Let me add another dimension to this problem. About 92% of the jobs are in the unorganized sector where the salaries are low and benefits are non-existent. There is a third dimension. About 65% of the population or 650 million Indians are in rural areas and their primary livelihood is from agriculture and related services which just add 26% to the GDP. In other words, 650 million people add just Rs. 900,000 Crores (US\$ 200 billion) or they add just Rs. 13,200 (or US\$ 300) per person per annum. This is less than a dollar a day. Even by the Indian standards, this is not sufficient to keep body and soul together. Thus, we have two gigantic problems – generating employment for 35 to 40 million new entrants to the job market every year, and enhancing the per-capita for the vast majority of 650 million Indians employed in agriculture and related sectors.

It is evident that the latter problem can only be solved by one or more of three initiatives – increasing the prices of agricultural commodities, improving the growth rate in agriculture and moving people from agriculture to some other sector. Increasing the prices of agricultural commodities massively is not feasible in view of low global

prices of food items and the impact of such increase on the large number of poor people in the country.

The growth rate in agriculture has gone down from 3.2% pre-1985 to about 1.9% during the current decade, making life worse for the rural folks. The production of rice and wheat, the two staple food items for Indians, has declined or remained constant between 1999 and 2005 at around 85 and 75 million tonnes respectively. If the population grows at 2.0% per annum in rural areas and the agricultural sector grows at 2.5% per annum, the per-capita GDP in agriculture will remain the same even ten years from now. If our economy continues to grow at the current rate of 8.0% over the next ten years, and the agriculture sector grows at 2.5% during the same period, then, in 2017, agriculture will contribute to just 16% of our GDP as against the current 26%. To get to the same per-capita GDP in agriculture as the national per-capita GDP, at the current 8% growth rate, by 2017, we have to move a whopping 100 to 120 million people from agriculture to other sectors (assuming 4 to 5 family members per earning member). Hence, we have to move at least 10 million to 12 million people a year from agriculture to other sectors for the next ten years. Add to this, the problem of 35 to 40 million youngsters joining the job-seeker category every year. Then, you see a whopping 45 to 50 million people to be employed in either new jobs or better earning jobs.

Which sectors can provide opportunity for these people? Services sectors like software, BPO and financial services can employ well-educated youngsters and create opportunity for *at best* a million job seekers a year. Remember that a large percentage of these 45 to 50 million people are illiterate or semi-literate. China has understood this problem well and has focused on low-tech manufacturing jobs. China has been able to create about 150 million jobs in the low-tech manufacturing sector over

the last eleven years. This is some sort of a record. If we have to solve the problem of poverty in India during our life time, we have to perform better than China. At the same time, we have to continue to focus on high-tech, high-per-capita jobs since that is our forte.

Such an initiative calls for focusing on exports since the domestic consumption is likely to be low due to low disposable incomes. Most progressive developing countries like China, Brazil, Mexico and the East Asian countries have a contribution of more than 30% of GDP from exports. On the other hand, we are still at less than 15%. Exports are also needed to support oil imports which are becoming more and more expensive by the month, and to support our burgeoning non-oil imports. Hence, we have to ensure that exports contribute to 30% to 40% of our GDP. To achieve this, we have to focus on products that advanced nations need. We have to become the factory of the world like China has become. We should create supportive environment for foreign firms to invest in 100% export-oriented units so that these units produce world-class products at low prices. We have to enhance our interactions with global markets. We have to integrate ourselves better with people from other markets. After all, this is what globalization is all about.

This is a tall order. I believe we can succeed if we show courage. We have to leverage our strength - democracy, rule of law, English speaking technical talent, demographic structure, vast uncultivated land and natural resources to bring about an equitable growth for both the rural and the urban folks. For example, only 34 per cent of arable land is irrigated in India while 44 per cent of arable land is irrigated in China. In fact, India has more arable land than China.

We have to enhance the arable land. Parallely, we have to accept urbanization and make living in cities bearable.

What is an urban area? It is an area where a large number of people live with facilities that modern world demands – transportation, housing, education, healthcare, food and recreation - and facilities that people from more advanced cultures are used to – world-class infrastructure like airports, roads, hotels, restaurants, schools and hospitals. If we have to become a factory of the world, it is inevitable that we welcome a large number of foreigners to live amongst us and create an environment that they feel comfortable in. Doing this in rural areas requires much greater investment and time. We should pilot converting a village in to a modern livable place with good connectivity like the Pais have done in Manipal, and upgrade a few of our urban areas. We must accept that urbanization is inevitable and we should not fight it.

Now, let me come to a few major mindset transformations we have to bring about to make globalization work for India :

- (a) First, we have to stop arguing on isms and philosophy. As Nani once said: *Poverty is cruel, but curable. The only known cure is economic pragmatism instead of woolly ideology.* Let us focus on moving ahead with creation of jobs. We have to become open-minded to learn from people and nations that have developed earlier and faster than us. To be open-minded, we have to become humble. We have to become more facts-and-data-oriented in our discussions. My interactions with many foreigners tell me that Indians are low on humility. This nation has had a reputation for arrogance from time immemorial. In fact, the famous Arabian scholar, Al Barouni, alludes to this attitude of Hindus in the diary of his travels in India during the eleventh century. We become defensive pretty quickly in any conversation and start defending our failures using untenable arguments like our huge population,

democracy and bureaucracy. The tragedy is that we do nothing to address these apparent weaknesses, if they are indeed weaknesses. For example, we have completely given up on controlling population ever since Mrs. Indira Gandhi lost her election in 1977.

- (b) We have to stop using democracy as an excuse. Our using democracy as an excuse and a liability generally impresses none. We look very defensive most of the times, and even apologetic sometimes in front of international audiences. Let us remember that most developed nations are democracies. After all, even in India, Nehru and his team leveraged the power of democracy to achieve so much during their term in the office in creating a sound infrastructure for economic progress – land reforms, five steel plants, Bakhra Nangal dam, Atomic Energy Commission, IITs, IIMs, regional engineering colleges and many more. While discussions and debates are needed, our leaders have to accept that the surest path to failure is trying to please everybody.
- (c) To achieve fast progress, all the political parties have to be on the same page. We have to embrace intellectual integrity in discussions. Our politicians say one thing when they are in government and exactly the opposite when they are in the opposition. Integrity of thought requires education and data orientation. We have to train majority of our political leadership to understand the nuances of the modern world, rudimentary economics, development theory, entrepreneurship, prerequisites for succeeding in the global economy, and cross cultural negotiations. Instead of becoming emotional on issues, we should use data to come to conclusions. That is why, at Infosys, we believe and act according to the adage: *In God we trust, everybody else brings data to the table.*

- (d) We have to embrace speed if we have to succeed in today's globalized world. The speed of decision making in government has to improve on a daily basis so that we can catch up with countries like China. I can cite many instances where decisions have been pending for over ten years – building a power plant for Bangalore has been pending for over 20 years; creating a fast track for Japanese and German businessmen which the then Prime Minister, Rajiv Gandhi, announced in 1987, has been pending for 19 years; and even a minor request like providing a 120-page passport to frequent travelers in the software industry has been pending for over 8 years!
- (e) We have to become a reliable nation. One constant complaint against India by foreigners is that our government is very unreliable. We make promises and do not keep them. We renege on our commitments and contracts. We announce policies and do not implement them for long. The decisions of our ministers get hijacked by legal inanities and bureaucracy. Investors cannot make firm business plans based on government pronouncements.
- (f) Our leaders have to straddle both the worlds – the urban and the rural; educated and the not-so-well educated; and the rich and the poor. They must understand how jobs can be created, and encourage such creation. They should not take sides. They should not play a zero-sum game. For example, the software industry in Bangalore has been pilloried for just asking for better roads to commute to the offices. It is ironic that the leaders who espouse the cause of rural India sit in urban India and condemn those that create jobs there! Our leaders have to lead by example and become examples of Mahatma Gandhi's prescription: *We must be the change we want to see in others.*

- (g) The elite and the vested interests have played havoc with the future of the poor in this country. For example, while the rich and the powerful send their children to English medium schools, we have denied the same benefit to the poor. Every year, I get requests from 20 to 30 cleaning women, drivers, peons and clerks for admission to English medium schools. They too want their children to become software engineers, bankers, lawyers, civil servants and journalists. My umpteen requests to successive Chief Ministers in Karnataka have fallen on deaf ears or resulted in ineffective band-aid solutions. Let there be no doubt that we will regret this in the future when countries like China become proficient in English and nullify the advantage that Nehru created for us.
- (h) We have to improve the quality of education in both primary and higher education. As Aristotle said 2300 years ago, the foundation of every state rests on the education of her youth. Despite our boasting, the Indian universities and educational institutions rarely figure in global rankings. China has done a remarkable job in this area. I agree with Joseph Stiglitz that the main difference between China and India is not democracy, but the lack of Indian focus on education and healthcare. We must liberalize the education sector like we liberalized the industrial sector in 1991. All institutions of higher learning have to become completely autonomous. There should be greater interaction with well-known universities abroad. Syllabi will have to be revised rapidly to keep pace with changes in the world. Rote learning, the bane of the Indian higher education system, has to give in to problem-solving orientation. Our current attitude to education reminds me of what Mark Twain said: *In the first place, God made idiots. That was for practice. Then he made school boards.*

- (i) Another major reason for our slow progress is our bureaucracy, which has little accountability and no incentive to perform. Most of the delays in execution have very little to do with our political systems. It is the lack of attention to speed and excellence in execution. There is hardly any training, planning and preparedness of the bureaucracy to handle growth. Bringing economic pragmatism to government decision-making seems alien to us. When I talk of government, I am reminded of Chester Bowles who said: *After two years in Washington, I often long for the realism and sincerity of Hollywood!* There is no linkage between performance and reward in our governments. Hence, most projects are delayed inordinately. The mindset is administrative - that is maintaining status quo. It should become managerial which is all about progress based on completing tasks on time, within budgeted cost, and to the satisfaction of the customers. The days of generalist-revenue-collector type of administrators are over. You need specialists who will have to spend all their time in one function, learning and constantly upgrading their skills. They should be trained to become managers.
- (j) If there is one skill that most of our bureaucrats must learn, it is project management. We have to get to a higher level of project performance. This can be done if, at the start of each new government, about fifty major projects in each department are identified with budgets for time, quality and cost. The senior officers must be given a contract of ten years as secretaries, and continued for this period, no matter which government is in power. Continuation of the tenure of a bureaucrat every year must depend only on how well he or she has performed. It must become compulsory for every TV channel, newspaper and

internet website to publish the progress of each project with the names of the minister and the senior bureaucrats. The progress must be certified by a citizen committee consisting of highly-respected people from various walks of life. The bureaucrats must have a small fixed salary and a large variable salary which will depend on the progress of the projects handled. This is the best way to bring accountability to bureaucracy and politicians.

- (k) Our bureaucrats have to learn to stand up for their beliefs and values rather than be subdued by their “respect” for their superiors – political and otherwise. It is wise to remember Bernard Shaw’s words: *Some people have so much respect for their superiors that they have none left for themselves.*
- (l) The Right-To-Information Act or RTI is a wonderful instrument to bring transparency to our governments. Our governments must strengthen this act and not allow vested interests to weaken it.
- (m) Talking about transparency, I must say that technology and systems should play a mandatory role in governance if we want to improve accountability and transparency. First, every activity in the government including routine ones should be designed as projects, and project management software must be used to monitor the progress. Second, it is necessary to use workflow software for every decision-making process. Such software will ensure that every decision-making process is divided into steps, and each step can be assigned both a completion time target and the person responsible to complete the step. Thus, any delay in the progress of a project or a decision can be pinpointed to the individual who is sitting on the decision. Also, all the papers regarding that step and the previous

steps can be seen by anybody on the net! Thus, for every decision, there will be full transparency and accountability since the person, the duration for which he or she is sitting on the decision, and the reason for the delay will be known to every citizen.

- (n) We should encourage growth of business by reducing friction to business and not by tax incentives. As Nani said: *To every economic policy and legislation we must apply the acid test – how far will it bend the talent, energy and time of our people to fruitful ends and how far will it dissipate them in coping with legal inanities and a bumbling bureaucracy.* We should abolish all tax incentives for exports above a low threshold of Rs. 10 Crores of profit, and tax exemption on dividends above a low threshold of Rs. 1.0 lakh and plough that money in to rural education, mid-day meal schemes and rural healthcare. If need be, we should not hesitate to raise both corporate and personal tax rates to 50% of the income as long as we install a mechanism to ensure that the money is used properly.
- (o) We retain the mindset of the enslaved and victims even fifty nine years after independence. We view every foreigner with suspicion. This has to stop. A classical example of such a mindset is our going back on the announced policy of 74% foreign ownership in Telecom. The excuse is security. Frankly, nobody has been able to explain to me how foreign ownership of 74% in Telecom companies affects the security of the country. The issue of having network control centers outside India is another issue that is being resisted. Here too, we must understand that India is still a small market in data traffic. Having network control centers in India at this stage is not viable. It will surely happen in the future. In any case, we can insist that the government will take over the control of these facilities in India

should there be a warlike emergency. Insisting that the CEO of telecom companies with foreign investment must be an Indian is another irrational requirement. Today, CEO is just the first among several leaders in a corporation. He / she cannot do much without co-operation from the senior management of the company. In any case, a good regulator, an independent board, and a robust whistle-blower policy will prevent the CEO from misusing any powers. We have to learn from the example of nations that have made tremendous progress in this area.

- (p) We have to accept new business models and not give in to vested interests. The software industry has been discussing, with the Ministry of Telecommunications, the need to provide IP-driven voice network connectivity through private user groups for over 10 years now. Such a facility helps our project managers attend to our customers, in a different time zone, from home during night hours. The tragedy is that we have been paying for the bandwidth and are not able to use it because of the refusal of the government. This makes us uncompetitive in the market and forces our employees to spend 16 hours in the office from morning 8 am to midnight. The latter does affect their health, family life and morale. Continuing with this policy will, in all likelihood, kill this industry.
- (q) Involve the private sector and create Public-Private-Partnerships (PPP) to enhance efficiency of the government. The government brings focus on public good while the private sector brings focus on efficiency, effectiveness and accountability. Unfortunately, Mrs. Indira Gandhi's experiment of bringing private sector experts to the government was given up by her successors. Similarly, Mr. S.M Krishna's experiment in creating the Bangalore Agenda Task Force, a unique

PPP, was disbanded by his successors. These experiments must be persisted with.

Finally, any progress requires discipline. I do not know of any developed country or a country which aims to become developed that has not adhered to strict discipline. Unfortunately, in our country, discipline is given the least importance. This has to change if we want to create large number of jobs to eradicate poverty through globalization.

All these are doable. I am an optimist and take solace from what Winston Churchill said: *A pessimist sees difficulty in every opportunity; an optimist sees opportunity in every difficulty.* None of my suggestions is rocket science. However, they require courage which is the first attribute of a great leader. They require a mindset that is ready to sacrifice personal interest and the interest of this generation so that our future generations are better off. I do see several people amongst us who can pull it off. They just have to make tough decisions. That is all.

Thank you.

The booklet is issued for public education. The views expressed in the booklet are those of the author.