

From Incredible to Credible

The following is the text of the speech of Union Commerce and Industry Minister Kamal Nath at the CII Marketing Summit, held in New Delhi in August 2006.



I WAS A bit surprised when I was asked to participate in this programme because I am not sure how qualified I am to inaugurate a marketing summit, filled with brand managers and marketing experts. But I thought I would address this with a different theme – the theme of the summit "Marketing in a Global World". Many years ago we would not have thought of it.

I came across an article in the New York Times sometime ago and the title of the article was the "Myth of New India", which essentially sought to highlight serious gaps that need to be addressed in India's social and physical infrastructure.

Reading the article, I was a bit disappointed because it looked as if India was being put back into the same mould of the past. I was thinking over it. I thought that maybe it is good because many years ago the New York Times would not have even taken notice of India. Now, they are taking notice of India. And these great paradigm shifts are taking place, not only in India but in the world. Now, we are referring to an ecosystem not in terms of an ecological system but in terms of global economic dynamics. I remember when I was the environment minister, I used to speak very often about the need for an all-inclusive ecosystem. Today, many years down the road, I am talking of a different ecosystem, and this ecosystem has a new connotation.

When we are today saying that we have to build a brand, the most dramatic change that comes to my mind is the WTO (World Trade Organisation). In the early 90s, we were sceptical about the WTO. We were sceptical about engaging with the global economy. But over the past five years, as we are every day getting more and more globally competitive, we are becoming the champions of globalisation. The western countries - the United States and the

European Union - had the mantra of globalisation. Now we find we are becoming a champion of globalisation because we want the rules of the game and global trade to be fair because we are globally competitive.

When India moves on to become more and more globally competitive, how do we brand India? There was a dilemma. We have the India Brand Equity Foundation (IBEF). We were grappling with the issue of how India should be branded. We did this for Davos. We had the "India Everywhere" campaign – a government-private sector partnership. That was very well done by the IBEF.

How we brand India was a dilemma one-and-a-half years ago when I was at a meeting at the IBEF. I said, we have this Ministry of Tourism, big posters and advertisements, saying "Incredible India". I said we have got to be "Credible India". And there is a dichotomy that, on the one hand, we are saying it is "Incredible India". Of course we are incredible India. But, on the other hand, one of our greatest trump cards – because of our institutions, because of our democracy and so on and so forth – is that we are credible India. So when people in the West or the US think of India, they do not just think about going to the national park but also going to the National Stock Exchange. And it is this "Credible India" which is going to find our place in the world.

Why? As investment opportunities become more and more comparative, as the consumer base becomes more and more comparative, the basics of a brand will be the credibility of the brand. When you are talking about building a brand for India, you are talking about building a credible brand. What are the ingredients for that? They are our laws, our institutions, our implementation of the laws. When we brought in, last year, the patent laws, this was very essen-

tial because people looked at India and said they don't respect intellectual property. Now even China has a very good intellectual property law. But in China you can buy a counterfeit Rolex watch; in India you cannot. It is because of the way we go about it. And that is the message we want to give. I have talked to many consumer brands (companies). They said in India we respect intellectual property. In India you cannot go and find a consumer brand which is counterfeit. But in other parts of Asia you can. The most important point is the credibility in building that brand and the credibility in the ingredients of that brand.

As we move on, when India is more and more on the radar screen as an investment destination, India is not competing based on our consumer base, though we have the great advantage of our consumer base. We compare ourselves. What is this comparative analysis? The comparative analysis is with Thailand, Indonesia, Bangladesh. And I was surprised that Bangladesh supplies more to Wal-Mart today. In the past six months, Bangladesh has supplied more to Wal-Mart than China. That is because in textiles Bangladesh has built a good brand. It is not just in terms of names that the Chinese have built up their brand. They have built it up in terms of their manufacturing base, like we have done in IT (information technology).

Here, I think, lies our greatest challenge. While we have a great strength in our knowledge base, we have to build upon our manufacturing base. Services represent 53 per cent of our GDP. Manufacturing represents only 17 per cent. Manufacturing in Malaysia enjoys a 28 per cent share. If we have to be a manufacturing base, we have to build our brand. We have already built up our brand in the knowledge sector. The world recognises us. But BPO is the story of the past. The other day I was in Chennai, setting targets — for EPO (Engineering Process Outsourcing), KPO (Knowledge Process Outsourcing).

What is going to be the economic architecture in the next two decades? I believe, one of the strongest drivers of this economic architecture is going to be our demographics. We have a large young population and a large workforce — 60 per cent of our population of 1 billion is less than 25 of age. We have 400 million people in the age group 18-35. Which other country can say that? You have an ageing population in

Japan, Korea, Europe, and the US. There they are going to be the pensioners. In India, we are going to have savers and spenders. That is the big difference. Even China will have a much older population. It is said that China will grow old before it will grow rich.

In this shaping up of the new economic architecture of the future, India is going to play the key role. And that is where we have to decide what kind of brand we want to build. It is not the brand only in the IT sector. Today we are seeing big investors coming in; 70 per cent of our FDI (foreign direct investment) is coming in our manufacturing sector. The challenge for us is: how do we give our large workforce employment in the context of other countries which have a shrinking workforce.

I was telling this to (people in) Japan. The technology and innovation of Japan can only give some boost if it can be converted into a competitive product. To convert it into a competitive product, you need a workforce. If you are not going to have a workforce, your technology and innovation are not going to lead to a globally competitive product. So the centre of gravity is shifting from the Atlantic Ocean to the Indian Ocean. And, as the centre of gravity shifts, the new rules of the game have to be determined.

In India we have to look at the future not with the past as a model because the past for India was very different. We have to simulate the future. And after simulating the future, we have to move towards building the brand. What is the brand we need for our products? What is the brand we need for India? And it is this which will encompass our entire ecosystem.

People look at India today as a credible country and as a credible investment destination. We are not starting from scratch. The advantage is something has happened by design, but a lot has also happened by default. I remember, when we started our reform process, it happened because we had mortgaged our gold in 1991. But India has established to the world that reforms of the India brand works. We had no bubble to burst. In the reform process you found in South America and Central America, the bubble burst. In Asia you had South Asian crises. For 15 years we have moved on. And the world recognises that.

I remember Mr (Lewis Thompson) Preston, Chairman of the World Bank,

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telling me in 1993 that India will never make it. It is going to be a basket case because your reforms are just not going to work. I said we are going to have India-specific reforms. Our reforms are also a brand today. Countries recognise this. True, you can say that we did not move fast enough. But India is a paradox; India is a great and complex country. And that is what we have got to recognise.

We have found countries with complexity and paradox breaking up. The Soviet Union has broken up. We have seen what has happened in Eastern Europe. But India has sustained itself because we have had our own brand. When you tell the Americans that we have achieved our green revolution with the bullock cart not the tractor, they think there is something wrong somewhere. How can India have an agriculture revolution with a bullock cart and not a tractor? But that is the way we did it. That is why we are a net exporter of food grain.

One of the most striking brands we put together is "India the Fastest Growing Free Market Democracy". It conveys that we are a free market economy; China is not. It conveys we are a democracy; some other countries may not be. So it conveys we are operating under the rule of law. We are operating with institutions. Many times people talk about politics in India. I said in my speech and I say it again, in 15 years we have had six governments, five prime ministers, one direction, one economic policy and 8 per cent growth. That is India's brand and this is the brand I urge you all to look at. As companies and corporates all over the world are looking out, reaching out, it is the way to reach out, to look for new brands for your products and for your country. 🌟