

# **The Billionaire Raj**

**James Crabtree**

**James Crabtree spent five years in India as Mumbai bureau chief for the Financial Times. He is now as associate professor at the Lee Kuan Yew school of Public Policy in Singapore.**

**Nothing symbolizes the power of India's new elite more starkly than Antilia, the residential skyscraper Mukesh Ambani built for himself, his wife and their three children.**

**Mumbai has long been a place of divisions, a tightly packed metropolis where the homes of tycoons and financiers cram next to shanties, with corrugated sheets and tarpaulins for roof.**

**Home to 20 million people, Mumbai is a thin teeming peninsula, a little like Manhattan in shape.**

**The rise of the super rich was propelled at first by domestic economic reforms. Starting slowly in the 1980s, and then more dramatically in 1991, India dismantled its dusty stockade of licenses and tariffs.**

**For all its drama, only a handful of sectors took off in 1991, including generic pharmaceuticals and software outsourcing**

**Pumped up by foreign money, domestic bank loans and a surging sense of self belief, industrialists like Ambani dumped billions into projects from oil refineries to steel mills**



**Between 2004 and 2014, India enjoyed the fastest economic expansion in its history, averaging more than 8 % GDP growth.**

**Rather than fearing the world, India embraced it. These years of growth have proved to be disruptive, socially bruising and environmentally destructive.**

**This book charts the rise of the super rich in India, the associated problems and the entrenched corporate power.**

**The average Indian citizen earns less than \$2000 per year. India's richest one per cent qualification requires assets of just \$32,892 ( about Rs 22 lacs) according to Credit Suisse in 2016.**

**The IMF points out that India along with China ranks as the most unequal major economy.**

**Many thinkers on the right of the political spectrum have argued that rapid growths of growth are more important in an economy than its eventual distribution.**

**The rise of the super rich ties into another issue – crony capitalism, meaning collusion between political and business elites to capture valuable public resources for themselves.**

**Over the last two decades, China has conducted the largest infrastructure building spree in history, almost all of which was built and funded by state backed companies.**



**In 2017, a decade after the financial crisis, India's banks were left holding at least \$ 150 billion in bad debts.**

**In 2013, India's per capita GDP adjusted for purchasing power parity hit \$5200. The US hit the same level in 1881.**

**Whatever happens, India is set to grow in economic might and political power for the remainder of the twenty first century.**

**The coming century will be told as a contest  
between a trio of continental giants:  
America, China and India.**

**Dhirubhai Ambani passed on without leaving a will, assuming that his sons Mukesh and Anil will control the company together.**

**Any economy that grows quickly will generate enormous human temptations. These very rich people have started buying politics and what you see in India is the purchase of politics by the wealthy.**

**‘India has corruption running in its veins’  
Vijay Mallya told me in 2017, “ and that is  
not something one is going to change  
overnight”**

**Mallya's early days in India were marked by incoherent expansion- he launched a pizza chain, a cola brand , a telecoms manufacturing outfit, He was too young and too undisciplined to run his father's businesses.**



**India's economy was handed over entirely to the public sector since independence. Indira Gandhi extended the grip by nationalizing banks, insurers and coal mines.**

**Today, more than half of India is under 25,  
few remember the restrictions that their  
society once faced.**

**On 1 march 2016, Vijay Mallya who never travelled with luggage left India with half a dozen bags.**

**Mallya's success in India marked a certain kind of Indian capitalism, in which businesses thrived on debt and their owners proved untouchable. His departure to London signaled the beginning of the end of the system.**

**There were no Indians on the Forbes billionaire list till the early 1990s. The Hinduja brothers were on the list but they counted as British. Kumar Mangalam Birla was one of the first Indians to appear on the list.**

**Ian Bremmer defines emerging markets as those in which ‘ politics matters at least as much as economic fundamentals for market outcomes’**

**In the mid 1990s, India's billionaires owned assets equivalent to one per cent of India's GDP. Ten years later that was ten per cent.**

**In the mid 2000s, developing economies accounted for around a fifth of the world's 587 dollar billionaires. A decade later that figure was two fifths, while overall billionaires had shot up to 1645.**



**To be in the top one per cent in America you need assets worth \$4.5 million, In Europe it is \$ 1.4 million and in India it is \$ 32,892**

**The bottom 50 % of India owned just 4 % of total assets in the country.**

**The word 'corruption' implied rottenness in something previously healthy, but in India corruption was in fact a dynamic and entrepreneurial process, marked by crafty backroom deals and daring attempts at regulatory capture.**

**In the 1980s, economist Robert Klitgaard defined corruption as ‘monopoly plus discretion minus accountability’**

**In 1991 , India attracted just \$ 100 million in FDI. In 2017, it was \$ 60 Billion**

**Political scientist lists three master narratives of India :**

**1. secular nationalism practiced by Gandhi and Nehru**

**2. Hindu nationalism led by BJP and RSS**

**3.caste based social justice**

**The 2014 elections cost India \$ 5 Billion. This placed India not far behind USA as the world's most expensive democracy**

**Indian democracy has not come cheap. Over a generation the number of political parties in India has shot up from 12 in 1947 to 500 in 2014.**



**Tamilnadu has the unique distinction of having been ruled for 50 years by two actors and a scriptwriter.**

**Assuming that voters cared little for ideology, many Indian politicians learned to win voters' confidence and affection through freebies, sometimes known as competitive populism.**

**As prime ministers Nehru and India Gandhi wanted to use the state for good socialist purposes by curbing the power of big business. Perversely, their politics had the opposite effect, as politically connected large businesses navigated the bureaucracy while small businesses simply could not match it.**

**Two thirds of the listed companies in India are family owned, the most for any stock exchange.**

