Preface

India, the world’s second most populous country, routinely deals with adversity, poverty, poor infrastructure and, being at the mercy of unpredictable monsoonal rains, regional conflicts and a variety of other difficulties.

Despite the multifarious problems that India faces, it is a testament to the country’s enduring promise that scholars and professionals are optimistic about her future. They are particularly tempted by the pro-growth promises of Narendra Modi, Prime Minister of India, who won a resounding victory in the 2014 election.

India’s resolve to “get on with its problems” is the reason it is one of the three countries making its own super computers, one of only six countries that can launch satellites, and has the second largest small car market in the world. Only the New York Stock Exchange lists more companies than the Bombay Stock Exchange.

This book strategically lays down what has to change if India is to enjoy the high living standards available in other parts of the world. Each year more than 10 million Indians join the workforce. Jobs must be found for them. But the giant factories that hummed with baby boomers in other places are scarce in India because it is so difficult to do business there. Businesses must comply with ludicrous government regulations which are impossible to follow. Bureaucrats and officials routinely accept bribes for failure to adhere to the law. For example, businesses are required to keep an abstract of the 1948 Factories Act on hand. Passing a visit by a labor inspector is almost impossible. If allowed a moment to reflect, the inspector will find a violation. To avoid a shakedown, businesses stay tiny and inefficient. Thus, India remains poor and woefully short of decent jobs.

Prime Minister Narendra Modi has grand ambitions for India, and self-confidence to match. But he must take steps to deliver concrete achievements. Under his leadership, the country has a golden opportunity to transform itself. This book stresses that he needs to use markets as agents of change. He should lead a national campaign to
change the world’s worst labor laws and the perverse restrictions on domestic trade in farm produce should be eliminated. Private companies could compete to make railways more efficient. Infrastructure must be built faster, which requires a better law on land acquisition. State-run banks should no longer be subject to political meddling, but recapitalized and put into independent private hands. Foreign investors could raise standards in Indian universities.

Since 2014, when Modi became the prime minister, India has made some steady, if not yet spectacular, progress. But he needs a clear vision for economic reform, a broader range of talent within his government and a more convincing message of moderation. This book identifies the policies that need to be adopted to make the future of India bright and prosperous. We are convinced that India will achieve greatness within a generation; it will become the planet’s most populous and prosperous nation. It could be one of the world’s three largest economies. And it could wield more influence in international relations than at any time in its history.

Writing a book such as this is a monumental task. It would not have been possible without much patience and perseverance on the part of all the people who responded to questions, assisted in research and remained at our side during the preparation of the manuscript. We owe these people our greatest appreciation and special thanks.

The scope of this book is wide. Indeed, we could hardly claim expertise in all of the areas it covers; the ideas are based on a variety of experiences of different individuals. We want to thank all the company executives, diplomats and managers who willingly granted their time and shared their views. We are grateful to numerous scholars in many academic disciplines in the United States and India who readily discussed the themes contained in their published and unpublished works. We thank them all. We are particularly indebted to the McKinsey Global Institute for permission to use their materials liberally.

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