TRANSFORMING INDIA
TOWARDS A NEW DEVELOPMENT MODEL

SIXTH DARbarI SETH MEMORIAL LECTURE

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Honourable Shri Sushil Kumar Shindeji,

Dr. Arcot Ramachandran,

Dr. R K Pachauri,

Members of the TERI Governing Council,

Other distinguished guests

Ladies and Gentlemen,

I am very happy to be here this evening.

It is an honour and a privilege to deliver the Sixth Darbari Seth Memorial Lecture at TERI.

Shri Darbari Seth was an iconic figure. He became a legend in his life time. He was a great friend of my father Shri Dhirubhai Ambani. Like my father and me, he also hailed from Saurashtra. Both of them shared an inspiring vision: The vision of making India a great economic power.

Like my father, Shri Darbari Seth had immense faith in India’s youth. I had the good fortune to learn from his wise counsel and benefit from his guidance. The more I saw him, the greater was my admiration for Shri Darbari Seth. He made an indelible mark in a variety of industries – from fertilizers to tea. He created numerous institutions of timeless value. And this very institution, TERI, is an admirable product of his vision. An institution engaged with issues related to energy, environment and resources. And an institution with global appeal and character.

Friends,

This event today is greatly enriched by the participation of Shri Sushil Kumar Shindeji. Shri Shindeji is a living symbol of the dramatic transformation of Indian society after independence. Born in a poor family, he rose to great eminence in public life. He showcases the power of determination and perseverance. He has proved the enormous potential of those who were denied opportunities in a feudal social order. His life and achievements
have an invaluable message: Give the underprivileged an opportunity and they will bloom to their fullest potential Shri Shindeji, you remain a source of inspiration for all of us.

Friends,
I am grateful to Dr. R K Pachauri for asking me to share my views with this august audience. Dr. Pachauri has ably led TERI to international eminence. He has built an institution which impacts and influences global thinking on the future of our world. He combines eminence with a quiet demeanor and dignified character. He has done India proud. India needs many more institution builders like Dr. Pachauri.

A NEW INDIA

Friends,
We celebrated India’s sixty years of Independence last week. On that historic day, some of us reflected on how much India had changed over the last six decades. The change, no doubt, is substantial. Till recently, we were talking of low, single-digit economic growth rates. Now we are talking double-digit economic growth rates. Till recently, we were talking of a depreciating rupee. Now we are talking of an appreciating rupee. Till recently, we were talking of investments coming into India. Now we are talking of investments going out of India. Till recently, we were talking of unemployment. Now we are talking of nearing full employment. Till recently, we were talking of a supply-driven economy. Now we are talking of a demand-driven economy.

India is turning a new leaf, no doubt. But the change must be faster. It needs to be inclusive.

Dhirubhai and Darbari Seth were obsessed with building the foundation for a strong India. Both of them believed that, for India to find its rightful place in the world, doing more of the same will not do.

We need to transform Indian polity, economy and society. The first step is to transform our way of thinking. An incremental attitude will not do. Our vision of a New India needs to be all encompassing.

Where every citizen is empowered.
Where people can access new generation technologies and skills.
Where enterprising men and women have access to unprecedented opportunities knocking on our doors.

True power lies in the ability for every individual to shape his or her destiny. True technology lies in the ability to deploy solutions on a large scale. It’s real worth lies in bringing about socio-economic transformations. Opportunity in India must not be limited only to the few. It has to be accessible to all those who qualify.

True opportunity lies in transcending the divide between the haves and have-nots. Between those with access to income, information and inputs and those who are denied this access.

Ladies and Gentlemen,

I believe that a New India is on the horizon. Some aspects of it have already come to pass. Of course, several other aspects of it have to come about.

Technology is putting more power into every individual – to choose, communicate, collaborate and create. And next generation technologies are promising to take individual empowerment and universal opportunities to a new level. In every sense, a process of democratisation of creation, production and distribution is underway.

**INDIA AND THE WORLD**

Friends,

I also believe that the futures of new India and of the world are closely intertwined. Not only because one out of every six human beings reside in this country. Not only because India will become one of the three largest economies in the world within our life time. Not only because the center of wealth creation is shifting from West to East, to Asia, to China and India.

All these are important, no doubt.

But the most important factor is the qualitative change in the forces that are shaping the 21st century. Aspiration and information have become the most powerful tools of change in the knowledge age.
Aspirations have become irreversible and irrepressible. And information is rapidly becoming democratized.

These two make an explosive combination in a world where poverty is still rampant and disparity continues to rule. Since the end of the Second World War, the world has spent about 2.5 trillion dollars on poverty alleviation programs. But we still have to go a long way in decisively winning the war against poverty at the global level.

A lot of us think that the world is flat.

I think that the world is spiky.

The world is spiky because we have 15-20% of the people in the developed world also live in ‘plenty’. And we have 75-80% of the people who live in developing countries, who live in ‘scarcity’. This is a skewed world and it is important for us to recognize that while globalization creates specially flat spaces, we cannot have islands of prosperity with oceans of poverty and squalor. The world currently is witnessing a race for progress and prosperity. But of the six billion human beings on earth, five billion are on the margin of this race. About 20 percent, or 1.2 billion people, live on less than one dollar a day in chronic poverty. And an additional 1.8 billion people live under an income of two dollars a day. Three billion people do not have access to safe and clean water. These numbers should make humanity’s conscience revolt.

The global spread of poverty is staggering. The same is true of disparity amongst nations and disparity within nations. No one can remain insulated from its deeply disturbing consequences. Not nations, not governments, and, least of all, businesses. Large disparities in the world are no longer tenable. And let me emphasise, in the next 25 years the world will add another 2 billion people – 90% of this in poor countries.

So urgent action is needed now. For this, a fundamental change is needed in the development paradigm.

THE NEW DEVELOPMENT MODEL
Friends,

In this global context, let us look nearer home. India is definitely turning a new leaf. But one leaf does not make for spring. Several stark infirmities continue to stare at us. There are huge concerns on several fronts: Education, health care, food security, energy security and so on. In fact, the list is long.

We still have an enormous unfinished agenda for India. We have to address it effectively and expeditiously. For doing this, India needs a new development model. A new development model based on a comprehensive vision, exemplary leadership and extraordinary execution. Previous development models were based on giving doles to the deprived.

A new development model has to be based on empowering the powerless. Existing development models seek to provide subsidies to those who cannot afford.

A new development model has to strive to place higher incomes in the hands of those with low purchasing power. Development models in post-independent India hinged on public institutions to take India to ‘commanding heights of the Indian economy’.

A new development model in contemporary India has to empower energetic private institutions to take India to ‘commanding heights of the global economy’.

The current architecture of public institutions is not adequate to achieve this goal.

It is constructed around a command and control framework.

It is configured around function-based structures.

It is managed around authority-specific systems and processes.

It is here that the corporate sector can step in and play a meaningful role.

Visionary and successful corporate enterprises have appropriate architectures to succeed in a fast-changing, globalised world. Their vision tends to go beyond business objectives to larger national
imperatives. This is very evident in several sectors - information
technology, communications and energy to name a few.

India therefore needs a new development model that substantially
involves the corporate sector. A new development model that
draws on their energy and entrepreneurship. A new development
model that is based on cooperation and partnership and not
conflict and contradiction.

Contemporary India must trust and encourage strong corporate
sector enterprises to fuel socio-economic transformations.

SOCIO-ECONOMIC TRANSFORMATIONS

Ladies and Gentlemen,

Such a model of development will help build a New India. This
model can successfully address several issues. These include:

- Food security
- Energy security
- Education
- Health
- Employment

I would like to expand on two areas – food security and energy
security.

Food Security

Food security is the fountainhead for employment and poverty
alleviation. More so, in a context where two-thirds of employment
is in the farm sector. Ironically, the Indian farmer bears the highest
risks in the economy. He suffers from risks pertaining to climatic
changes, produce off take, produce price, produce weighment,
credit availability and credit costs. This is a serious infirmity for a
nation that has to continuously feed over a billion people.

It is possible to have a development model which improves the
quality of output, raises producers’ incomes and delivers products
at lower prices. It can be done by a convergence of organised
retailing and agriculture in an overarching way. This convergence can ensure higher prices of crops to farmers along with lower costs to consumers. It can unleash a genuine pro-farmer and pro-consumer retail revolution. It can keep the farmer informed, in a transparent manner, about the price he will get. It can bring technologies to play in quality planting material, agronomy, water management, post-harvest management and food processing. And connect him with the vast global consumer markets to ensure that the prices do not fall during the year of good harvest. Thus, we can create a virtuous cycle of win-win partnership between farmer and consumer. As the world population grows, India can, by raising productivity, contribute to food security globally.

**Energy Security**

A similar convergence between energy and agriculture can address energy security while raising income levels of farmers. This can be done through a biofuels revolution. It is possible to develop hybrid and transgenic technologies to use marginal lands for producing biofuel crops. It is possible to create a whole value chain that links the marginal farmer with global energy markets.

In the process, we can put more wealth into the hands of Indian farmers instead of wealthy sheikhs in desert kingdoms. We can extend this engagement to develop large scale use of non-conventional energy resources in rural areas. We can decentralise electricity generation to homes, farms and commercial establishments. This can be done by leveraging cell technology and integrating systems in solar energy on a massive scale.

Large-scale generation of solar energy is imminent. This is because technology is improving solar cell efficiencies, enabling use of thinner silicon wafers and reducing wastage in the wafering process. All this will drive down costs of production of solar cells and modules. It is envisaged that there will be a 50% reduction is costs in solar systems over the next few years and rural villages can be self-sufficient in energy by starting out with localized solar energy grids and integrating other renewable energy forms.

**Other Sectors**
There are several other sectors where a similar vision, convergence and partnership can come to play with transformational outcomes.

We can converge civil engineering and agriculture to build a trans-India water resources system. This can be done by linking rivers on an unprecedented scale. It can result in adequate water resources for agriculture, particularly to put marginal land to productive use and benefit marginal farmers.

We can converge electronics and new-age materials to build a devices ecosystem. This can be done by large investments in semiconductors and fab plants, where India has not created a single facility so far. It can result in catalysing the devices industry for household, industrial and medical applications.

We can converge information technology and health care to create a new health care ecosystem. This can be done by integrating tertiary hospitals with rural primary health care centres through telemedicine in an overarching manner. It can result in access to quality health care for the rural poor.

Similar ecosystems and outcomes can be conceived in education, urban life and transportation.

**Employment**

Higher employment would be a natural outcome of these new ecosystems. The new development model would thus generate more jobs than the number of people entering the job market.

Employment is one of the biggest challenges in India. A welfare state seeks to guarantee employment for a minimum number of days in a year. Often, our rules and regulations are more focused on preserving existing jobs rather than creating new jobs. This mindset flows from the uncertainty about the expansion of employment opportunities. This results in keeping the workforce at the existing levels of incomes and standard of life.

The new development model seeks to expand employment opportunities at the present level of incomes. And goes beyond. It aims at raising the nature of employment, levels of income and quality of life of our working people.
The new development model for transforming India will not only serve our country. It can also be a pace setter for several other countries in the world. For example, India can show the way for energy security for the entire human kind. The way to greater food security. The way to adequate supply of critical resources for development such as water, metals and materials.

**PARTNERSHIP IN TRANSFORMATION**

Ladies and Gentlemen,

Outmoded development models assume an inherent conflict of interests - between producers and consumers, between managers and employees and between shareholders and customers.

Growth, it is believed, is possible by man exploiting nature. This mindset assumes an inevitable confrontation between human beings and nature. Several economic theories are premised on conflict of interest between the rich and the poor. And that a large number of people must remain poor so that a few may remain rich.

I believe the mindset based on these assumptions needs to be discarded. A new development model can be built on the values of cooperation and partnership.

Between producer and consumer.

Between shareholder and customer

Between managers and employees.

Between corporates and government.

And more than anything else, in a spirit of harmony between human beings and nature. It is no longer necessary for a large number of people to be condemned to poverty so that few may lead a life of opulence.

Technology has placed in our hands the ability to raise the entire bottom of the pyramid. Technology has also placed in our hands the possibility to nurture natural resources for human needs in a holistic manner.
Mahatma Gandhi believed that there was enough in this world to meet everyone’s needs.

It is now possible to translate this vision into reality.

**CONCLUSION**

Ladies and Gentlemen,
New visionary, courageous and convincing models are needed to progress Indian society. I have shared with you today the broad outlines of a new development model.

It is not a product of imagination.

It is founded on inspiration.

It is not a conjecture.

It is based on conviction about India’s future.

It is not a utopia.

It flows from faith in India’s youth.

The twentieth century witnessed the victory of freedom over dictatorship. The twenty-first century can usher in wellbeing for all, instead of good life for only a few. This will be possible with a grand partnership of visionary corporates in joining the war for progress and development.

Such an engagement is an investment for our future. It is an imperative for our security and future prosperity. Because prosperity, like peace, is indivisible.

Friends,
Shri Darbari Seth believed in the untapped potential of Indian people.

The new development model will help them realize their full potential. And empower them to participate in national transformation, enthusiastically and effectively.
This will be our real tribute to a great man who looked ahead of his times.

Thank you.