



BY INVITATION

### Dr Partha Ghosh

*Renowned strategist and Founder/Managing Director of strategy/policy advisory firm, Partha S Ghosh & Associates, Boston.*



# Time to embrace the new spirit

Everything in India, it seems, is on a roll. There is a sense of feel good in the air. However, the challenge now is to use this “feel good” factor that is currently the purview of a few isolated segments of Indian society for the advantage of the other eighty percent of India. Dr Partha Ghosh, a renowned strategist and an innovator of business and economic models, and founder/managing director of strategy/policy advisory firm, Partha S Ghosh & Associates, Boston, puts forth his idea of what the Indian enterprises as well as the leadership ought to do to truly make India a great superpower.

#### **With the breakneck speed India Inc is going about, where do you think we are heading for in 2020?**

It is indeed impressive to observe the economic momentum India’s new liberalizing policy environment has created, particularly in terms of the confidence with which the corporates are making global bets, and at speed with which investments from overseas are coming into the stock market. Indian economic landscape also exuberates a sense of confidence in the knowledge-based industries as India is in the process of building a global presence in the IT and Bio/Pharma sectors.

In order to celebrate this confidence and to sustain the momentum we have built in the last two decades, Indian leadership has to embrace the new spirit with a wider perspective of global trends, and deeper understanding of India’s grass root issues and its multi-variable ethos. When such a perspective is developed relative to the changing geo-political

equations, the emerging constraints the imbalances in ecology, energy, ethics, equity and “efficiency levels” between societies impose, then only can India be able to develop a 2020 vision which spells out the nature of advancement that Indian society could sustain, and the global civilization at large could aspire for.

Because of the developments of the last 20 years, while it is difficult not to notice how the top 15 percent are benefiting and, in turn, how this segment is getting consumed by consumption-centric market mechanisms, but in building a truly forward looking society for all-round advancement of the nation, we have to now work on how the hopes and dreams of people (close to eighty percent of India’s population) who are in the sidelines of this “breakneck speed” could be activated, sustained and realized.

Moving forward, it is important to realize that since the 1950s, when the population of India was only 350 million, our problems have only become

more complex and gained in magnitude. The destabilizing effects of various unintended consequences of our isolated success stories could be huge. After all, just a name a few...

- Increasing exposure to the turbulence of economic instincts of global investors.
- Widening divide between the rich and poor has increased.
- Deteriorating ecological balance.
- Accelerating drop of Ground water level.
- Worsening balance of trade (income statement of the nation).
- Deepening social indiscipline.
- Fragmenting of political/economic make up of the nation.
- Eroding faith in our ancient values and philosophy, masked by Bollywood's and Hollywood's culture of "instant gratification" in the name of modernism.
- Increasing stress on health care system for people in the grass root.
- Delaying development of a quality primary education system.

These are indeed trends easy to observe all around us. Some how, our direction of development, particularly in the last 20 years, has not been able to address the real issues. The challenge now is how to use this "feel good" factor in isolated segments of Indian society for the advantage of the other eighty percent of India.

If we do not answer this "HOW?" with a strategic framework which is all inclusive, which respects that the economic models which resulted from industrial revolution have come to the end of their life cycles – thanks to the constraints imposed by (i) depleting natural resources from hydrocarbons to metals, and (ii) limiting capacity of the ecosphere to accommodate any additional emissions/wastages – by 2020, India could be in a state of economic, political, ecological and social turmoil. Indian leadership has to avoid such a phenomenon at any cost.

On the other hand, if we do put our minds together with due respect to all the soft and hard assets in each region of the nation in developing a strategic game plan with full commitment to implement a series of public private partnership (PPP) initiatives, India could give birth to new forms

of economic models, and institutional mechanisms which the rest of the world could well draw inspiration from.

Indeed for a country like India, given its rich heritage, complex socio-economic system and, most importantly, the early stage India is positioned on the path to economic prosperity, it must evolve an economic model which is (i) distinctively its own, (ii) "future-in" in contrast to "past-out", and (iii) oriented to leverage emerging sciences and technologies – nano, bio, opto, info technologies, to name a few, to address its own grass root problems.

In the last two decades, I have talked of the three strategic advantages from where we should begin strategizing the development of the nation:

**Time Advantage:** There are two types of "Time Advantage" India enjoys, which it must strategically utilize to make a giant leap forward in its economic development. At the grass root level, the issues related to access to clean water, renewable energy, and sustainable ecosystem are soon going to be as serious issues in advanced economics as well, perhaps in the next 20-30 years. If India, through PPP initiatives, could develop sustainable solutions to these challenges, Indian business will have lot to offer in future global markets. Furthermore, countries like India which are not yet as much affected by the 20th Century economic habits, will find it easier to disengage from business models now than later, only

if we have the courage to bet into future with the new resolve.

**Diversity Advantage:** The diversity of India's ecosystem, faiths, landscape, bioscape, all provide India the advantage of dealing with the forces of convergence better than many other nations, as long as we evolve a delivery system which, on the one side is universal, and, on the other, has the ability to customize value propositions for different segments of the society.

**Wisdom Advantage:** As the world becomes increasingly knowledge-intensive, volatility of economic system and business models will only increase. In order to deal with volatility with grace and dignity, the teachings of the Vedas in terms of

*Our direction of development has not been able to address the real issues. The challenge is how to use this "Feel Good" factor for the advantage of the majority of India.*



*The time has come when we must fundamentally examine how to develop and manage market instruments that are in harmony with, rather than overpower, the greater purpose our minds must aspire to serve.*

“Know thy self”, “Harmony with nature” and “Service to humanity” are of major significance to help us develop new business models which enable the switch from “extractive” to “enriching” relationship between man and nature.

I do believe the challenges are significant. But, equally significant are the possibilities, only if we harness the power of new technologies with true ingenuity and reverence to our heritage. Indian leadership must realize equally significant are the risks of non-performance if we get trapped by “linear thinking” and if we unconsciously allow markets to dictate what kind of nation India will become. Markets should follow a more creative, a more holistic and a more visionary thought, governance and civil processes; not the other way around.

#### **What kind of global standards should India set for itself to reach whatever it has planned?**

India will be well served to study those periods of development in a few nations which might provide Indian leaders the hints and insights on the essential conditions India need to create for all-round development of a unified nation where basic social infrastructure standards are same all across. Today, when someone from Nagaland, or even Nagpur, comes to New Delhi, it presents an environment which makes the visitor feel more as an outsider than a patriotic citizen. The period between the Civil war and the First World War in the US, the Meiji restoration period in Japan, the sixties and seventies in South Korea, the achievements of China through early eighties until the present, together spell out policy and social features which we need to understand and then determine the factors which are relevant in today’s setting in India’s diverse culture.

In this context, if, instead of standard, you permit me to use the term “index”, and/or measurement metric, which India must use to keep close track of factors that will define what I term the “socio economic aesthetics”, and “development symmetry” of a nation. In that spirit, India must adopt a set of indices: Ethics Index by State, by Industry;

Ecology Index by industry; Education Index; Efficiency Index; Equality Index; Export index (relative performance of India’s exports vis-a-vis exports of countries, e.g., China, Vietnam, who are in the same league); and, the likes which will together allow Indian leaders to track how well India is creating the essential conditions for economic growth which is sustainable and plays toward unified and all-around renaissance of its heritage.

In that spirit, Indian leadership should not feel shy in measuring penetration levels of Vedic values in our national culture as it could be the best harmonizer of development of different faiths and spiritual and intellectual thought processes. After all, because of the Vedic values ingrained in India’s DNA over the last 5000 years, various faiths have elegantly co-existed and co-blossomed in the Indian subcontinent. We must consciously manage and share with the rest of the world this “harmonizer model”, so that multiple values could peacefully coexist, yet celebrate a higher level of common expression of the humankind.

We have, over the years, fallen off the track of the basic process of philosophical expression which has continually defined India through the ages. After 60 years of independence, it is my strong conviction that India has reached the point of readiness to reincarnate and restore the most fundamental essence and the asset of India so that other forms of expression – be they in science and technology, in enterprising – or enquiring could ferment in an equitable fashion. In a fashion which will spell out the common good of humanity, across faiths, regions, and ethnic groups. Accordingly, India’s planning process has to change in a most fundamental fashion. As I have often suggested, the Five year plan should



follow a "Vision and philosophy" exercise with time horizons of 25 to 50 years (to be updated and tuned every five years, one year ahead of the Five year planning cycle). Such a vision must spell out (i) the essential conditions of well-being the nation should reach, (ii) global stature India must earn on geo-political, geo-economic and geo-cultural issues, (iii) the basic building blocks of development each region must commit to convert the mission to reality.

#### **What are the challenges it would face and how can it overcome the same?**

If India does not proactively address the current and emerging issues we have discussed and the opportunities we have identified, the outcome will indeed be dismal and chaotic. Multi-dimensional disparities across economic classes, states, rural and urban populous will become so visible that, together, they could lead to millions of mutinies across the nation leading to tremendous internal socio-economic stresses which could fundamentally choke the free market processes and, in turn, make political governance more difficult. Linear thinkers who typically talk in terms of quadrupling of demand of India's consumer products and, in the process, fuel the "feel good" factor, often miss the full view of the challenges ahead and rear view of where the nation is coming from.

A country with a large population base, with limited consumption power on a per capita basis, it really does not require rocket science to project that if current growth rates continue by how many folds will India's economy grow, and then predict how the consumption basket will look like if we follow the same pattern of consumption which was possible 70 years, 50 years, and even 30 years ago, in more advanced nations. What the linear thinkers do not understand is that the same pattern of consumption is not possible for two fundamental limits the globe faces today: non availability of resources to power such consumption habits, and the limits ecology imposes on our disposal and emission habits for the consumption instincts markets have

served in the last century.

Indian leadership will have to first think about the kind of society it wants to build, and then decide how the markets will be structured to serve a higher level purpose. When the markets are in turmoil world over, when markets cannot define on their own its own contour, and cannot determine what is the ultimate good for our civilization, projecting consumption patterns and sizes of future markets linearly not only under pays the importance of social processes below but ends up making markets unconsciously consume the more powerful assets of the nation, while making lower level of instincts of mankind, more powerful and addictive.

#### **If you were to make one recommendation to India's Prime minister and/or Indian Parliament, what will you focus on?**

India must launch an all-out effort to begin what I will term "ethics movement". It may be worth the while to create a high-powered "Ministry of Ethics", which should, in concert with media, ministry of education, law enforcement and industry associations, develop multiple innovative programs at different levels of India's complex socio-economic structure. India will be well-served to adopt a metric "ethics index" which the ministry could use to report how well different organizations are meeting the ethical standards along pre-defined dimensions.

Of course, I mean ethics in very broad terms, including ethics of thinking, ethics of market mechanisms and ethics of corporate and personal behaviour at all levels of society. If India could commit to becoming the most ethical nation in the world, I can bet, given the enterprising spirit of its people, many other ingenious programs will follow.



***It is my strong conviction that India has reached the point of readiness to reincarnate and restore the most fundamental essence and the asset of India so that other forms of expression or enquiring could ferment in an equitable fashion.***



We will be able to be more genuine in our resolve and more empathetic to our people at the grass roots.

Naturally, when we are more genuine, we will not succumb to market and/or popular forces. We will shape and guide market forces for the greater good of society; we will naturally celebrate our Vedic values, not because we have more commitment to one faith over others, but because we believe in universality of “being and becoming”, and we can then shape and guide market forces serve the philosophical teachings, such as “harmony with nature”, and, in turn, lead the world in creating new eco-friendly economic and business models. Indeed, ethics will be able to unleash the “power of harmony” which, perhaps, will be the most important power India could secure, unleash and share.

**There certainly is no quick *mantra* to take this great nation forward. However, if you were to gaze into the future, what do you foresee for India Inc and India and the path it needs to be on?**

The economic and technological advancements we have witnessed in the last century are indeed significant. Spread of the democratic form of government, decolonization of nations, increasing visibility of self-determination of societies, globalization of markets, just to name a few are important developments of the last century. These developments were made possible by unleashing of the innovative instincts of society, leading to development of market mechanisms that have further propelled development of technologies and innovation in general.

As long as the socio-economic processes and markets have been subservient to the advancement of the mind, humanity has excelled as we have experienced in different periods in history, such as in Vedic India 3500 years ago, in Greece 2000 years ago, in Tang Dynasty China 1200 to 1500 years ago, during the European Renaissance from the 12th to the 19th century, and in the bottom-up socio-economic development of the U.S. from the 18th to the middle of the 20th century.

However, as today’s market, under the forces of globalization and digitization, is omnipresent and has become overpowering, it is indeed driving and shaping the choices that minds are making. It is, indeed, easy to get trapped by our baser instincts, which markets find easier to activate and serve,

science of economics find it easier to measure and plot, to identify patterns and theories, as opposed to inspire higher level behavioural traits latent in humans. As a result, market forces increasingly consume social ethos and conscience, making greed win over creed.

The time has come when we must fundamentally examine how to develop and manage market instruments that are in harmony with, rather than overpower, the greater purpose our minds must aspire to serve. When our mind is influenced by lower-level instincts, we end up defining progress – social or individual, corporate or government – by easy metrics that serve only the interests of the market, by gains that are readily realized. In the process, more often than not, we sacrifice the long-term, less tangible but more strategic impact that such measures might have on society.

For example, the response of the U.S. auto industry in the Eighties, Nineties, and even in the past decade to meet the rising market share of German and Japanese cars was a series of minor tactical twigs, camouflaging the real strategic issues. It is my strong conviction that the auto industry’s leadership did not lack for insight, but rather were (and are) mired in serving the short-term measurements that markets dictate. As a result, every three to five years, the industry sinks into deeper financial crisis, only to be rescued by short-term measures and easy strategic moves - the merger of Chrysler and Daimler, the acquisition of Jaguar by Ford - which, after only a few years, have become cancerous. World wide, there is a sense of despair and confusion, people in leadership roles are finding it difficult to orchestrate people’s aspirations and skills to ward a higher level purpose toward a more progressive society.

During the times of discontinuities that we live in, when we require holistic thinking, people are encouraged to be only “practical”, so we continue in our failure to find harmony between the purpose of being and the purpose of the market.

We will, perhaps, need to rethink how the foundation of new economic discipline be developed which will include those behavioural traits of humans that will place compassion above competition, conservation above consumption, conviction above manipulation, yet enable sustainable advancement. EPC