

"SMEs – Kingpins Of Innovation"

Shri Kamal Nath, Union Minister of Commerce & Industry, speaks about his latest book titled 'India's Century'. Excerpts from an interview

YOU have mentioned in your book how 'jugaad, a form of scientific invention represents a suppressed Indian inventive gene'. Would it be appropriate to say that Indian entrepreneurial stories are essentially born when jugaad is taken to the next level?

I think I have explained in the book that jugaad is an inherent ability to cope with a problem with a quick fix that works, although it is not the textbook solution. It is a cultural trait.

The Western civilisations became rich after acquiring knowledge and capital through a centuries-long process of renaissance, reformation, conquests and political and industrial revolutions. India could not afford such historical luxuries. Yet it is moving ahead so fast. How? I think it is due to jugaad being hardwired on the Indian mind. It requires an Indian mind to think of an inexpensive car like Nano as an answer to the problem of so many people wanting to become mobile, yet they don't have the money to buy even the cheapest model in the stable of Ford or GM. For Indian entrepreneurial stories to be born it is not a precondition to take jugaad to the next level.

The policy changes of 1991-93 heralded a new economic era in this country. The end of license raj and other reforms unleashed the entrepreneurs within

Indians. To what extent have we been able to sustain that optimism? Will the children of this entrepreneurs' generation, which dreamed dreams unimaginable by its parent generation, be able to build over these dreams?

The 1991 policy change was the first step in a journey which is still continuing. It is for the sake of convenient labeling that we call its preceding era as 'license raj', thus putting it at par with the 'British raj', which nationalist historians have legitimately found scornful. But license system does not end one fine morning. The state needs to exercise some control over the economic life of the people, or else there will be anarchy. What began in 1991 was a long process to curb the state's paternalistic role and allow the market to grow into maturity so that it could one day take care of itself. In Britain, we may recall, it was Mrs Thatcher who gave a big pro-market push in the 1980s. But it came after the country had enjoyed a full-fledged welfare economy, with the state taking care of school education and health of every citizen. I think the move towards reform must be proportionate to attaining welfare goals.

With economic conditions weakening across the major developed nations, do you see the emergence of the BRIC economies as an illusion or a vision? Do you see India playing the key role in the new global economic scenario? Is that why the book is titled 'India's Century'?

The rise of BRIC economies are an adjunct of demographic changes. How can it be a vision or an illusion? Can I say that the sunrise tomorrow morning is a vision or an illusion? If you extrapolate their growth trends to the future you will surely find that they will account for a very large chunk of the world's wealth in just over a decade from now, and the share will keep

increasing. But that is not the reason why I have called the book 'India's Century'. For centuries India has been exposed to foreign aggression and internal turmoil. But the 21st century has for the first time given India an opportunity to chart a development path independently, with its people being given a free hand. Being a politician, I know our people from close quarters and I have a firm conviction that they have the potential to author the biggest turnaround story of the century.

There has been a paradigm shift in the way US and China perceive India's stature. How do you see our relationship with these two countries shaping up?

Yes, there's been a change in perception but for different reasons. The US will increasingly need India as its 'back office' to provide offshore support to its industry and services. But China will need India for not only economic reasons but also for the geographical proximity and the long cultural ties. We can leverage our combined buying power to get the best prices for everything.

In the 2020 Vision that you see for India, what role do you see the small and medium enterprises playing? If they are really to play a key role, what kind of efforts will be required by the government, by industry bodies and by banks?

In 2020 I expect the SME sector to be the kingpin of innovation, while large industries will attain their

size due to economy of scale. So the SMEs will be like the Silicon Valley start-ups and large industries will be like Microsoft. I am just making a comparison. It is a challenge for everyone – government, banks, technology institutes, laboratories, marketing brains. Banks today finance house-building and purchase of cars, but they must come forward to finance ideas. It needs a venture-capitalist frame of mind. The government, in its turn, must prioritise primary, secondary and higher education by laying down the best policy that leaves no child out of schools, and no capable youth out of the institutions of higher learning. The SME sector will be buzzing if the level of knowledge in the economy is high.

You've been a witness to, a participant in as well as a driver of the story of transformation that unfolds in this book. What was the most challenging aspect?

Obviously by being a driver of change. But I am in politics. It is therefore not possible for me to go into the details without either violating oath of office or taking steps that are downright incorrect politically. If I hang up the boots, the book will be more candid.

What did you enjoy the most?

The thing that I enjoyed the most was deleting lines after lines of what I'd written already. By that I thought the writer in me was doing a great service to the politician in me. And it was not at the cost of the book's quality. At the end of it I understood that a short book can make the reader curious, at least, but a fat book makes him afraid. If I had not written 'India's Century' I'd have continued to think that those among you journalists who work at the desk of newspapers were showpieces, whereas the 'real job' was done by reporters. But now I understand that editing is the most complex part of any communication.

– NIRANJAN MUDHOLKAR

