

Business at the heart of government

INTERVIEW WITH SUNIL BHARTI MITTAL

PRESIDENT, CONFEDERATION OF INDIAN INDUSTRY, CHAIRMAN AND GROUP CEO, BHARTI ENTERPRISES



SUNIL BHARTI MITTAL founded Bharti Enterprises in 1976 after graduating from Punjab University. Today the Company is ranked among the top five enterprises in India and has formed many international partnerships, including most recently with Wal-Mart to set up supply chain, logistics and cash-and-carry services. Mr Mittal is an alumnus of Harvard Business School. He has received the distinguished civilian award, Padma Bhushan. He is a member of the Prime Minister's Council on Trade and Industry and a Trustee of the Prince of Wales Business Leaders Forum. He is President of the Confederation of Indian Industry for the year 2007-08.

As one of the leaders in bringing about the telecoms revolution in India, how do you assess its impact to date on transforming the workplace, business practice, productivity and employment?

I think telecoms has had a tremendous record of serving the needs of the business community at large and of course now of society as well. But if you go back and track India's history in the last twelve, or even just ten years, telecoms was woefully inadequate. There was a pitiful service available for a public sector unit, and nor was it available to all. And from that position, we now have fixed line services connected to virtually all large buildings, extensive mobile telephony and data services, undersea cables connected to the world. So I think India is quite rich in IT and IT enabled services and this can largely be attributed to the great development of telecom services.

How do you see the telecommunications industry responding in future to the challenge of bringing the benefits of modern telecommunications to rural communities in India?

Already a large part of that challenge is being met. Out of the seven million or more customers that now join in the telecoms revolution every year, about two million are from the rural areas and segments of society, which one could have never have imagined would ever own a telephone, for example labourers on the roadside, the rickshaw wallahs, the construction workers. These workers now have mobile phones and the fact that it's the cheapest mobile service anywhere in the world makes it that much easier for them to afford a telephone. That has improved their efficiency, and of course I think it has also created a deep connectivity across the length and breadth of the country, which has contributed towards peace and harmony as well.

How have recent changes in legislation over foreign ownership encouraged foreign direct investment? What further developments would you like to see in this area?

Most of the task to create the conditions for foreign direct investment is now done, and that is reflected in the present level of FDI which has risen from under US\$4 billion, which is considered a decent figure, to over US\$15 billion now. Foreign investment is now permitted to a far greater extent in almost in almost every segment, including telecommunications where it has gone up to

74 per cent. More needs to be done in certain sectors, including multi-brand retail, financial services such as insurance and banking and one or two other key areas of defence production, where it is limited to 26 per cent.

How should Indian private sector companies best respond to challenges of corporate social responsibility? Who do you regard as role models in this respect, and where should the line be drawn between the responsibilities of private companies and government?

This has become very topical. People are more and more concerned about the lack of inclusive growth in our nation, and while parts of the country gallop along at nine and a half per cent to ten per cent, other sectors of society and geographical areas are achieving no more than two or three per cent. And given the aspirations that are rising all the time in the youth of India, the political leadership rightly feels that this is unsustainable over a long period.

There is one school of thought that takes the view that the government may be passing off their obligations onto industry. But there is equally a very large and influential viewpoint, including us at the Confederation of Indian Industry, that feels that we have now benefited from the progress of the nation and it is incumbent upon business to participate in social projects with the government.

In terms of role models I think there's always been the house of Tata, which has done a great deal of work in the social area for decades. Then there are newer entrepreneurs like Infosys, Wipro and Bharti who are actively participating in some form of social agenda and work.

Would you like to give some examples of the work that Bharti itself is doing in this area?

We have taken upon ourselves a very big task of opening 1,000 village primary schools. We should have more than 200 schools on the ground during this financial year, of which ten are now running and about twenty are currently under construction. A large amount of money has been endowed to Bharti Foundation to propagate this particular project.

We have started the programme first in North India, in the states of Punjab, Haryana, Rajasthan, Uttar Pradesh. You need teacher training, you need to provide midday meals, uniforms, books, etc. These

are all given by the schools, so we are doing this in a controlled manner, but North India is also very big. We will take this on to other areas once we have more funds available and as this programme stabilises. At the end of this programme we will have over 200,000 very poor village children getting top-notch education in very well constructed and well endowed schools.

How has the role of the Confederation of Indian Industry developed in recent years and what should be its priorities now?

CII is the leading industry chamber in India and therefore it will do its job in promoting more trade and more industrial development, bilateral arrangements between various countries, and playing its part across the full spectrum of economic activity of the WTO. Secondly, it is also working with small and medium enterprises to make them more productive, more efficient and also joining with the government to raise standards at government technical institutions, so they can serve industry on technical education and training.

CII is also working with government on inclusive growth, including affirmative action, to promote employability for disadvantaged sections of society. That programme is already under way. The theme in the current year under my Presidency is 'Building People, Building India' and a large focus of CII in this year will be on skill set improvement and skill set training for a large section of Indian youth.

Do you see further progress on the protection of intellectual property as necessary for India's closer integration within the global economy?

India is fully committed to the IP rights regime, and India has no hesitation in joining the world and ensuring that the rule of law applies to patents. Of course, India has taken part in negotiations in terms of how fast this is implemented within the Indian system, but I can tell you that the world is much more comfortable with India today in terms of intellectual property protection. A number of cases have now been decided in favour of foreign companies, that have enabled them to protect their rights. The biggest area is pharmaceuticals, where we have had a major issue of low cost medicine being impacted by the patent regime. I think India is in good shape on the issue of IPR. Its commitment is complete and that should allow for more foreign investment.

How does the CII assist in dealing with the problems of energy usage, climate change and environmental management? And what are your hopes for a worldwide post-Kyoto agreement on climate change?

The CII has developed a sustainability agenda, and raised climate change issues at Davos and in the USA. India is

engaging with the world and discussing these things. We have to consider India as it is now. If India is to grow at 10 per cent a year, the need for energy is clearly going to be acute, but we are all still very hopeful that the civilian nuclear deal with the US will go through. However, even if it is implemented, it will take ten years before the first megawatt of nuclear power comes through. So India has a lot of catching up to do in the area of energy and needs to support its industry and the social requirements of energy. India therefore will have no choice but to burn a lot of coal and, given the concern of the world on the climate issues around the burning of coal, I think the world will have to engage with India on how to transfer clean energy from coal.

More importantly, sequestration of carbon technology has become essential, because there is really no alternative to it. But CII is very actively engaged in this area. It will be some years before the results of this initiative will show up, but the good news is that in India, discussions around solar power, wind power, clean fuel, coal and energy, are all going on with great enthusiasm.

What priorities should the government set towards further economic reform in India and do you see a danger that current strong economic growth in India will dissipate the enthusiasm and commitment for reform?

Yes, government policy is mostly in place barring, as I said, certain actions which need to be taken. There is no intellectual debate in the minds of the government to raise FDI in insurance, to open up multi-brand retail to FDI. But there are some political parties, part of the coalition, who are unlikely to allow this in a hurry. That is acknowledged by the industry and I think Indian industry is patient. But there needs to be a real sense of urgency in building infrastructure. We are urging the government to keep pushing ahead with this agenda.

Do you anticipate a skills shortage in India, particularly in those sectors that are leading the drive to faster economic growth?

Well, yes. That is a cause of concern. On the one hand there are over 630 million people of working age, which will increase to 830 million by 2016. Equally, there are 280 million children in the age group of 6 to 16 today who in ten years time will be 16 to 26 and will not have attended school. If we do not make them employable, there will be social stress in the system, and that is a cause of worry. So we need to harness this huge massive human resource, teach them, make them employable whether as plumbers, technicians, carpenters, chefs, whatever can be done with them. Then of course India will produce a global workforce for the benefit of the nation and the world. **F**

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