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Creating wealth the Indian way

MOHIT KISHORE

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An inclusive, generous approach is the way to go, even if it rubs against the spirit of a free-market approach

On all counts, it appears that India is now on an unstoppable ideological journey from a somewhat socialist worldview to a more market centric capitalist worldview. The private sector now plays a critical role in nearly every sphere of economic activity. Meanwhile, the public sector too retains its relevance in many sectors, providing a useful counterbalance.

In this context, it would help to review in what way India's ground realities may be different from more developed economies, and what might be the resulting adjustments it needs to make in this new worldview it has adopted. The goal, of course, is to create a just society and economy where people, regardless of background, are free to dream up any possibility for their lives and are able to accomplish the same within the framework of the economic system in force.

India has a number of distinctive features in its society and economy that call for adaptive responses. The first is the staggeringly wide disparity in wealth distribution, with a significant population well below the poverty line. The second is somewhat related to the first, and pertains to unequal access to available opportunities as a result of various factors such as income, poor access to healthcare, caste, gender and so on. The third, one could argue, is the way in which Indian society has traditionally viewed the idea of the small self or personal ego as something to be transcended in the journey towards a universal self. Each of these factors has a role to play when we think about designing an Indian version of capitalism from the perspective of the private sector.

Some ideas

Some India-centric adaptations for the private sector could be considered, keeping in mind unique ground realities.

The goal here is not to reduce the wealth of 'winning' entrepreneurs in the free market, or reduce the incentive to succeed. It is to ensure that at each step of the way, the lowest in the hierarchy are also part of the wealth creation process.

One way for the private sector to do this would be to create stock ownership plans across the entire hierarchy versus for a select few. Other ways include tracking the ratio of highest paid to lowest paid employees and strive to keep it within a reasonable range. An organisation is a microcosm of society, and reducing income disparity within this microcosm is one step for reducing it in the world at large.

Needless to say, fair distribution of wealth will actually create more motivated workers, thus benefiting the organisation.

Job inclusion and capabilities

Job creation is an obvious priority in any scenario. The larger issue, however, is job inclusion. This entails offering opportunities to the widest possible spectrum of individuals. This may manifest itself in the form of lower standards for entry into jobs, particularly at entry levels. It may even involve exploring hiring more people than required by adjusting time spent on the job as well as wages paid proportionately.

This may sound like anathema to a pure free market approach, but it may be crucial for the private sector to adopt some of this 'cost' while recognising the social risks of growth without proportional job creation.

There are major gaps in the Indian education system relative to more developed economies. This explains the constant refrain from industry on the poor employability of a significant number of graduates. Government policy interventions to set this right will, of course, take a long time to find its way to beneficiaries. However, the private sector can play a crucial role, at least for those who have already found a job, but could do with skill enhancement.

Luckily, this is a win-win proposition since upskilled employees can, in turn, be expected to be more productive. The manifestation of these capability enhancement programmes need not be restricted to on-the-job skills alone, but can extend further into support towards university education. Opportunities missed during the early years of an individual due to economic or other social injustices can thus be set right.

Giving back

At the root of true generosity lies an evolved type of 'dispassion' that is well documented in Indian philosophical traditions. This dispassion is not at odds with wealth creation but is more about doing one's duties with the right mental frame of non-ownership. The idea of non-ownership finds its logical conclusion in 'giving back'. Linking this philosophical underpinning to the idea of capitalism leads us to the conclusion that 'giving back' needs to move from being just token handouts to a far more fundamental and radical giving back of wealth to society in the Indian context. This radical giving back of wealth by entrepreneurs has already begun in the West, and some examples in India, too, may be found.

None of this is at odds with the idea of entrepreneurs working on great ideas to create a lot of wealth. All that is added is an "enlightened self-interest" dimension to how this can be done with more responsibility to society. These are just some starting points for thinking about how an Indian economic philosophy may emerge from the private sector's standpoint. Similar adaptations in thinking may be needed in other aspects of society such as governments, households, non-profits, public sector and so on.

Each country needs to frame its own economic journey after due consideration of its inherent uniqueness versus blindly implanting ideas from other parts of the world. As the economic engines of the world gradually shift towards the east, this may be an interesting point of time in India's history to evaluate what it is that we uniquely stand for, what it is that we uniquely need, and how that must manifest in our journey ahead.

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(This article was published on December 3, 2015)

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