CONVOCATION ADDRESS
by Shri Keshub Mahindra

INDIA - ON STAGE

Mr Chairman, Prof. Raju, Members of the Faculty, Distinguished Guests, Ladies and Gentlemen and certainly not the least, all of you students of this fine Institute.

Your Chief Guests over the past five years have been men who are eminent in public affairs. It is therefore but natural that I be curious as to the aberration in your pattern in inviting me this morning. Whatever be the reasons, I am deeply honoured and delighted to be here.

Rather than limiting myself to a theme of business and technology, I have chosen to speak to you on a far broader canvas for I believe that our country is facing a deep crisis which needs to be resolved speedily. I have no instant answers but some thoughts which I want to share with you today.

India has always been a mystery to the world. A country of great contradictions. The Maharajas and the fakirs, tradition of schools of great learning and at the same time a mass of population remain illiterate, great wealth on one hand and grinding poverty on the other – exotic fairy tales in plentiful. Till recently people thought that snakes and tigers roamed our cities – such was the picture of our country. Nehruvian politics and economics kept India insulated and isolated from the rest of the world.

When one travelled abroad, India was hardly mentioned in the world’s newspapers, radio or television news. As if India did not exist. As long as this part of the world could be kept contained and peaceful, nobody wanted to be bothered with India. But India could not be ignored – one fifth of the world’s population resides here so there was no alternative but to tolerate us.

Most nations see us as a country in which nearly a billion people live, out of which nearly three hundred million live under the poverty line. In many villages there is no drinking water, no shelter, in cities people sleep on the pavements, diseases are galore and hardly any primary health care is available and so on. There is filth and sewage all over the place and as we march into the next century India will have the honour of having the largest number of illiterates in the world. Children who ought to be studying in schools and enjoying their childhood on a playing field are put to work, often sold into begging and ruthlessly exploited. We remain one of the poorest nations in the world, it seems that while the rest of the world has moved forward India has stood still.

We are criticized for having pursued Nehruvian economics which certainly did not obtain for us the great dreams Nehru eulogized over the years. In the early nineties India began to change. The world applauded Mr. Narasimha Rao’s courage in ushering in an era of Economic Liberalization and Reforms and stalwarts like Dr. Manmohan Singh were set to work. There was new hope in the future and much was achieved.

India’s credibility was being restored and the world began to take notice. Investments began to flow in and investors began to look at India as a country with a market potential hitherto untapped. Economic growth rates began to creep up giving us confidence that we had finally overcome our “Hindu rate of growth”.

Although the world wished for speedier reforms, they were comfortable doing business in a country where the language of business was English, the legal system provided security of justice, accounting practices
were akin to their systems and that India was a democracy. The political system assured peaceful transition of power when elections took place from time to time. This has been a tremendous achievement for India — the largest democracy in the world!

Then came our elections. Voters refused to repossess their faith in any one party and did not give a clear majority to any one single party and called for an era of coalitions. Once again there was a peaceful transfer of power to a new government led by BJP and her coalition partners. India and the world watched and waited for this government to announce their priorities for the country. The Budget which would spell out this new government’s economic thrusts was eagerly expected by the end of May. However, in early May, out of the blue came the ‘bombs’!

India finally reached on the World Stage when we exploded our nuclear devices. The world woke up to the fact of India, sadly for the wrong reasons.

There were hostile reactions from almost all the countries of the world. It seems as if overnight they had all reached a consensus to condemn India and could not believe that the nation of Mahatma Gandhi with its deep rooted beliefs in non-violence could undertake such an explosion.

USA reacted sharply by imposing sanctions as mandated by their laws and cut off all aid except what they called “humanitarian”. Japan followed suit understandably for the memory of Hiroshima lingers large in that country. Russia, UK, France, China and Germany joined by a host of smaller countries all condemned the act - overnight it seemed that India had only enemies and no friends. The situation was further aggravated and compounded when Pakistan exploded their own devices a few days later. South Asia became the focus of unrest.

I cannot venture or even dare to express an opinion as to whether what we did was right or wrong. I simply do not know enough. Not many of us are privy to the needs and imperatives of our national security therefore I must accept the decision of those who govern us. The reaction here was euphoric. Undoubtedly it was a great scientific achievement but only time will tell whether the Prime Minister was right in ordering these explosions.

What is amazing is that we seemed surprised and astonished by the world reaction. What did we expect the world to do - applaud our efforts, while the rest of the world is attempting to ban all nuclear tests and destroy all nuclear weaponry - albeit slowly! The detonation of these 'bombs', was seen as the first major act of this new government and gave it the colour of its first major priority. Screaming headlines appeared in the world Press - Bread or Bombs! For decades India has gone with a begging bowl for aid, seeking help to eradicate our poverty, so was it wrong for the world to remind us? The explanations by glib politicians in power to explain it all away by the excuse that this was in their election manifesto cuts no ice - so is poverty alleviation, education, primary health, shelter, agriculture and infrastructure – what has happened to these priorities?

Much was expected from the Budget which was presented in early June. Pockets of the economy were in deep recession and the only message that was conveyed in the Budget was that economic sanctions would not hurt India. An opportunity was lost. On the contrary one ought to have used that opportunity to ask all parties to come together and help the government to govern and legislate quickly the much required changes needed to take our Reform process on a speedier path. When government sanctions are imposed on a country, there is the invisible part of sanctions which affect a country most severely. Events began to take place
almost immediately.

The combined impact of the 'bombs' and the Budget was that there was a further loss of confidence by overseas investors. Stock markets collapsed further eroding values by over fifty percent; over the last few months. Real estate prices also crashed by over thirty percent and continue on the downward path. Institutional investors sold their investments and took away hundreds of crores in valuable foreign exchange back to their countries and many potential direct investments are now on hold.

While other countries in Asia were facing economic turmoil, it was thought that India was somewhat removed because her fundamentals were different but we are now facing a similar turmoil - the international value of the Rupee is on the decline, the economy continues to be in recession and prices are rising. It is doubtful whether India will obtain an economic growth rate of even five percent this year.

Government appears unable to govern because of the fragmented and fragile nature of its coalition. Just look at the last session of Parliament. It was not possible to enact any meaningful legislation on Reforms, most of the time was spent on considering reservation for women, Cauvery issues, formation of new States etc. while the need of the day was and is to give shape to new economic leadership and a thrust to growth. The problem goes deeper. Even under Mr Narasimha Rao’s regime it was getting difficult to get laws passed quickly. Together with economic reforms, someone should have thought of political Reforms at the same time. Sadly, no one did.

It seems unlikely that even if elections are held again that any one party will get a clear majority and the inability of government to govern will continue. There is an urgent need to review our Constitution and examine whether any changes are needed to ensure stability of government irrespective of party politics. Our President who is admired and respected by all should give this clarion call for change. In the meantime our Prime Minister who is equally respected should call for all political parties to join him in enacting the necessary legislation without which the country cannot go forward. Presently we are at a standstill.

This then is the situation, where do we go from here.

We must make up with the world. India cannot operate in isolation. Large capital is needed, technology is needed to spur economic growth. India is short of both. Unless confidence is restored investments will not come. Whether we like it or not, we will be driven by the world to make compromises over CTBT and NPT, for surely it is not our intention to invest in nuclear weaponry!

It is true that nations use double standards and are at times unfair but what are the choices before us except to recognize that it is the economic strength of countries that matters despite any technical or scientific superiority that a country may attain – look at erstwhile Russia. There are lessons to learn and accept that the world of today is ruled by nations who have economic power and that they do what is in their national interest first and then everything else follows. We live today in an interdependent world, and I believe that India cannot move forward without reconciling with the rest of the world. We all know what is needed to be done, why can we also not move in self national interest?

In simplistic terms the problems of India are population, poverty and illiteracy. The reality of economics demand speedy direction and action to spur economic growth and create wealth. There is an urgent need to create confidence within the country and one of the ways to achieve this is for government to give clear cut
direction on their vision for the economy. The priorities that this government has set for themselves are right, investments in agriculture, education, housing, primary health and infrastructure are welcome but the problem is in the processes.

In order to attain their objectives, government will have to devolve its powers to the States. Government needs to change their mind sets on the issue of most decisions emanating from the Centre and allow States to decide their own fates thus speeding the process of decision making. This party in power has committed this to the electorate, let them do it now and not later. The Centre has to redefine its role and concentrate on issues of national security, law and order, be transparent and be accountable in its governance, and act as a catalyst and a regulator. This is what is expected from the government and today’s technology makes this task easier.

The role of government is to govern and not run bakeries, hotels, steel plants etc. They must disinvest except in strategic areas of national security and use those resources to invest in social sectors like education and health care. These investments do not belong to government, these funds belong to the people of India and should be used to better the lives of the people of India.

When Watt invented the steam engine, he substituted mechanical power for animate muscle power. Thus began the Industrial Revolution. It was education, the use of technology and hard work that caused profound changes in the Western world and they earned a quality of life far beyond their dreams. They deserve it for they earned it. So shall we if we educate our people, use technology and work hard. Our lives will change and for the better.

While we did not gain much from the Industrial Revolution, there is now a new Revolution which is rapidly now changing the world. It has already changed social behaviour attitudes, and mind sets of many societies all over the world. There are now new tools available which can transform our society more rapidly. We need to gain access to these techniques and methods and use them to educate our people, feed them, provide primary health and give them some hope in the future. I speak of Information Technology. Let us not miss this one for if we do we will have no one to blame except ourselves. Last time around, we could blame the British and get away with it.

Take education as an example. If we are going to rely on building more primary schools, the task is not only daunting but seems impossible. In a span of the last twenty five years we built about 190,000 additonal primary schools - quite incapable of dealing with our exploding population. Low orbit satellites are available, a great deal of educational software is there, why not beam them to our villages? We Indians are much admired and respected all over the world for our knowledge in developing software, surely these can be developed by ourselves to meet our own needs! Let us not forget that in the chain of economic development there is a link between population, incomes and education. One feeds on the other.

Look at Kerala, in another ten years it will have a negative population growth rate, the literacy level in Kerala is over 97%— against that look at Orissa, Bihar and parts of UP – the literacy rate there is below 20% and they contribute heavily to our population explosion! I therefore place the first emphasis on Education in our process of economic development, if we are to solve the problems of population and income growth.

Tools are available today to spread the message of population, health care and revolutionize the way we
think and act. Radio took 50 years to reach a population of 50 million, TV took 25 years and the Internet took 5 years. There is a world database on tap exceeding any encyclopedias, the trick is to use this mass of information.

You, the graduating class of today have had access to a fine education which you earned for yourselves. You are the leaders of tomorrow. I do not want to leave you with the impression that government is at fault for all our problems, on the contrary every citizen is responsible for what happens in our country. We live in a democracy, we all have responsibilities of good citizenship. As no education can comprise only of teachers, no government can comprise only of rulers.

The composition of the Indian economy is changing. The fastest growing sector is what is termed as the Services Sector. In most developed countries this segment now contributes over 75% of their GDP. In developing countries like Brazil and South Korea, it's contribution is about 50% and in India it is now at the level of 40%. This will change. As countries develop there will be a movement from the farms to industries and then on to the Services Sector. It is a great creator of employment.

To give you an example, in a recent study by McKinsey, if Bombay which is the acknowledged financial centre of India was to come up to the standard of London - four millions jobs would be created. If our Bollywood was to attain the brand equity of Hollywood - two million jobs would be created and so forth. If Bombay was to obtain the brand equity of the French Riviera, another two million jobs are waiting. The opportunities are plentiful, someone has to grab them with the political will to direct.

The India of today is different from the one that I grew up in – today the opportunities are plenty within the country. Making money or raking in profits are no longer dirty words. There are hundreds of examples of disciplined hard working young who with their talents have carved a niche for themselves and have made large fortunes. So can you – but if you choose to take the next plane to other parts of the world, do remember that prima facie, pastures look greener there and you may make a lot of money but you will always be a second class citizen in those countries. The choice is for you to make.

As you take on the mantle of leadership and lead this technology driven Information Revolution, which some of you must, do not forget that "the ghost in the machine is still a Man". All the skills that you have acquired here are effective only if you learn to manage 'men' – unfortunately no known process of education can teach you this and only you and your experience are your real teachers – as long as you are sensitive to human nature, you cannot fail. The next piece of advice to you is to learn to communicate in a clear and a transparent manner.

With these words, I must now end for I fear I have already taxed your patience for much too long. As you go out into the world, I wish you well in your endeavours. Good Luck and thank you once again for having me this morning.