

Inspiration in India for a New Generation of Entrepreneurs

By Ken Schoolland

Business schools everywhere are looking to inspire budding new entrepreneurs. Always in question: Can entrepreneurship be taught, or must it spring from practical experience? Alan Rosling is convinced that practical experience of successful entrepreneurs can inform the education of others through his book, *Boom Country? The New Wave of Indian Enterprise*. Rosling's book is also potentially useful for instructors and students who are interested in understanding important factors influencing entrepreneurs as a result of the dramatic changes that occurred in the Indian economy beginning in 1991. This work will almost certainly stimulate discussion across several academic disciplines, including economics, world history, and introduction to South Asia survey courses.

At the end of his book, Rosling calls attention to the question mark in the title *Boom Country?*. He's not entirely sure if India is booming. Rosling is properly conflicted in his interpretation. His book is a superb mix of assertions and counter-assertions about every premise behind the apparent growth factors. New attitudes toward business are enveloped by persistent old attitudes. Bureaucracy and corruption are in decline, yet they prevail.

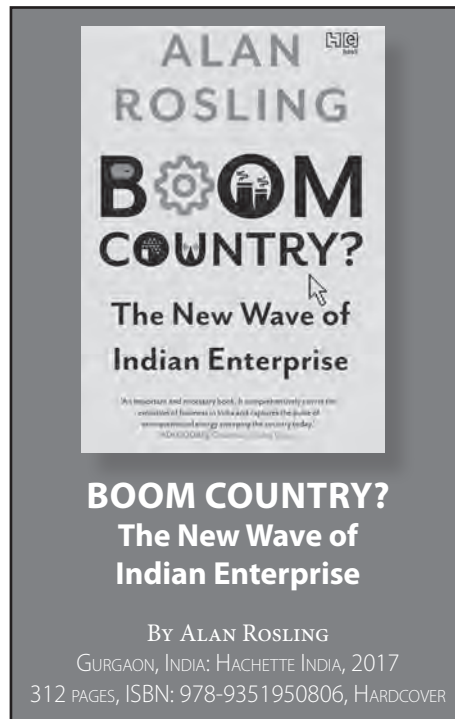
The Indian economy is said to be growing at 7 percent per year, stronger now than the growth rate of China, and growth has been fairly steady over the past twenty years. But how reliable is the data? *The Economist* magazine criticized the disappointing economic progress since the first election of Prime Minister Narendra Modi in 2014 and even challenged the official reports. "The government's other alarming innovation," commented the magazine, "has been to discontinue, revise, or delay some official data that do not flatter it."¹

Regardless of the actual numbers for the nation as a whole, examples of a booming prosperity abound, and entrepreneurs are surely the spark.

The Approach

The fact that India encompasses 1.3 billion people, projected to soon surpass the population of China, makes it understandable that the story of Indian enterprise is complex. While India is presented as a single entity in this book, consider the problem of presuming to write a comprehensive view of enterprise for all of Africa with fewer people, 1.2 billion inhabitants in fifty-four distinct countries. Still, with one national government, two dominant languages (Hindi and English), twenty-two officially recognized languages, and many more dialects, India is more unified and easier to discuss than a similar book on enterprise would be for Africa.

Rosling opens by offering his impressive résumé: student at Cambridge University and Harvard Business School, banker with S. G. Warburg & Co., manager in manufacturing at Courtaulds Textiles, special adviser to UK Prime Minister John Major, Strategy Director for United Distillers, Country Chairman in India of the Jardine Matheson Group, and the first non-Indian Executive Director of Tata Sons. All this by the youthful age of forty-six, when he created his own advisory business, Griffin Growth Partners, and cofounded Kiran Energy. This definitely catches one's attention.



The book is a veritable database of business contacts and friendships that Rosling built over the years, culminating in ninety-two interviews that he conducted about the personal entrepreneurial background of his network and carefully woven into a logical narrative.

The book is a veritable database of business contacts and friendships that Rosling built over the years, culminating in ninety-two interviews that he conducted about the personal entrepreneurial background of his network and carefully woven into a logical narrative. Twenty-one of these interviews were what he called "Manmohan's Children," the success stories that started prior to the year 2000 under the 1991 liberalization reforms that economist, then-Finance Minister, and later Prime Minister Manmohan Singh initiated. The rest, "The New Generation," Rosling considers very different. This is reflected in distinctly new approaches to entrepreneurship, not just modernizing changes in attitude regarding culture, education, sex, caste, and geography. Exposure to the US through education and media were critical factors in the changing outlook.

Rosling's tremendous wealth of contacts reminds one of the sage advice to ambitious people, "Never, never eat your lunch at your desk!" Why? You'll miss one more opportunity to expand your network of valuable contacts and personal education.

Ubiquitous Entrepreneurship

Much to his credit, Rosling begins his book not with vignettes of the great and glorious titans at the pinnacle of Indian commerce and industry, but with an appreciation for the pervasiveness of the entrepreneurial spirit throughout Indian society, essential to survival for those with no other options. "Don't dismiss the rag-picker as not being an entrepreneur," asserts a humble Rosling. "A large percentage of the population is classified as self-employed, and these guys do some remarkable things . . . Any encounter with India leaves a sense of millions of small traders, service providers, and suppliers of everything conceivable."²

The street-side deal maker is ever flexible, always solving a problem and satisfying a desire, ever vague and highly personal, always taking a risk. This is nothing new to India; it has always been so. Yet these enterprises have mostly remained small, confined by geographical region, social caste, religion, cultural attitudes, education, bureaucracy, and corruption. Much of what Rosling reveals is that these constraints are beginning to fall away, eroded by the influence of a dynamic world.

The long history of India's decline from ancient grandeur to chaotic desperation is attributed to two forms of governmental control, two versions of central planning. First, reports Rosling, was British colonial implementation of pervasive protectionism, the arrogation of control to

The History of Economic Development in India since Independence
by Nimish Adhia

Understanding the Indian Economy since 1947

Editor's Note: Readers who are interested in a general contextual understanding of the dramatic changes that occurred in India's economy during the early 1990s are enthusiastically advised to read "The History of Economic Development in India since Independence" by Nimish Adhia (*EAA* 20, no. 3, 2015): <https://tinyurl.com/y6h-vlypk>.

the British East India Company, and the subsequent shattering of Indian self-confidence. Next, conditions became worse under socialist protectionism, the arrogation of control to the bureaucracy and pervasive licensing, and broad nationalization in the decades that followed Independence under the rule of Prime Minister Jawaharlal Nehru and Prime Minister Indira Gandhi. Once again, the dominant socialist state undermined the sense of independence and self-confidence of the ordinary citizen.

This very decline was illustrated in the experience of tribal villagers in Sagai village in Gujarat. "Farm families were desperately poor and terribly abused . . . Control of their lands had been taken away by the British colonial administration for national forests and, upon gaining independence, authority was transferred to an Indian National Forest Department. Centuries of traditional land use were swept aside by decree."³

The villagers remained in desperate, abused conditions until private initiatives inspired new legislation that, after dogged struggle, allowed title and property rights. Once freed from government controls, thousands of farmers saw their standard of living soar as they were allowed to be entrepreneurs on their own land. With this prosperity came education and an adaptation to all the benefits of technology.

Rosling shows that this kind of change is broad-based. He lists key reasons that India has lagged behind post-Mao China in economic growth, all related to government incompetence or intransigence: poor infrastructure, restrictive and complex controls, complicated and uncertain tax practices, and persistent corruption. For all this, Modi seems to have made some inroads, as exhibited by a rapid rise in the World Bank's *Ease of Doing Business Index*. Since Rosling published *Boom Country?*, India rose 53 ranks in just two years from 130th in 2016 to 77th in 2018. The greatest category of improvement was a radical reduction in construction permits.⁴

Yet this may not be a very accurate reflection of conditions across most of India. According to Swaminathan S. Anklesaria Aiyar, editor of the *Economic Times* and *Financial Express* and a research fellow at the Cato Institute, World Bank data is only drawn from two cities, Mumbai and New Delhi. It is these two cities that have been the major focus of reform. "This cloaks the lack of progress in the rest of the country," comments Aiyar.⁵

Before 2000

Rosling condenses the material from nearly a hundred interviews, interweaving success stories among "Manmohan's Children," start-ups before 2000: R. Ravindranath in rice milling, Ronnie Screwvala in media businesses, Zia Mody in corporate law, Kiran Mazumdar-Shaw in biotech, Narayana Murthy in software development, Dr. Prathap Reddy in private hospital development, Kishore Biyani in organized retail, Uday Kotak in banking, Rehan Yar Khan in venture capital investment, Ajay Piramal in pharmaceuticals, Niranjani Hiranandani in real estate, Ashok Wadhwa in finance, Pramod Bhasin in financial services, and Jagdish Moorjani in healthcare IT. These are just the most prominent characters in one of eight chapters.

It is an amazing collage of experiences, none of which are obviously full biographies or instructional how-to seminars. These are glimpse anecdotes and gut lessons, condensed as one would expect in an executive summary. At times, one feels that Rosling is writing to a particular generation of advanced insiders who already have some familiarity with India—people skilled in the world of finance and the art of the deal.

It isn't a beginner's book, but instructors familiar, particularly with Nehru and his successors' failure with democratic socialism and the concurrent rise of the "license raj" of that era with the thicket of regulation that stifled entrepreneurship, can provide students with valuable historical context that makes the book more meaningful for students.

Time and again one is reminded that entrepreneurship isn't a job, it is a passion. "Grit and determination are the keys to success," says Ronnie Screwvala.⁶ And Kiran Mazumdar-Shaw says, "You basically need a good idea and you need to be passionate about it."⁷ Don't underestimate the complexity of the stories by these simple truths. They represent a trait fundamental to the entrepreneur that needs to be understood as a near obsession.

This is reminiscent of Loy Weston, the man who, by his own assertion, founded more companies and made more millionaires in Asia than any other American. Recounting how he started nine companies, "I failed at every company I founded in the US, yet succeeded with every company I founded overseas."⁸ He was fond of lampooning the naysayers who claimed that Americans couldn't compete abroad.

How did Weston explain his resilience? "All of the companies I started while working at IBM were failures. Then I hit my first home run in Japan. After that, all the companies I started were successes. . . . Actually, I couldn't give up. The reason no entrepreneur ever fails is because they can never give up."⁹

After 2000

Rosling attributes the rise of "the New Generation" of entrepreneurs, post-2000, to several factors. One was the election of Modi in 2014 that raised expectations, as elections do, of a positive business climate. But long before Modi's election, there were other significant developments. Cultural attitudes toward a career in business were changing.

Previously, Bollywood (India's film industry) was filled with characterizations of businessmen or traders as greedy and evil. But young people were now becoming accustomed to seeing businessmen in a more positive light and didn't face so much resistance from family and friends.

The background of entrepreneurs was becoming more diverse as well as more "democratized." Instead of entrepreneurs coming primarily from business families of traditional castes and geographic regions, they were increasingly more diverse and from families employed in corporations, government, and academia. All the entrepreneurs the author interviewed had university education, mostly in engineering, and the majority had lived and studied in the US, a venue many Indian entrepreneurs perceived as sparking visions of the possible.

New Generation successes include Dhiraj Rajaram in business analytics consulting, Shashank N. D. in healthcare management and consumer app interfacing, Srikumar Misra in milk processing and distribution, Neeraj Kakkar and Amuleek Singh Bijral in traditional and innovative health beverage production and distribution, Mahesh Choudhary in development and supply of telecom equipment, and Aniruddha Sharma in energy-efficiency and pollution control cost reduction.

With friendly acceptance at home and a larger consuming market, many of the students began returning to India instead of remaining in the US after their studies. And greater exposure throughout India to Western media and marketing meant that returning youth didn't need to explain as much to family members and friends who had never traveled abroad.

Says Rosling, "The triggers that changed their views, and opened up entrepreneurship as an avenue to risk and to pursue, were education, exposure to role models and influencers, time spent overseas, especially in the

US, and a realization of the burgeoning new opportunities made available in a growing India by technological change.”¹⁰

The importance of education seems obvious to Rosling, for development of knowledge, skills, and attitudes, but certain trends in India seem to leave the future of education in doubt. The Right to Free and Compulsory Education Act has been used to close thousands of private elementary and middle schools by mandating the provision of standardized facilities. Since a vast network of private school alternatives are preferred by parents and students across India, millions of children, especially those of lowest incomes, have been seriously handicapped in obtaining a basic education.

According to renowned author Gurcharan Das, “India must be unique in the world for wanting to close down schools that serve the poor. What would be admired elsewhere as an example of entrepreneurial initiative (or *jugaad*, as they say in Hindi) has been made illegal by India’s educational establishment . . . In order to comply with the standards, these schools would have to raise fees three to four times, and then the poor would not be able to afford them.”¹¹

Engines of Change

Reflecting on the experiences of his interviewees in numerous fields, Rosling offers examples of originating ideas by taking advantage of problems, forming teams that utilize the strengths of different players, and raising funds for new ventures. Says Niranjan Hiranandani, “It’s a billion times easier now compared to what it used to be . . . Now both equity capital and debt funds are easily available. So, if you have an idea, you will be able to get funds. When I started out there were no easy funds.”¹²

Easier, maybe, but maybe still not easy. Rosling also provides counterexamples of entrepreneurs who found fundraising to be an extraordinary challenge. Siddharth Talwar comments, “Our journey for raising money began at maybe the worst time . . . We kept count of it—I think we got rejected some 540 times.”¹³

Rosling stresses that Indian entrepreneurs must be bolder; they must have a grander vision for scale. Entrepreneurs, he contends, are often intimidated and confine themselves to the local, familiar market rather than embracing an ambition to think internationally. International companies such as Amazon and Walmart have adapted to the Indian market. Likewise, the Indian entrepreneur can find a niche in the world market. This is happening and is revealing new markets and a whole realm of new ideas.

India has long been identified with the cutting edge of technology, largely because of the excellence of institutions such as the India Institute of Technology in Delhi and others, particularly in the technological hub at Bangalore, the Silicon Valley of India. Also of rising importance in the latter group is the number of successful alumni from the Indian Institutes of Management. Rosling describes the radical changes that various specific innovations have made in revolutionizing retail, communications, machinery, recruitment, advertising, education, solar energy, and finance. Each is a fascinating story from which any student of entrepreneurship can derive valuable lessons.

On government, Rosling is less sure of himself. He praises the tone of Prime Minister Modi, who talks a good game on embracing reforms in favor of business, but he acknowledges many of the shortcomings that governments everywhere exhibit. Time and again, the author’s interviewees discuss the problems and costs of convoluted tax systems, bureaucratic nightmares of regulations, and the ever-present hand of corruption. He quotes one anonymous entrepreneur saying, “The bribe levels have quadrupled in the last three years. You have no option but to pay as everyone does it. I just can’t go on record saying that.”¹⁴

In the next sentence, Rosling asserts, “India’s reputation for corruption, nevertheless, is overdone by many foreign businesspeople. The reality on the ground is that the situation is improving overall.”¹⁵ Rosling himself claims that he didn’t pay bribes.

This opens a fascinating discussion for students of business, political science, and economics. Can it really be true that Rosling didn’t pay bribes

“India’s reputation for corruption, nevertheless, is overdone by many foreign businesspeople. The reality on the ground is that the situation is improving overall.” — Alan Rosling


in his thirty-plus years of business in India, or is this something one simply cannot admit to on the record?

I posed this question to a highly respected Indian scholar who also remains anonymous. “Rosling,” he wrote, “was in India for thirty years; he, like any other businessman in India, would have to be very careful about what he says about the Indian government. And Rosling played it safe by putting a question mark on the title. And I presume you too would like your next Indian visa.” He urged me to focus on Rosling’s examples of successful entrepreneurs rather than the ambiguity about government officials.

Is India a place where one simply cannot talk about corruption without expecting retribution? If there is an abundance of controls over the economy, then surely the tools of thought control exist as well. A plethora of controls in any economy is not just a nuisance to the entrepreneur, but also is a tempting and lucrative opportunity to reward friends and punish enemies.

This is why the *Economic Freedom of the World Index* by the Fraser Institute shows that where government controls are the greatest on an economy, there is a high correlation to corruption. And when the controls are few, there is a low level of corruption because there are fewer opportunities to reward friends and punish foes.¹⁶ Encouragingly, India has risen on the *EFW Index* from a rank of 110 in 2014 to 95 in 2018, with a corresponding improvement on the *Corruption Perceptions Index of Transparency International* from 85 to 78 in the same time frame.

Rosling wades further into the quagmire by stating that an aggressive tax authority is understandable because “With its huge development needs



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and persistent budget deficit, the country desperately needs tax revenue. Only about 1 percent of the population pays any direct tax, and there is a strong culture of tax avoidance and evasion.”¹⁷ By “the country,” Rosling means the government, because the tax revenues come from people of the country who also “need” the money.

Perhaps the reasons for tax avoidance and evasion need to be addressed, not by justifying more aggressive taxation but by finding entrepreneurial solutions to the shortcomings of government. Economic development implies the solving of problems in communication, transportation and infrastructure, health, education, and security. As one of India’s leading industrialists and philanthropists, Ajay Piramal asserts, “Sometimes adversity gives you opportunity.”¹⁸ On the other hand, raising taxes to perpetuate central planning, wasteful government services, and costly taxation merely prevents start-ups or drives business away. Perhaps the tax avoider is behaving rationally and the tax collector could be a hindrance to prosperity.

Perhaps even more problematic for budding new enterprises than taxation in India is the hidden tax of a mysterious and antiquated legal system. “India holds the world record of thirty-three million pending legal cases in the courts,” observes Aiyar, who argues that costly and time-consuming legal procedures drag on for decades. “Modi has done nothing to overhaul the police or judiciary. That remains an urgent task.”¹⁹

Closing Advice

Rosling’s conclusion is a wise one. He has endeavored to show how entrepreneurs are the hope of India, that they are energetic and active, that they solve problems in thousands of unexpected ways. He is also cautious, realizing that any dream of a glorious new wave for enterprise is tentative. Therefore, he offers sound recommendations to aspiring entrepreneurs and investors, but rather-conflicted recommendations to governors.

To paraphrase, he urges entrepreneurs to follow their gut instincts about what to do and when, never give up, and think uniquely and creatively. He urges investors to be on the lookout for unique entrepreneurs

and to be thoroughly knowledgeable about, and engaged in, their investments. And for the government, ironically, Rosling says to get out of the way of the entrepreneur and, well, to get in the way of the entrepreneur with more taxation and intervention in the form of government-provided infrastructure and education. A more consistent alternative could be to advise the government to reduce taxes and government involvement in both infrastructure and education. Let the entrepreneur solve those problems as well. ■

RELATED RESOURCES

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