



INDIA-U.S. PARTNERSHIP
\$1 TRILLION BY 2030

Q&A: India-U.S. Partnership: \$1 Trillion by 2030

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The following is a transcript of an interview with the author. You can listen to the interview, [here](#)

Dev Lewis (DL): Nish, you've written a book with Gateway House on how the U.S.-India partnership can be elevated to \$1 trillion by 2030. How do you envision this?

Nishith Acharya (NA): So I think it has to start with a very focused effort on what needs to be done for both nations, and what role the other nation can play in that.

So in other words, what does India need to do to really boost its economy - be the third largest economy in the world on par with the Chinese and the United States— and what's the role of the United States in helping India do that? Likewise, what's the role of India's economic organisations — its NGOs, its companies — in helping the United States' economy to continue to be one of the most robust and largest in the world.

I have identified essentially two things that are common across the board, that's: (a) capacity building — the need to build up the capacity of Indian companies and organisations to execute at a high level, and (b) the role of innovation in bringing in new ideas, new business models, new technologies, new products and services, to help the citizens of India.

Likewise it's a similar set of things where Indian companies and organisations can help the United States in building capacity in a new global economy where costs are lower and budgets are tighter. Also, innovating for the same reasons: that there's more complex needs and issues to be dealt with, and they have to be dealt with through innovation—and sometimes the Indian organisations have figured it out before the American ones have.

DL: Over the course of your research for the book, you interviewed about 62 people from various industries and sectors. So who are the kinds of people you spoke to and what did you find out?

NA: I think this might be one of the most comprehensive set of interviews about the U.S.-India relationship that's been done. In particular, the breadth of the types of people that I spoke with. I spoke with not just government people, not just business people, but really a broad range of leaders across both sectors in both countries.

On the business side, people such as Vivek Pal, the former CEO of Wipro; David Lobo, the Executive Vice President of Human Resources for GE; Gautam Prakash who runs Monsoon Capital, one of the largest hedge funds investing in India; Mohandas Pai of Manipal Group; Bunty Bohra, the CEO of Goldman Sachs, India. On the government side — the Assistant Secretary of State for South Asia on the U.S. side, the Deputy Chief of Mission Tarunjit Sandhu from the Indian side, and several senior advisors to ministers in India. And then on the NGO side, people like Vandana Goyal who runs Akanksha in India, Jonathan Redford who runs Habitat for Humanity worldwide, and many, many others. So it's a really wide range of people with a deep expertise about working in India, Indian organisations working in the United States, and where the synergies lie.

So I think that's what is unique about this paper, that it really reflects the view of the “doers” in the U.S.-India relationship, more so than just the politicians or the talkers or the Fortune 500.

DL: So given the broad comprehensive sweep of India and the U.S. that you've done, what are some of the key ideas that you identify in the book that will take this partnership to \$1 trillion by 2030?

NA: We identified that there were eight areas where both countries needed to collaborate and they are very different.

So there are 4 specific areas where American organisations could be helpful for India.

One is called '**The Surge**', which is really those core issues where India needs a lot of help right now.

One example I gave of a very strong partnership was the Public Health Foundation of India, where 13 American schools of public health, along with funders like the Gates Foundation and the Deshpande Foundation, are working with the Indian government and the Public Health Foundation of India to build an infrastructure to train public health professionals for India and to stay abreast of leading diseases like Malaria, Ebola, other things of that nature. So that really affects the here and now.

Beyond that we also talked about building **ramp ways for the base of the pyramid**. There we were talking about the fact that India has a lot of NGOs and a lot of social enterprises. What they often lack is the connectivity to really scale up and make an impact in India. So if you're trying

to reach the 130 million people in India who go to primary school you need a lot of help from around the world. Americans have thought deeply about some of these issues around systems and structure and can be helpful. An example we gave is the United Way Movement, where United Way worldwide has been the beacon to connect corporations with social issues and the launch of United Way in India (incidentally they are one of our partners for the August 5 launch of this book in Bangalore) is bringing together American companies and Indian companies to strategically have similar ideas, and work forward on those.

Thirdly, we identify the idea of a ‘**Silicon Swadesh**’. What that means is that India needs to build not just one Silicon Valley in Bangalore, but really 35 Silicon Valleys in all of the core cities—the major metros, as well as the cities,—that have populations over 1 million. And that’s not just about IT start-ups, it’s not just about young kids sitting in a Cafe Coffee Day with a laptop. We are really talking about the infrastructure to generate ideas, to make those ideas into companies and non-profits, the mentorship for business leaders, the capital to get started and the middle-management and capacity to grow these companies in these cities.

The learnings from Silicon Valley, about a culture, about an ecosystem and how do we bring those to India; and not just to Bangalore and Hyderabad and Mumbai but to a much broader range of cities. There we’ve seen some success in India. There are companies like Flipkart, Vatsalya in the healthcare space, Tejas in telecommunications. They are world class companies being built in India and a lot of what their success has been is partnering with American investors and board members and customers and so we need to expand that out and I think the United States is best served for that.

Lastly we talk about **next-generation technologies**, which is really an extension of Silicon Swadesh.

The idea is that there are certain technologies that are going to be fairly common by 2030. So, if India is to participate in that, it needs to start investing there now. We are talking about 3-D printing, impact sourcing, new forms of agriculture.

One example I give is in impact sourcing. There is a company, Head Held High, which was most recently given the contract by Amazon to manage their rural supply chain management in India. So getting this right: how to manage a supply chain, the software, the people in rural India. It’s just getting started now but it could employ millions and millions in the future and so if we are going to have it be really important in 2030 we need to get on it now and have 10 partnerships like Amazon has with Head Held High.

On the flip side of it, we talked about four areas where India is going to be relevant to the United States economy.

First and foremost it’s going to be the diaspora, where Indian Americans are really becoming more and more “mission critical” to the United States economy, to the technology sector and the healthcare sector.

In technology we now see that 15% of the start ups in many of the major areas—Boston, Silicon Valley—have Indian founders. And so this is very critical to the tech sector’s success. Then in healthcare it’s similar in terms of the numbers of doctors and nurses. So the diaspora remains a key driver of the U.S. economy moving forward.

Second we talk about Indian models. So you are seeing Indian companies growing in the United States. Mahindra is increasing its head count, it’s building its GenZ two-wheeler there. TATA has brought its Invista Business Challenge contest and put its Indian business units up for competition with its U.S. units. So lots of examples of Indian companies bringing their Indian thinking to the United States.

Third and fourth we are talking a lot about how the growth of India is going to affect the business strategy of American organisations.

So in higher education you see nearly every American University thinking about India as a market. They are thinking about the 100 million or so Indians who can afford American higher education, at least at a course level, and how do you serve them. On the other end you are thinking about entrepreneurs in the United States who are looking at the Indian base of the pyramid and working class market and looking at technologies developed in the United States and saying “how do we bring those to India and build up in India?” So we have some cases about the Universities as well as the technologies.

DL: Great, that’s a lot of ideas in this book I see. I want to talk to you about one of those - Silicon Swadesh. PM Narendra Modi will be visiting Silicon Valley at the end of September and addressing the Indian diaspora that you talked about. Given your research and what you found out, what should Narendra Modi’s pitch be and how can he help bring about the Silicon Swadesh that you talk about?

NA: PM Modi has to have a very clear pitch, and that is that the role of Silicon Valley is not just about Facebook building an office in India and it’s not just about venture capitalists investing in Indian start-ups. It needs to be about much more, it needs to be about the culture of Silicon Valley. So what I often talk about is the fact that a venture capitalist will often see a thousand business plans and they will actually fund about 10 of those, and only 1 to 2 are successful. So the success of Silicon Valley or Boston or New York, Tel Aviv, is really that there is a volume of start-ups there that are active. There are thousands and thousands of start-ups in every sector that compete and only a few are successful.

And what India needs is that ecosystem in its major metro areas. Right now you see some of it in Mumbai, Bangalore and Hyderabad, but not in Delhi, Ahmedabad and other places where you would like to see it as much. India needs to build that culture of start-ups in those major metros, but also it needs to bring that level of experimentation, of project development, to the tier-2 cities that have over a million people. In these cities you need to develop leaders, you need to develop entrepreneurs, you need to let them succeed and fail. We need to find ways of supporting those

entrepreneurs, whether its philanthropy, government, or private corporates and we need to build that culture of success and failure.

An experiment that I was involved with in Hubli in North Karnataka—now we're seeing about a thousand young people a year start new projects there, and very few of them, just a handful, will ever actually become successful. But the point is to create a base of activity, so that five years from now, there will be some successful tech start-ups in a city like Hubli. And again there are 35-52 cities in India of that size where we need the Silicon Swadesh. So this is what PM Modi needs to focus on, not just venture capital and not just tech start-ups. He needs to focus on “teach us what you do, and how can we do it to be fair and equitable across India.”

DL: In the paper you've identified a couple of case studies with various companies, Flipkart was one of them. So what was your research around Flipkart and how did it fit into your book?

NA: So in the section on Silicon Swadesh, we identified a couple of companies that would serve as models, for why Silicon Valley can be engaged in India. So one of the questions with India is always does it have the capacity to build companies that can be great, and so yes, the market is huge for online commerce but does India have the ability to build these companies? And Flipkart has shown that actually you can. And so if Flipkart has raised over \$100 million in capital and is valued over \$1 billion, it's one of these unicorns in the world, and it's been built right here in India with an Indian management team. It has attracted capital from around the world but it's really an Indian company that's been able to become a world leader in India with best practices in management and technology and all of that.

Similarly, some of the other companies we have identified – Vaatsalya, Sankalp – have done the same thing. So the point was to say that India does have the capacity to build world-class companies. And so the opportunity to make money, to have global returns and all of that is the same in India as it is in the United States. So investors should look at India as an opportunity. At the same time, right now there's only a few of those opportunities. What needs to be invested in is a bigger base, and doing more and more of these, so we have more and more Flipkarts.

DL: I'm going to challenge you a little bit. Right now a lot of Chinese companies are looking at the Indian market, Alibaba being one of them. One argument is that since China's environment mirrors India's more closely, that those companies, their experiences are better suited to the Indian landscape. So why is it that the U.S. companies are a better fit?

NA: There are several reasons for that.

First and foremost, a successful entrepreneurial ecosystem actually requires a lot of creativity, a lot of freedom of discussion, experimentation. So while China has had a good run of success, it does not have an entrepreneurial economy in that sense. It does not have a creative economy in the way the United States does. And given India's strengths in the arts, in technology, in design, in culture, it's going to have a very robust tech sector in entrepreneurship in the creative arts. So

the United States is far better suited than China for that. Secondly, the Chinese do not have a venture capital industry either. They have a government backed venture capital industry, and not necessarily private capital. And in India, I don't think there is going to be a government backed venture capital industry either. I think it's going to be private capital. So the lessons learned will have to be from the United States and Europe, and not from state-sponsored investment in China.

Having said that, there are things to learn. Not just from Chinese companies, but around the world. I think as India looks to build its entrepreneurial class, it should look at China, it should look at Singapore, Israel, Europe, Berlin – all of it. I think there needs to be enough to get all of it in there. But I think the U.S. culture in terms of building it is the closest.

DL: Finally on your book, what are some nice tid-bits we can give our readers, tease them before they get their hands on it?

NA: So that's a good question. One of my favourite stories is about Harley Davidson from the American side to the Indian side because historically in India, an iconic American brand has had nothing but trouble. Usually if it's a well-known American brand, they come in and then there are protests or political problems. And yet Harley has come in and over the course of five-six years, they've built a following, they've figured out how to attract Indian customers, and they've done so really without attracting any sort of political backlash. And I think that's a great story, it's an example of what we want to see. On the U.S. side, I think, the story of GenZe, what Mahindra is doing there, it really speaks to the insights of the Indian company and their plans for the United States. They're designing this two-wheeler in Silicon Valley where innovation is king, and they're building it in Detroit which is the world's, you know, before there was Silicon Valley there was Detroit in automotive and engineers and all of that. It's a good example of how Indian companies are being very smart about the United States. So I think those were two of my favourite cases to look at in that sense.

But also just in general, the thing you find is that regardless of the political dialogue, there is so much going on between the United States and India and there continues to be in the development sector, and the private sector, and so no matter what the headlines are in Washington or Delhi, there is a lot going on under the scenes and that I think bodes really well for hitting the \$1 trillion goal.