

Let's Get Creative

By Richard Florida

The Times of India

Saturday, February 18, 2006 09:57:14 pm

If the recent meeting of world leaders at Davos is any indication, India is rapidly becoming an economic 'rock star'. If China is the world's factory, India's become the world's outsourcing centre.

Its software industry is the world's second-largest, its tech outsourcing accounts for more than half of the \$300 billion global industry, according to technology expert Martin Kenney.

But India's future depends crucially on its ability to compete fully in the Creative Economy — not just in tech and software, but across design and entrepreneurship; arts, culture and entertainment; and the knowledge-based professions of medicine, finance and law.

While its creative assets outstrip those of China and other emerging competitors, India must address several challenges to increase its international competitiveness.

The world is in the midst of a sweeping transformation, from an industrial economy to a Creative Economy that generates wealth by harnessing intellectual labour, intangible goods and human creative capabilities.

Since 1980, this economy has generated the lion's share of new jobs in advanced nations, accounting for some 150 million jobs worldwide, between 35 and 45 per cent of total jobs, and more than 50 per cent of all wages and salaries.

India is well-positioned to compete. Bollywood, which makes over 900 films a year, is the world's largest filmmaking centre. India's creative talent has already made its mark on the global entertainment industry and popular culture. The music scenes of London, Toronto, and New York are infused with Bhangra beats.

Elsewhere too, India excels. Its video game industry is projected to grow tenfold, to \$300 million, by decade-end, and its animation industry from \$300 million to almost a billion dollars by 2009.

Its advertising, graphic design and product design industries are seeing extraordinary growth. Longstanding strength in health care is attracting significant investments in medical technologies and pharmaceuticals.

Already, India has been a source of creative talent for the world. The skills of Indians were integral to the success of Silicon Valley. Indian expatriates started 385, or 10 per cent, of its high-tech firms in the late 1990s.

Vinod Khosla, who Forbes magazine named the "most important venture capitalist in the world", has single-handedly been responsible for identifying a host of key technologies and generating billions in new wealth. In the US alone, more than 160,000 Indians work in science and engineering.

But India also faces substantial challenges. It ranks 41st of 45 countries on my Global Creativity Index, an aggregate measure of its strength across the 3Ts of economic development.

India does well on the first T, Technology, ranking 23rd worldwide. But, despite its globally renowned IITs, it ranks 44th on the second T, Talent, with only 6 per cent of its population holding a Bachelor's degree.

It ranks 39th on the third T, Tolerance — openness to self-expression and a wide range of social groups. To compete and win in the creative age, India will have to become a magnet for talent from around the world.

But India's biggest challenge goes deeper and is embedded in the very logic of the global Creative Economy. Innovation and economic growth are more concentrated than ever.

India's growth is premised on the success of a handful of regions. Virtually all significant technological innovations produced in India in 2004 (those for which US patents were granted) came from just three city-regions — Bangalore, Hyderabad and New Delhi.

Outside of these and several other creative centres, large sections of India's population live a hand-to-mouth existence.

This worsening divide between creative 'haves' and 'have-nots' has registered itself in Indian politics, as candidates touting high-tech industry and economic development have faced defeats in recent elections.

Still, there is a great tradition of creativity to build on; creativity, it seems, is part of India's DNA. India has long valued the development of talent across multiple dimensions, from literature and the arts to medicine, engineering and entrepreneurship.

Its internal diversity — religious, cultural, political, and geographic — along with a tolerance of dissent and openness to outside influence and trade have provided this ecosystem with a constant influx of new ideas and people.

Now, India needs to find ways to harness the full creative capability of its inhabitants across all industries, occupations, classes, and geographic regions.

To do so would give India an undeniable advantage in the global Creative Economy and provide the world with a large-scale model for how development of human capabilities is the most effective route to true economic development.

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