SOME YEARS AGO I read a review of a book, the title of which now escapes me, which concluded, 'Obviously far too good to win the Booker Prize.' For all the controversies associated with the Booker - and indeed with any literary award - they got it right in 2006. Kiran Desai's The Inheritance of Loss is, to cut to the chase, superb.

For all its colourful characters, this is above all a novel of place. The backdrop to the story is the soaring Himalayan peak of Kanchenjunga, so rich in Tibetan mythology. The mountain, viewed from Kalimpong - where 'India blurred into Bhutan and Sikkim' - is a constant in the novel, unchanging throughout the political turmoil of the Nepalese uprising in the late 1980s that forms the context in which Desai constructs her powerful tale of the most enduring legacy of colonialism - loss, in all its guises.

The other prominent place in the novel is New York City. Not the glamorous New York of the movies, but the underbelly of the city, inhabited by illegal immigrants trying to eke out a living in sordid kitchens of dodgy restaurants, always at the mercy of ruthless employers and always on the move, one step in front of the immigration authorities. Here 'innocence never prevails'.

Relationships in the novel are shaped by reluctantly held family ties, by economic imperatives, by political upheaval and, most significantly, by the hybridity and displacement that are key markers of what is frequently termed the postcolonial condition.

Damaged unalterably by the experience of being a young man during the British raj is Jemu, the retired judge, now living in a rambling run-down mansion called Cho Oyu (built for a Scotsman with romantic notions of Himalayan life) in Kalimpong. Sent to England as a young boy by his ambitious father to complete his law degree (which he passed only because of the quota system), Jemu wanted nothing more than to be English and, after his return to India, found himself unable to reconcile himself to being Indian. In his disgust at everything Indian and in his readiness to invoke English class sensibilities to his own advantage, Jemu epitomises what Albert Memmi calls the 'duality' that was produced through colonial education. In Memmi's words, the memory which is assigned to people like Jemu is 'certainly not that of his people. The history which is taught him is not his own.' Such people, adds Memmi, 'change and serve no one, but ... succeed only in finding moral comfort in malaise.' Indeed, the judge's daily life is suffused in malaise. He despises everyone and everything around him, resents having to assume guardianship of his orphaned granddaughter Sai, and is redeemed from being an entirely appalling character only by his doting affection for his dog Mutt. The dog, too, is displaced - whoever heard of a red setter in the Himalayas?

Juxtaposed with the story of Jemu and Sai attempting to live a 'normal' existence while around them bands of Nepali freedom fighters are causing havoc in the villages and the monsoonal rain seems to be turning the house into a living organism, is the story of Biju, the son of Jemu's (nameless) cook. Urged by his father to seek his fortune in America, Biju is living in New York on an expired tourist visa, finding work and a place to sleep in a series of grubby restaurant kitchens, always thinking of how he might return to India, in stark contradiction to his father's boast to anyone who will listen that he will soon be joining Biju in New York, where he is 'the manager of a restaurant business'.

No less important than these marvellously drawn characters are some of the novel's minor players, who deal with their displacement and marginalisation in different ways. It is easy to forget that Sai's tutor, the spinster Noni, and her widowed sister Lola, living in their rose-covered cottage called Mon Ami, are in fact Indian women. In their garden they grow India's only broccoli, from seeds purchased on their regular shopping trips to London, where they also stock up on Marmite, Oxo cubes, daffodil bulbs and Marks and Spencer panties (through the legholes of which, when they are hanging on the clothesline, one can get a view of Kanchenjunga 'collared by cloud'). Ironically, Lola is critical of VS Naipaul who, because of his 'colonial neurosis', is stuck in the past. Lola has sent her daughter Pixie away to escape the 'sinking ship' that is India. Pixie now works as a BBC reporter in England but Lola's boastful pride at hearing her daughter's voice on the radio each night is in sharp contrast to the reaction of people all over India who laugh till their stomachs hurt at Pixie's pukka British accent.
In New York it seems that everyone is running away from something, some more successfully than others. One of these is the generous and charismatic Zanzibari Saaed Saaed. Once Biju – whose 'habit of hate' has accompanied him to New York – overcomes the dilemma of befriending a man who is Muslim as well as black, Saaed Saaed becomes an anchor for Biju in his uncertain life in New York. Tall, handsome and sporting dreadlocks, Saaed Saaed is never short of a girlfriend, but he does have difficulty coming to terms with the pastimes of American girls. When his current girlfriend Thea goes off on a hiking trip he refuses to accompany her, declaring, 'African men don't look at leaves!'

For the defining sentiment of the novel, however, we must return to the judge, who just once offers a profound insight into the circumstances in which his household – and the country from which he is alienated – find themselves. Pondering the fact that Sai is a westernised Indian brought up by English nuns, an estranged Indian living in India, he reflects that 'the journey he had started so long ago had continued in his descendants'. That journey is at the heart of Kiran Desai's remarkable novel.

NOTE