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New Realities

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Kerala has never been a hot destination for industrial investment because of the heavily politicised environment. But things may be changing...

Photo: Vipin Chandran



A successful venture: A counter-narrative that points to the future.

OVER the years, in this space, I have talked about the strengths of Kerala — its liberality, its pluralism, its literacy, its empowerment of women, its openness to the world. But it's difficult to deny that despite all this, the State has acquired a less than positive reputation as a place to invest. "Keralites are far too conscious of their rights and not enough of their duties," one expatriate Malayali businessman told me. "It's impossible to get any work done by a Keralite labour force — and then there are those unions!" He sighed. "Every time we persuade an industrialist to invest in Kerala, it ends badly. The late G.D. Birla put a Gwalior Rayons plant in Mavoor — it has long since closed. The Doshis of Mumbai started the Premier Tyre factory in Kalamassery — you know the fate of that plant? The late Raunaq Singh set up the first Apollo Tyres plant in Chalakudi, but all the expansions of Apollo Tyres since then went to other States such as Gujarat, as neither Raunaq or his son Omkar could deal with the politically charged trade unions." He shook his head. "I am a Malayali," he declared, "but I would not advise anyone to invest in Kerala."

Outdated notions

It was with his words ringing in my years that I stepped gingerly into my home State in May. Newly freed from my career as a U.N. official, I wanted to see what I could do for Kerala's development, in particular by opening the eyes of foreign investors to what the State had to offer. What I saw and heard there convinces me that my friend's pessimism is, at the very least, out of date.

For one thing, the attitude of the work force is not what it was. It's always

been a curious paradox that Keralites put in long hours in places like the Gulf, where they have earned a reputation for being hard-working and utterly reliable, while at home they are seen as indolent and strike-prone. Surely the same people couldn't be so different in two different places? And yet they were — for one simple reason: the politicised environment at home. It's a reputation that has come to haunt Kerala. Several people told me the story of how BMW had been persuaded to install a car-manufacturing plant in the State, thanks to generous concessions by the government. But the very day the BMW executives arrived in Kerala to sign the deal, they were greeted by a *bandh*: the State had shut down over some marginal political issue, cars were being blocked on the streets, shops were closed by a *hartal*. It had nothing to do with BMW or with foreign investment, but the executives — or so I was told — beat a hasty retreat. The plant has now been set up in neighbouring Tamil Nadu.

Kerala's political and business leaders are aware of this story. But few are aware of the counter-narrative. Last year I met Antony Prince, a Malayali long settled in the Bahamas, who is President of a major ship design company there, GTR Campbell (GTRC). GTRC had built many ships around the world, and its contracts had helped revive China's Xingang Shipyard. Why not try and do the same in his native land, Prince wondered. Ignoring all the friendly (negative) advice he was given, he decided to get one of his huge "Trader" class double-hull bulk carriers built at Kerala's Cochin Shipyard. This was a major undertaking: GTRC's Trader class ships are 30,000 tons deadweight, have cargo holds of 40,000 cubic metres in capacity, and are meant to sail over a range of 15,500 nautical miles, so the task would have challenged a more experienced shipyard. But as the work unfolded, Prince realised he need not have worried. Not only was there not a single strike or work stoppage, but the shipyard workers took pride in having been given such a major assignment. They finished the job to GTRC's complete satisfaction — ahead of deadline. Five more ships will now be built in Cochin; it's the shipyard's largest-ever order.

Greater possibilities

But the potential is even greater. Working with GTRC had transformed Xingang into a world-class shipbuilder; there is no reason why the same cannot happen in Kochi. Mr. Prince was enthusiastic about the prospects. "The officers and workers in the Cochin yard have proved that they can do it, launching the first vessel on schedule, with first-rate quality and meeting international shipbuilding standards", he said. "I hope the message will spread." It should. The interesting point is that shipbuilding is a highly labour-intensive industry; some 30 per cent of the input is human labour, which is what makes it ideal for a country like India. The workers at Cochin Shipyard — unionised to a man — demonstrated that labour remains India's greatest asset, even in Kerala. It is not, as skittish investors had long feared, a liability.

A visit to Thiruvananthapuram's Technopark confirmed my impression that the sceptics are behind the curve. CEO after CEO told me in glowing terms of their satisfaction with the work environment in Kerala, the quality of the local engineering graduates, and the beauty of the lush and tranquil surroundings. Indeed, Kerala's past failures at attracting and retaining heavy industry are now working in the State's favour.

Tranquil surroundings

One Technopark firm, US Technologies, told me of having bid for a contract

with a Houston-based company which had drawn up a short-list of Indian service providers and placed the Thiruvananthapuram-based company last. The American executives making the final decision flew down to India to inspect the six short-listed Indian firms. After three harrowing days ploughing through the traffic congestion and pollution of Mumbai, Bangalore, and Delhi, they arrived in Thiruvananthapuram, checked into the Leela at Kovalam beach, sipped a drink by the seaside at sunset — and voted unanimously to give the contract to US Technologies. “If we have to visit India from time to time to see how our contract is doing,” the chief said, “we’d rather visit Kerala than any other place in India.”

As they say in the U.S.: Sounds like a plan! It is time that Indian investors took notice as well. God’s Own Country no longer deserves the business reputation of being the devil’s playground.

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