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PAGE ONE**PURSUIT OF HAPPINESS**

India's Surging Economy Lifts Hopes and Ambitions

Socialism and Castes
 Begin to Give Way;
 Lessons of 'Dumbo'

By PAUL BECKETT and KRISHNA POKHAREL in New Delhi and ERIC BELLMAN in Mumbai
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Since it gained independence, India has been defined by socialism, poverty and a Hindu caste system that determined a person's place in society from birth. Now, amid an explosion of economic growth, millions of Indians are embracing long-unthinkable ambitions: to lead a better life than their parents and create a better life for their children.

"My son would have followed in my footsteps 10 years ago," says Sanjaya Sharma, 39 years old. He works, as his father did, at a crematorium on the banks of the Yamuna River in New Delhi, where open funeral pyres sit on about 100 concrete slabs. Mr. Sharma's job is to ensure bodies are fully cremated and, if the children of the deceased aren't available, to pierce skulls with a stick in a sacred Hindu rite. Working one of Indian society's humblest jobs earns Mr. Sharma 200 rupees, or about \$5, a day.

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Now, the father of five says, "I don't want my children to do what I am doing. I want them to go into business, get educated, get a respected profession, learn computers and earn for themselves." Mr. Sharma and his wife push their eldest, a 14-year-old girl named Khushboo, to get good grades. Khushboo says she wants to get a "good private-sector job in Bombay or in America," using the old name for Mumbai.

The new sense of possibility felt by Indians, many of them from the lower classes, is one of the most profound social consequences of the great economic reawakening of this nation of 1.1 billion.

Economic growth has averaged about 8.6% a year for the past four years, a rate that, if sustained, would double average incomes in a decade. Indian companies are snapping up Western rivals. Doves of Indian professionals, meanwhile, are returning home from abroad, seeing a greater chance here of entrepreneurial success. Poorer Indians are flocking from

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villages to the cities in search of new jobs and a better lot in life.

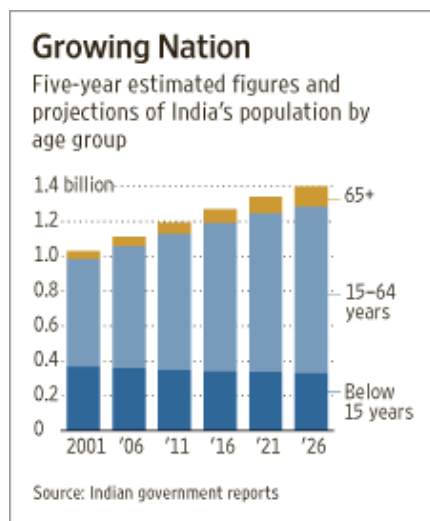
"There has been a psychological breakthrough," says André Béteille, chairman of the Indian Council of Social Science Research. The 73-year-old has studied Indian society since shortly after India won independence from Britain in 1947. "Substantial sections of the Indian population believe that they are as good as anybody."

There's demographic evidence to suggest that India's economic boom will continue. About one-third of India's population is under the age of 15. Over the next five years, India will be responsible for nearly 25% of the increase in the world's working-age population, according to an October World Bank report. China's population, in contrast, is rapidly aging; its working-age population is expected to fall to 57% of the total in 2050 from 67% in 2000, according to a separate World Bank report issued in September.

The Organization for Economic Cooperation and Development recently claimed India in 2006 became the world's third-largest economy after the U.S. and China based on purchasing-power parity, which adjusts exchange rates to equalize the cost of goods in different countries.



India's newfound ebullience contrasts sharply with the tragic aspects of this ancient land. Many of its rural residents, representing roughly 70% of India's population, still live in brutal poverty. Malnutrition, infant mortality and other childhood diseases are commonplace, especially in the countryside, because successive Indian governments have underinvested in health care and many public and aid-agency funds destined for the poor are siphoned off by corruption.



And it isn't the first time India has felt this kind of optimism. When it won independence, India's leaders believed the nation could secure a new and unique perch as a tolerant, secular democracy, especially if the steady hand of the state was on the economic tiller. Since then, India's stability has stood out against the turmoil that frequently roils neighboring Pakistan, which won independence the same year. But India's economic performance in the few decades after independence was so poor that it came to be referred to derisively as the "Hindu rate of growth."

India also has seen short spurts of rapid economic growth before. It experienced three such years in the mid-1990s, but the boom fell apart with the advent of the Asian financial crisis.

Still, there is little to compare with what is happening in large parts of the country today -- changes that are altering how people live and what they aspire to. Domestic tourism companies are booking record numbers of sightseers. An advertisement for IFB Industries Ltd., a maker of washing machines, dryers and microwave ovens, features a smiling young woman looking at a spreadsheet on her laptop. "Housework on your mind?" it asks. "Set yourself free with IFB."

The opportunities open to young Indians are now vast compared with just a few years ago, and they go well beyond information technology and call centers. Whole new industries, free from the shackles of state ownership, offer a new generation a far wider range of choices.

"In my community, you should do only engineering or medicine," says 22-year-old Sunil Ji Bhat, referring to the two traditionally respectable professions for the upper classes. Under the ancient but still-influential caste system, Brahmins like Mr. Bhat are at the top. "Now, new things are coming up: Insurance, journalism, hotel management, and youth are very much attracted to these new fields."

A Kashmiri Pandit from predominantly Muslim Kashmir, Mr. Bhat's family was part of a mass exodus from Kashmir in 1990 amid widespread violence, much of it aimed at Hindus. They settled in a refugee camp in Jammu, the southern part of the state of Jammu and Kashmir. His family, once well-to-do, has lived there since, much of the time all in one tent.

Since he was 10 years old, Mr. Bhat wanted to be a news anchor. At the time, the family could see only one state-run television channel. "My parents were very apprehensive," he says. "They thought the man reading the news must have got his job through contacts."

Mr. Bhat is enrolled in a master's degree program at the Indian Institute of Mass Communication in New Delhi and his parents have gradually accepted that he may have a future in television: Today, there are more than 200 television channels in India and more than 70 still waiting for government permission. Mr. Bhat frequently reminds his parents that one anchor on a popular cable news channel is a Kashmiri Pandit, too.

The changes can be even more dramatic at the bottom of the caste hierarchy. V.P. Gomathi, 21, grew up in a small village in the southern state of Tamil Nadu in a family of Dalits. Dalits, the former "untouchables," are at the bottom of the Hindu caste ladder, so low as to be outside of the system altogether.

Ms. Gomathi's father was an alcoholic. Her mother married at 14 and was never educated. But her mother realized the importance of schooling, so she and the rest of the family sacrificed to get Ms. Gomathi a good education.

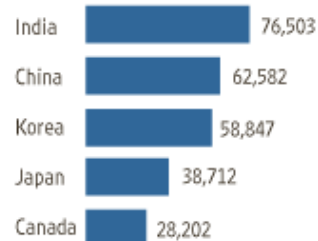
"She thought, 'My daughter should not have to face all this,'" says Ms. Gomathi, who went to a private missionary high school and then to college. Now, she is working towards a master's degree in social services at the Tata Institute of Social Sciences in Mumbai.

Ms. Gomathi says she faces criticism at home for her success, with villagers saying, "If she goes for a higher education, we cannot find a groom for her." But her achievements have encouraged others in her village to take education more seriously.

As Ms. Gomathi's exodus from her village demonstrates, much of the newfound advancement is happening in India's cities. In contrast, much of rural India is in danger not just of being bypassed by economic growth but of going into reverse, with the ranks of the worst-off

Global Studies

For the 2005-06 academic year, Asia accounted for 58% of international enrollments at U.S. higher-education institutions. Countries sending the most students to the U.S.



Source: Open Doors 2006, Institute of International Education

swelling.

In 2004, 83% of rural Indian wage earners aged 18-59 were in the lowest-earning section of society, making less than 61,125 rupees a year, roughly \$1,540, according to a new study by IIMS Dataworks, a New Delhi-based market-research firm. By mid-2007, that number had increased to 86.4%, the survey found. In contrast, the ranks of the lowest-paid workers in India's urban areas fell to 73.2% of the working population from 79.5% three years earlier.

Agricultural reform has been so lethargic that India's farming economy has grown at a much slower rate than the overall economy in recent years.

The last government, led by the Hindu nationalist Bharatiya Janata Party, lost in 2004 in part because its campaign slogan "India Shining" rang hollow with many Indians, especially in rural India. The current Congress Party-led government of Prime Minister Manmohan Singh, reliant on a fragile coalition of political parties, has been hobbled in its ability to deliver reforms that might spread the benefits of economic growth more widely.

One of the most critical reforms needed to ensure India's continued economic growth is fixing a public-education system riddled with problems. Many teachers regularly fail to show up to class because it is difficult to fire them and they can earn more in private tutoring. Only 17% of Indians in their mid-20s and older have a secondary education, according to the World Bank.

Education reform is crucial if the government wants to gain the benefit from its youthful population and not simply end up with more uneducated workers to find jobs for. Reform also is needed to meet the rising demands and aspirations of India's own citizens, even the poorest of whom now view education as the ticket out of the slums or impoverished hamlets.

The Indian government, economists and business leaders all have identified the need for better education, especially at the elementary and high-school levels. But many are disillusioned with government efforts. That has prompted calls for the private sector to take a more active role in promoting private schools even in remote and poor parts of the nation.

The federal government, meanwhile, is planning to greatly expand the number of higher educational establishments, including those that are part of the elite Indian Institutes of Technology and Indian Institutes of Management networks -- the country's equivalent of the Ivy League.

India's ability to give more of its citizens the prospect of material and social advancement will largely determine whether today's progress is viewed by history as a transformative period akin to the mass migration of U.S. blue-collar workers in the 1940s and 1950s into the middle class. It also will help narrow the many fault lines that crisscross this fractious and fragmented nation -- divisions between religions, between caste layers, between north and south, between urban and rural, between development and subsistence living.

Some say the stability and cohesion this transformation can bring may help a newly powerful India set an example on the world stage by marrying democracy with prosperity in a volatile region short on both.

"Our perception is the world is a much safer place if a nation of 1.1 billion people is prosperous and doing well," says Montek Singh Ahluwalia, deputy chairman of the Planning Commission,

a government agency that plays a big role in setting India's economic course. "I don't think democracy has much of a future if it doesn't work in India."

The pursuit of a life-changing personal dream is sufficiently new in India that it can be a difficult concept to grasp even for people in their 20s. One recent Monday, 25 employees of the Home Town furniture chain -- average age about 22 and most without higher education -- were gathered in a training facility north of New Delhi.

The program, called Gurukool, was designed by the company to encourage workers to aspire to a better life so that they are more self-confident in their jobs and see the value of building a career.

In one round of exercises on the first day, the recruits were given big sheets of paper and magic markers and told to draw or write something that represented their dreams. For the next 30 minutes, the participants struggled. A table of young men copied each other, drawing crude renderings of pretty scenery.

Over the five-day course, they watched Disney's Dumbo -- a parable of how to translate limitations into opportunities. They also performed self-esteem-building exercises that aim to help them conceptualize what they want in life and how they might achieve it. "Suddenly they realize the potential they are not using," says Azhar Sohail, general manager of learning and development at Home Solutions Retail Ltd., owner of Home Town. "At the end of five days, people go out confident."

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