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Think of the concept of smart villages not just smart cities: Anand Mahindra

By ET Now

Taking part in SBI's economics conclave, talking to SBI Chairman Arundhati Bhattacharya, Anand Mahindra, CMD, Mahindra Group, says take manufacturing and employment to the village. Edited excerpts

Arundhati Bhattacharya: Noted historian Ramachandra Guha once said India will come its through into its own only when we have seven or eight very good chief ministers and not only a Prime Minister. So he actually attributed the growth of India to having better ruled states than to only have a very well ruled centre.

Mr Mahindra, if I can just ask you the next question. India has lots of low skilled workers and their share in the work force is around 30%. Medium skill occupations like operating machineries, driving vehicles, doing clerical work and things like that are getting squeezed. Clerical work I is going out of fashion. In private sector banks, they have done away with clerical staff. Is it possible for the low skilled to directly leapfrog to the high skill? Is it necessary to promote these for the Make In India piece and if so how can we go about doing it?

Anand Mahindra : When Bill Gates came to India in 1997, he talked about how India was going to leapfrog the manufacturing era and go straight into the services era. And he added a very sobering note, particularly because in that year only two million who were employed by IT. He said you know you cannot leapfrog the manufacturing sector and he pointed to China and said the kind of population you have, you have to focus on manufacturing. That is the only area that will get you those jobs which poured cold water on that audience right away. But his words of have turned out to be true and hence the Make In India push.

As for the question about whether low end skills can leapfrog, I am not sure it can be done. We have to focus on finding some way to unsqueeze that middle segment and that is going to be manufacturing. Sceptics are saying that when China got into its manufacturing boom from the late 80s, the world was growing at a rapid pace and was ready to receive Chinese goods. The situation today is different. The world is actually closing in, becoming more protectionist. So we do not have face the same propitious circumstances that the Chinese has during their boom period.

The second question that I am always faced when I travel is that you are talking about Make In India but making itself is undergoing a revolution with 3D printing and other technologies proximate anufacturing is coming back into vogue. How do you therefore bring this boom in? There are two answers to this.

What the government is doing is spot on in terms of the Make In India efforts to improve the ease of doing business and we have fortunately climbed the ranks in the listing of countries in this regard. From what I last heard from Niti Aayog, they have some kind of plot afoot to create giant coastal economic zones. Dr Panagariya is very focused on coastal economic zones because he believes if we want special economic zones that are going to export they should be on coasts so that there is no bottlenecks in getting the goods out. I believe these giant coastal SEZs will succeed.

As a policy maker I would simply go to all the Chinese, all the overseas companies including the Chinese companies themselves that are in Shenzhen and Guangdong and are worrying about lowering of competitiveness of Chinese labour and say come out here because very frankly they already have the clients. It is like Foxconn coming to India. Foxconn comes with Apple. So I am sure that there will be Indian companies that will fight for their bit of the pie but given the demographic disaster that awaits us, as opposed to the dividend if we do not act quickly, I believe what the government and Niti Aayog is plotting to do is absolutely right.

We have to think of the concept of smart villages not just smart cities. Why should not India be a part of this new technology boom? Why should we not lead the 3D printing technology boom? One of the exercises we are doing as a pilot as CSR right now is simplifying the village and putting a 3D printer and scanner out there. Somewhat akin to that hole in the wall experiment that somebody did with a computer in a wall in a slum but what we want to do is put it out there without any preconceived notions of what will happen, see what the artists' hand do with it.

If you think of the craftsmanship that is available in rural India and their design skills and you give them the means to produce in a high technology manner, they do not even need a marketing organisation. You can go straight on to the net and serve your goods to the globe. From an automotive company point of view, think about getting your certain automotive parts printed in the village. Think what it does to the inventory rather than having warehousing needs. So you take the employment to the village. I will stop there because I do think there is a way to avoid that demographic disaster but that involves not only scale of manufacturing but also proximate manufacturing and taking manufacturing to the villages.
