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Editorial Review

From Publishers Weekly
The premise of this suave and unabashedly free market overview of the New India—the rising economic powerhouse—is that ideas lead economic and social policy rather than the other way around. It's not a consistently held position, however, as Nilekani, cochairman of the board of directors of Infosys Technologies (a leader in India's burgeoning IT sector), refers in the same breath to a longstanding (postindependence) antipathy to teaching English reversed by its economic advantage in a global market. Theoretical consistency aside, the author makes a bid for a centrist position in the globalization debate. His focus rests on India's particular domestic and international advantages in such areas as population, English proficiency and information technology. But there's little separating his take on India's recent past (hobbled by Nehru-era socialism) or best present course (embracing globalization, seen as a harmonious and harmonizing amalgam of democracy, equal opportunity and resource access) from such neoliberal champions as Thomas Friedman (who supplies the foreword). Readers inclined to a free market perspective will find Nilekani eminently reasonable, if less than startling; those seeing it as antithetical to an equitable and sustainable future will meet a familiar frustration on nearly every page. *(Mar.)*
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About the Author
Nandan M. Nilekani is the Co-Chairman of the Board of Directors of Infosys Technologies Limited. He is the recipient of several awards, including the prestigious Schumpeter Prize for innovative services in economy, economic sciences, and politics. He was listed as one of the 100 most influential people in the world by *Time* magazine in 2006 and was named *Forbes* "Businessman of the Year" in 2007.

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THE NETWORK EFFECT

For
Nihar, Janhavi and Rohini,
who keep me grounded

FOREWORD

EVERY TIME I go to India, people ask me about China. Every time I go to China, people ask me about India.Who's going to win between these two emerging giants?

I always give them the same answer: India and China are like two giant superhighways, and each has a big question mark hanging over its future. The Chinese superhighway is perfectly paved, with sidewalks everywhere and streetlights and white lines neatly down the middle of the road. There's just one problem. Off in the distance, there is a speed bump called "political reform." When 1.3 billion people going 80 miles an hour hit a speed bump, one of two things happens. One is that the car jumps into the air, slams down, and the drivers and passengers turn to each other and say, "You okay? You okay?" Everyone is okay, and so they drive on. The other thing that happens is that the car jumps up in the air, slams down, and all the wheels fall off. Which will it be with China? We don't know, but I am hoping for the best—the stability of the world depends upon it.

India is also a giant superhighway, only most of the road has potholes, some of the sidewalks haven't been

finished, a lot of the streetlights are out, and there are no visible lane dividers. It's all a bit chaotic, yet the traffic always seems to move. But wait a minute. Off there in the distance it looks like the Indian road smoothes out into a perfect six-lane superhighway, with sidewalks, streetlights, and white lines. Is that perfect Indian superhighway a mirage or is that an oasis? Will India one day claim its future or will it always be chasing it, teasing us with its vast potential?

My teacher and friend Nandan Nilekani is bound and determined to make sure it is not a mirage. Like me, he remains an optimist, a sober optimist, but an optimist about his country's future. He knows that the shape of India's future, as the great environmentalist Dana Meadows once said about the future of our planet, "is a choice not a fate." And this book is a loud, engaging, noisy, spirited argument about how and why India and its friends need to go about making the right choices—and never resign themselves to fate.

I can think of no one better to make this argument. There are not a lot of executives around the world who are known simply by their first names. Silicon Valley has "Steve"—as in Jobs. Seattle has "Bill"—as in Gates. Omaha has "Warren"—as in Buffett. And Bangalore has "Nandan"—as in Nilekani.

Nandan helped to found Infosys Technologies Ltd., based in Bangalore—India's Silicon Valley. And Infosys, Wipro, and Tata Consultancy Services are the Microsoft, IBM, and Sun Microsystems of India. What makes Nandan unique? For me it comes down to one moniker: great explainer. Yes, he, the other cofounders, and N. R. Narayana Murthy, Infosys's legendary chairman, have built a great global company from scratch. But the reason Nandan is so sought out is that he has a unique ability not simply to program software but also to explain how that program fits into the emerging trends in computing, how those trends will transform the computing business, how that transformation will affect global politics and economics, and, ultimately, how it will all loop back and transform India. It was his insight that the global playing field was being "leveled" by technology that inspired me to write my own book *The World Is Flat*. And nowhere are his explanatory skills more on display than in this, his first book.

While this book is an enormously valuable explainer of where India has been and needs to go, it is much more than that. It is a prod to his fellow Indians, and India's American friends, to imagine and deliver on a different future by refusing to settle anymore for an Indian politics and governance that is so much less than the talents possessed and needed by the Indian people. Nandan knows what Indian entrepreneurs have accomplished without government or in the face of government obstruction and political dysfunction. He knows what sort of energy is exploding from India's youth bubble. And on every other page I can almost hear him saying: "If only our political system performed with the same energy and high aspirations. India would be unstoppable. *It would be unstoppable.* It would be that smooth six-lane superhighway." India, he rightly insists, despite its age and size, has barely scratched its potential.

In some ways Nandan's views are summed up in this one passage: "At the time of independence, India's leaders were clearly ahead of the people. The creation of a new, secular democracy with universal suffrage, anchored by the Indian Constitution, was a leap of faith the government took with an uncompromising, yet trusting country. Sixty years on, however, it seems that the roles have reversed. The people have gained more confidence and are reaching for the stars. India's leaders, however, seem timorous—our politics has become more tactical than visionary and, as Montek points out, what we now see among our politicians 'is a strong consensus for weak reforms.'"

Nandan repeatedly and usefully reminds us that India's economic revolution since 1990 has been a "people-driven transformation." It has actually been, in its own way, the biggest peaceful revolution in the last sixty years. It has never quite gotten its due because it happened peacefully and in slow motion—and the people did not topple a monarch or bring down a wall. But it did involve a society throwing off something huge—throwing off the shackles of a half-century of low aspirations and failed economic ideas imposed

from above and replacing them with its own energy and boundless aspirations. And it wasn't just the famous software entrepreneurs like Nandan who were engaged. They started it. They showed what was possible. But they were soon followed by the farmers who demanded that schools teach their children more English and the mothers who saved for their kids to have that extra tutoring to get into a local technology college and by the call center kids, who worked the phones at night and hit the business school classrooms by day—sleeping God only knows when in between. It was the revolution of a post-Nehruvian youth bubble that refused to settle anymore for its assigned role or station in life. That is what makes this Indian people's revolution so powerful and that is what makes it, as Nandan tells us, "irreversible."

To be sure, this book does not ignore India's massive income inequalities and challenges in job creation. It simply says that to get there will "require the courage and optimism to embrace good ideas and not remain imprisoned by bad ones." It is all about execution. It is not enough, Nandan insists, to get the ideas right; they have to be adopted. And it is not enough to adopt them; they have to be implemented correctly. And it is not enough to implement them correctly; they have to be constantly reviewed and adjusted over time as we see what works and what doesn't.

Nandan Nilekani's life and book are testament to the fact that the new India has truly arrived—in many ways and many places. Yes, the new India, he declares, is now present in the business community. It is now present on the college campuses. It is now present in many villages. It is now present in many schools. But will it achieve a critical mass—will it spread so far and wide, so up and down, that it will truly add up one day to that smooth, sleek superhighway? Or will that India always remain just off in the distance?

Nandan is optimistic but not naïve. He would tell you it all depends: It all depends on India having a government as aspiring as its people, politicians as optimistic as its youth, bureaucrats as innovative as its entrepreneurs, and state, local, and national leaders as impatient, creative, and energetic as their kids—and, in my view, as Nandan Nilekani.

Thomas L. Friedman
Washington, D.C.
November 2008

NOTES FROM AN ACCIDENTAL ENTREPRENEUR

IF YOU CAN have such good roads in the Infosys campus, why are the roads outside so terrible?" demanded my visitor. I had just ended my pitch to him about why India was emerging as the world's next growth engine and how the country was rapidly catching up with the developed world. But my guest, who had flown in from New York, was openly skeptical, having spent two hours on Bangalore's chaotic, unforgiving Hosur highway to get to my office.

Although his question was one that I had heard several times, it always gave me pause. How could I respond without offering a long-winding explanation? I usually picked the short answer: "Politics," I mumbled. "Well," he persisted, "why don't people like *you* get into politics?" I told him this was not the United States, where a Michael Bloomberg could be the CEO of a large company one day and get elected as New York's mayor the next. Being an entrepreneur automatically made me a very long shot in Indian politics, and an easy target for populist rhetoric. I was, I said, quite un-electable.

But his questions got me thinking. The fact that the roads inside the Infosys campus were so good and so bad outside it was certainly not due to a lack of resources, technology or expertise. India has always seemed to be defined by such contradictions, to the point that our contrasts are clichés: Asia's second-largest slum is here,

in the world's fastest-growing democracy. A nation that is a burgeoning knowledge power also has the largest number of school dropouts in the world. Our biggest businesses are building international brands, yet red tape continues to throttle the new entrepreneur and frustrate the small business owner.

My years as an entrepreneur have especially brought home to me how much India, despite its recent tremendous growth, is straining against the challenges that hold it back. Today, we are a nation that has barely scratched its potential. Almost two decades after economic liberalization, the absence of critical reforms means that for a majority of Indians daily life continues to be a struggle—for the millions of marginal farmers unable to find alternatives to bare, hard livelihoods; for people living in slums for want of cheaper housing; for families cobbling together their savings to send their children to private schools because our government schools are a mess.

A big reason for our struggle lies in our inability to push through and implement critical ideas. Once in a while, at a committee consultation in Delhi or in a state-level advisory role, I have had the chance to have candid conversations with our ministers. Admittedly, an Indian politician for all his faults faces a complicated balancing act in our government, where the socialist ethos is still dominant. Being a legislator in this system means negotiating for money from both the central and the state governments; getting work out of an often reluctant bureaucracy; navigating an agenda through the various, often unconnected, state organizations; and of course meeting the demands of one's constituents and somehow retaining power through our unpredictable election cycles. These various pulls and pressures mean that when it comes to policy the urgent wins over the important, tactic triumphs over strategy and patronage over public good. The result is a certain cynicism, evident in what a prominent politician said to me when I buttonholed him with some policy ideas: "I don't see much upside in talking to you—you're neither good for notes [money] nor votes."

During such conversations I have felt very far away from India's new optimism and its bustling markets. It is not easy to find common ground—between governments, entrepreneurs, the middle class and the poor—when people's priorities and incentives are set so wide apart. In fact our ideas for the Indian economy have in recent years become more ghettoized than ever.

A different view

I have been fortunate to have had a unique perch from where to witness these divisions. I am of course an outsider in India's politics, but the label also applies to me when it comes to Indian business. Having cofounded and worked in Infosys for twenty-six years, I can call myself an Indian entrepreneur. But as an information technology (IT) company, Infosys always faced challenges different from the rest of the Indian industry. Shortages in infrastructure did not affect us, as our markets were international, and all we needed to do business was a wire and some computers. We experienced little of the labor problems and strikes that plagued India's traditional industries. Since the government did not recognize us as a "conventional" business for a long time, their regulations did not hamper us, and we worked outside the controls that stifled companies in manufacturing and agriculture. We did not need the raw material—iron or coal, for instance—that required Indian firms to interface with the state-run companies that controlled these resources. And we did not have to build relationships with bureaucrats or make periodic visits to Delhi, so we were not drawn into the charmed circle of Indian companies whose relationships with governments both benefited and constrained them.

Culturally as well, we stuck out. We were seven skinny (alas, no longer!) engineers, first-generation entrepreneurs who were untested in business. This was quite an anomaly at a time when family-owned firms dominated Indian industry. These were companies whose owners wielded tremendous operational and financial control, and while some of them remained competent despite the perverse incentives that came

from such power, quite a few were run haphazardly and rarely made profits for the small shareholder. Their operations were often opaque and misleading—for instance, they would report inflated prices while purchasing raw material or importing capital goods, and underreport sales. A common joke in those days was that the owners of these companies had returns that were "RBI"—"returns before investment." Industry observers would note wryly, "These firms are going bankrupt, but their owners are not."

Infosys was among the first companies to change this perception of Indian business through an ethos of transparency and strong internal governance. We quickly built a reputation for creating widespread shareholder wealth. People began to call us India's "new economy" company. Fifteen years later, they still call us that.

Infosys came with none of Indian industry's typical history, family ties and regulatory baggage. Consequently I have been more of an observer than a participant in the trials of Indian industry. I am hopeful enough to believe that this combination of proximity and objectivity gives me a rare and valuable perspective. And although I have spent my entire career in the private sector, I have been lucky in the chances I have had to foray into public policy, both at the state and the national level, and to directly experience the challenges in the government since the reforms of the early 1990s.

But while I have been privy to many interesting conversations and views on India, writing a book on the country required a leap of a different order. I have never considered myself a writer, and there was no long-hibernating desire within me to pen down something in the hope that a book would eventually emerge. However, one reason to write this book came to me when I met Vijay Kelkar early in 2006. Dr. Kelkar is one of India's most respected economists and a passionate reformer. I have been a long-time admirer of his, especially after I saw a remarkable presentation he gave in 2002, titled "India: On the Growth Turnpike," which predicted—with what would turn out to be unusual accuracy—India's growth trends over the next few years. Dr. Kelkar looks very much the serious academician, but he has a wicked sense of humor and a reputation for straight talk, which has sometimes created a few problems in his interactions with the government. "What I discovered, however," he told me, "is that just putting my ideas out there—regardless of how unwelcome they were to our legislators at the time—mattered. Doing this seeds new ideas among people, and sometimes they catch on. This kind of legacy is, I think, the most enduring one you can have."

Dr. Kelkar's remark got me thinking. Perhaps I could write a worthwhile book if I could distill my experiences—and those of the policy makers, entrepreneurs, academicians, social activists and politicians I knew—into ideas that not only explained the peculiar animal that the Indian economy was shaping up to be, but also helped chart a way forward for the country (even if this meant courting controversy).

As both an entrepreneur and a citizen, I have been heartened by our economic progress in the last twenty-five years. India's annual growth of more than 6 percent since the early 1990s is surpassed in history by only one other country, China. And we have made incredible strides in other areas— in the rise of our domestic market, our average incomes and a powerful middle class. But our successes are bittersweet. The immense challenges India faces more than two decades after reform trigger a range of emotions in me, as they do among many of my fellow citizens—puzzlement and frustration at the modest pace at which we are bringing about change, and sadness at the persistent inequity that is visible across India. There is a growing sense that these problems are now coming to a head—that our inequalities are making people angry and also limiting our ability to take advantage of the huge opportunities India has today.

The fact that India has a great opportunity before it seems more apparent when I travel—in people's minds across the world, India has unique promise. The country has enormous advantages in its young population and its entrepreneurs, a growing IT capability, an English-speaking workforce and strength as a democracy. It seems poised to grow into a strong economic power.

But what optimism I encounter about India is more often among people far from our shores—these are opinions shaped by our economic numbers, distant from and untouched by the tumult of our domestic politics and debates. At home, this opportunity feels much more fragile. Here, it is clear that there are many things holding us back—our pessimism around what we have accomplished so far, and a resistance to the ideas we need to implement in order to solve our remaining challenges.

India's weaknesses are all within, in the ongoing struggle to define the direction of our future ideas and policies for the country. This book is my small attempt to make sense of this struggle and the possible ways we can resolve it.

Beyond business

When I told people that I was working on a book, they assumed it was a memoir of my business career, or my take on management strategy. They looked quizzical (and were probably alarmed) when I said that I was writing a book on India. Businessmen, after all, do not usually make good public intellectuals. I console myself that I am but an accidental entrepreneur, who if he had not walked into the office of the charismatic N. R. Narayana Murthy in late 1978 in search of a job would probably have at best languished in a regular nine-to-fiver while living in a New Jersey suburb, taking the daily train to Manhattan.

The way I see it, the fact that I am not a specialist of any particular stripe, whether in history, sociology, economics or politics, may actually give me a broader viewpoint on our most significant issues. At a time when our arguments are so polarized, what we need might indeed be an avid amateur, and someone who can avoid the extreme ends of the debate.

While this is a book on India, this is not a book for people fascinated with Indian cinema and cricket—I would not be able to add very much to either topic, colorful as they are. Instead, I have attempted to understand India through the evolution of its ideas. I think that no matter how complicated, every country is governed through some overarching themes and ideas—an intricate web of shared, core beliefs among a country's people is, after all, what unites them. The ideals of French nationalism, for instance, the notion of the United States as the land of opportunity and the emphasis on "harmony" in Singapore were all dominant ideas that shaped the economic and social policies of these countries.

India in particular, for all its complexity, is a country that is as much an idea as it is a nation. The years of colonialism have meant that India has not evolved through a natural arc; disparate regions were brought together by the ideas, good and bad, of British administrators and Indian leaders. My first glimmer of the power of these ideas came when I was five years old. I understand this in hindsight, of course. One day my father bundled all of us into his Austin motorcar and drove us to a rally. It was 1960, the Congress session was being held in Bangalore, and we were there to see the charismatic Jawaharlal Nehru. As a towering leader of our independence struggle and the country's first prime minister, his stature both within the country and outside was immense—to a whole generation, he was synonymous with India. My memory of standing on the sidelines, caught up in the large crowd and waving at this thin, intense man is an unforgettable one.

Growing up in those days, it was very easy to believe in the idea of a nurturing government and public sector. A paternal, socialist state would own companies that would create wealth and the wealth would be used for the betterment of society. Why allow wealth to be created in private hands where it would probably be used for nefarious purposes? It all made perfect sense. The logic of it, especially coming from the benevolent patriarch Nehru, appeared unimpeachable. My father, an ardent Nehruvian, would constantly rail against the evils of big business, and how the Indian approach was the ideal approach. Many Indians believed in these ideas then; few of us believe them now.

The structure of my book is based on this ebb and flow of ideas, and how this has shaped the changes in our

economy and politics. For example, through the early days of independent India, many saw English as a language of the imperialists and did everything possible to marginalize the tongue. This included attempts to make Hindi the sole national language, and restricting or banning outright the teaching of English in state schools. But once outsourcing made English the entry ticket to a global economy and higher incomes, the language rapidly became a popular aspiration, a ladder to upward mobility for both the middle class and India's poor. As a result state governments across the country are now reversing historically anti-English policies, even in places where Hindi-language nationalism was trenchant. Such is the power of changing ideas.

I have divided the book into four parts, depending on where we stand on a variety of ideas. Part One discusses issues where our attitudes have changed radically over the years, and I believe it is the shifts here that are at the heart of India's dynamism today. For instance, many of us now see India's huge population—once regarded as a drag on growth—as potential for "human capital" and a tremendous asset. Apart from our new, widespread acceptance of the Indian entrepreneur, we also hold a more sanguine view on globalization than we used to. In the postreform years, we saw plenty of protests against multinationals in India; Coca-Cola put up billboards announcing "We're back!" on which activists wrote, "Till we throw you out again"; KFC faced visits from local inspectors suspicious of their chicken and Hindu activists protested in front of McDonald's in Bombay, evoking pre- Independence era slogans with their demand that the restaurant "Quit India." Now, however, the entry of new international companies into India goes unremarked—and Indians take particular pride in domestic firms acquiring companies abroad.

The second part of the book examines those issues that are still in the ether: they are now widely accepted but have yet to see results on the ground. For instance, the idea of full literacy has gained popular appeal over the last two decades, but we are still framing strategies to implement universal education and address the discontent around the state of our schools.

Similarly, the India of our imagination has for long been a country that "lives in its villages." Our early governments went so far as to assert that rural-urban migration was an evil trend that had to be controlled and even reversed. Now, after decades of hostility toward urbanization, we are coming to terms with the fact that cities are both inevitable and necessary for our economic health. We have also accepted that we need to overhaul our woeful infrastructure, and do it fast. And we are finally beginning to abandon a system that created a hodgepodge of regulations restricting interstate trade—there is now widespread consensus that our laws have to be less provincial and must aim to create a common domestic market.

Part Three of the book deals with our biggest arguments. These are the issues where partisanship has peaked and where the lack of any consensus has stonewalled progress on urgent policies. For example, there is a furious ongoing debate around higher education, in terms of how we regulate our colleges and what the role of the state should be vis-à-vis private universities. Labor is another breathing-fire debate, and even as there is an unprecedented demand for workers as every aspect of the Indian economy goes into overdrive, the government remains deeply polarized on the need to ease up our labor regulations. These issues have created a charged battleground—the divide here is a chasm between people who see reforms as empowering and those who see them as exclusionary.

The last part of the book goes into our forgotten nooks of policy, taking up those ideas that have been largely missing from our public discourse, even though they are growing critical to our future. This final set of ideas presents us with a challenge we are not as adept at meeting as we once used to be. Before the eighteenth century, our region was a dominant player in the world economy: at their peak, India and China together accounted for close to 50 percent of world GDP. Ideas from the subcontinent helped shape the culture, law, philosophy and science of the time. However, postcolonial India has tended to follow the example of the countries that preceded it in development. We imported many of our existing structures—our parliamentary

system and constitutional model, above all—from the British, and our early socialist ideas from Europe and the Soviet Union. Even our reforms, while courageously carried out, have followed economic templates that have proved successful across the world, and our corporations have modeled themselves on global best practices and standards.

But India's rapid economic growth is demanding much more innovative ideas from us as existing solutions for issues like health, energy and the environment have proved ineffective around the world. India cannot, for instance, have an energy policy that is based entirely on the heavy use of hydrocarbons. We should worry about the environment right now, rather than try like other developed countries to salvage it after industrialization has ripped through our natural resources. We also have to put in place a sustainable, realistic social security system and ensure that our public health challenges do not swing, as they have in the developed world, from one end of the health spectrum—starvation—to the other—excess. And finally, we must incorporate modern technology and innovation more fully into the economy.

The challenge we have faced across our ideas is in uniting our people and policy makers toward urgent and necessary solutions. Our coalition governments at the center often give themselves labels that reiterate unity and a common purpose—the United Front, the United Progressive Alliance (UPA), the National Democratic Alliance (NDA). But in reality they represent fiercely sparring ideals and reflect an India that is intensely fractured, its divisions sharply defined not so much by ideology as by religion, caste, class and region.

But the reason I am optimistic is that we have achieved consensus before. Through our history, our divisions and debates have been in constant flux, as the ideas that define and animate us as a people changed and evolved.

What Nehru remembered, and all that he forgot

In India, people live among looming reminders of the past. We find ancient temples, most of them still in use, in the heart of our cities, with hawkers selling glossy prints and sandalwood replicas of gods and goddesses outside their steps; Mughal-era palaces and tombs stand in the middle of busy, crowded localities; and we are all deeply familiar with our rituals and ancient epics like the *Mahabharata,* which is nine times longer than the *Iliad,* and far better remembered. Yet the writer Ved Mehta wrote that in India we have propped up our country "with a dead history."1

The problem was that the curve of India's history and its ideas had been an extremely discontinuous one—a foreign occupation had long divorced the region from its pre-British ideas and economic and social structures. It is true that many of those ideas were horribly primitive and ones that we can be glad to be rid of—sati, child marriage and a highly repressive caste system were only the more egregious sins of a very feudal people. Our medieval past was, as Rabindranath Tagore once said, "a place from which we were glad to be rescued." But British rule also created a deep disconnect among educated Indians from the best of India's early literature, philosophy, history and identity.2

What we saw in its place instead was a strange grafting of the Indian identity with an entirely new culture. The British brought with them the English language and Western education, and with such education came the ideas of modern nationalism, self-determination and democracy. However, these ideas only reached a small elite—the British consensus was that, on the whole, Indians and their customs were best left alone.a The large majority of Indians were left unmoored, disconnected from both their foreign government and their English-educated Indian leaders, and untouched by the rise of the modern economy and liberal ideas around the world. Colonial India as a result stagnated in terms of income growth, urbanization and education. In fact the British often collaborated with India's traditional elites and the lumpen aristocracy, deliberately strengthening feudal systems. For instance, they protected landlords from land transfers to an emerging

urban capitalist class, and encouraged the martial, patriarchal systems of the Jats, Bhumihars, Rajputs and Sikhs since these "warrior castes" were a significant source of manpower for the British army.3

This divide gave rise to a strange, two-tiered cultural hierarchy in India, with such a vast space in between that the Indian identity seemed a split personality. Many of the elite, upper-middle-class Indians who were educated in British schools embraced the Renaissance ideas of democracy, self-determination and nationalism, and several among them became leaders of the national freedom movement. On the other side of the chasm was India's vast majority, defined by the subcontinent's common culture, dominated by the iron rules of caste, religion and social custom.

There was little in common in ideas across this divide, and India's reformers stood at one bank and stared across, appalled at what they saw. The reformer Bipin Chandra Pal wrote, "We loved the abstraction we called India but . . . hated the thing it actually was."

No one exemplified the divide between India's leaders and the rest of the country more strongly than Jawaharlal Nehru. Understanding him is, I think, key to understanding the role ideas have had in shaping and uniting the country. In retrospect, Nehru was an odd man to have prevailed in shaping the Indian identity. He had described himself as "the last English-man to rule India"—he had grown up under the eye of a Westernized father, a successful lawyer and a late convert to the cause of India's independence from the British. Motilal Nehru insisted on knives and forks at the dining table, spoke in English at home (although his wife did not know the language) and employed British tutors for his children. Nehru was sent to England when he was a teenager, to study in Harrow, then Cambridge and the Inns of Court.

Nehru was thus very much a child of the Western Enlightenment. Even while he admired Gandhi's mass appeal and determination—he called him "as clear-cut as a diamond"—he also disagreed with his more traditional beliefs, once writing, "Ideologically, he [is] sometimes amazingly backward." He was not religious in the least and responded to questions about his faith with a shrug and a quote from Voltaire: "If God did not exist, it would be necessary to invent him." And he was wary of the political pulls in India, especially after he became the country's first prime minister. While his allegiances to India were clear, he was uncomfortable with its deeply rooted social, regional and caste divisions. The distance between Nehru's personal beliefs and what he experienced in the heart of India was sometimes stark: during a visit to Uttar Pradesh, the local Congress leader Kalka Prasad introduced Nehru as the "new king," and the peasants gathered echoed, "The king, the king has arrived," to Nehru's great astonishment and anger.

But Nehru eventually proved to be the only statesman who could navigate India's intense divides and unite the country under a core political and economic idea. Ironically, this may have been precisely because of his distance from the country, rather than in spite of it. His greatest strength was that even as the rest of India doubted its own capacity as a nation, Nehru never did. These romantic notions of his were backed up by an iron will and a remarkable ability to bridge disagreements. There was also the great gift of his charisma: he could talk persuasively and build towering visions. He helped construct a national consciousness—by giving people the universal right to vote and a secular government—during the most tempestuous years after independence. When India's divisions—religious and regional—did assert themselves despite his leadership and Gandhi's influence, they took him by surprise. The brutality and violence of Partition, which left more than a million people dead, was especially devastating for him.

Nehru had other early advantages in pushing through ideas of secularism and rationality in a country so deeply divided. The independence movement had helped shunt aside all other loyalties in favor of a singular national identity. This early unity helped the champions of secular government to drown out other, more divisive voices—the ideologies of Hindu chauvinists, whose idea of pluralism was that India would be "a country of Hindus, Hindu Muslims, Hindu Christians and Hindu Sikhs"; and Muslim leaders who demanded

to be the sole representatives of the country's Muslim population.

But even as Nehru and his colleagues in government managed to quiet India's fissiparous tendencies for a while, they also did not address them head on. There was no attempt to bridge the distances between the many countries within the country.b The government instead ignored the vast space that existed between the educated leaders who put in place India's Constitution and the masses, most of whom could not read the Constitution and who, even if they could, would have failed to understand its appeal. The policies that would have narrowed this distance and made the theories of secularism and liberty popular—such as a mass education system and urbanization—were ones that the state failed to implement. And the government's hostility to business meant that entrepreneurship, so critical in strengthening the foundation of a modern civil society, was constrained.

The lack of a large middle class in India only deepened this division. There was some movement in the 1970s toward the creation of an Indian bourgeoisie when the high noon of the public sector and bank nationalization by Indira Gandhi created a sizable middle class comprising government and public sector employees. But this was still a tiny percentage of the country's population. The great gap between the old India and the India of the leaders and the elite remained, and we are still caught between the different tempers of these two nations—between "the feudal and the secular, the rational and the traditional."4 India in the first twenty or twenty-five years after independence was united mainly by residual popular feelings for the independence movement and the Congress party that had led it. Later, the wars with Pakistan and China did bring Indians together for brief periods—during these times, people turned up at railway stations to cheer army *jawans* on their way to do battle, and playback singers traveled to border posts to sing of the motherland and the valor of her sons. Nevertheless, it was a tenuous unity.

The first fissures

V. S. Naipaul once said, "The politics of a country can only be an extension of its human relationships." As the years progressed and the Congress party's hold on India's voters started to unravel, Indian politics began to mirror back to us the many challenges of our social and cultural relationships.

Salman Rushdie has called India "carnivalesque" in its differences—intricate divisions set communities apart in terms of caste, region and religion. These parts of the Indian identity are embedded even in Indian names—Indian surnames indicate the region you are from and the caste you belong to. In some parts of the country, surnames are so elaborate as to include the title of the family home as well. And as our unity narrative fractured, these divides in the Indian identity asserted themselves in our politics—new caste and regional parties mushroomed, and a rapid fragmentation of voters began along our familiar fault lines.

When Nehru's daughter, Indira Gandhi, became prime minister, she held to the belief that she could command just the sort of unity that Nehru had. She was almost smug in her assumption of how the people regarded her, apparently telling the author and journalist Bruce Chatwin, "You have no idea how tiring it is to be a goddess."c But instead, Indira ended up presiding over the rise of new regional political parties and surging dissent across the country. She tried to stem the tide by first resorting to populism—bank nationalization is only one example—and then, for a disastrous period of eighteen months, she tried dictatorship, imposing a state of emergency in the country. When she lifted the Emergency and allowed elections, she and her party were routed. Voted back into office in 1980, she was never as much in control as in her early years as prime minister. Insurgencies flared up across the country, the most serious in Punjab, and she was assassinated by her Sikh bodyguards in 1984.

Her son Rajiv Gandhi, who came to power "to help Mummy out,"5 also took a shot at bringing the country together. His route was to create a common cultural platform through televising Hindu epics on state-owned

television and searching out Congress candidates who could unite, such as popular movie stars Amitabh Bachchan and Sunil Dutt. But none of this achieved the kind of political cohesion India had seen immediately after independence, which had enabled our leaders to implement the ideas of a planned economy, democracy and secularism.

India's fragmentation has grown only more complicated with economic reforms. The new policies transferred economic power from the center to the states, giving more strength to regional parties. Since then, we have seen our divisions come into high relief. In the 1990s, the right-wing Bharatiya Janata Party (BJP) formed strategic alliances with smaller, state-based political parties and rode to power with Hindu-nationalist rhetoric that was openly hostile to the Muslim and Christian minorities. The governments that the Congress and the BJP have led at the center since have been coalitions propped up by regional parties.

The leaders of these smaller parties have a very different political and social vision from that of India's founders and align themselves to the interests of not just the state they represent but also of particular caste and religious communities within it. India's first leaders had wanted to put an end to "categorizing, separating, classifying, enumerating and granting of special concessions."6 But with the rise of powerful community-based parties, such concessions have become central. For instance, in Uttar Pradesh, Mayawati's Bahujan Samaj Party (BSP) has brought specific benefits to voters from her caste, the state's oppressed Dalit communities, in government appointments and jobs. In Bihar, some complained that "the department heads and heads of electricity and water boards Laloo Prasad Yadav appointed were all Yadavs."7

India now experiences its biggest questions of identity every election day. Our politics is broadly organized along the lines of caste, religion, region and class. These form the basis of our loyalties and, often, of our development policies.

A cautious hope

It would be a mistake to be entirely fatalistic about India's multiple divides. Our divisions were overcome once, in the heady days after independence, and this may happen again. After all, the Kerala communist leader E.M.S. Namboodiripad once told the sociologist André Béteille that caste was irrelevant and was "an obsession of American sociologists who come to study India."

Some people might consider me a hopeless optimist here, but I think it is likely that we Indians are finally becoming more than what is defined by caste, religion, region and family, and are linking ourselves more closely with the notion of Indianness. I had recognized this faith in my father as he followed Nehru's career and his soaring, unifying rhetoric with hope and a deep sense of possibility. I had to discard my father's beliefs in Nehruvian socialism when I began working at Infosys, but his optimism for India's politics has persisted in me.

It is true that this vision of an Indian identity—one that moves beyond feudal ideas—seems very distant at times. Only as recently as 1998, Laloo Yadav was successful in convincing many of his voters in Bihar that one of his candidates, Shakuni Chaudhry, was a reincarnation of Kush—the son of Lord Vishnu. We have watched our politics degenerate constantly into appalling spectacle—with the throwing of punches in parliament as our politicians duke it out over the narrow interests of religion, region or caste, and as jobs and college seats are parceled out on the basis of caste identities. But there have been some changes in recent years that give me hope. The rising number of entrepreneurs among the backward castes, demands for English-language education and the mushrooming of private schools even in villages, the surge in civil activism through NGOs and legislation such as the Right to Information Act—these are all signs of positive change, even if slow and tentative.

As economic development and income mobility erode the day-to-day authority of the caste system, it is

possible that this identity will no longer be the sole reason for voters to elect our leaders. In recent elections, people have been voting out populist politicians who fail to deliver results, regardless of their caste. This is true even in the most feudal states, Bihar and Uttar Pradesh. In Bihar, Laloo Yadav's rule of fifteen years ended in 2005 with his party finishing in third place. In Uttar Pradesh, Mayawati engineered an improbable coalition of Dalits and Brahmins to win the state in 2007 and since then has emphasized (as rhetoric, at least) a mantra of *sarvajan samaj*—a party for all people.

Over the last two decades, the dissatisfactions of voters have also become more pronounced, as they have systemically voted out governments at the state level and also at the center. India's voters are clearly shifting back and forth between the available options in search of someone who will offer them an alternative to economic and social neglect, someone who can provide real opportunities—economic choices and a chance to better their lives. I believe it is the force of new ideas that is catalyzing this shift.

I call the divides we have faced in caste, religion and region the "vertical" issues in Indian society. These issues do dominate our electoral space, but there is a chance today that they will become much less central. And the reason for this is that over time a set of "horizontal themes"—ideas related to development, education, health, employment and other issues—has been gaining momentum. Outlining these vertical and horizontal themes is a useful way of looking at our future. It allows us a perspective on our elections beyond the immediacy of which caste and political combination is likely to win in the next polls, and to take a bird's-eye view of our political concerns. What this view tells us is that certain ideas often overwhelm our divides, they become widespread demands among the electorate and they can sway the outcome of an election.

At first glance such a notion seems optimistic, especially if we look at our most dysfunctional states—Bihar, Uttar Pradesh and Rajasthan. The political scientist Kanchan Chandra has made a fascinating study of how caste allegiances during elections in these states have made even the most basic public goods tradable for votes. This means that the day-to-day security of a particular caste of voters and their access to identity certificates and ration cards for subsidized food and essential commodities depend on their chosen party winning at the polls. "Voters here need their own caste group in power if they want access to the most minimum of services," Kanchan tells me. Else the government is indifferent to them at best and antagonistic at worst. Voters, especially the poorest ones, see their votes in these states as a trade for safeguarding their basic rights.

In slightly more developed states such as Andhra Pradesh—and this is now the most prevalent dynamic across India—basic public services and protections are widely available. Here, the aim of caste- and religion-based combinations in the government is to ensure specific benefits for their own group and community. These are usually in the form of reserved jobs or reserved seats in colleges or the state legislature.

A third scenario, however, can serve as a kind of gradual tipping point. A few Indian states—such as Maharashtra, Karnataka and Tamil Nadu—are economically fairly advanced, and citizens do not have to resort to caste-based bargaining for public services. Elections here may still be fought along caste lines, but the primary aspirations of the people are more broad based—such as in their demands for better infrastructure and more effective schools. This is becoming especially evident with the rise of the swing voters, who vote more on material development issues than along caste lines. In Karnataka's state elections in 2008, these voters became the kingmakers by engineering a swing of more than 5 percent toward the BJP.

The undeniable fact is that in each of these three scenarios caste plays an important role in electoral choice. But based on the levels of governance and prosperity, the needs and demands of citizens in these states vary a great deal. In the real world, this means that in Bangalore, people across all castes may demand access to

private education in English; in rural Bihar, however, the most widespread concern among voters may be access to land certificates. Caste barriers still exist, but certain common issues unite people nevertheless.

This is why I think that a "safety net" of ideas becomes critical in shifting our dialogues from feudal, chauvinist issues to secular ones. Once a core set of ideas and issues catches on across the population, it becomes difficult to limit party platforms solely to whipping up anger and resentment against the "other," the outsiders to one's caste, religion, region or class.

Such an idea-based approach could transform how we address our various challenges. Successive governments have often tended to view the problems across our education, health, industry and infrastructure policies in isolation from one another, where each problem is separately "an aching tooth that can be taken out."8 Our top-down technocratic attitude here has meant, for instance, that even after we passed industry reforms, we allowed infrastructure to languish. So our recent industrial growth has badly strained our weak roads and failing ports and has created massive bottlenecks and crises.

Looking at our problems through the prism of ideas helps us see clearly how these intermingling, flawed policies limit our growth. This is especially true when it comes to our agricultural crisis—the most tragic failure of our isolated, aching-tooth approach. The deepening crisis in agriculture is partly due to the lack of labor-market flexibility, which has prevented the shift of farm workers into manufacturing and consequently kept productivity across our farms low and unemployment high. In part the crisis has also come from the lack of infrastructure, which has limited farmers' access to markets, even as a variety of regulations tie them down to local buyers and low profits. At the same time, our growing environmental problems have degraded the soil and diminished water resources, placing our farmers at the mercy of a fickle monsoon. The lack of an organized retail chain and supply network has also increased spoilage and losses for agri-produce. And the absence of any effective financial coverage for the bulk of our rural households has limited their ability to innovate, experiment and take meaningful risks.

Our approach to these problems has to be upgraded into a far more wide-ranging mix of new policy ideas. Only then will we be in a position to address the gritty, real-life concerns of our billion-plus citizens.

Cards on the table

My own position on the way forward is unequivocal. I believe that the most important driver for growth lies in expanding access to resources and opportunity. People everywhere, regardless of their income levels, should have access to health facilities, clean water, basic infrastructure, jobs and capital, a reliable social security system and good schools where their children can be educated in the English language.

While this kind of access seems obvious as a goal, most countries are not designed to provide it. This dawned on me fully only when I heard the Nobel Prize-winning economist-historian Douglass North speak on how economies limit such opportunities for citizens. I was in the audience at a conference board meeting in Ireland in June 2005 when Dr. North delivered his compelling speech. He spoke animatedly and with passion on the immense importance of promoting what he called "open access societies." "The limited access order is what we now see in most countries," Dr. North told me later. "It promotes policies that cut off easy entry into markets and institutions for everyone." These limitations include difficult access to capital that people need to start businesses and education systems where quality is directly linked to affordability. As a result we see existing elites consolidate their hold on power and wealth, and it becomes very difficult for people to break out of the income class they are born into.

Listening to him, I could relate his example of a closed access economy to the India of my childhood, where employment was scarce, businesses were difficult to start and capitalize, and the quality of education systems varied widely. My parents were never wealthy—but my father, a manager in a textile mill, was plum in the

Indian middle class and prized education above all else. It was at his insistence that I attended a private English-medium school and was later fortunate enough to get admission into the Indian Institute of Technology (IIT) Bombay. This education, and the ability to speak English, helped me enter the software industry. But the majority of Indians lacked—as they still do—these chances. Most parents could only afford to send their children to state schools that had weak standards and taught only in the regional languages. This alone meant that in India if you were born poor it was very likely that you would remain poor for the rest of your life, and it was likely too that your children would not fare much better.

For an economy to shift into an open access we need competition and markets, because as Dr. North notes, this "ensures that neither political nor economic power is permanent or inherited, as people innovate and unleash their creativity." Such an environment also encourages social stability, as it creates a sense of fairness and a belief that everyone has a chance to change their income and status. From this perspective India is now, nearly twenty years after its economic reforms, still in the throes of becoming an open access order. A free democracy in 1947 laid the ground for political competition, but it took until the 1980s for Indian elections to become genuinely competitive. We have had some measure of economic freedom since 1991, but our social programs remain subsidy driven and weak. The low standards of our state-run schools and our weak infrastructure have especially hurt the poor in terms of access: those of us who can afford alternatives merely opt out, turning to private schools, private electricity and gated communities—or we emigrate, leaving behind rickety, nonfunctioning systems for the less fortunate to endure.

There is great resistance to an open access order, and it comes from both business and government. Interest groups and elites are leery about relinquishing power. There are good reasons why they prefer the status quo: labor reforms threaten not only businesses employing cheap contract labor but also protected trade unions. Better empowered parents and students in schools challenge the sway of teachers' unions and administrators. Greater economic and social rights for women threaten the relative bargaining power of male citizens and relatives.

Reforms that expand access are thus most crucial for the disempowered. They are critical in bringing income mobility to the weakest and poorest groups. And this mobility is at the heart of the successes of free markets: we tend to forget that a prerequisite to productivity and efficiency is a large pool of educated people, which requires in turn easy and widespread access to good schools and colleges. When more people get a shot at better jobs and good education, chances of innovation and "productivity leaps" for the economy only increase.

Consequently, when it comes to our development goals, I strongly believe that our greatest advances "come not in our discoveries, but in how we apply [them] to reduce inequality and create access."9 Ignoring this is not just bad policy—it carries high political risks. Across countries, we have seen a populist backlash against markets when they have failed to address crises around access—such as in Europe during the 1920s and 1930s, and more recently in large parts of Latin America. Even the United States, a country that supposedly holds the values of the free market close to its heart, saw anticapitalist sentiment soar during the New Deal years with rising poverty and unemployment, when Franklin Roosevelt condemned businesses as "fascist" and seeking "the enslavement for the public." The United States is seeing a return to such rhetoric and anger against big business as income inequalities and unemployment rise across the country, and as lax regulation allows the financial sector to run amok. It shows how easily a country's economic mood can change—since the U.S. financial crisis reached a head in September 2008 and near $1 trillion of taxpayer money has been set aside to bail out failing banks, even the staunchest free-market believers are expressing hostility against Wall Street. American commentators have called the bailout "socialism for the rich," and as one angry taxpayer wrote, "I can either afford to bail out irresponsible lenders and borrowers . . . or I can buy myself a house. I don't think there is room in my budget for both."10

Governments ignore such challenges in fairness and equality at their peril, and if these discontents are left to fester, they trigger enormous backlash against open market policies.

In this context, I see the current forces of globalization as working largely in India's favor. Globalization is right now a pretty incendiary issue. For some it is a metaphor for free trade and an increasingly interdependent world. For others it is a sinister force that homogenizes cultures, adds to threats of hegemony, hurts global diversity as consumer trends expand across borders and destroys the earth's environment. But I think that all things considered, India's changing position in the world combined with current global factors means that India has far more to gain than lose by embracing globalization more fully. India has unique advantages at the moment—the biggest pool of English speakers in the world and ambitious young entrepreneurs who are experimenting with low-cost models of doing business. Our large domestic consumer markets, besides the opportunity they offer also provide some insulation from the ups and downs of global trade.

The politics of the present also favor India. In the 1950s India's interaction with the West, thanks to our barriers to international trade, was limited to realpolitik and complicated by the Cold War and the Non-Aligned Movement. Not surprisingly, the relationships with the West of Indian statesmen like Nehru and V. K. Krishna Menon, India's defense minister and ambassador to the UN, were fraught. They only grew more so as India began to depend on international aid from the International Monetary Fund (IMF) and the World Bank, and Indira Gandhi, even as she went socialist with a vengeance, had to turn to the United States time and again for food-aid supplies in the late 1960s. Today, however, Indian businesses are playing a powerful role in shaping India's image as they diversify internationally, establish partnerships and make acquisitions. Our political leaders too are playing a more prominent role at multilateral organizations and building relationships with the United States and Europe. As the world's fastest-growing democracy, we also have the potential to emerge both as a balancing power in an era of authoritarian regimes and as an Asian nation that is among the closest culturally to the West.

Development and information technology

I also believe that technology in general and information technology in particular has a huge role to play—not just in providing better public services, but also in enabling an open, inclusive and less corrupt society. When I first became involved in the public sphere, taking on the role of chairman of the Bangalore Agenda Task Force (BATF) to improve the city's governance systems, I consciously avoided pitching IT as a means of solving public problems. I was wary of being labeled a "computer boy" who saw every problem as something that could be solved by writing a piece of code. After all, what do computers and software have to do with clearing garbage or providing safe drinking water? But after a decade of work on public issues, I am convinced that the strategic use of IT is key to addressing a wide range of challenges. In fact I do not see how things can be improved in the public sector without a massive dose of IT.

During those chaotic years at BATF when I attempted to juggle two very different goals—of being at Infosys during the week and working with the task force over the weekend—I saw at close quarters the differences between the private and public sectors. The most significant differences are in efficiency, accountability and initiative. In the private sector, productivity is paramount, and enterprise and intelligent risk-taking are encouraged. Investment and policy decisions are made and closely monitored by a team of people who have similar values and the same goals. In the public space, given the differences between and within the various departments, unpredictability about whom one will report to and the absence of tangible personal reward, there is a deep culture of risk aversion. The bureaucrats I encountered had learned that protecting their turf and not rocking the boat were key to thriving in government. I have seen enough enterprising bureaucrats in Karnataka who, when they tried to implement bold reforms in areas such as infrastructure or government transparency, found themselves transferred overnight to minor departments as punishment.

Even when benign and well-meaning, the public service culture prizes process and precedent over progress and results. As a result new projects fail to keep up with broader changes in technology and business innovation. The public sector also faces insurmountable challenges in the huge scale of the projects it has to manage.

Perhaps the most important difference to me was in how the public and private sectors looked at their goals. In the private sector, the focus is on efficiency and effectiveness—the aim, thanks to competition, is to increase revenues and profits by doing things faster, better and cheaper, and by meeting client needs. In the public space, on the other hand, it is equity that rules.

This is apparent across government policies—reservations in education, jobs and electoral seats is just one example.

What IT can do is bring all three—equity, efficiency and effectiveness—into the public sector. I call this the 3E effect. New IT infrastructure can bypass inefficient public systems and, by bringing in improved measurement of government objectives and outcomes, it can also enable greater effectiveness. And by improving allocation of resources as well as the transparency of such processes, the goal of equity, too, is achievable.

Information technology is also a key mechanism for addressing the knowledge asymmetry between the government and the governed. If the citizen has access to information about how decisions are made in government, how money is spent and to what end and who the beneficiaries are, it stands to reason that the quality of public decisions will improve considerably. Of course, IT cannot achieve this all by itself. But combined with laws that give people more access, such technology can bring dramatic changes into governance.

People power

Above all, it is democracy that is crucial for sustained development. Many people I meet complain about India's slow growth under democracy and suggest that a strong, authoritarian leader—who can be decisive when it comes to policy—would be more effective. Their angst is intensified by the quality of our public debate, the dismal record of some of our elected representatives and the corruption that seems to be ubiquitous.

It is true that India is a young democracy, saddled with the problems of inexperience, and that it has endured ineffective, populist governments. But the flag-carriers for authoritarian rule should remember that such power is always more dangerous than it is worth. An authoritarian system is always susceptible to tyranny and abuse—it is as likely to produce a Robert Mugabe as a Deng Xiaoping. It also creates errors that cannot be easily corrected, as we have seen in China's response to environmental issues and population growth. The democratic system, despite its flaws, is its own cure—in its guarantee of liberty for all people, irrespective of background and wealth, it offers the real drivers of change that can help overcome entrenched interests, inequalities and centuries-old divisions.

India's biggest weaknesses in fact may have come from too little democracy, rather than too much of it. Through our early decades, Congress-led governments, politically dominant and faced with little real opposition, could stick with pet policies long after they had proved ineffective. Theirs was an ideologically driven, top-down approach, largely undisturbed by the demands and reactions of its citizens. This only began to change as people started to speak out vociferously in the early 1970s, elect their own leaders and put up their own political parties in protest—pushback that came from the farmers, the Dalits and a growing middle class. India's reform process may have had the 1991 economic crisis as its immediate trigger, but more broadly it was also the result of the government trying to placate the anger of an electorate tired of crises,

low growth and high unemployment.

Over the last two decades, such democratic forces have only grown stronger, as once marginal caste and regional groups have gained power in our political system and as a surging middle class has become more demanding and assertive. Indians are no longer waiting for the state to provide imperfect solutions. Instead, faced with stifling labor regulations, people have moved into a vast, unorganized labor market. Faced with high unemployment, they have set up their own small businesses and shops. They have responded to a broken-down public education system by sending their children to both legal and illegal private schools. People across India are taking charge, whether that means citizen organizations such as Apna Desh cleaning up garbage that the municipal bodies have neglected to collect, or villages and cities across India demanding more local representation and power, or people pushing for government transparency through the Right to Information Act. This can only be good for reforms, as policies that fail to work are quickly discarded, and governments are forced to frame agendas that will keep them popular with voters who have made growth and rising incomes a condition for granting political power.

The time is now

For a long period after independence, India's dream seemed to flicker. Our growth stagnated, and with Nehru's death the country's social divisions rapidly worsened; we seemed caught forever in the turmoil of spreading unrest and riots. It was a period when one commentator remarked fatalistically: "You always have floods . . . food is always a little short, and someone is always striking. India is a sleepy country, and things just go on."11

In the last quarter century, however, India has begun to move away from the roiling distress of those years. The early trigger for this change has been the growth of India's IT sector. This was among the first industries to see rapid growth following reforms—in this sense, the industry has been the flagship of India's new economy, instrumental in driving the growth of the 1990s and bringing India to the attention of the world. Most importantly, perhaps, the industry unlocked the aspirations of countless Indians as never before through the possibilities it offered for jobs and upward mobility.

This sense of possibility and the rising aspirations—that began with the IT sector and that have now intensified as India's growth has become broad based—are the new unifying themes across the country. These twin themes will largely determine where our politics and policies will be headed. We can see this aspiration across class and caste—in the slum schools that call themselves "Cambridge" and "Oxford"; in the surging growth of India's cities as people pour in looking for jobs; in the fact that India's new heroes are business leaders like Narayana Murthy and small-town stars like the cricketer Mahendra Singh Dhoni. New India is united not just by a respect for achievement and yearning for a better life, but also by an unprecedented belief that such a life is possible, regardless of one's social and economic status.

Open to our possibilities

We cannot forget the circumstances under which India abandoned the socialist model. Our government adopted reforms in the early 1990s only under duress and in the midst of crisis: P. V. Narasimha Rao, prime minister at the time, had said, "Decisions are easy when no options are left." Even when socialism had proved ineffective, the political class was reluctant to abandon what had come to be seen as the legacy of India's founders and part of independent India's bold counter to colonialism.

Today, however, reforms have built a strong, vibrant market and an expanding class of workers and consumers across India, and we are unlikely to retreat to our autarkic past. But to ensure a continued commitment to reform, we must create a wider consensus for it. This means focusing on rational, reasoned and genuinely egalitarian ideas to overcome special-interest politics and the temptations of populism.

Our policies must not be defined by the context of colonialism or capitalism. Instead, we should focus on results and rational outcomes—"not against any country or doctrine, but against hunger, poverty, desperation and chaos."12 Our suspicion of private enterprise, globalization and the market has to do with our history, with the idealism we associate with our early leaders. But we need to remember that in some important ways India is still Nehru's India. Jairam Ramesh, who is the minister of state for commerce with the UPA government and also my former quiz partner at IIT Bombay, pointed out to me that despite the disadvantage of policies that encouraged monopoly businesses across Indian industries, "Our early trade protections created pockets of powerful domestic industry. We built 'scientific sultanates' in R&D, and created excellent higher education institutes." This legacy gave us certain advantages when we did liberalize, and it explains why India set off on a path of knowledge-intensive growth that was both unique and unusual for a developing economy. We were able to make effective use of the educated human capital pool we had built up over the years, and both our old and new industries have held their own as foreign trade and capital have flowed in. Our strength will always be reason and flexibility, not dogma and posturing. It is useful to remember what Nehru himself said shortly before he died: "If we do not ultimately solve the basic problems of our country . . . it will not matter if we call ourselves capitalists, socialists, communists or anything else."

At the end of the day, therefore, when it comes to our policies and ideas, I would rather be right than righteous and put aside emotion in favor of rational argument. I hope that I have done that in this book. And I hope that this book is read by my peers, by people in business, media and government—even if they only brandish it above their heads while loudly refuting my arguments. I would welcome the debate.

I see the divide between the India of old and India today as a generational one. "Age explains some of the biggest differences I've seen within our Parliament," Jay Panda, one of the country's youngest politicians, tells me. "The younger members are more open to new ideas, and more willing to try them out." Across the economy as well, the new, optimistic, aspirational India is clearly the India of the young. The entrepreneurs who are coming into prominence across industries, from telecommunications to banking to manufacturing, are remarkably youthful, their faces unlined; the private sector teems with young managers, analysts and engineers. At Infosys, the average age of employees is twenty-seven.

India is a country so young that 50 percent of the population is still not eligible to vote, and this means that the voice of an entire, large generation is now ignored in India's policy making and public debates. These are the children of liberalization who have an entirely different perspective on our traditions and policies compared with the majority of India's voters and policy makers today. They have their own take on urgent issues like our education policy, reservations and labor reforms, and on the more fundamental left-right divide.

It is the power and energy of our human capital, young and old, that has been central to the Indian transformation. And this force has not been limited to workers in the knowledge industry alone, or to India's educated class. The statesman Minocher Rustom Masani—or Minoo Masani, as everyone from his friends to his voters knew him—was among India's first truly liberal thinkers, and a deeply underrated statesman. As a Member of Parliament in the 1950s and 1960s, Minoo sat in the Opposition benches as a leader of India's sole pro-free market party, the Swatantra Party. His writings on India started out as optimistic, but later he despaired of the direction the country was headed both politically and economically. He wrote, "If India is to be saved, it will have to be saved by the small man."

This is exactly what is now taking place. It was not just the 1991 crisis that brought India's state-led economy down—by then, it was already being laid low by the thousand small cuts the people had dealt it through strikes, student protests, farmer riots, sandals hurled at ministers at election rallies and the electoral losses that had begun to pile up for incumbent governments. It is Minoo's "small man"—people demanding better solutions, people impatient and angry with ineffectual ideology—who is bringing new policies to the

forefront, driving change and shaping a renewed idea of India.

Part One

INDIA REIMAGINED

Ideas That Have Arrived

IDEAS THAT HAVE ARRIVED

I LIKE TO THINK of my generation as the "bridging generation," the one that exists between the India of the old and the new, and which straddles the divides and the ideas that separate the two countries. We are the ones who were there in the crowds both in the 1950s and in the 1990s—as children, we accompanied our parents to cheer Nehru, a statesman an entire generation had found tremendously inspiring in his ideas for a "compassionate state" and his passion for the country. And we were also there, if weather-beaten by the years that had passed, to see Manmohan Singh release his reformist policy in 1991—a politician who could not be more different from Nehru in his quiet demeanor, economic beliefs and soft-spoken speech, but who was nevertheless as much a believer in the power of ideas. And in this shift, we have witnessed how much India has changed and how powerful a role ideas have played in overturning established beliefs.

It is interesting to see how an entire country changed its mind on core beliefs, in shifts that took decades. The Indian transformation was not one launched from the ramparts of the Red Fort in Delhi or from the corporate boardrooms of Nariman Point in Bombay.

Rather, these new ideas gained acceptance because a wide swathe of people across the country had experiences very different from what they had been told and taught to expect. People who had been steeped in Indian-language schools one day found their advancement thwarted as they encountered the English barrier. The construction worker who viewed technology and computers with suspicion found his mobile phone with its ten-rupee recharge indispensable in getting his next job. The Indian engineer who parlayed his education for a job in Silicon Valley experienced the promise of globalization. And the Dalit farm worker who had long been sidelined in economic opportunity began to discover that he too could use his growing political voice to bring about more inclusive policies.

Completely unintentionally, my career took place at the heart of this change in ideas. When the other founders and I contemplated the idea of Infosys in 1981, I had no shortage of friends and relatives trying to dissuade me from joining such a "foolhardy venture." "Don't be an idiot," an uncle told me. "A start-up will find it impossible to do business here." Two decades later, however, I was being fêted as a first-generation entrepreneur, and my socialist father was in attendance at each of Infosys's shareholder meetings.

In my time at the company, I saw many such transformations. One was how the perception of IT changed rapidly across Indian industry—fifteen years ago, the chairman of a leading bank, the Union Bank of India, criticized my efforts to promote the benefits of bank computerization to the industry. Recently, however, his successor called me up and told me with pride that they were running the entire bank on one central computer system.

India has gained dramatically from similar, massive changes in our attitudes toward our population, entrepreneurs, the English language, globalization and democracy. It has made India a country that right now has a unique cadence, where all our major strengths have come together and matured at the same time. There are countries around the world, for instance, that are at a demographic sweet spot but lack the democracy

they need to exploit it. There are some nations that have huge natural resources but not the entrepreneurs and technologies to spread the wealth. And there are countries whose previous, unsuccessful experiences with globalization have scarred them so deeply that they shun it, and this limits how much they can gain from their domestic strength. In essence, I think no other country in the world right now has the combination that makes the Indian opportunity so significant.

We Indians have keenly felt both our humiliations and our successes. So the buzz surrounding our two and a half decades of growth has not been missed by any of us. Wherever I go, I find that Indians know our growth numbers backward and forward, and there is a strong, common feeling among us that our country has finally come of age. But it has not been an easy ride—the ideas that now bedrock India's economy took decades to be widely accepted and were often caught up in the storm of our politics and shifts in public opinion. In retrospect, each big part of the Indian miracle seems a little miraculous.

INDIA, BY ITS PEOPLE

IN DELHI this Monday morning, it is chaos. Despite its pristine new metro and expanding highways, the city can barely contain the morning hubbub, the swarm of people all trying to get somewhere. By the time I reach Kaushik Basu's home—set a little apart from the highway, on a quiet street that is empty except for a single, lazy cow who stops in front of the car, in no hurry to move—I am very late, a little grimy, but exhilarated.

Kaushik and I chat about how the crowds in the city look completely different compared with, say, two decades ago. Then, you would see people lounging near tea shops, reading the morning paper late into the afternoon, puffing languorously at their beedisd and generally shooting the breeze. But as India has changed—bursting forth as one of the world's fastest-growing countries—so has the scene on the street. And as Kaushik points out, it is this new restlessness, the hum and thrum of its people, that is the sound of India's economic engine today.

Kaushik is the author of a number of books on India and teaches economics at Cornell, and his take on India's growth—of a country driven by human capital—is now well accepted. India's position as the world's go-to destination for talent is hardly surprising; we may have been short on various things at various times, but we have always had plenty of people. The crowded tumult of our cities is something I experience every day as I navigate my way to our Bangalore office through a dense crowd that overflows from the footpaths and onto the road—of software engineers waiting at bus stops, groups of women in colorful saris, on their way to their jobs at the garment factories that line the road, men in construction hats heading toward the semi-completed highway. And then there are the people milling around the cars, hawking magazines and pirated versions of the latest bestsellers.e Looking around, I think that if people are the engine of India's growth, our economy has only just begun to rev up.

But to the demographic experts of the nineteenth and twentieth centuries, India's population made the country quite simply a disaster of epic proportions. Paul Ehrlich's visit to Delhi in 1966 forms the opening of his book *The Population Bomb*, and his shock as he describes India's crowds is palpable: "People eating, people washing, people sleeping . . . people visiting, arguing and screaming . . . people clinging to buses . . . people, people, people."

But in the last two decades, this depressing vision of India's population as an "overwhelming burden" has been turned on its head. With growth, our human capital has emerged as a vibrant source of workers and consumers not just for India, but also for the global economy. But this change in our attitudes has not come easily. Since independence, India struggled for decades with policies that tried to put the lid on its surging population. It is only recently that the country has been able to look its billion in the eye and consider its

advantages.

For most of the twentieth century, people both within and outside India viewed us through a lens that was distinctly Malthusian. As a poor and extremely crowded part of the world, we seemed to vindicate Thomas Malthus's uniquely despondent vision—that great population growth inevitably led to great famine and despair.

The time that Thomas Malthus, writer, amateur economist and clergyman(the enduring term history gave him would be "the gloomy parson"), lived in may have greatly influenced his theory on population. Nineteenth-century England was seeing very high birth rates, with families having children by the baker's dozen. Malthus—who, as the second of eight children, was himself part of the population explosion he bemoaned—predicted in his *An Essay on the Principle of Population* that the unprecedented increases in population would lead to a cycle of famines, of "epidemics, and sickly seasons."

India in particular seemed to be speedily bearing down the path that Malthus predicted. On our shores, famine was a regular visitor. We endured thirty hunger faminesf between 1770 and 1950—plagues during which entire provinces saw a third of their population disappear, and the countryside was covered "with the bleached bones of the millions dead."1

By the mid-twentieth century, neo-Malthusian prophets were sounding the alarm on the "disastrous" population growth in India and China, and predicted that the impact of such growth would be felt around the world. Their apocalyptic scenarios helped justify draconian approaches to birth control. Policies recommending "sterilization of the unfit and the disabled," and the killing of "defective" babies gained the air of respectable theory.2 India's increasing dependence on food aid from the developed world due to domestic shortages also fueled the panic around its population growth—in 1960 India had consumed one eighth of the United States' total wheat production, and by 1966 this had grown to one fourth.

Consequently, if you were an adult in the 1950s and 1960s and followed the news, it was entirely plausible to believe that the endgame for humanity was just round the corner; you may also have believed that this catastrophe was the making of some overly fecund Indians. Nehru, observing the hand-wringing, remarked that the Western world was "getting frightened at the prospect of the masses of Asia becoming vaster and vaster, and swarming all over the place."

And it is true that Indians of this generation had a cultural affinity for big families, even among the middle class—every long holiday during my childhood was spent at my grandparents' house with my cousins, and a familyphoto from that time has a hundred people crammed into the frame. Indian families were big enough to be your main social circle—most people did not mingle extensively outside family weddings, celebrations and visits to one another's homes.

The growing global worries around our population growth created immense pressure on India to impose some sort of control on our birth rates, and we became the first developing country to initiate a family planning program. But our early family planning policies had an unusual emphasis on "self-control."3 In part this was influenced by leaders such as Gandhi, who preached abstinence; in an interesting departure from his usual policy of nonviolence, he had said, "Wives should fight off their husbands with force, if necessary."

This focus on abstinence and self-restraint continued with independent India's first health minister, Rajkumari Amrit Kaur, who was in the odd position of being at the helm of a family planning program while opposing family planning "in principle."4 As a result Indian policy during this decade emphasized the rhythm method. Rural India was targeted for raising awareness of the method, and one villager remarked of

its success, "They talked of the rhythm method to people who didn't know the calendar. Then they gave us rosaries of colored beads . . . at night, people couldn't tell the red bead for 'don't' from the green for 'go ahead.'"5

Not surprisingly, India's population continued to grow through the 1950s and 1960s, as fertility remained stubbornly high even while infant mortality and death rates fell rapidly. This was despite the massive awareness-building efforts around family planning that the government undertook. I still remember the "small family" songs on the radio, the walls of our cities and the sides of buses and trucks papered with posters that featured happy (and small) cartoon families, and slogans like "Us Two, Ours Two." And yet, each census release made it clear that our population numbers continued to relentlessly soar, and we despaired over a graph that was climbing too high, too fast.

Snip, snip

As the global panic around population growth surged, the Indian and Chinese governments began executing white-knuckle measures of family planning in the 1960s. "Our house is on fire," Dr. S. Chandrasekhar, minister of health and family planning, said in 1968. If we focus more on sterilization, he added, "We can get the blaze under control."6

By the 1970s, programs and targets for sterilization of citizens were set up for Indian states. There was even a vasectomy clinic set up at the Victoria Terminus rail station in Bombay, to cater to the passenger traffic flowing through.7 But no matter how Indian governments tried to promote sterilization with incentives and sops, the number of people willing to undergo the procedure did not go up. India's poor wanted children—and especially sons—as economic security. State efforts to persuade citizens into sterilization backfired in unexpected ways—as when many people across rural India refused to have the anti-tuberculosis BCG (Bacillus Calmette-Guerin) injections because of a rumor that BCG stood for "birth control government."8

In 1975, however, Indira Gandhi announced the Emergency, which suspended democratic rights and elections and endowed her with new powers of persuasion, so to speak. The Indian government morphed into a frighteningly sycophantic group, there to do the bidding of the prime minister and her son Sanjay—the same hot-headed young man who had described the cabinet ministers as "ignorant buffoons," thought his mother a "ditherer" and regarded the Philippines dictator Ferdinand Marcos his role model.9

Users Review

From reader reviews:

Shawn Macdonald:

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