



Plenary Session

with Finance Minister of India

Mr Y K Modi, **Senior Vice- President, FICCI**

Hon'ble Finance Minister, Distinguished Guests and Friends,

Until five years ago, it was still fashionable to talk about the Asian century. East Asia, especially, was moving ahead in exports tapping into the long boom in the US, and China's emergence gave great optimism internationally. So, this was going to be a new century centred on Asia. This is now no longer fashionable after the Asian financial crisis. There has been a mood of pessimism across East Asia and the US boom has ended.

But we have to take a long view and size up some fundamental trends India's - emergence, China's emergence and the restructuring that is taking place within South-East Asia. If we do take this long view, we are really in for a new wave of Asian prosperity, quite different from the previous 40 years; but a new wave of prosperity that is founded on Asian demand and Asian matrix, a matrix connecting consumers as well as producers; a new Asian division of labour, that will be driven by linkages between China, India and South-East Asia. The immediate signs are there China growing at 7 to 8 per cent, India at 6 per cent; and quite credibly aiming for 8 per cent. South-East Asia has taken a dip; previous growth rate was 7 to 8 per cent; which is now down to four per cent. But if South-East Asia continues to make competitive reforms and moves to neutralize the pockets of political extremism and terrorism that are emerging, it should return to at least 6-per cent growth before too long.

These are the new growth pools of Asia and they are the fastest growing regions in the world. They are also the fastest reforming regions in the world. The emergence of this new Asia, this new Asian division of labour is not a given fact. Growth is more likely to be disruptive rather than orderly and progressive. It will be foolish to extrapolate from current projections; growth will not be linear. But how we respond to the opportunities that we have before us – opportunities for complementarity and linkages between India, China and South-East Asia will determine if we realize this new Asian era of prosperity. There will be tough adjustments required to realize this due and more efficient division of labour within Asia – tough adjustments to see complementarities rather than zerosome competition between these three major Asian players.

This linkage between China, India and South-East Asia is founded on a deep-rooted heritage. In a sense, it is the recreation of the old Asian network. And it is a network that has flourished for many centuries. Trade between India and China was larger than trade between any two other countries or regions until the 11th century and the busiest maritime route was, in fact, from India through South-East Asia to China. South-East Asia was a nexus of trade between China and India. This was not just an economic nexus but a cultural nexus. In a very fundamental sense, South-East Asia was at the *Sangam*, the confluence of the two great rivers of Asian civilization – China and India. And it was a voluntary, peaceful accommodation and import of Indian concepts, religious and cultural influences starting with Hinduism, then Buddhism, and then Islam especially the Sufiistic practices within Islam which are too evident in South-East Asia today.

It continued in the colonial era. East India Company plugged into the same trading networks and strengthened them. But we are only a part; the British were just a part of

that Asian network together with the Sindhis, the Chettiars, the Gujaratis, the Parsis and, of course, the Haggamis from Yemen and the Chinese. The paradox is that this network weakened with the end of colonialism and the emergence of independent Asia. The biggest accident in the 20th century was the turning inward of the two largest nations in the world – China and India, China turning towards central planning and Communism and India turning towards import-substituting manufacturing, protection from foreign competition and looking more to the West intellectually. East Asia's mindshare in India went down in the first 40 years after the War.

South-East Asia had to find new networks. It looked to the US, Japan and Europe which became its three main economic partners and we adopted export-oriented growth and we forged links within ASEAN, within South-East Asia. It led to a new era of unprecedented growth for South-East Asia. Now, we are having the reversal of that historical accident. China is opening up since the eighties, India since 1991 and under Premier Vajpayee India is now looking towards the East once again. The facts are well known to those in the business. ASEAN-China trade is growing by 30 to 50 per cent per annum depending on which country you look at. ASEAN-India trade is growing by 30 per cent per annum. India-China trade has grown 52 times in the last ten years - 52-fold increase from a very low base, of course. And the India-China trade is still very small compared to its potential. It is about 10 per cent of ASEAN-China trade.

In November last year, a very significant event happened in Phnom Penh, Cambodia. First, Premier Zhu Rongji together with the ASEAN leaders signed a framework agreement to achieve an ASEAN-China FDA within the next ten years. This will be the largest FDA in the world. Second, Premier Vajpayee proposed that India and ASEAN achieve an FDA within ten years and this was very warmly received by the ASEAN leaders. The new Asian prosperity and this new Asian network will have quite different drivers compared to the last forty years. It will be fundamentally different from the last forty years. First, the fastest growing markets for Asian products will be within Asia itself. Asian consumption will be the fastest growing component of demand anywhere in the world. The young, self-confident and increasingly prosperous Asians, the new Asian middle class in China, in India, and in South-East Asia will propel this growth.

We cannot expect the debt-laden US consumer to continue to provide the engine of spending. This new Asian middle class with a larger proportion of its income being spent on a discretionary basis will, like a middle class anywhere else in the world, like the US middle class like foreign goods and foreign services and that itself will spur new linkages within Asia. If you just look at tourism, it is obvious. Just take Singapore alone, a small country. We expect to get about half a million Indian tourists per year within four years and the same goes for the Chinese tourists and that is just tourism. The new driver is not just consumption but also new supply chains within Asia, linkages between producers both vertical and horizontal linkages between producers. These supply chains will also ensure that the new Asia is not a "winner takes all" Asia. We are not in a situation and you find lots of media comments that postulate that China is going to wipe out manufacturing in East Asia. That is a simple, simplistic and macro view that denies what is actually happening on the ground. The reason why our growth of trade with China is growing between 30 to 50 per cent is because producers are linking up; intermediate goods, raw materials, machinery from South-East Asia, from North-East Asia into China and *vice versa* are flourishing. It is happening at the micro level.

For every one billion dollars of Chinese exports, there is half a billion dollars of intermediate inputs into China that supplies the process leading to those exports. Thus, the manufacturing corridor largely, so far, between South-East Asia and China defines one set of supply chains. There is also the services corridor between India and East Asia that is flourishing, particularly founded on IT and IT-enabled services. If you take Singapore alone, our services trade with India has grown by 50 per cent over just

the last three years. And there is a tremendous scope for growth, going forward, particularly as the offshoring of business process outsourcing within the US, the developed markets picks up steam. There is tremendous growth for blending of India's strengths with South-East Asia and Singapore's strengths to offer a product that is compelling to global clients.

The linkages will diversify beyond these two corridors – the manufacturing corridor with China and the services corridor with India. Within the services corridor with India, there will be a change. We are moving up the value chain. It is not just IT services, but it is now a fusion of services and manufacturing embedded design, embedded systems, chip design, IT management and so on. And we are going to see new services, a flow of new service providers between India and East Asia, in education, in legal services, in health. It will be a much more comprehensive relationship than we have seen even in the last ten years.

Manufacturing is the least developed of these links between India and East Asia. But even there, there is a tremendous potential, particularly if we move quickly and aggressively on our FDAs. This new Asia, this new Asian era will not have leaders and followers. It is quite different from the Industrial Age which was highly structured and hierarchical. The Japanese had a concept for this, called the pattern of wild flying geese. That was the main intellectual paradigm for growth in East Asia in the last 40 years - Japan at the top, then the NIEs, then ASEAN, then China, then Indo-China – highly structured, hierarchical. The knowledge-based economy does not respect hierarchy. It will be a more fluid pattern of interactions, new players overtaking existing players, leapfrogging existing players. So, this is not a game of leaders and followers anymore.

Secondly, there will be many more geese in the picture. Cities, provinces and States are entering the picture in their own right, not just nation-States. China and India alone would have several hubs that will be leaders in this new Asian knowledge economy – China all the way from Talayan down to Quang Cho, Chenchen; India all the way from Delhi, Mumbai, down to Hyderabad, Bangalore and Chennai. These will be players in their own right in the new Asian economy and linkages between cities will define this new Asian economy. Cities will lead countries and cities in less-developed countries can overtake cities in more developed countries. That is the fluidity of the new Asian knowledge economy. The cities that will succeed would be those with a concentration of highly educated people, clusters of top universities, research institutions, business-friendly government regulations and, most important of all, cities that are open to competition both within their economies as well as competition from abroad because competition is the spur for innovation in the Asian knowledge economy of the future.

It will also be a market-driven future, not a State-driven future. It will not be the industrial policy that shapes this new Asian division of labour but the market driven by private enterprise and driven by the skills and ingenuity of human capital and the movements of human capital. Small firms, start-ups, upstarts will be as important as large firms and this is a fundamental change in the industrial landscape of the future Asia.

There will be much more churn; shorter company life-spans in the knowledge-based economy; much more difficult for Government to spot winners and support them. So, protection of incumbents will be much more costly in this future than it has been in the past. The market would produce the winners and it will often be surprising winners. So, having a broad and diverse group of players, small firms, large firms, local firms, foreign firms, producing your own brands, producing OEM is necessary to provide national economic resilience in this new much more fluid, much more uncertain economy.

It is not a laissez faire proposition. Government has a role – first to foster competition and make sure that level-playing fields exist and to ensure that the incumbents do not abuse their power to stifle new entrants and potential challengers. Second, governments have to focus on capabilities and education which is the primary economic strategy for Asian societies going forward. Some people ask me – how come I have two hats, one in the Ministry of Trade and Industry and the other in the Ministry of Education. I tell them it is really one hat. There is only one sensible economic strategy for the long-term and it lies in education, capabilities, skills training and continual learning. Sound financial regulation – a task of Government – is more important in the future than it has been in the past. Preserving financial stability is needed.

And finally, building networks. That is something Government has to do; lowering the barriers and seeking connectivity for citizens and firms with the rest of the world in the FDAs or a new plane, a new form of connectivity, a new conspiracy to expand the market and to grow the pie. The flows and re-flows of human capital, the diasporas and the two major diasporas – India and China – will have a powerful catalytic effect on this new Asia as Premier Vajpayee mentioned yesterday. And it will be a complex web, not just a simple matter of a flow of the Indian diaspora into India and the Chinese diaspora into China. There will be cross-cutting throughout this new Asia.

It is significant that one of the leading Chinese electronics players, FHA-AWAY, is now in Bangalore with 100 of its Chinese software engineers. Why? It is because they want to be part of this new Indian landscape; they want to be part of the Indian mindshare and the reverse will happen. So, the flows will be complex and cross-cutting and they would be driven by micro-level, not by Government dictat.

The diaspora also represents not just an economic catalytic role but a cultural catalytic role, particularly the diaspora coming out of the US having studied and worked in the US for sometime; they extended Silicon Valley culture. It is a culture of “can-do, willingness to take risk, willingness to accept failure, willingness to embrace new ideas” and that is a fundamental shift in culture within Asia – both East Asia and India. It is a shift away from an Asian culture that had a focus on scholasticism in its own right. The proudest thing for any parent is for your child to top the entrance exams, be it the entrance exams, into the Indian Civil Service, or into the Chinghua University in China. That is the old Asian concept of what is revered by parents and instilled into children. The new culture is one of experimentation, constant learning, exploration, willingness to accept failure along the way and it is something fundamental that we are learning from the United States.

So, the traditional Asian hierarchy of respect with mandarins and bureaucrats at the top and entrepreneurs somewhere near the bottom cannot continue. We need to revere entrepreneurs as much as we revere bureaucrats and trustees of the public good, and the trustees of the public good have to take more risk.

The India-ASEAN linkage is going to be founded on a deep heritage of shared culture, a familiarity with each other. It is, as Prime Minister Go Chok Tung of Singapore said when he responded to P M Vajpayee, India will provide the second wing for South-East Asia and ASEAN, a wing together with China to allow South-East Asia to flourish in this new era and this has particular significance, I can tell you, for Singapore. We have done well in the last 40 years on the old model of growth. As an ex-colony, we have caught up with our colonial masters, the UK, in per capita income. It is an achievement. But in the next phase of growth, our future lies in engaging with China and India and we are serious about that.

India and Singapore are now concluding a study on a comprehensive economic cooperation agreement. If all goes according to plan, the two Prime Ministers will



receive the recommendations in April and hopefully negotiations would be able to start on this CECA. It is more than an FDA. It is not just about liberalization of trade in goods and services. It is about economic cooperation and people-to-people linkages and a flow of ideas. That is why for Singapore we are pushing Network India, a network we have set up in Singapore for all businesses – local and foreign – who want to engage with India. That is why we are taking in more Indian professionals and talent. That is why we have now a thousand Indian companies in Singapore, many of which in the fastest growing parts of the knowledge economy. That is why we set up India Centre. Minister Murali Manohar Murasoli Maran and Minister George Yeo set up the India Centre last year to provide an incubator, a plug and play environment for Indian startups, to startup in Singapore and reach out to East Asia and the world.

It is a new Asia with a new, more dense pattern of linkages within itself and a more dense pattern of cultural linkages. And in that regard, South-East Asia's multicultural background gives it a very valuable basis with which to engage with India and Singapore's multicultural background gives us the confidence to engage with India. Singapore has India inside; not just because we have an Indian minority in Singapore-about 8 per cent of the population, but even the non-Indian Singaporeans have a bit of India inside because we are a multicultural society. It is the fact that we are a multicultural society and not a monocultural society that allows us to engage with India confidently, knowing we share our cultural heritage without any confusion on political identity and national identity.

That is why, I, as a third-generation Singaporean of Indian origin, can come confidently to India, travel here often and want to deepen our linkages without the slightest tinge of confusion as to what my political and national identity is, because we are a multicultural society. So, we share a deep cultural heritage, a sense of familiarity and comfort with each other. That is a good base for going forward.

Finally, our economic initiatives, this deepening economic integration within ASEAN takes on greater urgency in the more troubled political world that we find ourselves in. Sixteen months after September 11th, the threat of terrorism is ever more real and menacing. Our economic initiatives will not come to anything if we do not preserve stability in Asia and globally. So, the fight against religious extremism and terrorism is critical. If we do not confront this squarely, everything else will fail. Closer cooperation between India and South-East Asia is needed to address this threat. We can do this. We can remain defiantly multicultural, defiantly multi-religious, defiantly pragmatic and accommodating despite the difficulties we face in the world.

Thank you.

(Co-Chair) Dr Manu Chandria, Kenya

Hon'ble Minister of Finance, Chairman Mr Tharman Shanmugaratnam, Mr Modi, Distinguished Ladies and Gentlemen,

What a glorious day it was yesterday! Our Motherland had invited the diasporians through Hon'ble Prime Minister and his Cabinet at the highest level of governance in the presence of dignitaries of India's who's who, taking us in her fold, making us feel we are Indians first and nationals of our country second.

Thanks to Dr Singhvi and his able Secretary Mr Sharma who visited various countries, spent time listening to us tirelessly, yesterday ten of us were overjoyed for the Samman that we received by the hands of the Government. My request, Sir, that this Samman be given a title, say – I am just requesting – Padma Pravasi – or a similar befitting title - with the date, the name of the presenter and the receiver inscribed on it. After

55 years of Independence, the PIOs and NRIs have their own day – Pravasi Bharatiya Divas – on the Indian calendar to listen to and to open our hearts and speak our minds to discuss issues, to suggest ways and means for creating a new and better environment of togetherness. More than that, to be ambassadors of goodwill propagating Indian philosophy and culture, the Indian way of life and Indian values.

Today, Indians are in almost every corner of the world, in every country and many of them are playing a dynamic role in their economy - another yeomen endeavour. The PIOs and NRIs have a remarkable story to tell – how they worked, how they competed with others in all fields of human endeavour. They met challenges with fortitude and enterprise and that has confounded everyone. What does it mean to be a PIO or an NRI living in a developed world, underdeveloped world and now progressively globalized world?

To understand this, we need to link their stories of adventure, the nature of Indian culture, history and the value system. Today, we should think and discuss these issues – how can we network our skills and our performances for beneficial and mutual growth. This is a challenge which we should be talking about, discussing about and reaching a consensus on how best to achieve this objective. Mahatma Gandhi was a true NRI who formulated and implemented the liberation of our country. But the momentum he geared, he did not stop there. Thanks to the Independence movement Indians worked to achieve the Indian independence. Their history is short; and yet the desires are great. We need to continue helping them, developing them through our experience that we progressed. As yesterday the Prime Minister said, our Green revolutions, our White revolutions and now our IT revolutions are there. Who could be a better provider of all this knowhow to the 40 per cent of the poor of the world? Certainly, it is India. There is a continuous request for investments into India. Let us build and help India, build an environment where investments happily want to flow in. Investments only flow where there is peace, law and order, predictability, where investors have a freedom to operate, where there is little harassment. Any country which creates these, such environments reap the benefit. Investments see no colour, see no creed. It goes where it is wanted, it is honoured, it is cuddled and it is protected. This is a pre-requirement and I want to repeat that this is a pre-requirement. We should look into our High Commissions and our Embassies abroad. We require people of competence who can sell India Inc, its opportunities and its possibilities.

Let us keep in our mind that in such gatherings very little will come out in specific terms. But the bonding it will create, the platform it shall establish, the institutions it shall build, for a continuous looking towards solutions – this will be the immense value and a great breakthrough. We should stop defining “we” and “you” and start defining “us” as a medium to find out solution and work together.

Thank you very much for listening.

Keynote Address by Mr Jaswant Singh, Minister of Finance and Company Affairs, Government of India

Thank you. Mr Chairman, Your Excellencies, Distinguished Guests, Ladies and Gentlemen: I have had the pleasure earlier of being with you, of exchanging views with you and interacting with you during the last four years, but in a very different capacity and a different job. This was the first time that I have the pleasure to be with you again and this time as India's Finance and Company Affairs Minister. We have just heard, to my mind, two remarkable speeches, the lucidity and the vision that the both have and the scope that Mr Shanmugaratnam's presentation contained has really set the tone of what we have placed before us this morning as the global matrix in which we meet as Pravasi Bharatiyas.

I will share, ladies and gentlemen, a few thoughts, however inadequately after such eloquence. I have a vision: I have a vision for India and I have a vision of the direction and the place into which India is positioned in the movement that is quite apparent, taking place in the globe. There is a connectivity, and a connectivity that is cross-cultural and it is a connectivity born of the very movement of mind. I think the greatest and the most revolutionary development that has taken place of which India is a great beneficiary today, is the arrival of knowledge as an industry and the revolution of the digital. Because of the very unequal relationship that we had for about two-and-a-half centuries with the British and the first great revolution which was the industrial revolution was missed by India. The revolution of the digital and the arrival of knowledge as an industry came upon India not because of any deliberate design but really because it could not be prevented.

Some years back, in my earlier job, I had an occasion to pass through Hong Kong where the Hong Kong branch of Asia Society was good enough to invite me to share thoughts with them and this was some years back when it was not yet as markedly visible as today is, India's position in the world of information technology. One of the members in the audience then asked me – to what do you attribute India's success in information technology. It was already visible there then. And I had no hesitation in sharing with the questioner that India's success in information technology is really on account of the absence of Government. The success that India achieved was not because of any governmental or bureaucratic initiative. For years together, you saw a development which was really focussed and centred on – with knowledge as in both power and industry and the conversion of knowledge into an activity that would be useful for mankind.

It is only now that the Government has woken up that in such a field as the information technology, and we have a Ministry for it, but there is a point in what I am trying to say that the developments that we will witness now and are already witnessing will be developments of human ingenuity and human creativity, not so much as the result of governmental action. That is the second rate revolution that has already arrived and that is really at the heart and essence of what we mean when we quite loosely use the word "globalization". Globalization is not simply a mechanism for devising trade regulations and for an orderly - and yet another cliché phrase – level-playing field arrangement for global trade. Globalization, in essence, is the free movement of human creativity from one part of the globe to another without hindrance and with equal opportunity.

And it is in this remarkable sense that I have a vision and I foresee a great future, not parochially simply for India, but I see it really, a very great future for Pravasi Bharatiyas, so many of whom are represented on the dais here and so many of whom in such distinguished gathering are present here today. Your assets are the assets that have enabled you and your forefathers to convert servitude into excellence. The transformation of servitude into excellence may well have taken three pains-taking generations. But it is only Pravasi Bharatiyas that have achieved it, and none else. Globally, it would be difficult to find examples that match this transformation that we are witnessing today. I have no doubt in my mind that in these two revolutions, the revolution of the digital and the revolution of where knowledge is industry and where information is creativity in these, I have no doubt whatsoever in my mind that the Pravasi Bharatiyas all over the world shall be in the forefront because we are now leading the revolution of the digital, having missed the Industrial Revolution.

And it is in this context, ladies and gentlemen, that I see India's position today. I can share with you the statistics of India's growth. But there is something more than beyond these statistics. In the first two quarters, we have had a GDP growth and it is a continental-sized country and a continental-sized economy, and so from inception till achievement, then you have a 6-per cent or 5.9-per cent growth in the first two

quarters. But I wish to leave with you, ladies and gentlemen, a thought that this growth was in the phase of possibly some of the most daunting and challenging and adverse circumstances that any nation could be confronted with. This growth that we have seen in which manufacturing has gone up, in which exports have gone up; prices have remained stable; currency flows have continued – this has taken place in the phase of possibly the most severe monsoon deficiency and drought that India has witnessed for the past three decades. A quarter of India's GDP is contributed by agriculture, but 78 to 80 per cent of my countrymen and women are based in rural India and that is where their livelihood is. Despite that, we have continued to maintain 5.9 or 6 per cent growth. We have had a global downturn in the face – and despite a global downturn Indian exports picked up; non-oil exports picked up by almost 12 per cent. Non-oil imports have also picked up. Our exports have gone up to 19 per cent in the past quarter.

These are reassuring signs. But more than all this, perhaps, is the fact that while the engine and the dynamo of growth in India was continuing to chart out production, it was when India had simultaneously to continue to face a stand-off with the neighbour and also constant challenges from possibly the worst kind of terrorist attacks that any country in the world has witnessed – continuously. And despite that, the country continued to exercise great resilience, great togetherness and continued growth. It is this, ladies and gentlemen, I share with you, not with any sense of self-aggrandizement but really in humility that it is this great quality of India to be simultaneously challenged on many fronts, to be simultaneously made to bleed at various places and yet not only to contain the attack, to staunch the bleeding but to continue to grow. And this has really been, to my mind, a demonstration of one of the most important and profoundly vital aspects of India's dynamism and that is why, ladies and gentlemen, when I find you here in such numbers I am reassured about the future. I am reassured about the certainty of the kind of picture that Mr Shanmugaratnam just painted in which he sees these three growth centres – People's Republic of China, India and South-East Asia.

If I differ with him, it is, perhaps, only in one regard. India will not merely be a service centre. I am not a soothsayer and I cannot, despite the fact that India is the home of astrology, it is difficult for me to make astrological forecasts in this regard, but I can foresee, ladies and gentlemen, that increasingly and it is not a question of the next 25 years or so, but quite far, I am beginning to envision a shifting of the manufacturing base outside of the present centres and this manufacturing base has to move into these three centres – South-East Asia, China and India. Where is it that there is the maximum potential for enhancing manufacturing growth? It is India. And I have no doubt in my mind that India shall become the next manufacturing centre and it is only a question of another seven to ten years in which you can see this transformation. The Government is committed to it. I, as Finance Minister, am committed to it and we will work in this direction to encourage all these activities.

I had here, Mr Chairman, a prepared text also, which with great efficiency my office had very kindly typed and given me. I have departed from it totally. But before I come to the prepared part of it because it contains certain announcements of some interest, I am sure, to some of you, I have two other thoughts which I will leave with you. One of them, I shared with my friend when I was invited to a function in Hyderabad recently, just the other day, in Partnership Summit – it is not easily recognized, when I shared with them that I also see India as a health destination of the world. We have provided and are providing to the world, particularly the western world, quality doctors, surgeons, medical researchers. There are no reasons why we cannot replicate that in India. The only enabling provision which the Government must help with is the infrastructure of arrival and departure. I totally agree. And that is why in Hyderabad I had shared with my friends there that it is time that Air India worked less for Air India and much more for India. The Government has taken decisions about airports and airlines and I assure



you, ladies and gentlemen, that within a month's time you will see the fructification of those decisions. Progress in this regard has been totally unsatisfactory. The Government itself is not happy with it. We are determined and committed to improve on it.

And that leads me to the second which is the development in the infrastructural field. This is a continental-sized country. But the steps that the Prime Minister has initiated both in the North-South highway projects and the Golden Quadrilateral and its replication in the Railways, you will see a transformation not simply of highways, Railways but also in ports and airports. And I see this transformation coming within a period of 12 to 18 months and it is some of these sectors which I thought I will leave with you as just pointers about tomorrow.

I invite you, ladies and gentlemen, to share yet another great potential of India which is the transformation of India and Indian agriculture from an economy of want and shortage to an agriculture and economy of plenty. This transformation of India with a population of one billion in which last year as the Prime Minister, I think, observed in his speech, we have exported grains as a net exporter of grains and that we exported grain last year to about 15 countries. This trend will continue. Despite the drought, through the worst possible drought of the last 30 years, if the offtake from the agricultural sector and if the grain collection has been larger than last year, then surely we have to reflect again on the transformation that has already taken place in the Indian agricultural sector.

India will increasingly become a huge granary. The land that it has; indeed we need to do a great deal more on wasteland development and on water management – the challenges of tomorrow and on water I must share with you that amongst the earliest of the initiatives that I took when I was given the responsibility of Finance Ministry was to make an announcement that for water desalination, water purification, de-fluoridization, for transporting water should any entrepreneur invest in India we will give that entrepreneur 100-per cent of depreciation every year. It will be totally tax-free; it will be 100 per cent tax-free for ten years. It will be totally free of import duty, should any plant, machinery be needed. It will be totally free of local taxes and excise duties. I do not think I can give any more than that because there is not much more to give. But that is all in recognition of the importance that we attach to water as the great strategic fluid of not tomorrow but today. And it is this combination with the transformation of agriculture that we are seeking because we are already in an era in India of agriculture of plenty; its movement for grain storage, for cold storages, for value addition, for floriculture, for sericulture, for horticulture – the diversity that India offers and the opportunity that Indian agriculture offers. I invite you to reflect on it and to be a part of this great experiment.

I agree with my predecessor speaker, Mr Shanmugaratnam, India's share of trade is abysmally low. So, we have to address that and I am sure that the Commerce Ministry will be exploring new ideas in this regard. We are committed to growth. We are committed to higher production because without growth and higher production there is no challenging the needs of tomorrow. We have, in the last budget, my predecessor had permitted full convertibility of the deposits of non-residents. In order to encourage further flexibility and the capital account and integrating India into the global economy, I propose to make certain additional relaxations. And I had reflected on as to whether these should be just as bland press statements that can be put out as is put out routinely by the Ministry of Finance because I believe Ministers of Finance actually ought not to speak too much. It is a very dangerous activity. But then, my Finance Secretaries advised that as this opportunity is presenting itself and I will have the honour to meet all of you here, why not make these announcements and share them with you first. So, I will accordingly do so. But I must tell you, ladies and gentlemen, that this is not the end. This is only the beginning, because the number of them, I cannot

now share with you, as a servant of Parliament. Otherwise, the Parliament would behead me which is what I do not want to happen as yet at least.

We are going to remove the existing limit of US \$20,000 for remittance under the employee stock options programme scheme. We will discontinue limits on trade-related loans and advances of export earners' foreign currency which is EEFC account; the holders – through both the transactions will be reportable to the RBI. There will now henceforth be, as soon as the Reserve Bank of India completes all formalities, a general permission to retain ADR and GDR proceeds abroad for future foreign exchange requirements. We will have permission granted to corporates who have to set up their offices or branches abroad to acquire immovable property overseas for business, staff or for residential purposes. We will give permission to listed Indian companies to invest abroad in companies listed in recognized overseas stock exchanges and having at least 10 per cent shareholding in a company listed in a recognized stock exchange in India on the 1st January of the year of such investment. Such investment should not exceed 25 per cent of the Indian company's net worth as on the date of the last audited balance sheet. Mutual funds from hereafter shall be permitted to invest abroad in companies which are listed on the overseas stock exchanges and which have at least 10-per cent shareholding and the company is listed on a recognized stock exchange in India on the 1st of January of that year. The overall cap for investment abroad by mutual funds will hereafter be raised to one billion dollars. Apart from companies, individuals will also be permitted to invest abroad in companies which are listed on the overseas stock exchanges and which have at least 10-per cent shareholding in a company as in the earlier provision, in a stock exchange in India on the 1st of January of that year. For individuals, however, there will be no investment limit of such investment.

With regard to transfer of assets which is a difficulty that is being faced, I am informed by many, with regard to transfer of assets in India, remittance of proceeds up to one million US dollars is being permitted entirely. Now, these, as I said, ladies and gentlemen, are only the starters. I hope progressively as this month and the month of February pass towards higher productivity, higher growth and to converting India's great potential into a global dynamo which, I believe, is India's destiny and that is where we do wish to reach. I seek your cooperation, ladies and gentlemen, Pravasi Bharatiyas. You are here with us, we will be meeting now on a much more regular basis. But permit me to welcome all of you on this first occasion and permit me also to invite you to join in this great adventure which is a resurgent India on the move.

Thank you very much.

**Mr Rahul Bajaj,
CMD, Bajaj Auto Limited**

Mr Jaswant Singhji, Mr Shanmugaratnamji, Dr Manu Chandaria, Mr Y K Modi and Friends,

At the outset, I must put on record my sincere gratefulness to Dr L M Singhvi because of whose request, the CII man is in a FICCI conference and I am very happy to be here. This is, indeed, a very happy occasion when we are celebrating the continuing linkages between our diaspora and our mother country. We are also celebrating and we have been doing it since yesterday morning the substantial achievements of our diaspora and naturally we look forward to the resident Indians, Indians who live abroad whether they are NRIs or PIOs and our mother country to all benefit together, to leverage the advantages each group has for the benefit of India and our own benefit.

Enough has been said over the last few years, few months, the last couple of days – comparing India with China, comparing NRIs with NRCs. I do not intend to do that. But I would like to point out and I am sure you are all better aware of it than I am, that the

NRCs have played, the Non-Resident Chinese, whether from Taiwan, Hong Kong, US, a seminal role in what China has achieved over the last decade and more. A substantial part of the Chinese exports comes from companies connected with NRCs. We hear a 40 billion or 50 billion dollars a year going to China. It is a good portion. There may be some money going out and coming back. But a good portion of it is the money from NRCs. In 2001, I believe, of the limited four billion or less US dollars worth of FDI that India got, five per cent was from NRIs and PIOs.

So, we keep asking-why? Actually, we should not be asking NRIs and PIOs why they send so little money here when the Chinese abroad send so much money back to the mainland China. We have to ask ourselves, the resident Indians or the Indian Government quite frankly and all of us who live in India. Why is it that this money is not coming in? FDI is not coming in and the NRI-PIO portion of it is not coming in and we know the reasons. We need much more internal reforms. A great deal of reforms have taken place in the last ten or eleven years, but we still need infrastructure. Telecommunications is a success story; roads are becoming a success story. Jaswant Singhji mentioned about airports, power, etc. We need substantial further improvement. We are proud of our achievements. But we cannot be complacent; we cannot say that it has been enough. We need flexible labour laws; we need better governance; we need less red-tape; we need less corruption. We know all this.

And what is very important is – all these things that I have mentioned are required by Indian businessmen, by Indians living abroad who want to come in here and by foreigners. There is no difference of view at all. There are difficulties within India. There are some vested interests somewhere whether it is the labour leaders or otherwise which are creating problems. There are political problems. But that is not for me to mention today. The main point is that we have to further improve in India and I believe the time has come that this change is now taking place. We are impatient; we are getting impatient. I think the Government is very conscious of that and we are moving, I believe, not only in the right direction in which we are moving all these years but at a better pace.

Global business opportunities are large, but they are demanding. And with an open economy we can survive in the domestic market only if we are internationally competitive and if I may add being internationally competitive nowadays is not enough. We have to aim to be better than our counterparts, abroad. To operate in the global markets, we need management, we need technology, we need capital, we need marketing expertise. But all these, we know, are available in more than adequate measure in our friends from India who live abroad. And we have to ensure that these strengths of the Indian diaspora and the strengths of India together are leveraged for our mutual benefit.

I will refer just an example or two where all of you can contribute to India. One, by starting new ventures in India for export markets in skill-intensive industries and in the service industry. The gems and jewellery sector has been an important element in the success of our exports from that sector and we know the contribution of NRIs and PIOs in that sector. A large number of NRIs are professionals. In a knowledge-based global economy, they are well placed to become entrepreneurs as the Silicon Valley has shown and this process should widen and deepen further.

My second example is for investing in – and our Government would also probably consider this – long-term infrastructure bonds. The Chinese who live abroad have been investing large amounts in 30-year municipal bonds which are an important source of funding for the excellent infrastructure which we see in China. We want the relationship between the diaspora and the mother country to be win-win for both. I am sure that most NRIs and PIOs do not want special favours done to them. They are too proud to want such special favours. They rightfully expect and should expect that they

are treated better than a foreigner, but they do not expect to be treated better than a resident Indian. But these people are the great majority of the NRIs and PIOs all over the world – the 20 or 22 million. But these are the silent majority. They are a very small minority, vocal; they are a vocal minority that does expect undue favours. But I cannot address them today here because I do not think any such people are in this audience.

One small example – I do not want to go into the past. All of you have done tremendous for India, for your mother country. But, in future, I do not think, India, for example, should continue to pay higher rates of interest than market rates on even NRI deposits. We have 70 billion US dollars worth of foreign exchange and we must do now what is good for India. We have excellent relations with Mauritius. We want to continue our excellent relations with Mauritius. But our Treaty with Mauritius – whether it needs some review; whether it should become a tax avoidance treaty is something which the Government has to see. We have to see that we do what is good for India.

The global economy, friends, is creating conditions, I believe, for a mutually fruitful relationship between the Indian diaspora and our domestic economy. It is up to the diaspora, it is up to the Indian businessman, it is up to the Government of India to see that we together create an India of which we are all proud. We are proud Indians. But when we know and when we note that 40 per cent of Indians, 400 million Indians, live on less than one dollar a day we cannot feel proud. India is moving; our conditions are good; we have 70 billion dollars of foreign exchange reserves. We have a very low rate of inflation. As Mr Jaswant Singhji said, we have a good rate of GDP growth. Everything is moving in the right direction. But other countries are also moving, and moving faster. We have to catch up with them. And that is why, people like me, people like you sometimes get impatient in spite of being proud Indians, in spite of having confidence in India. In spite of recognizing the potential of India, we do sometimes feel that the potential has remained potential for too long. It is realization now what we are all aiming for. We need it for India, we need it for ourselves, but most of all, friends, we need it for our children. We have done great works. But it is the youth, the youth of India, the young people of India who will really create the future of India.

And to do that, ladies and gentlemen, in conclusion, I would only say – we need leadership. But leadership is not just charisma, not just public relations, not just showmanship. Leadership is performance, leadership is a consistent behaviour, leadership is trustworthiness. Friends, we know leadership means there is no substitute for excellence. There is no tolerance of mediocrity and for heaven's sake there is no compromise with integrity. The future, ladies and gentlemen, is in our hands. The future of India, our future, the future of our children is in our hands. Let us together make that great future happen.

Thank you.

**Lord R K Bagri,
CBE, Chairman, Metdist Group of Companies, UK**

Good morning, ladies and gentlemen. I will just make a few mundane points. I will briefly talk about the global economy. The performance of the global economy is starkly divided between rapid growth of many economies in Asia, particularly China, with business and industrial activity experiencing contraction and deterioration almost everywhere else. The result is a painful phase of relocations, mergers, amalgamations, job cuts and rationalizations in the industrial world. In respect of India, while there is evidence of some encouraging rise in our industrial output, the fact remains that faced with a weak, global economy, Indian companies will increasingly face greater competition in home and export markets. In order to successfully meet this challenge, Indian businesses have no choice but to become globally competitive in terms of size, technology and costs.

Comparison is often made between China and India, especially in FDI terms. China extracts FDI because it has been willing to adopt a bold economic reform programme. It has stimulated domestic demand and has positioned itself to be a major global manufacturer. It has reduced and simplified taxes, reduced import tariffs, created an environment for higher labour productivity and mobility and executed a whole host of other reforms in a planned and timely manner. There is still much they need to do in respect of State-owned enterprises and non-performing loans. Nevertheless, it has successfully persuaded an increasingly large number of global companies to relocate. Sony is an example. It already has nearly 10,000 employees in China and expects its sale there to reach over five billion dollars in the next five years. The depth and speed of capacity relocation from all over the world to China is stunning.

China's economic reform programme started in the 1980s. They have pursued it with a relentless zeal and great success. This year alone, the level of FDI is expected to exceed 50 billion dollars with a reasonable proportion of this coming from the USA, Europe and Japan. In contrast, foreign direct investment into India is widely recognized to be totally inadequate. However, while FDI is an increasingly important measure of country's attractiveness, we have to recognize that FDI alone is not the total solution. What India needs is an economic and fiscal framework where investment is attractive for all, whether domestic or foreign.

A couple of decades ago, it is the Asian Tiger economies which made the running in attracting investment. Today, it is China and there is no reason why it cannot be India's turn next, provided it demonstrates its will and commitment to achieve this position. It must be accepted that for this to happen there is an absolute necessity to accelerate structural and administrative reforms, bring about rapid improvement in infrastructure and take other essential steps which help to create a climate which is conducive to long-term investment, particularly investment from home and abroad.

There has been progress in some of these areas. However, I believe what is needed is the determination with a clearly articulated timeframe to implement this programme. The Indian diaspora worldwide possesses considerable talent and resources. It has strong cultural and emotional ties with India and has been an important investor in financial instruments. The challenge is to create conditions, an environment in which it can be attracted to broaden its investment horizons, to encompass other areas like industrial activity.

Thank you.

Dr Satish Batra,
President, GIMRET & Co, Germany

Mr Chairman, Ladies and Gentlemen, and Dear Friends,

It is a great occasion today for me because I have been heading various NRI forums for the last 14 years. Finally, I must say Dr Singhvi has been a great asset for us not only in Europe but also in India at the same time as he was in Europe. Today, the time has come; we have to be very concrete about our activeness in the development of relationship between the diaspora and the mother country. I went to Germany 41 years ago and it was a very small start and I established my industries over there after my education in the neighbouring countries. I saw, as the Wall came up in 1961 and as the Wall also came down. And there is a tremendous scope of the diaspora bringing also the technologies into India. There have been people coming over, getting into the best of education and the training and getting back and implementing the projects.

I am also very happy that Germany has today a good relation with India because the

real relationship starts also when you have the cultural bindings and the diaspora has also given a good proof in Germany. Indians are very much integrated in the society because the wavelength is the same and also the idea to implement the relationship with the intelligence, with the hard work and with the skill which Indians have been proving over there. The scope of the Indian contribution after the Tational Gama participation, we had a different revolution in Germany and India is profiting out of it, the real Green Card relationship coming between India and Germany which had its own problems because the Green Card in Germany is not the Green Card in India or in USA where the Indians are also very much used to it.

But, nevertheless, the knowledge-based industry has come into a great picture and we all can have a good profit out of that total relationship between the two countries and also naturally for all the Indians who are in Europe at present. They are trying to have a good bridge because we have the European Union coming up and I think this is something which is also a big asset for all of us to be over there and serve the mother nation in the near future and also in the total concept of implementation.

Thank you very much.

Mr Aman Mehta, CEO, HSBC, Hong Kong

Mr Chairman, Distinguished Delegates, Ladies and Gentlemen,

I would like to use my very limited time here to focus exclusively on another successful diaspora where I have had the privilege of a front row seat for many years from my headquarters in Hong Kong, of course, the Chinese diaspora. I suspect this may be a recurrent theme here over these three days as a very lot of interesting lessons reside in what has been happening in China in the last 20 years. A lot has been written about the so-called bamboo network of more than 50 million overseas Chinese and the role they are playing in China's quite rapid economic growth.

Now, without attempting to quantify numbers, I think there is no doubt that the economic influence of ethnic Chinese in countries in South-East Asia is out of all proportion to the numbers. Just to give you an example of, say, Indonesia, 70 per cent of the GNP of Indonesia is accounted for by the ethnic Chinese who make up 3 to 4 per cent of the country's population. And similarly, it is not so dramatic numbers, to be recited for the Philippines, for Thailand, for Malaysia. Now, these could be exaggerated, but there is no gainsaying the fact that in the economic activity, there is going to be a very powerful stimulus by these expatriate Chinese population.

Most would also agree that the overseas Chinese business people have been very astute entrepreneurs and traders. In terms of funds flow directed into Mainland China, the Chinese diaspora resident in Hong Kong and Taiwan alone has, in the past, been creditably contributing more investment than all the other sources combined. Today, Hong Kong and Taiwan remain, perhaps, 50 per cent of all foreign projects in China and, perhaps, the biggest investor in every single project is China. This exact amount of investment is not really important in the context of our discussions here today. I think what is relevant really is in determining what draws this investment into China and brings entrepreneurs to promote projects in China.

Some suggest, as has happened here, that it may be a sort of shared heritage, a common heritage and this is, certainly, partly true. Certainly, during the emigration in the early fifties, they provided a huge boost to the Chinese entrepreneurial talent resident overseas as people left ahead of the commoners in the fifties. From this arose the classic pearl river delta business model, namely, cheap, low-tech manufacturing that fed product into a global distribution network. Now, this model has evolved into a

much larger scale. It has become progressively hi-tech. It has benefited from increased brand recognition and it, of course, has expounded huge wealth creation in the Chinese diaspora in the past 20 years.

That said, I think it is simplistic to assume that the majority of investment by the overseas Chinese in China is driven by family or cultural ties. I think the reality is that the Chinese business people from Hong Kong, Taiwan, and elsewhere have been adhering to and sharing the money towards the Mainland only because of the opportunities that China offers them. Earlier on, the obvious opportunity was to reduce cost. More recently, investors are pouring in because the country has been opening up its markets, making reforms and at a pace faster than most economies could ever imagine. While most companies are frustrated by China's methodical approach towards change, most have also acknowledged that the country has demonstrated an unrelenting commitment to reforms. It was a complex market; inequalities do exist. Yes, rules can be unfairly applied. But the system does deliver and the execution of projects is uncomplicated.

The main attraction for China for business people continues to be the potential for profit and certainly the HSBC is there. I can just sum up with what one author has to say quite recently. He said – motherland or not, economic decisions involving China are driven purely by the dictates of the market guiding strictly by the rates of return. This is the fact we should be mindful of as we discuss the Chinese diaspora and the Indian diaspora in particular, and all of us can contribute to the development in India.

Thank you.

Mr Shivnath Rai Bajaj, Chairman, Diwanchand Group, Thailand

His Excellency the Finance Minister of India,

I am convinced that more frequent interactions and exchange of views and ideas between the Indian diaspora and the Government of India will result in benefits and advantages for both Indians as well as the people of Indian origin spreadover in all the corners of the world. The global business matrix and the Indian diaspora are very relevant to Indians and the people of Indian origin living outside India.

The NRIs have been remarkably successful, whatever they have done and wherever they have gone. It is a tribute to the great determination, enterprise and innovative spirit that they have done well, wherever they have gone and whatever they have done. With the emergence of the World Trade Organization as a successor to the GATT, the world economy has been transformed into a new era of globalization and liberalization. To take advantage of the opportunities associated with globalization and reduced risks, the domestic policies need to be changed for raising the investment level and improving productivity. I believe that the objective of these together is to discuss where we can help each other and cooperate in the task of nation-building including people, the industrial development, etc. India achieves GDP target growth at the rate of the magic figure of 8 per cent in the next three years. As an industrialist, I do realize that I have to achieve this magic figure of 8-per cent growth and we need to review a lot of capital.

They have looked at the healthy business environment and above all support and respect from the Government. The general perception among them is that, compared to China, India still lags behind especially in more qualities and areas like labour and judicial reforms, power sector reforms, dismantling of subsidies, progression and more important is the single-window clearance. The Indian diaspora can offer help more as a catalytical guide and partner for identifying opportunities which will mutually benefit

them. The interaction of the Indian diaspora in the Indian economic situation, therefore, is of paramount importance and a long-term strategy.

Thank you.

**Ms S S Mahansaria,
Chairman, ESSEM Group, Thailand**

Distinguished Speakers, Delegates, Ladies and Gentlemen,

As I was told that I have only three to four minutes, I would like to come to the main points. I have been in Thailand for the last 34 years. I would like to share a few of my personal experiences during my 34 years of stay in Thailand. I was attached to the Aditya Birla Group of Industries of India for 32 years. At the very outset, I must mention about the strong belief the late Mr Aditya Birla had confidence in the capabilities of Indians. He strongly believed that we Indians ought not be afraid of competition, let the competition be afraid of us. With this belief, the Indian diaspora of the Group created tremendously efficient and successful enterprises and world-class industries in Thailand, Malaysia, Indonesia and the Philippines.

Leave aside the Birla Group. The Indian diaspora is extremely successful in industries and businesses in the whole of South-East Asia. This brings us to the basic question that how does the Indian diaspora compare with other diaspora and more particularly the Chinese diaspora in South-East Asia. Firstly, outside India, I would say personally that both are very efficient, hard working, intelligent and enterprising. On this count, I would rate both Chinese and Indians as equal. Secondly, I do feel that the Chinese diaspora had gone to various countries in the world far ahead in time than the Indian diaspora. The Chinese arrived in South-East Asia long back and they have not only gone ahead in business, but also in all the facets of life. The main reason for their astounding success has been their total integration with the countries right from the start.

The same cannot be said for the Indian diaspora. The blending of Indians into the community of the host countries at large has not been as penetrating culturally. Therefore, we need to be able to master the fine art of assimilating into local communities. Business is guided and money flows into geographical areas where the countries offer to an investor financial and investment practices and policies which are sound; have the least bureaucratic interference, meet the aspirations and expectations of the investors and which are long-term. Labour laws have to provide an easy entry and exit policy. Infrastructure has to be available, rather be made available by the Government at low cost and comparable to cost in other countries. The signal of the Government has to be very clear to the business as to what the pace and quality of the structural changes are likely to be. Businessmen do not expect everything to be served on a platter. But they definitely expect long-term, stable policies on key economic parameters.

Finally, I would like to say only one thing that we the Indians must copy the Thai smile.

Thank you very much.

**Mr Yesu Persaud,
Chairman, Demerara Distillers Limited, Guayana**

Mr Chairman, Hon'ble Minister, Fellow Panellists, Delegates, Ladies and Gentlemen,

Yes, I indeed come from a far-off country. Guayana is about 20,000 miles from India. Just imagine when our forefathers left India how they had to suffer on the sailing vessels. But when they arrived there, they had to work immediately; and despite all



that they survived; and they survived because of that pioneering spirit, an indomitable spirit, their determination and perseverance irrespective of the odds.

Yes, we have succeeded. Yesterday, I was very pleased when I sat in the audience and a fellow countryman of mine, who is also a second-generation PIO, was honoured as one of the first Pravasis. So, indeed, yes, Indians have done well. But they have done well at a great cost. I am going to briefly give you a background of the company I represent because of its relations to the global economy. This morning's topic is the matrix of globalization.

Guayana is a small country with less than, say, 50,000 people. You cannot do much business in that country. In addition to that, we have an ethnic problem. So, ten years ago, I decided that the root for a company is to establish linkages overseas. We are in several businesses. It is a group that started in distilling, but today we are in trading, shipping and soft drinks. We also do Pepsi Cola, 7-Up, Slice fruit juices, general trading, banking, insurance and trust services. We decided that the outside world is where we have to be and with globalization you have to produce a product that was second to none; had to be different from others and instead of offering a cheap product to compete with those other products that are available, we decided we will start at the top of the market.

When we introduced our El Dorado in the European market, first of all, it had to be packaged, and packaged in a most unique manner. Today, our El Dorado-15 or El Dorado-12 and 5-A are considered the top in the spirits world, and in Italy and Spain to buy a bottle of 15 years' old will cost you anything between 50 and 60 dollars. It is not cheap. We have also been able to produce a 25-year old that is sold at 200 dollars a bottle. In the end, quite recently a 21-year old that sells for 60 dollars. We are doing very well and we are doing well because we have planned the operation and we have been able to establish subsidiaries in Trinidad to serve the Eastern Caribbean, St Kitts in Los Angeles, in the USA in Miami. Our main subsidiary is now in Holland and that was a Dutch company we bought at a high price because we decided that if we are going to be in Europe we had to operate from a European perspective. I must say we have done well.

I have just been told I have to conclude. So, all I could say is – yes, the final thing is, I am leaving here on the 11th to establish a subsidiary in India, in Andhra Pradesh, in conjunction with an Indian company and that is to supply not only to India but also to Asia as a whole. So, this is part of the whole subject of moving together linkages and forming the right linkages so that we could all grow together as Pravasis.

Thank you very much.

**Mr P Mohamed Ali,
Managing Director, Galfar Engineering & Contracting LLC, Oman**

Distinguished Panellists, Ladies and Gentlemen: I am from Oman, the closest country to India and I am so glad one of our big brothers was awarded the Bharatiya Samman Award yesterday and that is a great honour for all the NRIs living in Oman. Before 1970, almost all the Middle East countries and especially Oman are looking up to India for all their needs whether it is educational, health, or in economic. But after the oil boom when they built up their economy and more sophisticated and their demands are more sophisticated, we could not cope with up. We have lost the chance.

But today our IT scenario has created another scene and we are emerging one of the major forces and today these Middle East countries are looking towards us. There is an opportunity for Indians to develop business relationship in educational, healthcare, as well as in joint venture projects. Oman respects Indians where Indians are at the major helm of affairs. It is a beautiful country. From the words of Khushwant Singh, it is a

country one must visit before he dies. So, make up your mind, those of you who are here today.

I would also like to mention a point on the role of the Indian missions abroad. The role of the Indian missions is primarily focussing on political relationship, whereas it has to be changed now. It has to change for economic relationship. These missions should identify business partners from both the countries and exchange visits, exchange goodwill so that between the people they create a good relationship and also create the trust and confidence between the peoples of these two countries for which our missions must be strengthened with more competent staff, commercially oriented who can promote India's brand name.

One last point I would like to make is – today in the Middle East, there are over three million NRIs, who are the real NRIs, most loyal to India and they remit 100 per cent of their earnings to India. In the last India Bonds, 80 per cent of the four million dollars that were collected came from this region. They are facing some problem now. In many of the countries, there are restrictions on the Indian workforce. The Government has not been doing enough to remove that. I request the Government and the diaspora to influence and to see that the comfort is given to those NRIs in the Middle East countries and promote further Indian workforce.

Thank you very much.

**Mr K Sital, Chairman,
Council of Hong Kong Indian Associations, Hong Kong**

Distinguished Guests, Fellow Panellists, Ladies and Gentlemen: I congratulate FICCI for hosting the Pravasi Bharatiya Divas, 2003. I am happy that there is a new awareness of the aspirations of the Indian diaspora and the role they can play in India's development. During the last couple of decades, my labour of love has been the compilation of the *Business Directory* of the overseas Indians. This project has brought me into contact with the NRIs in every corner of the world. The NRI remains very much Indian, wherever he lives. And yet, there are vast differences in the background of the NRIs in different parts of the world. Broadly, I would divide them into three categories. One is – the people of Indian origin living in places like Guayana, Trinidad, Malaysia, Fiji for several generations, over five in some cases; two – relatively recent immigrants in places like USA, UK, Hong Kong, etc. who left the shores of India during the last 30 to 50 years; and thirdly the temporary settlers who are running businesses or employed in places like the UAE and other countries in the Middle East, who have definite plans to return to India.

For these three broad categories and numerically substantial sub-groups within them with differing expectations arising from different religions, economic and regional and social background, the Government has to adopt a carefully formulated policy to bring the NRIs closer to the motherland. Continuous liaison is the key to the success of the NRI policy. Diplomatic and Consular missions should be manned by the personnel of the right background with appropriate training to deal with the NRIs. Where there are large Indian communities, the head of the mission should assume personal responsibility for liaison with them so that their opinions, requirements and aspirations are understood and positively responded to. The proposal for a roving ambassador for NRIs is welcome. However, in addition, an efficient machinery should be set up to enable the overseas Indian community leaders to be directly in touch with the decision-makers in New Delhi.

A message must be sent out to the Indian diaspora that the Government takes them seriously by the creation of the Ministry of Overseas Indians Affairs which will have a firm stake in the effective implementation of the policies. One last point is – the Indian

diaspora is often compared with the overseas Chinese community. It must be remembered that through all the vicissitudes of the Chinese policies during the last 50 years, there has been a remarkable consistency in their hospitable attitude towards the overseas Chinese community.

Thank you very much.

Mr Sam Pitroda, Chairman, Worldtel, USA

Ladies and gentlemen, good morning. In the four minutes I have been given, I am going to make five very simple points. Point number one is – today, technology is the key to human developments the world over and it deserves better priorities in solving India's problems at the grassroots level. Unfortunately, in India technology is something urban, elite, exotic, fancy, intimidating, and sexy. It is not problem-solving. Technology is a great social leveller. It puts two unequal human beings on an equal footing. It cuts across cost, race and religion. Special programmes are urgently needed to take technology to masses in rural areas.

Point number two is – information technology, which brings about openness, accessibility, connectivity, networking, democratization and decentralization is not about software exports, business processes and call centres. It is about new work culture, new work ethics, new work norms, new work values and new work environment. It is about new processes on how to get a birth certificate, how to get a ration card, how to get admission in a school, how to improve literacy, how to improve health services. A great deal has been done in the last few years. Today, in India, we have pretty good access to 40 million phones. We will have 100 million. But the key is to use IT to modernize India's systems.

Point number three is – the biggest challenge is massive political reforms, massive administrative reforms, massive judiciary reforms. Point number four is – all our problems are pretty well known. We have had them for 55 years - population, water, sanitation, literacy, education, health, housing, employment. It is about time we have the political will and the use of technology to address these problems seriously.

The last point is – the real challenge today is the 400-million people who are below the poverty line. You cannot build a nation of a billion people with 400 million illiterates. We are all hung up on an auto economy which addresses 2 per cent of all of us. There are 18 per cent who are part of the bicycle economy. The real challenge is 80 per cent who are the bullock-cart economy. Let us remember that the independence movement was fuelled by the energies of non-resident Indians – Mahatma Gandhi, Jawaharlal Nehru, Krishna Menon, Sardar Patel, Vithalbhai Patel including Jinnah. They were all non-resident Indians. Can the non-resident Indians also fuel the movement to modernize India? That is where I will leave you.

Thanks for giving me four minutes.

Mr Kiran Billimoria, Chief Executive, Cobra Beer Limited, U K

Thank you very much. I went to the UK for my further studies as a 19-years old. I have been born and brought up here in India, and everyone here, my family, my friends they all said, "Look, if you decide to stay on and work in England just remember one thing; you will never get to the top because there was a glass ceiling and you will be a foreigner." I can tell you there is no such thing. I have been able to build a beer brand from scratch against huge competition, global beer brands, hundreds of years old with tens and millions of pounds of advertising budget and I have been able to do it for one

reason that Britain is a multi-racial country where anyone can achieve regardless of race, religion or background. And also, when I started the beer I did not have to go to any Government department for getting any licence. I did not have to get any permission. I was able to just get on with it. And that is because it is a free market there.

Now, Britain has not always been like this. When I first went there, there were strikes; there were also problems. Margaret Thatcher came in and transformed that country and induced the spirit of enterprise and entrepreneurship. And that has not been easy. It was painful but it has worked. And it is that free market and free opportunity that has enabled me to achieve what I have been able to achieve in Britain. But there are problems of red tape and regulation even in Britain. We complain about it over here in India. But there are problems there. Today, the UK is the fourth-largest economy in the world. It is no longer the sick man of Europe; it is no longer an economy nobody respected. We are an economy the world respects today.

I believe that has happened in 20 years. Over here, India has tremendous potential and it can achieve this in a much quicker time. I had set up a subsidiary here in India last year, in April, and I can assure you that the red tape, the bureaucracy, the 400 per cent duty that we have to pay is excruciating. Now, all this has got to change. But it has got to change quickly.

Now, all these comparisons that are made with China, they are absolutely right to make the comparisons. You have got to benchmark yourself as a company; you have got to benchmark as a country. But I do not know – 22 years of reforms in China, they have done very well. But I would rather have a democracy.

India has got to be outward-looking. It has got to embrace globalization, however painful it may be. I am not, as an NRI, asking for any preference for foreigners. I am not asking for any preference for NRIs. I want to be treated on an equal footing with every other Indian and I want opportunity for everyone in this country.

In fact, the sky will be the limit for India. Thank you.

**Mr Ram Buxani,
Director, International Traders (Middle East) Limited, UAE**

Mr Chairman, let me, even at the cost of repetition, express my gratitude to Dr L M Singhvi, Mr J C Sharma and the officials of FICCI for making this great event possible. We have been looking forward to this sort of platform even in a limited way so that we can express our feelings and what better thing than the Finance Minister chose this platform to announce some of the relaxations for the overseas investments. Now, the salty water from the sea will be desalinated and made available to the people of this country. A number of concessions have been announced by him. I hope, one of these days he will also announce that education will also be considered as an industry in the country and overseas Indians or foreigners who are intending to put up educational institutions will be allowed to invest 100 per cent and also control the admissions according to their choice. The Chairman, our Minister from Singapore handles trade and industry and along with that he also handles education. This itself shows that education is not simply a charitable cause which is considered so in this country.

Friends, we have given, rather India has given, a major export to the world and that is our brains. The Indian mind, even when enslaved, was of exceptional quality and rose sharply to position itself as incomparable in the disciplines of mathematics, language, economics, planning and honesty. The trend has never faltered and continues even today. Over 24 million Indians live outside their country. I am one of them. India is the largest democracy of the world and in that largest democracy of the world, a landless constituency of over 20 million Indians is unrepresented. We have no vote, no right to



use our franchise. I do not know, when the Constitution was made, non-residents were not put in any schedule. So, we are not even scheduled castes. And there is no other provision for non-resident Indians in the Constitution. I do not know where we really stand.

Although it simplifies the equation and the breakdown is far more complex, the NRI today is, I feel, unfairly caricatured in the home country and penalised for it. There is one specific flaw because there is no central Indian administrative office to deal with NRI interests. Once in a year, in our budget speech, NRIs are mentioned. Except that, I do not think there is much being done for NRIs. I am really grateful to Dr Singhvi and Mr J C sharma and FICCI for at least initiating it.

Before concluding, let me say that India is not our destination; India is our destiny.

Thank you very much.