

Five reasons why India has failed to produce next gen business icons

The decade of 1990-1999 saw the emergence of new-age business icons of India that included – Ratan Tata, NR Narayana Murthy, Azim Premji, KV Kamath, Deepak Parekh, Sunil Mittal and Anand Mahindra. However, India did not witness the rise of next generation of business icons in the last twelve years. From 2001 to 2012, the Indian economy grew in size from \$400 billion to \$1.7 trillion. The number of listed companies on the Bombay Stock Exchange went up from 1,268 in January 2001 to 2,802 in January 2012, while their market capitalisation increased from Rs 6.4 lakh crores to Rs 53 lakh crores. Given this phenomenal growth, it is surprising that no new iconic business leaders came up on the horizon.

One basic issue is that being wealthy does not automatically makes someone iconic. Kavil Ramachandran, Thomas Schmidheiny chair professor of family business at the Indian School of Business, Hyderabad, says *“Business icons are those whose presence and influence have gone far beyond their business. They have acquired some kind of statesmanship, have high individual credibility and are very widely respected.”* Many young faces in businesses fail on these counts.

On studying the issue in depth, five plausible reasons come to the fore for the failure of emergence of next-gen business icons in India. Firstly, qualities of the post liberalization icons like high ethical standards and middle class ethos - were tough to emulate for the next generation. Secondly, it takes time for the new breed of icons to establish themselves. The third reason is that the volatile times - of terror and global financial upheavals - were not friendly for the new icons to bloom. The fourth reason is that the predominant sources of newfound wealth – i.e. land, natural resources and government contracts – are mired with controversies of government-business nexus. Lastly, in the past decade India has not witnessed the dawn of any new ‘sunrise’ sector in business (unlike the IT and telecom sectors of the past that were relatively free from government controls). *“The lack of significant second wave of reforms may have constrained the emergence and expansion of other entrepreneurs”* notes Pankaj Ghemawat, global strategist and professor.

Source: The Economic Times, September 2, 2012