

'India's growth is in its small businesses'

We need internal reforms to make transactions and doing business easier, says Nandan Nilekani

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One of the founders of iconic IT company Infosys and the brain behind Aadhaar, Nandan Nilekani wears several hats these days — that of a philanthropist, angel for start-ups and an evangelist for re-imagining India. In an interview with *BusinessLine*, Nilekani shares his views on a variety of issues concerning the country. Edited excerpts:

One of your essays in your website talks about how the explosion of the population of youth in a country can lead to an upheaval.

Considering the fact that India is quite a young country, do you think an upheaval is round the corner?

India is going to be the youngest country in an ageing world. So, how do we address the aspirations of the youth, ensure they have good jobs, give them a level playing field, and provide economic, social and education mobility to them? If you can't do that, it is possible that you will have a big challenge on hand. You can see the kind of agitations we are facing because the youth believe they are not getting their just due and then they look for solutions that are not rule based but only for themselves.

How do you see the road ahead?

single market for services and not for goods and this Bill addresses that. But I think lots needs to be done in its actual implementation. How well the law is drafted and how compliance can be made easy. How we use technology to make automation the basis of tax collection.

Globalisation is in some sort of retreat which we are seeing across the world. Trade growth is coming down. But domestic growth is happening. If you can use technology and leverage the domestic growth and services economy, we can have economic growth. What we require are internal reforms to make business and transactions easier.

My view is we should not go so much by what large businesses say ... but get millions of small businesses to become part of the economy. That's where the growth is.

How do we improve their access to finance, their ability to grow, add people. India's future is in getting millions of small businesses on to a common platform. If we can do that, then there are many, many years of growth. Expecting large companies to hire more people is unlikely because they will go in for automation. They will use contract labour where ever possible. Permanent jobs in large companies will not happen.

Then there are start-ups that you have invested in. How much of your time goes into each of these initiatives?

Well, I spend 80 per cent of my time on public activities of which about 30-40 per cent is spent on evangelising, and work with regulators. About 20 per cent is spent on working with Ek-Step and another 20 per cent on philanthropic activities. The other 20 per cent is spent on working with start-ups, advising them.

I have certain capital reserved for that but there is no formal structure for investing for these kind of high-risk activities. A lot of people come to me to talk about their projects. If they play to the thesis that they are going to change India using uniquely Indian problems, then I invest in them as well. My total investments are not more than 10 or 12 start-ups and may be a few million dollars in all of them put together.

Some of the start-ups you have invested in like Avanti Finance and 10i Commerce Services, are taking on big businesses in the same space. How will these start-up stackle such a huge challenge?

Indian retail is going to be a trillion dollar business. ...and the bulk of it will come from small retailers. What Shopex or 10i does is create a platform where small retailers hook in, get access to a wide range of products, sell to consumers, get it delivered at the stores or at home and they get the same benefits, product range, technology, sup-

organised retail. The trick is not try to do complex things but do simple things at scale.

Ratan Tata's vision for Avanti Finance is how does one reach affordable and convenient credit to the under-served and unserved. It is certainly a laudable goal because India's poor and other farmers are not really getting credit whereas credit is going to big businessmen who don't seem to be repaying.

Several start-ups in the country are unable to raise funds at the right time. Even those that have scale and volumes like some of the e-commerce companies are unable to raise funds. What do you attribute this trend to?

Actually, some of the companies have done an extraordinary job. It is not easy to start from nothing and build a multi-billion dollar enterprise. These are remarkable achievements by these young people.

Where some of them fail is when their business model is just a vanilla model. Then you run the risk of being gobbled up by multinationals who are in the same space but have access to huge capital and technology. Therefore, the way to deal with it is to how well you address

the Indian conditions, how well you use Indian infrastructure. The companies that use that well will grow. We are the only country with an

Aadhaar-like platform. They (entrepreneurs) should design the product for scale, speed and sustainability. India is on the verge of an entrepreneurial explosion. These guys are re-imagining things.

For example, Mukesh Bansal, who sold Myntra to Flipkart, launched CureFit, which aims to tackle the health issues facing millions of Indians.

Were you surprised that the current government has actually gone ahead and is promoting Aadhaar in a big way even though it was the previous government that started the initiative? Are you still consulted for this project? I was very happy that they embraced Aadhaar. Our Prime Minister is very tech savvy. He understood the power of Aadhaar. When I stepped down from UIDAI, about 600 million people had Aadhaar and today there are one billion. So, the progress from 600 million to one billion was done entirely by the current government.

They got the Aadhaar Bill passed and that was quite laudable. I am very happy that the fundamental value of Aadhaar has made it through two different governments, which is

benefiting the country. After I left the government, we worked with the NPCI (National Payments Corporation of India) on building of the UPI

(Unified Payment Interface), which was launched last week.

Traditional IT companies are seeing some of their worst times. They are frequently lowering their guidance. Do you foresee a major change in the IT sector?

I am not following the industry so much. But let me tell you technology is changing rapidly. There is a huge shift from enterprise to consumers. Ten years ago, the large companies in technology were all enterprise driven. Now, it is more consumer driven like Google, Facebook and Amazon. More services are on the cloud.

Anyone providing services in IT has to obviously move with these shifts. Both the new companies and existing incumbents have to re-imagine their businesses and they have to respond to that, which is going to generate tons and tons of work. But the key is how do you get a piece of that and how does your strategy get market share.

During the last Lok Sabha elections, you polled over 4 lakh votes, which is quite a creditable achievement for a first-time candidate. Does that encourage you to fight another election?

I think what elections taught me is that I don't have a competitive advantage in politics. I thought by being in politics I could be an agent of change.

But on the other hand, doing what I am doing, which is to build large platforms, tech-led transformations, do strategic



How do you read the current economic situation in the country? We have had a long drawn process of getting GST approved. Then there have been issues with the RBI Governor. At the ground level, corporates claim that getting approvals is time consuming.

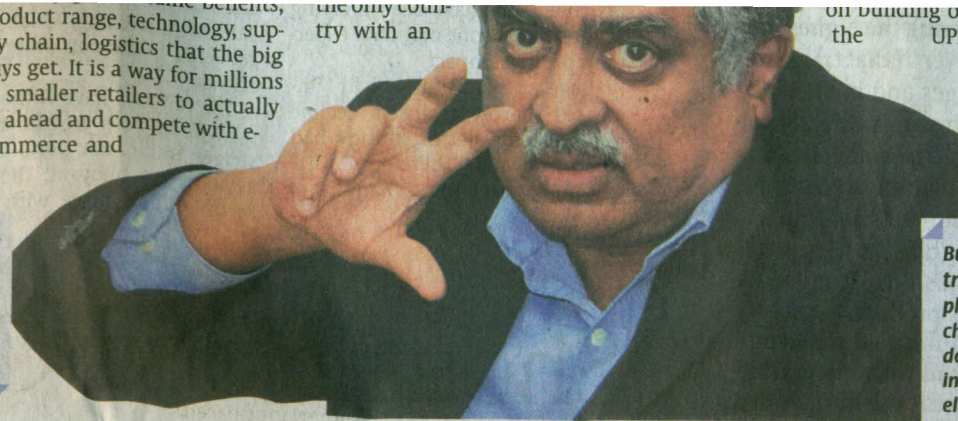
Passing of the GST Bill is a positive sign that shows that our political system is willing to come together across party lines to address a very important strategic issue to make India a single market for goods. India is already a

Philanthropists like you are trying to solve issues at a very fundamental level. Your EkStep initiative and the eGovernments Foundation are two examples that stand out.

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product range, technology, supply chain, logistics that the big guys get. It is a way for millions of smaller retailers to actually go ahead and compete with e-commerce and

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on building of the UPI

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Building of large platforms, tech-led transformations, strategic philanthropy are ways to bring change. If I am able to get change done from outside, I don't need to be inside the system. I will not contest elections again