

5.3 READING

READING EDITORIALS

Decoding The Unicorn Nation

India's demographic dividend may finally be realised through the digital dividend

Haresh Chawla



A new unicorn has been minted every 10 days so far in 2021. Across the economy young founders, backed by a wall of venture capital, are crafting new paths, creating new offerings that are disrupting the way we live our lives.

These unicorns are bright, green shoots of a once-in-a-generation structural reset of our economy that will leave no Indian untouched. A new digital India is taking birth under the shadows of the dislocations created by Covid. The economic liberalisation of 1991 unshackled our economy and unleashed a wave of entrepreneurship and societal changes that created the modern India we live in today. This time, the impact will be 10x bigger.

Covid left indelible scars, but it catapulted India to the top of the league of digitally connected nations. Compelled to adapt their lives and livelihoods to a 4x5" smartphone screen, the virus forced the entire populace to embrace new habits and behaviours. Three vectors – adoption, inclusion and disruption – came into play, vigorously and concurrently.

Pre-Covid, the smartphone was primarily an entertainment and communication device for millions. Today, it is like a connected supercomputer in our palms. And Covid ensured serious adoption, making it a transaction device, penetrating every strata of our society, well beyond the English-speaking elite. Local languages and voice/video-based search democratised access. Armed with just three things – a bank account, a smartphone and a digital identity – anyone, anywhere can meaningfully transact online, find a job, learn a skill, invest money, take a loan ... name a service and it's accessible online today. The public digital rails that Nandan Nilekani's Aadhaar project kicked off in 2009 are today the envy of the world.

India's digital startups have seized this transformation opportunity. They no longer have to burn cash, shower discounts to create new habits. Instead, there's a massive surge in demand, and improved unit economics, as Indians are willingly paying for digital convenience and access. UPI and QR codes, combined with efficient and speedy delivery logistics infrastructure, have brought e-commerce



to every small town and village. As a result, we today have over 700 million of our citizens connected, over 150 million transacting e-commerce customers, and digital aids like WhatsApp being used at mass-scale by small businesses.

Even if just 20% of Indians adopt a matured digital lifestyle, that's 200 million people. At two meals a day – leave alone the multiple occasions we snack a day – that presents a seemingly astounding total addressable market of 400 million of online orders for meal deliveries. And at under 10 million meals a day currently between Swiggy and Zomato, we're just about scratching the surface.

Given the enormous potential, it is no surprise, therefore, that India has emerged as an attractive destination for venture capital, with \$30 billion (Rs 2,10,000 crore) expected just this year to give wings to unicorns.

India has been a fragmented, under-capitalised, highly informal economy with low trust and high friction. But now, significant productivity gains will come from improved access, lower transaction costs and increased participation of our population in the productive economy. Each time your FASTag is charged digitally, or you pay your kirana store, or order a meal home via online UPI transfer, a tiny fraction of efficiency gets

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released, and someone gets productively employed. Multiply this a trillion times a day, and you will start to realise why the 'Demographic Dividend' that eluded us this entire generation might finally manifest via the 'Digital Dividend' that Covid has gifted us.

And this is just half the story. Expect the new Digital India to power up through the rankings of nations. Low transaction costs, high velocity of transactions, transparency and ease of discovery will all combine to create massive productivity gains in every sector. Finally, as the digital trails of economic transactions become shareable and auditable and usable, it will allow

millions of small businesses to gain instant access to credit and move from being credit-starved to credit-rich.

With China becoming a pariah, India is now seen as the champion of the open and democratic internet, and a global hub for technology innovation and startups. Our mobile-first software development capabilities and deep local markets give us the experience and confidence to create digital products for the world. India is strategically well-placed and earned the right to win. Freshworks' IPO on the NASDAQ is just the start.

The Indian software engineer was always celebrated abroad. Now the demand for digital talent is soaring, both domestically and internationally. "Code in India" should be our new war cry to export our skills and capabilities to the world.

Also, keep a tab on the attrition levels at our large IT firms – they will provide clues to the massive digital talent crunch that we might face for the next few years. Here's the good news: Millions of young graduates are taking notice of the fact that learning how to code is the key to a great future.

Is there anything to worry about? This rapid, almost cataclysmic digitisation will leave no time for incumbents to react, especially since digital-first businesses have reset the equation. Unless legacy businesses learn to adapt, many of them will flounder, or be swallowed or replaced by a digital upstart. Consider this: Less than 2% of UPI payments are via the banking apps (consumers prefer platforms like Google Pay and PhonePe). Yet the new surge of energy at the Tata Group, as they ready themselves for a digital future, is evidence that there's plenty of upside for legacy firms as well.

Thanks to network effects, as digital platforms become more powerful, regulation will have to rapidly evolve to avoid monopolisation and cartelisation. Also, platforms are already exploiting labour, categorising them as gig-workers and denying them employment benefits. These capitalistic excesses will need to be controlled with a firm hand.

But one thing is clear: When we look back after a few decades, 2021 will be remembered as the year when India rewrote the playbook for business innovation and growth.

The writer is an investor in Indian internet businesses

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Opinion blogs

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The Speaking Tree (The Times of India)

By Narayani Ganesh

When you say, "I did this" or "I went there" it sounds like first person singular, and grammatically it is correct. But when you extrapolate the first person singular to a larger canvas by taking into account all the factors that make up the 'i' you are referring to, it is abundantly clear that the 'i' is plural because you are the sum of many, many entities.

Biologically, you are a walking ecosystem because more than 100 trillion bacteria live inside of especially in your gut. That is perhaps more than the total of all human beings who have ever been born so far. Therefore, it is clear that you are not really the body: your body includes many other living organisms that affect the way you move, the way you digest and the way you think, feel and respond. This could be the reason for the expression, 'gut feeling' as what you feel is the sum of the feelings of all inhabitants in your body.

All of that does not come from just you, the individual: these are the collective result of inputs from all your mentors, family and friends, and content of whatever you consume from books and audio-visual media. "If I have seen further, it is by standing on the shoulders of giants, Isaac Newton is believed to have said.

When we consider the concept of 'i' at a metaphysical level, we need to differentiate between the small 'i' which is the ego, and the large 'i' which refers to the Atman, the Self within, synonymous with Brahmn, the Universal Consciousness in Hindu philosophy. Again, it is clear that

the self is contained in the Self. the smaller 'i' is getting subsumed by the larger 'I', a plural situation. The goal of a serious seeker is to overcome the ego and get merged with the Self, thereby giving up all plurality and become One with Brahmn.

Once when Adi Shankara and his colleagues were returning from the bathing ghats of the Ganga, an outcaste with his dogs came in his path. Shankara asked him to move away - as was the custom those days - to which the Chandala, outcaste, asked him: "Who should move away - my body or my Atman? My body is made up of the same elements as yours and the Atman that resides in my body also resides in yours. So pray tell me, who or what should move out of your way?" This revelatory incident that Shankara experienced, inspired him to compose the "Manasa Panchaka" even as he promoted the philosophy of Advaita Vedanta.

The doctrine of interdependence and what is called the 'bundle' theory in Buddhism talks of the anatman, no-self, and of anicca, the doctrine of impermanence, indicating that "The individual is a series of interconnected processes that, working together, give the appearance of being a single separated whole." Hence the individual, who we believe to be a singular entity, is viewed as being an interrelated part of an ever-changing, impermanent universe.

Whether one believes in the Atman or the anatman, the premise that a human being is first person singular does not hold, as the so-called individual is really a plurality of many.

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