

“India – Emerging Economic Super Power”

INTRODUCTION

“Brand India”

The achievements of 5 years of Atal Bihari Vajpayee’s premiership and 5 years of NDA Government work can be explained as year’s of development, recognition, respectability. Not only in India but in the whole world, emergence of “Brand India”.

A country which was contemptuously looked as under-developed, had on over protected economy and was on verge of bankruptcy in 1990 and mortgaged gold to repay the foreign debt. Today India is marching with 100 billion US dollars foreign exchange reserve. The 4th largest in the Asia.

In this small booklet I have tried to compile the development and progress of India in last few years.

The last 5 years have shown that India is Stable, Able & Capable.

There is a leadership with clarity of thought for Vikas & Vision. Vision of 2007, 2010, 2020. Vision of fully developed India.

Vikas means fruit for all. Gramin Bharat & Shahari Bharat. Poor, backward, Middle Class. Youngsters & Senior Citizens. Development, growth in Industry & Agriculture. Infrastructure & Information Technology.

It is not only the “feel good factor” but an atmosphere/climate of “confidence”. The country’s political leadership, corporates, industries, administrators and young entrepreneurs accepted the challenge of the world and converted it into an opportunity. And today we have a Boom.

- **India is becoming an economic super power.**

As an economist said –

19th century belonged to England due to its ‘natural resources’

20th century belonged to America due to its ‘material resources’

21st century will be of India due to its ‘human resources’

In Prime Minister SHRI ATAL BIHARI VAJPAYEE’S words :

**“Aao Milkar Hath Badhaye,
Bharatvarsh ko Mahan Banaye”**

- Kirit Somaiya, M.P

- Whip- BJP Parliamentary Party
- Member– Public Accounts Committee
Finance Committee

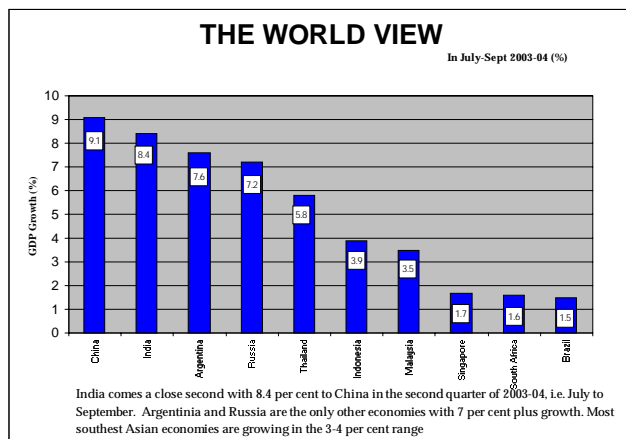
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Sources: Economic Revolution/RBI/Parliamentary Records/Parliamentary Committee / Central Statistic Organisation/Media Reports.

SIZZLING GDP GROWTH USHERS THE NEW YEAR

The second quarter economic growth in 2003-04 is remarkable. According to Central Statistic Organisation-

- Agriculture growth – 7.4%
- Manufacturing growth – 7.3%
- Services – Trade, Hotel, Transport and Communications – 10.7%
- It is India after China that has recorded such sizzling growth.
- Our GDP is growing at nearly 8% while the world average is hovering around 3%



- GDP in 1998 was Rs.13,90,148 and in 2003 it is Rs.22,36,128 crore.

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UNPRECEDENTED GROWTH IN INFRASTRUCTURE

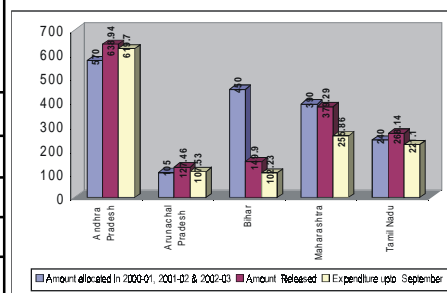
DEVELOPMENT OF INFRASTRUCTURE IS FUTURE OF THE COUNTRY

- NDA Government has paid special focus on infrastructure development, i.e. transportation, communications, railways, ports etc. The growth in this segment is the highest in last 56 years.
- The net result is that the growth in the index of six core infrastructure industry, i.e. electricity generation, coal, steel, crude oil, cement is the highest.
- In just one year i.e. 2003 India added 1.02 crores new telephone subscribers.
- In the National Highway Development Programme 2174 National Highways were completed by the end of September, 2003.
- There has been a strong growth of 7.5% in Railway freight traffic in April-September, 2003. The increase of cargo handling in major ports is 6.6%.
- In the year 2002 cement and steel recorded an impressive growth rate of 9.3% and 7.3% respectively.
- The National Development Project is currently generating daily employment for 2.5 lakhs construction workers and 10,000 supervisors.
- Rs.50,000 crores for infrastructure – roadways.
- NDA Government has shown the pathway of economic growth by developing “path” marg.
- In the first 50 years of our freedom only 556 new highways were developed.
- In first 50 years it was 11 km road per year while not it is now 11 km per day.
- By sanctioning Rs.50,000 crore, 14556 km highways, roadways being completed in 5 years.
- A separate Ministry for Highways and Road Transport formed.

- Prime Minister’s Dream Project-Golden Quadrilateral, connecting 4 metro cities – Delhi, Mumbai, Kolkata, Chennai with a total length of 5846 km will be completed in 2004. East-West (Slichar to Porbandar) and North-South (Srinagar to Kanyakumari) corridors expected to complete by December, 2007.
- Completion of Golden Quadrilateral will save Rs.8000 crore in fuel, depreciation and others costs per year.
- Another dream project of Pradhan Mantri Grameen Sadak Yojana (PMGSY), a unique scheme of connecting all villages with a population of 1000 persons. Rs.60,000 PMGSY was launched by NDA Government in December, 2000 to develop, construct, and improve the roads of rural areas in 3 years.
- **All villages having population of 500 persons will be connected by the end of 10th Plan Period, i.e. 2007.**
- In the hilly States, i.e. Kashmir, North East, etc. villages with 250 persons will be targeted.
- **Rs.10,000 crores have been provided, disbursed, spent, being utilized in the four years, details of which can be seen in the table below.**
- Following table shows the figure of implementation and utilization of Pradhan Mantri Gram Sadak Yojana in few States.

(Rs. in Cr)

Sl. No.	State	Amount allocated in 2000-01, 2001-02	Amount Released & 2002-03	Expenditure upto September
1	Andhra Pradesh	570.00	638.94	619.70
2	Arunachal Pradesh	105.00	127.46	107.53
3	Bihar	450.00	149.90	102.23
4	Maharashtra	390.00	379.29	255.86
5	Tamil Nadu	240.00	268.14	221.10

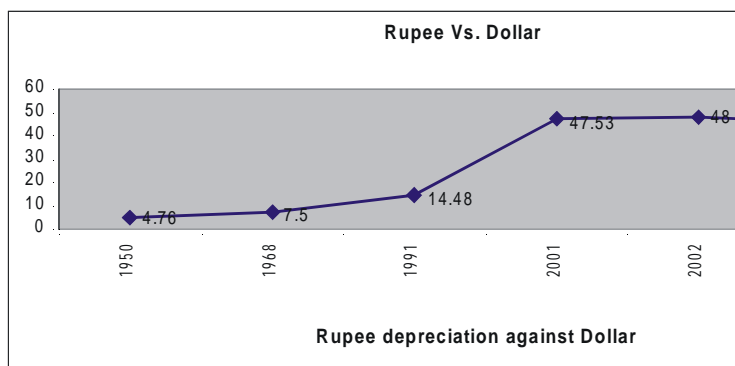


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RUPEE GAINS/APPRECIATED AGAINST US DOLLAR IN 2003

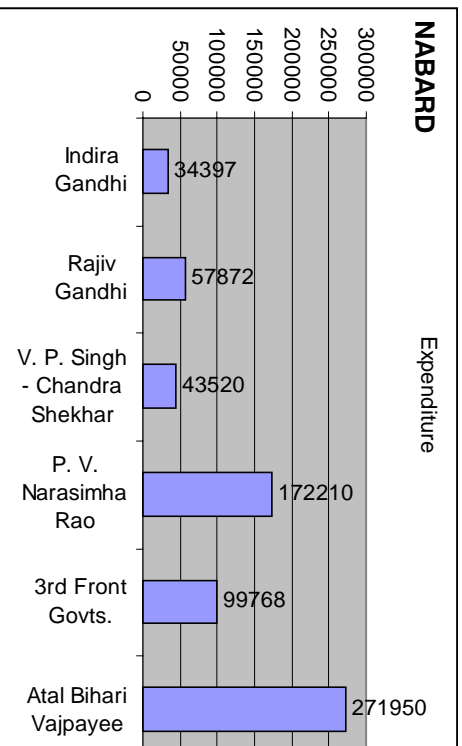
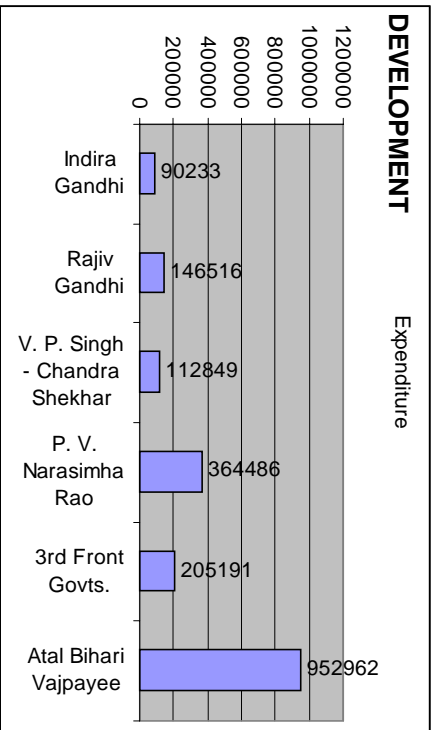
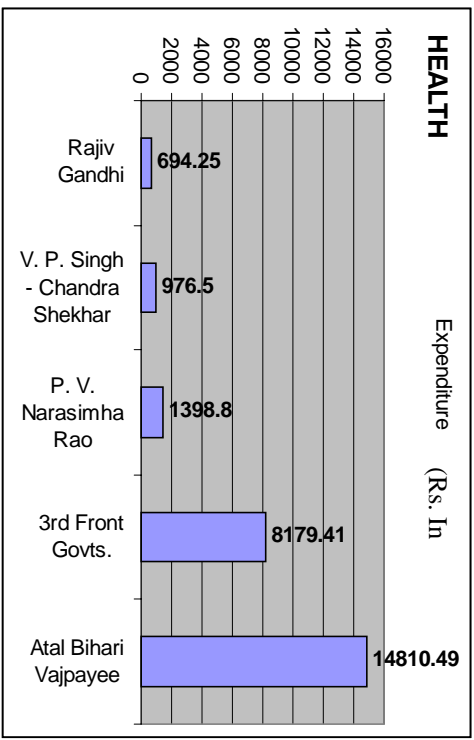
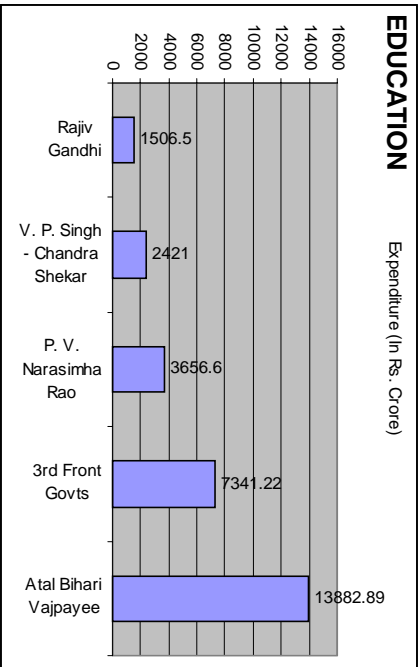
- Indian rupee had continued to depreciate against US dollar since 1947.
- In 1991 US Dollar 1 was equal to Rs.19/-. Every year rupee used to depreciate against US dollar by 2-3% or more.
- In Indian history 2003 has created one more record, rupee has appreciated by 5.24 against US dollar.
- As on 31st December, 2002 US dollar 1 was equal to Rs.47.98 while as on 31st December, 2003 US Dollar is equal to Rs.45.59.

US Dollar Vs. Indian rupee- Saga of rupee depreciating against US dollar



* In 1951 - 1\$ = Rs.4.76 (Rupees V/s Dollors)

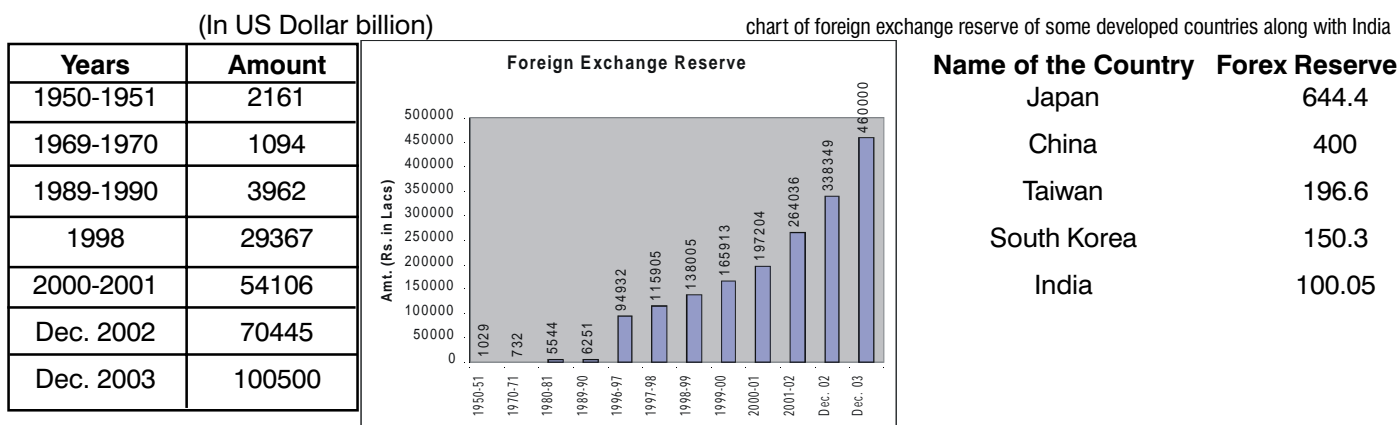
IMPORTANCE GIVEN TO VARIOUS KEY SECTORS BY BJP - NDA GOVT.



FOREIGN EXCHANGE RESERVE

\$ 100 BILLION FOREIGN RESERVE

- India hits one more century.
- After cricket India has one more century – this time in foreign exchange reserve. India has gross foreign exchange reserve of 100 billion US dollar (Rs.4,60,000 crore). From a ruined economy and a weak rupee we now have the fourth largest Forex reserve in the asia with the currency that is stronger than ever before.
- It was during the regime of Shri Chandra Shekhar, the then Prime Minister when India had to pledge gold with the Bank of England in 1990. Foreign exchange reserve was just 1.2 billion US dollar in 1991.
- During the Nehru–Gandhi Family premiership (Jawaharlal Nehru, Indira Gandhi and Rajiv Gandhi) India could muster foreign exchange reserve of 3.9 billion US dollars. It was 2.1 billion US dollar in 1950. (that is in the beginning of Jawaharlal Nehru’s premiership.)
- Following is the chart of India’s foreign exchange reserve



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HUMAN RESOURCES (BRAIN) OF INDIA

With 12 lacs Professionals, Engineers, Technocrats, India is becoming Coding Capital/Country of the world.

- Engineers-Technocrats – 6 lakhs – Doctors – 2.5 lakhs
- Graduates – 75 lakhs
- Indian human resources have become the focus of, attention of the world. Back office to global corporations. Centre of coding age research.
- Out of fortune 500 companies 100 multi-nationals have already established research and development offices in India.
- We are 1 in only 3 nations to build supercomputers; and 1 in 5 to launch communication satellites.
- This year India has catapulted to one of the top 10 R&D nations in the world. Business Week call the link up on US Corporation with Indian brands “one of the biggest mind – melds in history”
- It is stated that now in US market if any information technology company has to come out with a public issue then it has to have some Indian collaborator, i.e. “Brand India”.

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INFORMATION TECHNOLOGY (IT) - INDIA SUPER POWER

- IT exports increased from Rs.10,940 crores in 1998 to Rs.45,500 crores in 2003
- Software exports have escalated from Rs.6,500 crore in 1997-98 to over Rs.40,000 crore in 2002. At the end of 2003 it went up to Rs.60,000 crore.
- Information technology will be the highest export earning industry of India in next few years.
- Export earning from IT will be Rs.1,00,000 crore in 2004-05.
- Present IT accounts for 20% of total exports.
- Secures employment for 6 lakhs people.
- By 2007 India’s IT business will provide employment to 10 lakhs people.
- Almost one third of Software Engineers in Silicon Valley are Indian.
- Top IT MNCs like Intel, IBM, Microsoft, HP have R&D centres contacts in India.

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TELECOM KRANTI

It is ‘Kranti’ in telecom sector.

What it was 5-10 years back?

- 2-5 years waiting period to get a new telephone connection.
- Wrong number, cross connection, disconnection, harassment and corruption.
- STD charges of Rs.40/- to Rs.80/- for Delhi to Mumbai, etc.
- Long waiting list of applications.
- Total telephone connections were 1.86 crores till 1998.
- In 71 years only 1.86 crores connection were provided.

What is the scenario now?

- STD charges Mumbai to Delhi plummeted from Rs.80 to Rs.1.99 per minute.
- Waiting period for getting connection down to “Zero” days.
- Severe competition, consumer is the King.
- As on 31st December, 2003 total telephone connections in India is 7 crores.
- No waiting period, no queue, several choices of instrument, telephone line, telephone company, telephone services.
- Number of Mobile connections in 1997 were 7.94 lakhs and as on 31st December 2003 it was more than 2.85 crores.
- Number of internet users grew from 12 lakhs in 1998 to 1.3 crores by 2003 and still it is growing. At the end of 2003 number of internet users crosses 1.70 crores.

Growth in Telecommunication Network

Year	Network Connections (in Lakh)	Waiting List (Lakh)
First Plan (1951-56)	1.73	0
Annual Plan (1966-69)	8.14	0
Sixth Plan (1980-85)	28.95	8.42
Seventh Plan (1985-90))	45.89	17.13
Eighth Plan (1992-97)	144.30	20.07
As on 31.3.2003	700.00	0

Growth Mobile Connections

Year	Connections (in lacs)
1995	1.00
1996	3.00
1997	7.94
2002	104.80
2003	285.00

KRANTI IN MANUFACTURING SECTOR

RS.50 THOUSAND CRORE PROJECTS/EXPANSION IN 2004

- Indian manufacturers have developed the skill and enthusiasm to meet global competition, accepted it as a challenge and now are converting the same into an opportunity.
- Manufacturing segment, is roaring. Steel took off to China, pharmaceuticals to Europe and the US, auto parts sped on global motorways and high street fashion was made in India. When global economy spluttered in 2002-03, the top 100 Indian companies netted over Rs.70,000 crore in exports.
- The GDP growth in manufacturing sector is approx. 7%. In the second quarter of 2003-04 the growth in manufacturing is 7.3%. The feel good factor has helped to not only regain the confidence among the manufacturers but also created a climate for expansion, consolidation and making the world a Global Village.
- Huge expansions are coming up in automobile, metal, pharmaceuticals, petrochemicals and electronic sectors. Rs.50,000 crore expansion projects are planned by various big Indian corporates. The amount is planned to be generated internally, i.e. from profits and reserves.
- Capacity utilization has gone upto optimum level.
- Heavy industries like oil (99%), cement (86.4%), steel (88%) and aluminium (95%) have increased their capacity utilization substantially in the last financial year and are now looking at future demand.

Expansion in 2004

(Rs. in crore)

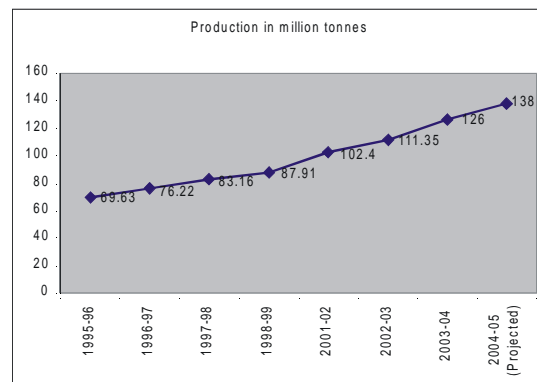
Sl. No.	Name of the Company	Investments Planned	Sl. No.	Name of the Company	Investments Planned
1	IOC	25,000	10	Jindal Polyester	600
2	BSES Ltd.	3,000	11	Finolex Inds.	500
3	Nalco	3,000	12	Shaw Wallace	500
4	Tata Steel	1,700	13	Ispat	890
5	Tata Chem	1,200	14	Jindal Steel	600
6	Hyundai	1,100	15	ISPL	550
7	Balco	1,000	16	Moser Bear	500
8	Indo Rama	1,000	17	Others	7660
9	LG Electronics	1,200			
TOTAL = 50000					

GROWTH IN BASIC CORE INDUSTRIES

REVOLUTION IN CEMENT AND STEEL PRODUCTION.

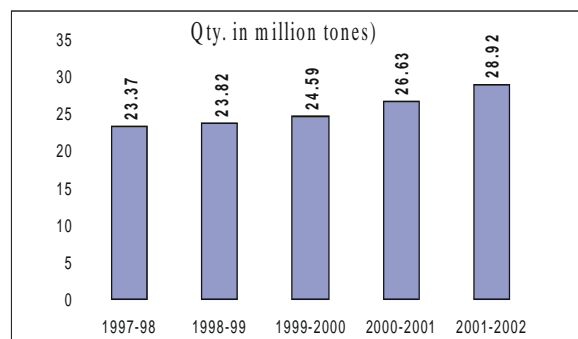
35% Increase in Cement consumption

- Economic growth of a country is always linked with increase in consumption of cement and steel.
- India is going to double its cement production and consumption in a period of 7 years. In 1995-96 cement products was 69.63 MT. The same will be 138 MT during 2004.
- After fulfilling the domestic demand, the industry has also exported 3.15 million tones of cement in 2000-01, 3.38 million tones in 2001-02 and 3.47 million tones in 2002-03.
- Year-wise cement production given below



**STEEL - PRODUCTION, CONSUMPTION & EXPORT
- A NEW DIMENSION**

- The Indian Steel Industry has shown a new path. Efforts of Atalji’s Government with the help of infrastructure projects, housing sector growth has given new life to steel industry.
- The steel industry has not only shown pathway of recovery but also for the first time India has started to export steel in 2003.
- India was net importer of steel in 90s. Now it is exporting steel to China and other countries.
- The production and demand of the steel industry has shown growth and momentum.
- Figure of production of Steel during last 5 years is as below



- Exports of Steel during the period 2002-03 and April-July 2003 are as follows

(Value in Rs. cr) (Qty. in ‘000 ton)

2002-03		April-July 2003	
Quantity	Value	Quantity	Value
4714	8704	1605	3357

- At present steel is being exported to China, USA, UAE, Bangladesh and some other Asian and European countries.

PHARMACEUTICALS –BIOTECH HEIGHTS

- Pharmaceuticals exports – Rs.12,000 crore
- Pharmaceuticals and biotech industry is another exciting horizon for ‘Brand India’.
- At atmosphere of chaos and panic on the eve of WTO, Patent, GATT, TRIP, had created confusion among Indian entrepreneurs and society in 1997-98.
- With support from Government, and with clarity, stability Indian pharmaceutical companies are reaching new heights.
- The share of pharmaceutical multinationals in India market in last few years has gone below 50%.
- Indian pharmaceutical companies have become efficient, global competitive and are also making news in the work in HIV-AID segment. The Global Foundation headed by Bill Gates is entering into an MOU with 4 pharmaceutical companies for global supply of anti-AIDS drugs.
- Outsourcing is another achievement of Indian pharmaceutical companies.
- Nicholas Piramal has recently entered into an outsourcing agreement with US based Advance Medical Optics. Davis Lab, Morepen Lab, Lupin have also jumped into pharmaceuticals outsourcing bandwagon. It is for the first time that Indian companies are going to manufacture finished formulation for MNCs, and global players.
- India’s earning from outsourcing will be more than 25,000 crores by 2007-08.
- India has changed the world definition of pharmaceuticals industry, and medicine prices. It is compelling the world to get medicine manufactured in India and be available in the Indian Rupee term rather than at a costlier dollar term.

NEW LOOK TO AGRICULTURE
2,72,000 CRORES FOR AGRICULTURE
Importance and Recognition to Agriculture sector

Food grain output of 220 million tonnes in 2002-03 highest – new record

Support, incentive to agriculture export 12.5 million tonnes food grain export in 2002-03

Agricultural growth in second quarter of 2003 is 7.4%

- Atalji's Government has created a revolution in agricultural finance also.
- Easy and cheaper finance for agriculture.
- The rate of interest charged for Kisans has been curtailed from 14% in early 90s to 9% at the end of 2003.
- Rs.5,800 crore invested in Accelerated Irrigation Benefit Programme to create additional irrigation potential of 8.5 lakh hectares mainly in tribal and drought prone areas in various States.
- For the first time in the country, 28 Agricultural Export zones being set up in 14 states with an investment of Rs.781 crore
- The total agriculture finance of Rs.34397 crore were made available during Indira Gandhi's regime (1980-84).
- While during Atalji's premiership Rs.2,71,950 crores were made available.

The following chart shows the growth in agriculture finance

(Rs. in Crore)		
Government	Year	Agriculture Finance Sanctioned
Indira Gandhi	1980-84	34,397
Rajiv Gandhi	1984-89	57,872
V P Singh Chandrasekhar	1989-91	43,520
PV Narasimha Rao	1991-96	1,72,219
3 rd Front	1996-98	99,768
Vajpayee	1998-2003	271,950

OUTSTANDING AGRICULTURAL ADVANCES

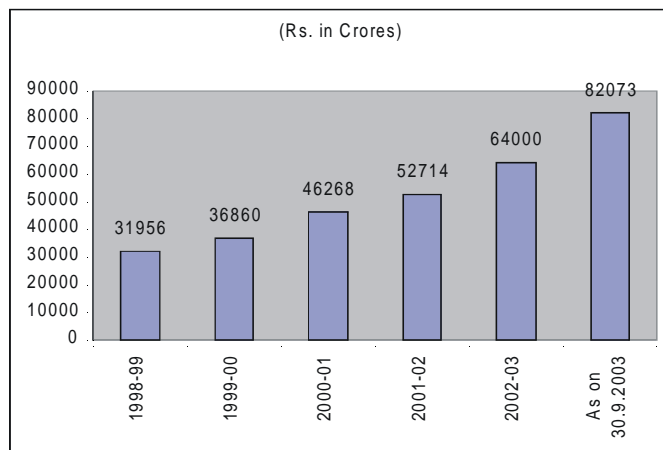
As at End-March	Public Sector Banks		Private Sector Banks	
	Amount Outstanding	% of Net Bank Credit	Amount Outstanding	% of Net Bank Credit
1	2	3	4	5
1998	34304	15.7	2746	9.7
1999	40078	16.3	3286	9.5
2000	46190	15.8	4481	9.1
2001	53685	15.7	5381	9.6
2002	63083	15.8	5406	9.5
2003	73874	15.5	8577	10.8

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KISAN CREDIT CARD

‘CREDIT CARD’ TO KISAN

- A new concept of Kisan Credit Card developed during last 5 years.
- Recognition of agricultural sector as an important industry.
- Special attention to the farmers by making available easy and sufficient finance.
- Introduction of Kisan Credit Card in 1999-2000.
- As per the information from NABARD 3,41,34,517 kisans were issued Kisan Credit Card as on 30th September, 2003.
- 18,000 people, rural persons covered.
- As per NABARD Rs.82825 crore were sanctioned to the farmers as on 30th September, 2003.
- Andhra Pradesh tops the list Kisan Credit Card issued to 57,81,951 families amounting to sanction of Rs.9,581 crore.
- In Uttar Pradesh 63,88,486 Kisan parivar covered with a sanction of Rs.10899 crore.



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HOUSING FOR ALL

ALL TO HAVE ‘HOUSE’ BY 2008

- On the national agenda on governance of NDA is “Housing for All” Concept.
 - **20 lakhs houses every year**
 - 13 lakhs house in rural areas
 - 7 lakhs house in urban areas
- Rural Development Minister has reformulated all rural housing schemes
 - Pradhan Mantri Gramodaya Yojana • Gramin Avas Yojana • Indira Avas Yojana
 - HUDCO and National Housing Bank sanctioned Rs.14047 crore for construction activities in 4 years while in last 20 years it was only Rs.10390 crore.
 - During 25 years of its existence, HUDCO has given loans to the tune of Rs.25,000 crore. During the past five years alone, it has given Rs.12,000 crore.
 - 80 lakh houses have been completed in 4 years of NDA Government.

HOUSING FOR URBAN POOR

- It is for the first time in the India’s history that the urban poor-people staying in jhuggies, jhopries, slums have been identified, and their problems addressed.
- The NDA Government has sanctioned, started Valmiki Ambedkar Avas Yojana (VAMBAY) from 2000-01.
- Rs.2000 crores has been sanctioned in this Five Year Plan for free house to urban poor and for sanitation schemes.
- In the first phase of VAMBAY 1,00,000 urban poor families have got free houses, per house cost subsidy to Rs.60,000.
- 25,00,000 people living below poverty line in urban slums will get free houses.

Housing Shortage at the beginning of the 9th Plan was estimated at 33 million units. According to a recent survey by the National Building Organisation, the total housing shortfall is estimated to be 19.4 million units of which 12.8 million is from rural areas & 6.6 million is from urban areas.

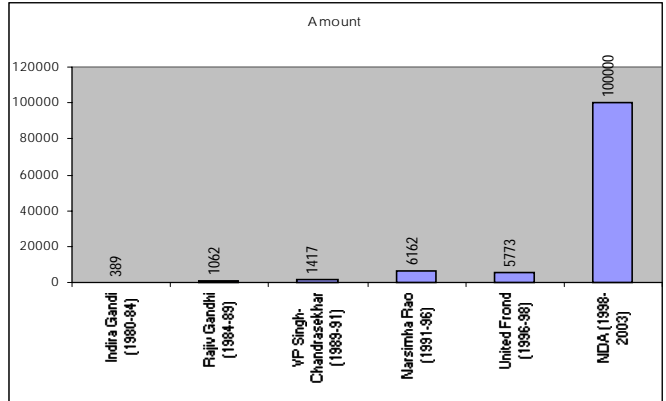
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HOUSING FINANCE DISBURSEMENT – WORLD RECORD

HOUSING FINANCE BECOMES CHEAPER FROM 17% TO 7.5%

- The growth in housing finance is a world record. From Rs.389 crore housing finance disbursement during Indira Gandhi’s regime (1980-84) to Rs. 1,00,000 crore during Atalji’s NDA regime (1998-2003).
- Following chart shows the growth in housing finance

Government/Year	Amount
Indira Gandhi (1980-84)	389
Rajiv Gandhi (1984-89)	1062
VP Singh-Chandrasekhar (1989-91)	1417
Narsimha Rao (1991-96)	6162
United Frond (1996-98)	5773
NDA (1998-2003)	100000



GRANDFATHER CONCEPT : NEW DEFINITION

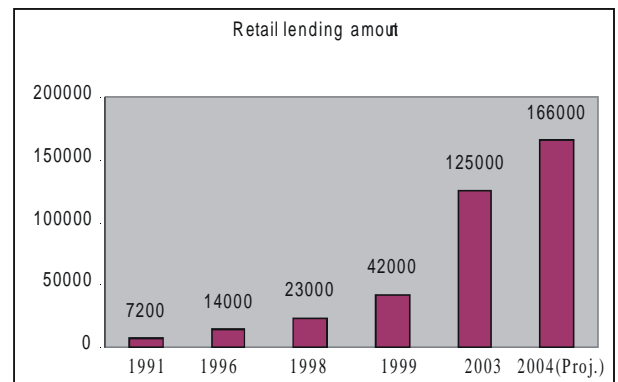
- The age-old Grandfather concept has got new dimension. In old days, a person after becoming grandfather was able to purchase, construct his own house. “Grand father” concept was nothing but dream of a youngster, earning person, that at the time of his retirement he will construct his own house. After the age of 50 years with the help of Provident Fund and gratuity he could construct a house. Now the youngster not only in Mumbai or Delhi but about in 400 cities goes for own house at the age of 30 and becomes the owner of the same. Now Grandfather moves into ‘New House’ with Grand Son.
- The housing loan is available almost across the counter. • An average loanee is 29 years old.
- Interest rate reduced from 17% to 7.25% • EMI (monthly installment) has dropped from to Rs.2100/- in early 90s to Rs.1400/- in 2000 to Rs.775/- per lakh at the end of 2003.
- More than 100 banks, non-banking financial companies, insurance companies, housing finance companies offer finance for housing with ease.
- Housing finance gives momentum to general economic growth; more houses mean more steel, cement, and employment to huge labour force. Growth the service sector, i.e. finance, plumbing, further, fixtures, carpenters, etc.

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INCREASE IN PURCHASING POWER - BETTER STANDARD OF LIVING

Telephone, Refrigerator, Two Wheeler, Motor –Car, Colour TV, Own-House were known as “Luxury”. Things meant for ‘Amir- Rich’ class only. Time has changed now. T.V & Telephone is in every-house of middle class, Lower Middle Class. Even ‘Slums’ of Mumbai have T.V. sets. Competition & consumer vision, Development & Easy-Cheap Finance. Items have become cheaper & also increase in purchasing Power.

- 15 crores families of India’s population are now known as middle class families, i.e. 75 crores population is termed as middle class.
- A new concept of easy finance, retail lending, cheaper finance is not only making available all the facilities at a younger age but affordable also.
- The interest rate on consumer loans has come down drastically from 19% in 1997 – 98 to 8% in 2003.
- 7 out of 10 cars or TV sets purchased in town are bought on credit. The retail lending escalated from Rs.23,000 crore in 1998 to Rs.1,25,200 crore in 2003. In 2004 it would be Rs.1,66,000 crore.



OTHER DEVELOPMENT

India is marching in this segment also.

- Newspaper sales grown by 24% in 2002-03
- Newspaper circulation was 11.53 crores in 2001-02
- In 2002-03 newspaper circulation went upto 14.2 crore, i.e. increase of 24%.
- Antyodaya Anna Yojana, the world's largest food security programme was taken up benefiting 1.5 crore poor family by spending Rs.1500 crore.
- Antyodaya Anna Yojana scheme extended to cover additional 50 lakh families at a cost of Rs.1500 crore per year.
- Concessional ration facility increased from 10 kgs per person to 35 per person for 26 crore people below poverty line.
- Rs.10,000 crore Sampoorna Grameen Rozgar Yojana (SGRY) launched in September 2001, the largest ever Food for Work Programme in the country
- Under SGRY 47.63 lakh tonnes of food grains released to drought affected states between April 2002 and January 2003. (To take figure since 1999)
- Under Swarnajayanti Gram Swarozgar Yojana (SGSY) launched in April 1999, about 12 lakh Self-Help Groups have been formed 32.48 lakh self-employed people extended assistance.
- 16 Jan Shatabdi trains introduced as against the total of 16 such trains introduced since 1986.
- Border fencing for 2.429 kms at a cost of Rs.1,334 crores. The work is going on war footing.
- Rs.25,000 crores textile upgradation fund has been launched to give boost to the textile industry.
- Income upto Rs.1.53 lakhs is fully exempt from Income tax for Senior Citizens.
- Varishtha Bima Yojana, a special pension plan for citizens above 55 years guaranteeing annual return of 9% in the form of monthly pension. Rs.4,500 crore have been deposited, invested by the senior citizens by the end of 2003 in Varishtha Bima Yojana. More than 3,00,000 policies have been issued.

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FOREIGN DEBT PRE-PAYMENT

- It is for the first time India has started pre-matured repayment.
- With the help and support from high foreign exchange reserve in 2003 India is initiating, swapping off high cost foreign debt.
- The year 2002-03 is the first year in Indian history where repayment of foreign debt is almost double than the external receipt.
- Total external receipt including grants during 2002-03 is Rs.13258 crore.
- The total repayment made during 2002-03 is Rs.24286 crore.
- This includes premature repayment of high cost debt in ADB, IBRD, France, etc. amounting to Rs.14669 crore.
- Pre-payment of external loans of US\$3 billion.

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SUPPORT TO STATE FINANCE**STATE SAVINGS BY RS.1,00,000 CRORE**

- Government of India offered incentive, benefit support to States suffering from high interest debt problem.
- States paying high rate of interest of 14% to 17% per annum on loans and debts have been allowed to swap their loans, debt against lower interest, financial support, lower interest rate of 7-9% loans and debt schemes.
- Government of India came out with unique scheme of debt swap with small savings and market borrowings.
- In 2002-03 Rs.13776 crore were swapped by various state governments. In the first half of 2003-04 Rs.3,26,000 crore have been swapped.
- In 5 years target of Rs.4,00,000 crore swap has been arranged, i.e. State Government will save 6-8% interest per annum resulting into 1,00,000 crore interest savings.

BOOM IN SERVICE SECTOR (BPO)

Doing ‘World’s’ work in India

Yes, Professionals, Technocrats, Engineers, Youngsters are doing work, contract work, attending and responding to the world, doing their job work here in India.

- Insurance: Claim processing, call centres
- Banking & Finance: Loan processing, call centres
- Airlines: Revenue accounting, call centres
- Telecom: Billing, customer relations, call centres
- Automotive: Engineering & design, accounts

Other sectors with large opportunities

- Manufacturing
- Director Marketing
- Transportation
- Utilities
- India’s BPO Industry is expected to grow at annual compounded rate of 60% per year. In 2004 the turnover will be 4 billion US dollars i.e. Rs.20,000 crore
- Following chart shows the BPO centres in India

City	Focus Area	Nos
Delhi	Call centres, transaction processing, chip design, software	73,000
Mumbai	Financial research, back office, Software	62,050
Bangalore	Chip design, software, bio-informatics, call centres, IT consulting, tax processing	1,09,500
Hyderabad	Software, back office, product design	36,500
Chennai	Software, transaction processing, Animation	51,100
Kolkata	Consulting, software	7,300
Pune	Call centres, chip design, Embedded Software	7,300

- Due to recent announcement by Britain’s MNC Barclays Bank shifting their call centre operation from England to India, British work/job will be shifted, i.e. half of the banks call centre activities to India.
- Barclays has already opened a strong back office with 500 people in India
- In last 2 years 50,000 British jobs have been shifted to India through BPO.
- Lloyds, TSB, HSBC, Abbey National and several others have started back offices in India. Almost one lakh more jobs from UK will be shifted to India in 2004.

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BUSINESS PROCESS OUTSOURCING - A NEW HORIZON

- Outsourcing a new era developed by Indian intellects.
- 25 billion US dollar BPO targeted by 2008.
- In the year 2002-03 India’s revenue from offshore Business Process Operation amounted to Rs.11,300 crore, i.e. 2.5 billion dollar.
- Welcome to the back office of the world. Welcome to BPO – business process outsourcing – the three-letter buzzword that has hundreds of giant global corporations stampeding into India. Be it a Daimler-Chrysler, British Telecom, Barclays Ban, HSBC, Honeywell, their tribe is growing faster than that of Agent Smit clones in the Matrix trilogy. Both the Democrats and the Republican in the US are wooing donors in their country through call centres based in India and manned by Indian British Rail plants to shift its entire inquiries division to Bangalore. With the titanic old-timers-GE, Amex, Citigroup and others – now entrenched for a decade. NASSCOM, the Indian software association, says that a fifth of all Fortune 1000 firms already have a back office address in India. And leading BPO players admit they get at least two inquiries per week from potential clients.
- Estimates of the business that can be outsourced to India by 2008 range from \$13.5 billion (Rs.63,500 crore) according to consultancy firm Gartner, to \$21-24 billion (Rs.98,000 – Rs13,000 crore) as per NASSCOM-McKinsy Study.
- The employment generation BPO will be 25 lakhs individuals, i.e. 1.25 crores people will be benefited.
- India’s target by 2007-2008 to achieve 7% of India’s GDP through outsourcing, especially high and back office operations.
- Target of US\$ 60 billion revenue, i.e. Rs.2.75,000 crore and 40 lakhs job in the segment of outsourcing through back office operation transactions business only.
- Indian firms now have 400 joint ventures in UK only mostly technology oriented.

India’s BPO Revenues in 2003: \$2.5 Bn

Global Scenario	Indian Potential
Nasscom-McKinsey:	\$21-24 bn by 2008, with 11 lakh
\$250 bn by 2006	employed
Gartner: \$24.3 bn by 2007	\$13.8 bn by 2007
BCC: \$170 bn by 2005	\$25 bn but no time-frame given*
Forrester Research:	\$58 bn (40%)to go offshore,
US market as \$146 bn by 2008	lion’s share for India
IDC:	\$140 bn to go
\$350 bn by 2006	offshore**

*Based on 40% going off shore

**Based on 40-50% going off shore

EXPORTS – INDIA CONQUERS GLOBAL MARKET

- “Brand India” goes global.
- With new enthusiasm and confidence Indian industries, corporates government has taken up the challenge of global economy.
- The export growth in November, 2003 is 1.74%.
- Exports stood at RS.2,50,130 crore in 2003 from Rs.1,30,101 crore in 1998.
- Business Process Operation (BPO), tremendous growth of export by manufacturing segment, growth of export by financial services/human resources has announced that ‘Brand India’ has gone global. Manufacturing segment is roaring. Steel took off to China, pharmaceuticals to Europe and the US, auto parts sped on global motorways and high street fashion was made in India. When global economy spluttered in 2002-03, the top 100 Indian companies netted over Rs.70,000 crore in exports.
- Food grain export amounted to 12.5 billion tonnes.
- Just few years back India used to import second hand, new cars but today, the situation has turned around. Major world automobile industries have set up their plants in India. The automobile exports grew from 184680 units in 2001-02 to 305368 in 2002-03.
- First half of 2003-04, i.e. April-September, 2003 has shown 68% growth in automobile exports. 221331 units exported in first half of this year.
- Global automobile companies is sourcing, outsourcing automobile parts from Indian components vendors.
- Auto giants like Daimler, Chrysler, Volvo, Benz source parts worth US dollar 1.5 billion (Rs.6800 cores)
- GAP, Tommy, Hil-figer, Esprit, Wal-Mart, Polo are buying clothing from India. Last year garments export was of 30,000 crores of rupees.
- Garments export to go up to Rs.3,00,000 crore by 2010.
- India was net importer of steel for several years. Today, it has emerged as a significant exporter of steel. 2002-03 showed a 36.8% increase of finished steel while the first half of current year has shown further growth of 39% in steel exports. In April-September 2003, have shown 2.65 million tonnes steel exports.
- The cement and clinker exports grew strongly by 30.5% in April, 2003.
- Export in textiles increased by 9% in 2002-03.
- According to BOP (Balance of Payment) figures merchandise exports in US dollar increased by 12.2 % in first quarter of current year.
- Current account of balance of payment has become positive after 24 years.

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