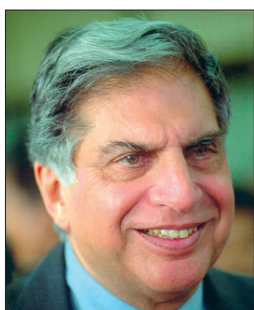


# A vision of India's future

## INTERVIEW WITH RATAN TATA

CHAIRMAN, TATA SONS



**RATAN TATA** graduated in Architecture and Structural Engineering at Cornell University, USA in 1962. He joined the family business that year. In 1971 he was put in charge of NELCO and Empress Mills in 1977 in order to turn these businesses round. In 1981 he became Chairman of Tata Industries and Chairman of the Tata Group in 1991. In 2007 he masterminded the takeover of Corus Steel. Mr Tata is Chairman of the Government of India's Investment Commission, a member of the Prime Minister's Council on Trade & Industry and a member of the UK Government's International Business Advisory Council to the Chancellor of the Exchequer. He received the Padma Bhushan Award in 2000.

In November 2006 Her Royal Highness The Princess Royal presented the FIRST Award for Responsible Capitalism to Ratan Tata. He was the unanimous choice of the Award Judging Panel, a worthy winner who undoubtedly encapsulates the ideals of responsible capitalism.

Ratan Tata rightly takes great pride in the fact that India has remained a true democracy throughout its 60 years since independence, and in how a country "with low literacy has gone to the polls reasonably peacefully", and in fair elections "thrown out or brought in different governments". But the next 40 years will, he believes, see a change in the kind of governments India is likely to have. He sees the post electoral grand coalition as becoming the norm, and fears that this could produce ineffective government, "because you get ultimatums popping up everywhere" and the risk of government taking "the lowest common denominator route to keep people happy". Such a change would, he thinks, concentrate peoples' minds on the need to support the creation of "a stronger unified party ideology, leading to the creation of a party that would fight an election on its own". India has not had a strong leader since the end of the Nehru-Gandhi dynasty and he sees a need for the sort of firm leadership strong leaders were able to provide, adding that "it could be one of the children of Sonia Gandhi who resurrects the Congress, or some new person that puts together some other great party". But though he hopes for strong leadership he does not see India being rigidly controlled. "We are in the open market, finally. We may not move as far and as fast as we would like to, but I think we will continue to move. The people have, for the first time in 40 years, experienced the luxury of choosing". They are not, he is clear, going to give that up.

For years the people of India "didn't get any choice. Today that has totally changed and with the competition that has emerged, has come lower prices and more options. In electronic goods, white goods, automobiles – in a whole variety of areas".

As a consequence of this Ratan Tata sees resistance to foreign involvement in retail and real estate withering away. He is very positive that India, with an expected population of 1.4 billion by 2047, will have a consuming class not of the 250 million currently forecast, but of double that number. Given this, India will become a very attractive market. By 2030 it will have the largest working age population in the world – "Japan's population will decline tremendously,

China will have declined, Europe already has, as has Russia. The question is, will India ever become globally competitive, so that we become the factory of the world? Or will it be in services, as it is today: IT services, software, medical services, etc? And will we be able to provide worthwhile jobs for all these young people?"

Ratan Tata is acutely aware of some of the dilemmas. For instance the understandable desire to conserve land for farmers, and on the other hand the need for industry to absorb as much rural labour as possible. He sees a partial solution in the government increasing spending on infrastructure to provide a great number of unskilled jobs in the next fifteen years. This would give a big boost to the economy by putting money into the hands of people, who would otherwise not have appreciable spending power – a development that would help avert any danger of the country descending into political chaos.

Ratan Tata is alive, however, to the difficulties of coping with tensions within the sub-continent – to the uncertainties posed by the instability around India, in Pakistan, Nepal, Sri Lanka, and Bangladesh. In respect of Bangladesh, Tata has taken the view that the corporation can "break the barrier and make a major investment in Bangladesh." He proposed to the last Bangladeshi government the establishment of a 2.4 million tonne steel plant, a 1,000 megawatt power plant and a fertiliser plant, all using gas, which Bangladesh has in abundance, but which it refuses to export. The Tata plan would put three major basic industries into Bangladesh. Bangladesh could almost certainly absorb all that was produced but any surplus could be exported. After Tata made the proposal the Bangladeshi government fell but the new government is reviewing things, and Ratan Tata's view is that "if we can make that happen and bring the basic industries to Bangladesh, then perhaps other user industries might follow. If Bangladesh had some degree of prosperity then perhaps we would help to add great value to one of our neighbours".

He would also like to invest extensively in Pakistan and recently took a group of members of the holding company to have lunch with the Prime Minister and his Cabinet. Sadly nothing has come of this because of Pakistan's insistence on an immediate new attempt to solve the Kashmir issue as a precondition.

In this hundredth anniversary year of Tata Steel, Ratan Tata reflects on the recent acquisition of Corus. Steel now represents over 50 per cent of Tata's activity

