



सत्यमेव जयते

Ministry of DoNER & Eight  
North Eastern States



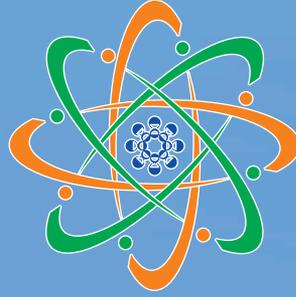
प्रवासी भारतीय कार्य मंत्रालय  
Ministry of Overseas Indian Affairs



Confederation of Indian Industry  
Since 1895

Ninth

Pravasi  
Bharatiya Divas



प्रवासी  
भारतीय दिवस

'Engaging the Global Indian'

7-9 January 2011, New Delhi

**THEME PAPER**





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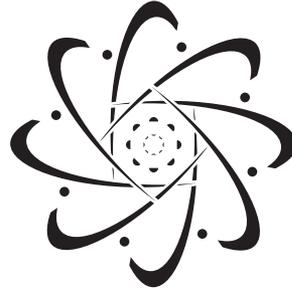


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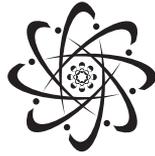
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## PREFACE

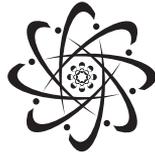
95 years ago, as India struggled to develop its own identity, a small unassuming man disembarked from a ship sailing from South Africa. Word about his successes in South Africa had already spread in India, and there were many at hand to welcome him home. But none could have foreseen that the fortunes of India would depend on this person. Mahatma Gandhi had arrived.

Commemorating this seminal event in the history of the nation, the return of our greatest Indians from overseas, the Pravasi Bharatiya Divas once again celebrates the contributions of Overseas Indians and re-invokes their synergies with the land of their ancestry. Instituted in 2003, the Pravasi Bharatiya Divas has taken pole position in engagement of the Indian diaspora with their native country. It is the flagship event of the Ministry of Overseas Indian Affairs, being held in partnership with the Confederation of Indian Industry as its institutional partner. This year, the Ministry of Development of North East Region (DoNER) and State Governments of the eight Northeastern states of India are partners and focus for the event.

Being held for the ninth consecutive year, the PBD conventions are envisioned as the primary platform for engagement of diaspora with India and with each other. The community of Overseas Indians numbers some 25 million persons, present in over 185 countries across the world, and representing a range of occupations and professions, development and prosperity, and time periods overseas. Recognising that Overseas Indians would wish to participate in the development of their native land, as well as the fact that they have certain expectations from India, the PBD convention facilitates understanding between the two sides. The PBD agenda includes interaction with top

Indian Ministers, State Chief Ministers and officials as well as prominent Overseas Indians in a structured and productive manner.

The Ministry of Overseas Indian Affairs is the nodal agency for promoting and facilitating diaspora-India engagement. Established in May 2004 as the 'Ministry of Non-Resident Indians' Affairs', it was renamed the 'Ministry of Overseas Indian Affairs' (MOIA) in September 2004. Headed by a Cabinet Minister, and with four functional service divisions – Diaspora Services, Financial Services, Employment Services and Management Services – A small team of officers works in a stratified and multimodal manner to meet imperatives relating to Persons of Indian Origin (PIO) and Non-Resident Indians (NRI).



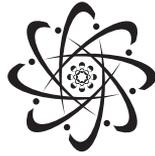
The mission of the Ministry is to promote, nurture and sustain a mutually beneficial and symbiotic relationship between India and overseas Indians. It positions itself as a 'people's agency' and the first stop for Overseas Indians. MOIA's action-plan leverages partnerships across borders and includes:

- Developing an inclusive agenda for the Diaspora to benefit from India's development.
- Seeding the idea of Indian Diaspora networks and drawing up a road map for establishing them.
- Making the home and Diaspora institutions active stakeholder partners in the networks.
- Developing templates for individual initiatives and community action to leverage the knowledge and other resources of the Diaspora.
- Developing templates for ongoing dialogue between India and its Diaspora at the National and state levels.
- Partnering with the Diaspora in new initiatives in the economic, social and cultural space.
- Developing capacity building programs in the states to respond better to the needs of the Diaspora as well as potential emigrants.
- Partnering with government and international agencies to promote comprehensive and sustainable migration policies.

Over the years, the MOIA has delivered significant policies and institutions to meet its objectives. A key success of the Ministry has been the establishment of the Overseas Citizenship of India (OCI), cards that bestow residency & employment rights to OIs within the framework of the Indian Constitution and open up many new opportunities & rights for them comparable to that enjoyed by Indian citizens.

Prime Minister's Global Advisory Council of Overseas Indians : Overseas Indian Facilitation Center; India Development Foundation; and Global Indian Network of Knowledge are some key initiatives of the MOIA. The architecture for engaging the diaspora now includes the PBD series of conventions, the Know India Program, the Discover the Roots Initiative, the Pravasi Bharatiya Bima Yojana for insurance of workers, and Pravasi Bharatiya Kendra. PBD has been the platform for announcing major new programs such as the migrant workers' helpline, Indian Community Welfare Fund and permission for OI professionals with OCI card to practice in India.

The Confederation of Indian Industry originated in 1895 to represent industry perspectives on economic development to stakeholders. Today, CII is the voice of 7800 organisations and



90,000 companies from 400 sectoral associations. With 64 offices in India and 9 overseas, CII touches each region and industry sector of India and connects globally with 221 counterpart organizations in 90 countries.

Facilitating international connectivity is a key CII endeavour. It has built strong relationships with governments, industry associations, businesses, Overseas Indian organizations, and academia across the world. For the fifth successive year, CII is the institutional partner for MOIA in the PBD convention. CII also operates the Overseas Indian Facilitation Center and Global Indian Network for Knowledge.

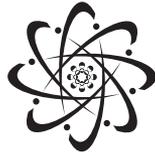
Pravasi Bharatiya Divas 2011 is themed as 'Engaging the Global Indian' which recognizes the multiple identities of the Overseas Indian as a global citizen in a globalised world. The highlights of the convention are:

- Cabinet Ministers from India to interact on matters of interest and concern to the diaspora
- PIO Ministers/dignitaries from other countries deliberating on the expectations and aspirations of the overseas Indian community from the land of their ancestors and how they could work towards strengthening the relationship between India and the country of their residence.
- Chief Ministers on issues their States need to address on a priority basis, and elaborate on facilities and incentives available in their states for the overseas Indian community.
- Special focus on the North Eastern states of India, renowned for their natural beauty and vibrant peoples.

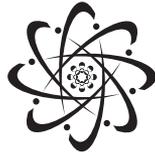
PBD-2011 will also see the continuation of an annual Lecture series under the overarching theme of 'Engaging the Global Indian'. This year, the Lecture has been dedicated as 'Prof C K Prahalad Memorial Lecture' to honour his seminal contribution to economic & management theory relevant to the development of India.

#### **HIGHLIGHTS OF PBD 2010**

- Over 1,300 delegates from 53 countries
- President confers prestigious Pravasi Bharatiya Samman Awards on 14 distinguished Overseas Indians
- Prime Minister releases investment toolkit and e-platform for business and investment facilitation



- Institution of Diaspora Oration Series delivered by Prof Jagdish Bhagwati, University Professor, University of Columbia
- Five plenary sessions, six concurrent sessions and separate state sessions of eleven states
- Thrust on investment, knowledge, philanthropy and skill development



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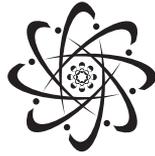
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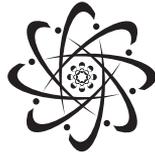
## INTRODUCTION

Who is the Global Indian? Given the multiplicity of histories of Indians based overseas, the Global Indian is difficult to define yet easy to identify.

There are the laborers who were shipped to different countries in the colonial period to take the place of slaves once slave-trade was declared illegal. These workers were either taken forcefully, or were promised riches if they left, emptying entire villages of workforce both male and female. They toiled on tea estates, rubber plantations, sugar fields, and other cash crops, working long hours without much return. Living conditions were precarious, depending on the owners of the plantations. Educational facilities were either minimal or non-existent. If the cash crop failed or suddenly lost demand, the workers were unceremoniously turfed out with no social security or other benefits. In many parts of the world, these erstwhile workers continue to be amongst the poorest classes, unable to transcend generations of difficult conditions. Yet in other parts of the world, they lifted themselves out of poverty by their bootstraps, educated their children, set up profitable businesses or entered professions and politics.

There are the entrepreneurs who saw opportunities in lands just opening up to the world and followed the Western explorers to new settlements. Despite cultural traditions hindering overseas travels, they left their homelands to find new horizons for themselves. Setting up small trading posts, manufacturing enterprises or money-lending businesses, they became part of the communities in which they operated, welcomed and respected. Some of the more adventurous entrepreneurs went on to become the leading lights of their adopted land's economies, and can today be seen as among the wealthiest overseas Indians.

There are the professionals and the educated who were enticed to serve colonial masters as doctors, engineers, accountants, teachers, professors, clerks, overseers, etc. An entire group of Sikhs was taken overseas as police and security forces, charged with maintaining law and order or drafted as soldiers. Often facing suspicion from the local community, these educated overseas Indians could go on to forge a close identity with it over the years and become its pillars. In later years, after the colonial era ended, many more such educated Indians were welcomed by local governments to fill the gaps in professions and stayed on, earning much respect as valuable members of the community. The third wave of educated emigrants went in search of educational opportunities, earned high qualifications, then utilized their learning for work and research in their adopted lands.



And then there are the present-day Overseas Indians. Students estimated at 100,000 in USA alone; workers and housemaids, some 5 million in Gulf countries; IT experts, travelling the world wherever there are projects to be carried out; bankers and finance professionals, slotted into leadership positions in international finance centers from Hong Kong to London to New York; top management people, heading offices of multinational companies from Shanghai to Sydney; researchers working on complex projects in the best institutions; academicians, teaching students in prestigious colleges the world over; and finally, an entirely new type of Indian overseas, that representing the multinational Indian company in its operations abroad.

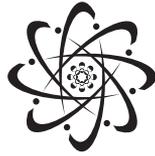
Several characteristics bind these diverse communities. They are universally recognized for their hard work and contributions to the local economies. Respected for being law-abiding and for integration with the local community, they are very much a valuable part of the countries they live in.

At the same time, overseas Indians tend to retain much of their culture. Over succeeding generations, despite the local influences and local customs, overseas Indians find solace and togetherness in maintaining their own regional languages, their own religions, their own diverse traditions and habits, and their own cuisines.

Prime Minister Dr Manmohan Singh described this as their intrinsic Indian-ness that binds them culturally to their native land. It is the very core of their identity, the heart of their place in the world. The annual Pravasi Bharatiya Divas salutes each and every person with Indian roots who has made a home overseas and who through hard work, contributes incessantly not only to the adopted country, but also to the image of India globally.

The Global Indian today is thus above all a unique individual, at ease with diverse cultures, yet representing the very essence of the Indian nation. Mirroring the diversity of India and its dynamic vibrant populace, the Global Indian carries with her the fragrance of her motherland that she spreads in other countries.

As India herself crosses the milestones of progress one by one, she looks outward to the world for partnerships and support. India's inherent strengths of large economy and large population have made her a partner of choice in global affairs. As a valuable member of the comity of nations, India is imbued with a special role of responsibility and action. Her recent fast-paced economic growth within the model of inclusive growth has drawn the attention of



the world, which is keen to engage more strongly with this diverse, democratic, developing country.

The pool of multi-talented, multi-dimensional, multi-cultural Overseas Indians is the first port of call in international engagement for India. Strategically positioned across all domains of human enterprise and laying claim to several lands simultaneously, the Overseas Indian is the interface of India with the world.

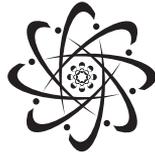
Simultaneously, Overseas Indians have a right to expect much from their motherland. With India's rapid development, many new opportunities are opening up in commercial and investment exchange. Overseas Indians are best placed to gain from these opportunities. Indeed, India too is keen to tap their talents and wealth in her endeavour for inclusive growth. Likewise, many overseas Indians wish to contribute to the country of their ancestors in terms of development assistance, either through funds or other resources.

At the same time, other overseas Indian communities look to India for educational opportunities. Easier access, knowledge of their ancestors, increased cultural bonds, stronger connections for their children, or just a home-like emotion are other factors that underpin their engagement with India.

Thus, the two-way bond between India and her children overseas is strengthened through interaction. The symbiotic engagement has benefited from the collapse of borders through cheaper travel and better technology and communication. It is now possible to envisage a robust multi-dimensional multi-modal interaction between the two sides from which both can gain.

Over the years, the Ministry of Overseas Indian Affairs and the Pravasi Bharatiya Divas have set in place the institutional architecture for such an interaction. Various initiatives such as the Trace Your Roots program or the Know India scheme as well as Scholarships for Diaspora Children have met the needs of the Overseas Indian. The Overseas Citizen of India card confers many benefits to citizens of other countries which places them on par with Indian citizens in travelling to India, investing in property and businesses, and studying and working in the local economy.

India is now also in a position to leverage the benefits of its large workforce, the fastest-growing in the world. As developed countries age and their dependency ratio rises, they need



workers to fill emerging gaps. India with her young population is now increasingly sending out men and women of different educational attainments to meet such demand. The Ministry includes a Protectorate of Emigrants that is charged with looking after the affairs of workers going overseas. MOIA has instituted several measures to promote their welfare, such as a dedicated fund to assist in emergencies, e-portal for streamlining procedures, helpline for workers in distress, and other facilities. Labour agreements are being signed and negotiated with several countries to define conditions for work.

The Global Indian is now part of every community. She has taken with her the mantle of her Indian-ness, and her very presence is seeping into other countries, whether through dance and music, literature and art, or food and fashion, whether through Bollywood, boardrooms or Bengaluru. The Global India is not just overseas but in India as well, comfortable in different countries, different businesses, different occupations.

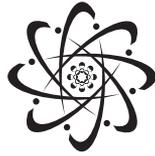
PBD 2011 once again felicitates the Global Indian and puts in place the modalities for engagement of overseas Indians with India. To be inaugurated by the Prime Minister of India, the PBD this year places the spotlight on India's resurgent and vibrant North East states. Highlighting India's economic successes during the global economic crisis and its aftermath, the plenary sessions are structured for interaction with key economic players in India. Key Union Ministers will address a session on opportunities in India. Taking engagement to the next level, state chief ministers will speak about their growth and facilities for Overseas Indians. Chief Ministers of North East states in particular will address a separate session. Individual concurrent sessions will focus on deeper interaction with officials from various states. Participation of young Overseas Indians will be covered in a special plenary, while the pre-convention PBD Seminar Sessions on education and health will give added impetus to existing initiatives in a focused, workshop-like manner.

A key session will be the PBD Oratory, commemorating Prof CK Prahalad who through his tireless efforts leveraged his position as one of the most eminent management professors of the world to promote the India brand and transformed perceptions about the country and its business world. Today, his productive life is emblematic of successful diaspora-India interaction.

A new India is on the ascendance. In the next five years, there will be transformational changes in the Indian economy, turning the country into a powerhouse for the global



economy. Concomitantly, dramatic shifts will take place in the interaction of India with the world. This is the time for the Global Indian to re-connect with India, this is the time to partner in India's development saga, this is the time to be part of an exciting new era.



## THE INDIAN ECONOMY: NEW HORIZONS

When the global financial crisis ravaged economies across the world, Indian economists despaired that its impact would wreak havoc on the fragile Indian economy and derail the development agenda. As the statistics emerged over the months, astonishment set in. The Indian economy had surpassed all growth expectations in the aftermath of the global economic crisis.

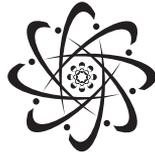
During the two years of the crisis, an average annual GDP growth rate of as much as 7% was recorded, the highest among major economies after China. Economic forecasters are recasting their estimations regarding GDP performance for the year and beyond. Recent forecasts include the following:

Center for Monitoring of Indian Economy	: 9.2% for 2010-11
IMF – 2010	: 9.7%; 2011: 8.4%
ADB – 2010-11	: 8.5%; 2011-12: 8.7%
Ministry of Finance – 2010-11	: 8.0-8.5%

The incontrovertible fact is that the Indian economy is universally believed to have left the doldrums of the Great Recession well behind and is expected to do well in the next few years. Just five years ago, economists could not have imagined that during the worst global economic crisis in 70 years, and the worst drought in 30 years, the Indian economy would clock rates of GDP growth of 7%. This indicates the underlying strength of the macroeconomic fundamentals.

The Manufacturing sector has been the growth driver in the recovery period. The overall index for industrial production of which manufacturing comprises 80% has been on the uptrend since July 2009, growing 11.5% in the first quarter of 2010-11. The services sector is seeing high growth in construction, trade and communications, as is witnessed in the continued pace of 18-20 million new telephone connections being added every month, the fastest in any country.

On the trade front, the contraction of exports over the high of \$185 billion in 2008-09 has reversed and the country is well on the way to achieving the milestone of \$200 billion by March 2011. This is creditable, given the sharp drop in global demand and global trade, especially in India's key markets in developed countries. The pickup in exports has been higher than the global average.



On the import side, India's imports stood at over \$300 billion for 2008-09. In the first five months of 2010-11, imports crossed \$101 billion and are likely to remain strong as India's demand for global goods rises on the back of its robust rural markets and infrastructure mission.

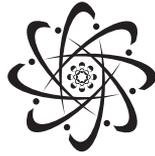
Regarding investments, the scenario continues to be positive. In the first eight months of 2010, FDI worth \$11 billion came into the country, calculated as per international best practices. In the last ten years from April 2000 to August 2010, the country has received \$176 billion worth of FDI. This reflects continued confidence in the performance of the economy by overseas investors. Additionally, portfolio investments at a robust \$12 billion have entered the economy in 2010 to August, after foreign institutional investors pulled \$15 billion out in net terms during the crisis period.

The sustained growth of the Indian economy could take place despite the liquidity squeeze and drop in global demand due to the aggressive response measures undertaken by the government. Fiscal stimulus in the form of increased expenditure towards needy sections of society and reduction in indirect taxes, monetary measures in the form of drastic lowering of interest rates and opening the liquidity taps, and special targeted interventions for sectors such as exports, textiles and other employment-intensive areas were undertaken. The government has now commenced a careful and calibrated exit strategy that will preserve the growth rates. For example, fiscal deficit is expected to come down in the next three years to pre-crisis levels.

These strong measures helped preserve and sustain demand, especially across the rural economy, home to most of India's citizens. It is this demand – robust, thriving and expanding – that will be a powering force for the global economy in days to come.

Given the global growth conditions, where recovery in the advanced economies continues to be tenuous and dependent on fiscal stimulus, India's growth can be a stabilizer for the global economy. Over the medium term horizon, India has many positive factors in its favor that will drive growth.

One, India has espoused an economic growth model that targets rapid GDP growth with inclusive development. Over the last few years, specific policies have been instituted to address marginalized and poor sections of society, especially in the rural areas. India has undertaken deliberate policies to build rural infrastructure under the Bharat Nirman program,



to ramp up education and health in the rural areas, and to provide a rural employment guarantee scheme that now impacts 50 million households.

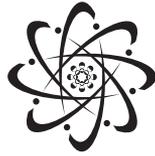
These policies have imparted high dynamism to the rural economy. For example, in 2002, the rate of telephony penetration in rural areas was 1.2%. Today, it has gone up to over 25%, a remarkable platform-jump. Consumer durables markets in rural areas are booming as are car sales, cement and other construction material, and FMCG. Today, a large company in these sectors that does not have a strategy for addressing the rural population is rare, and will find itself marginalized going forward.

Second, India has attained high savings and investment rates. In 2007-08, the investment rate was close to 38%, an upward shift of five percentage points in just four years. The unprecedented developments of 2008-09 lowered the rate to 35%, but this is only a temporary dent. The underlying forces are strong enough to help the investment rate revert back to the earlier high in a couple of years. Such strong investment to GDP ratio implies continued high rates of growth in the medium term.

Third, India's growth is largely driven by domestic demand. This is fuelled by a growing middle class population, young consumers, and rising per capita incomes. The Indian market is estimated to be 500 million strong and is largely insulated from global conditions. Multinational companies are keen to make India their growth laboratory, as they believe that what works in India will work in other large emerging markets. They are tapping the spending power of these new entrants to the consuming classes.

Similarly, India's youth are emerging as a dynamic force in the global economy. About 200 hundred million youngsters are expected to enter the workforce in the next decade. These people are not just new workers but also new consumers. Their propensities, attitudes and purchases are likely to drive trends in the global economy. As India enters the sweet spot in its demographic experience, it will help drive global growth.

Fourth, India's reform process is still a work in progress. Following reforms in 1991, the Indian economy has witnessed a surge in its growth, from the 5-6% of the earlier decades to 8-9% in the 2000s. From 1991 onwards, successive governments have remained steadfast on the reforms process. High tariffs have been brought down, tax rates have been lowered and simplified greatly, industry has been completely deregulated, FDI has been progressively liberalized and the financial system has dramatically changed.



These have enabled the globalization of the Indian economy. In particular, the emergence of the Indian multinational is a new phenomenon of the decade, as Indian companies engage forcefully in mergers, acquisitions and overseas investments. In 2008, outward investment from India was \$17 billion. Many Indian companies now number in the top five global producers in their product categories. Significantly, Indian companies are also placing big orders with multinational companies and turning into reverse outsourcers.

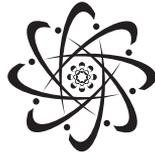
But there is an unfinished agenda ahead in the reform process. The government is presently instituting major changes to the indirect and direct tax regimes, which will be in place from April 2012. The common goods and services tax will make India a single market and reduce transaction costs. The direct tax regime will facilitate simplification and rationalization of the current taxes. Both will be major enablers for the corporate world.

Fifth, India's infrastructure mission will be a major source of growth. In the five years from 2007 to 2012, the country would have significantly stepped up its infrastructure spending. In the following five years, it is estimated that India will be spending \$1 trillion in the sector, including power, transport and communications, urban development and rural infrastructure.

Projects just completed and currently under execution will change the operating environment for business in India. Further, the new infrastructure will connect rural and urban markets, add much-needed electricity, and facilitate trade, thus opening up vast new markets.

Finally, India is rapidly becoming a critical part of the global economy. Its exports almost trebled in the five years before the global economic crisis. More significantly, India's demand for goods from the rest of the world went up by close to four times in this period. India will continue to be a major market for the world, given its rising consumer classes, infrastructure demand, and growing exports. To facilitate this process, India is entering into bilateral and regional trading agreements in a strategic manner, including with the EU.

In services, India's export growth has been spectacular. Today, the country is the largest exporter of software services, and a major player in business and professional services. Service exports crossed \$100 billion in 2008-09 and are once again gaining pace, despite the economic conditions. As the world shifts increasingly to a knowledge economy, India will emerge as a key participant, given its strong educational output.

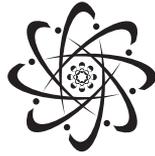


However, India faces considerable challenges in its growth aspirations. Poverty remains high, and human development indicators are poor. Malnutrition and infant mortality rates are at unacceptable levels. Vast sections of society are unable to participate in the robust economy or benefit from its growth. Health and education need to be stressed in a dedicated and committed manner, focusing on outcomes rather than on programs.

Global economic conditions will also be a major factor in India's growth, and it is important that global sources of India's growth are not constrained by protectionist forces.

As globalization progresses, domestic policy regimes alone may not be able to deal with specific issues without global interventions. For example, an effective international financial architecture is needed to ensure financial stability. Global trade can become a vehicle for growth only if countries do not follow protectionist policies. Climate change and global warming can be prevented only if countries act in partnership. In this context, the role played by the G-20 and other global policy forums in addressing these issues will become extremely important.

In the next five years, we will see transformational changes in the Indian economy. A growth rate of over 10 percent could well be sustained in the next few decades, turning the country into a powerhouse for the global economy. This is the time to be in India and this is the time to invest in India



## **PBD SEMINAR SERIES**

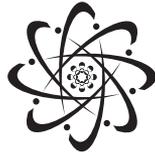
### **Diaspora and Education - The Emerging Opportunities**

Two developments in the last year have underscored the education debate in India. One, the 86th Amendment to the Constitution made the Right to Education a Fundamental Right for all children in the age group of 6 to 14 years with the notification of the Right of Children to Free and Compulsory Education Act 2009. This is estimated to entail an expenditure of \$37 billion over the next five years, a tough target to meet. Two, Ratan Tata announced in October 2010 a gift of \$50 million to Harvard Business School, the largest such overseas donation the School has received. The one reflected the responsibility of the nation to its citizens the other representing the growing power of Brand India.

India is widely expected to achieve the Millennium Development Goal of universal primary education by 2015 with the success of its 'education for all' scheme, the Sarva Shiksha Abhiyan. This is the largest such program in the world and has helped to lift primary school enrolment by close to 14 percentage points between 2000 and 2005. There has also been good progress in reducing the drop-out rates and the completion rate for grade V has gone up to 94% in 2007.

However, the quality of education still remains an issue of concern. The high pupil-teacher ratio, low level of teacher attendance, and poor training of teachers contribute to low level of attainments. If children are not adequately equipped in terms of education and vocational training, much of the impetus that the country could achieve from the population dividend could dissipate. Unlike many other countries, where the young working age population is fast shrinking with higher dependency ratios, India has a demographic advantage with about 70% of the population below the age of 35. But this advantage can only be realised if opportunities for education expand on a massive scale.

In higher education, India is the third largest country in terms of graduates passing each year with an educational infrastructure of 20,677 colleges and 416 universities. Some 11.6 million students were enrolled in 2007-08, of which about 3.5 million students will graduate every year. However, India's Gross Enrolment Ratio (GER) of around 12.4% is low considering that the world average is 23.2%, 36.5% for countries in transition, 54.6% for the developed countries, and 22% for Asian countries.



India is committed to achieve a GER of 30% by 2020. The Government has set in place ambitious programs for expanding the higher education institutions. On the anvil are thirty new Central Universities, five new Indian Institutes of Science Education and Research, eight new Indian Institutes of Technology, seven new Indian Institutes of Management, and twenty new Indian Institutes of Information Technology.

Additionally the Mission on Vocational Education and Skill Development involves the establishment of 1600 new industrial training institutes (ITIs) and polytechnics, 10,000 new vocational schools and 50,000 new Skill Development Centres.

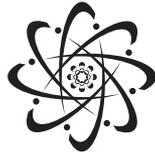
In higher education, India faces four major challenges – access to higher education; ensuring excellence; increasing global interaction and the growing use of technologies. The globalisation of higher education has also added newer challenges in terms of quality assurance system, issues of mutual recognition and equivalence of degrees and transparency in the regulatory structures of national systems of higher education. Towards this, the Government has initiated several reform measures. An independent mandatory accreditation system is being proposed.

India's strengths in scientific research and development are bolstered by its strong laws in protection of Intellectual Property Rights. It is fully compliant with obligations under TRIPS and has enacted Trademarks Act, Copyright Act, Designs Registration Act, Geographical Indications Act and Protection of Layouts for Integrated Circuits Act in the last few years. IPR regime is not only followed under the law, but in spirit as well as companies maintain strict ethical norms.

With the proliferation of companies involved in research in India, the competitive industry, and the growth of research centers and higher education, India is well on the path to emerging as the global hub of knowledge industries.

The Indian diaspora has exhibited keen interest in participating in the education sector in India. While on the one hand, PIO have engaged in philanthropic activities in delivery of education, on the other, they have displayed eagerness to avail of facilities in India.

Diaspora philanthropic activities have primarily included establishment of schools or financial assistance to certain schools, particularly for disadvantaged sections of society or for gender empowerment. There have been instances of PIO returning to India to oversee schools. Charitable institutions in India catering to educational needs have received much support from wealthy PIO as well.



The Right to Education creates fresh challenges for the education sector in India. While primary education may be near universal achievement, the issue now relates to secondary education. Diaspora needs to emerge with fresh thinking as to how it can assist in the mammoth task of providing free education to all Indian children up to the age of 14. There are several different ways of participation – funding classrooms, providing technology access, developing quality curriculum relating to particular regions, assisting in teacher training, providing school supplies, etc. It is even possible to link overseas schools with Indian schools.

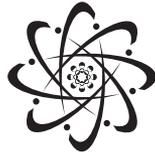
With the spread of technology, there is scope for new avenues of partnership such as distance education, transfer of learning material to schools, curriculum delivery, creation of study modules, etc. The Government has instituted the Global Indian Network of Knowledge (Global-INK) in order to aggregate initiatives, ideas and activities of PIO on a common platform. The Global-INK serves as an electronic knowledge transfer platform to generate new ideas on issues such as development, education and healthcare.

Government has also taken the initiative to set up a prestigious center of learning and research on diaspora to be known as Pravasi Bharatiya Kendra. This will also be a center for facilitating diaspora interaction in education

Overseas Indians face several challenges in engagement in education in India. The Indian higher education sector is rigid and closely regulated. It offers little scope for inviting overseas Indian academics as Visiting Professors, lecturers or experts. Curriculum is regulated and often outdated. Apart from a few world-class educational institutions, most universities and colleges in India languish at low levels of research activity.

Indian institutions do not have the mechanisms to facilitate charitable donations or endowments from overseas Indians. They often do not undertake research and events paid for by the private sector. Universities and colleges are largely underfunded and lack the capacity to engage in collaborations or offer innovative participation channels for overseas Indians.

Although India has high human resource capabilities for science and research, it is the public sector that is more active in this field. Public sector research institutes are not adequately linked to overseas institutions and lack resources to engage with overseas Indians in their particular fields. Indian industry has lagged in research, while many multinational companies have set up dedicated research bases in India to leverage competitive costs and high talents.



The high floor of investments also deters overseas Indians from participating in India's vibrant and growing R&D industry. India needs to engage itself more convincingly in international collaborative efforts in R&D so as to have higher visibility among global researchers. Overseas Indians can assist in this.

Several ideas have come forth for sparking greater connectivity between Indian and overseas Indian academicians and researchers. These include establishment of Visiting Chairs, greater mutual exchanges between Indian and foreign universities, transfer of educational material and notes, and facilitating participation of eminent Overseas Indian faculty in Indian policy-making on education.

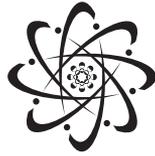
On the other side of the equation, India's strong reputation as an educational hub for higher education attracts many PIOs from developing countries to study in India. There is high demand in courses such as engineering, medicine, IT, management, etc. Currently, there are some 40,000-50,000 foreign students in higher education institutes in India, with a large proportion belonging to the diaspora.

The Government has several schemes enabling diaspora children to study in India, including Direct Admission for Students Abroad (DASA), scholarships for students from certain countries under Scholarship Program for Diaspora Children, reservation of seats for NRIs/PIOs in major universities, etc. The Education Council of India Ltd (EdCIL) facilitates admissions to higher education institutions by advising and guiding overseas students about colleges in India.

The Government is also in the process of setting up an PIO/NRI University that will have half the student population from the diaspora. The site for this university is proposed to be in Bengaluru.

Diaspora links with education in India is a vast subject. The Seminar Series will deliberate on the issues and consider various areas such as:

- Collaborations in technology
- Responsibility of Diaspora in implementing Right to Education and possible models for its success
- Partnerships in education and skill development
- Study of PIO/NRI in India
- Collaborations between universities and academia



## HEALTH SERVICES - CONNECTING THE DIASPORA

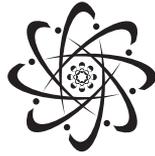
India ranked 134th of 182 countries in the UNDP Human Development Report 2009. Its performance on several indicators is below that of impoverished and war-torn sub-Saharan Africa. With more poor people in eight states of India than in the 26 countries of sub-Saharan Africa, the health challenge for the country is high.

Substantial improvement has come about over the years due to targeted interventions. For example, life expectancy of men has gone up by 2.5 years and that of women 2.8 years between 1992-96 to 2002-06. 18 fewer girls and boys per thousand died in infancy in 2008 as compared to 1998. Crude birth and death rates have also declined over the years.

The Indian government has strategized to provide public health through primary health care centers bolstered by hospitals and specialty centers. The National Rural Health Mission is an umbrella program covering sanitation, hygiene, nutrition and safe drinking water as well as reproductive and child health, and control of vector-borne diseases, TB, and leprosy, among others. The frontline workers are the ASHA or associate health workers, of which more than 800,000 have been appointed. The Pradhan Mantri Swasthya Suraksha Yojana aims to strengthen regional delivery of healthcare and includes establishment of 6 medical research centers on the lines of the prestigious All India Institute for Medical Sciences (AIIMS) in Delhi along with upgradation of 13 medical colleges.

India has the largest early childhood development program in the world covering nutrition, immunization, health services and pre-school services for children in the age group of 0-6 years under the Integrated Child Development Services of 1975. 1.4 million Angawadi centers are functional. The largest Mid-day Meal program in the world serves to provide hot nutritious meals to school-going children and has been expanded to include secondary schools as well. This meets the twin objectives of nutrition as well as enrolment.

However, the progress of these programs has been slow and uneven, especially in poorer states of India. Surveys have revealed that many of the centers do not have adequate infrastructure and supplies or trained workers. Over half of women of marriageable age are anemic as are almost 80% of children below 3 years of age. Intake of proteins and calories is much below desired levels at all ages.



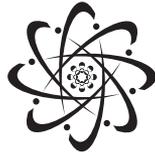
In fact, malnutrition in India is so severe that 'The Economist' in a recent article [Sep 23, 2010] termed it as 'shocking'. It notes that more than one-third of the world's malnourished under-five age children live in India and almost half of the age-group in India suffers from chronic malnourishment. The lack of adequate calories and nutrients can lead to severe to moderate disabilities and health outcomes. Learning deficiencies, low productivity, chronic health problems and other fallout of malnutrition can cause GDP growth rate to slow down by as much as 3%.

Health is one of the top issues of concern for Overseas Indians wishing to participate in India's development. Organisations such as the British and American Associations of Physicians of Indian Origin have conducted large health programs in India and continue to be associated with several initiatives to consolidate health interventions by Overseas Indians. Individuals and NGOs have come together for carrying out programs in India as well. Clinics have been set up, medical equipment has been donated, many overseas doctors have assisted in medical education and training, camps to tackle various ailments have helped patients, etc.

The AAPI is part of the India Healthcare Initiative. Through its series of India-US Healthcare Summits, it has focused its work on six areas namely asthma and allergy, heart diseases, diabetes, infectious diseases, maternal and child health, and mental health. It has made recommendations on each of these in order to draft a plan of action for five years. AAPI will be hosting the Summit in the first week of January 2011 to coincide with PBD.

Recommendations made by the Overseas Indian community for healthcare include:

- Telemedicine could help the participation of overseas Indian doctors in Indian healthcare system.
- Investments should be considered by diaspora in medical equipment, medical devices, diagnostics, etc in a special medical park, and in medical tourism. There are opportunities in innovations in rural health.
- Links between ASHA health workers, primary health centers, mobile healthcare and district hospitals could be set up to deliver healthcare.
- Diaspora can help in revitalization of Medical Council of India to meet contemporary needs as healthcare in India is inadequate. India can learn from the American exam system. The Diaspora can also help with research and medical curriculum.
- An NRI advisory committee for health and education in the central and state levels was suggested



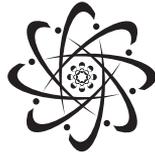
In terms of commercial participation in India's booming healthcare industry, the growing incomes and access to medical facilities promise to offer many opportunities. The healthcare industry in the country, which comprises hospital and allied sectors, is projected to grow 23 per cent per annum to touch US\$ 77 billion by 2012 from the current estimated size of US\$ 35 billion. Growth in the sector would be driven by healthcare facilities, both private and public sectors, medical diagnostic and pathlabs and the medical insurance sector. An increasing number of public and private healthcare facilities are expected to propel demand for the industry, accounting for another US\$ 6.7 billion in this period.

India would require another 1.75 million beds by the end of 2025. The public sector however is likely to contribute only around 15-20 per cent of the required US\$ 86 billion investment. Corporate India is therefore leveraging this business potential and various healthcare brands have started aggressive expansion in the country.

Medical tourism in India has emerged as the fastest growing segment of the tourism industry despite the global economic downturn. High cost of treatments in developed countries, particularly the USA and UK, has been forcing patients from such regions to look for alternative and cost-effective destinations for healthcare. The Indian medical tourism industry is presently at a nascent stage, but has an enormous potential for future growth and development.

India's share in the global medical tourism industry will climb to around 2.4 per cent by the end of 2012. Moreover, medical tourism is expected to generate revenue of US\$ 2.4 billion by 2012, growing at a CAGR of over 27 per cent during 2009–2012. The number of medical tourists is anticipated to grow at a CAGR of over 19 per cent in the forecast period to reach 1.1 million by 2012.

Whatever the mode of participation, Overseas Indians can inject new expertise and experience into tackling India's myriad healthcare challenges. Perhaps their most valuable contribution would be in making a difference to the levels of malnutrition and contributing to knowledge on healthcare in India.



## PLENARY I

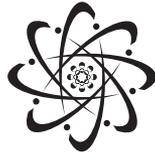
### Engaging Young Overseas Indians

The young Overseas Indian has become a distinct class of her own. From students to managers to IT professionals, the young Overseas Indian truly represents the dynamism and uniqueness of the Global Indian. Driving tastes and habits, her desire to connect with India and maintain touch with her roots has created a new category to be addressed by businesses, entertainment and media, and culture and arts.

At the one end, the global buoyancy of Bollywood leads the engagement of young OIs with India. The popularity of Bollywood actors and songs and dances derives much from its propagation by young OI and in turn seeks to meet their tastes. Movies set in global locales such as New York and London often portray with great accuracy the lives of young OI and touch matching chords in the community. The hugely popular 'Dilwale Dulhania Le Jaayenge' resonated emotionally with OI families faced with cultural dichotomies similar to that presented in the story. Later films such as 'Kal Ho Na Ho,' 'Hum Tum,' or 'Kabhi Khushi Kabhi Gham' captured the nuances of growing up and living overseas while being firmly attached to Indian norms and customs. 'Bend It Like Beckham' brought the dilemmas of the young OI to international audiences, while later directors of Indian origin have helped globalise the Indian experience.

Youth in the overseas Indian community are now the major purveyors of Indian culture to global consumers. It is through them that fashion, dance, music, and food of India crosses over to non-Indian communities. Their energy, enthusiasm and sheer visibility sparks greater interest among their friends and the community to know India better. The rise of Brand India, modern, vibrant, and high-performing, owes much to the young Overseas Indian.

But while Bollywood may be a prime factor, Overseas Indian youth are also keen to learn more about their roots, know about their ancestral heritage and be in touch with India. Many are relearning Indian languages of their forefathers, while others are travelling to India, and some are even coming to India to work or volunteer in social service programs. Viewing their



Indian-ness as an advantage in their lives overseas, they are willing to invest time and energy in boosting their Indian links.

Interestingly, many Indian NGOs are tapping this reservoir of youth overseas in setting up volunteer programs or internships for short periods of time that allow PIO to participate in their work. Teaching English to disadvantaged slum children, running computer classes, conducting medical outreach programs, carrying out research and writing papers, raising awareness on issues in villages, etc are some of the activities that young OI undertake on their long summer holidays. Businesses in India too accept applications from OI for training and interning in their organizations. These are excellent experiences for the young OI and add to their resumes later in life. They also gain by learning about grassroots issues in India.

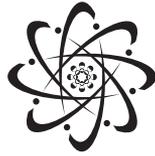
The Ministry of Overseas Indian Affairs has developed several programs to help guide the re-learning process: the Know India Program, the Scholarship Program for Diaspora Children and the Trace Your Roots program. The proposed PIO university will also be a vital component for this effort.

The Know India Program is a three-week program that seeks to familiarize PIO youth with India's heritage and culture, its development as a modern economy, its grassroots democratic processes, and its scientific and technological attainment, among others. The KIP has successfully undergone 14 sessions, benefiting over 400 students and participants. The program is conducted in partnership with a state government and is organized by CII.

The Scholarship Program for Diaspora Children is aimed at providing educational opportunities to overseas Indian youth through admission and financial grant in technical and professional courses in Indian universities. They are selected through an examination process and are allocated sufficient funds to cover about 60-70% of the tuition. The Program proposes to provide full tuition grant and to cover more countries in its later years. Currently, two batches of students have benefited from the Program.

The Trace Your Roots program helps overseas Indians to locate their ancestral bonds with India. An organization named Indiroots explores the applicant's background and attempts to find relatives and prepare a family tree. Applications are to be made at the respective embassies/high commissions.

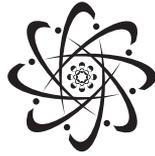
There is need to conduct structured programs that will help OI youth to better connect with India and partner in India's development. On the one hand, cultural and language centers and



activities in areas of their residence could help them learn more about India. On the other hand, internships in India could be organized in a systematic manner so that over several years, a person could attend various modules. Some possible means for greater connectivity could include the following:

- Defined modular programs for participation of OI youth in NGOs of different durations and in different fields, enabling OI youth to select a program of their interest
- Development modules in villages with local governments, including areas such as women and child health, panchayat capacity-building, research on social or economic issues, training and skill development, etc
- Programs in top companies in India for internships or work opportunities on a regular basis for overseas Indians
- Internships in central or state government departments for professional OI youth, such as Planning Commission
- Cultural exchange programs with learning institutions such as Kalakshetra, fine arts departments of colleges, social research institutes, etc
- Short courses in universities on an exchange basis that would allow OI youth to gain credits for their regular courses
- Immersive language programs including stay-with-families components

If the young Overseas Indian of today is sufficiently connected with India, chances are that her progeny too would continue to maintain these vital links and the bonds of India with her children overseas would remain vibrant.



## PLENARY II

### Opportunity India

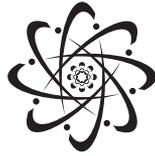
The rapid growth of the Indian economy is throwing up many new business opportunities for overseas investors, including the overseas Indian community. The Government recently brought out a compendium that puts together the policy environment for FDI, which is available on the website of the Department of Industrial Policy and Promotion [http://dipp.nic.in/FDI\\_Circular /FDI\\_Circular\\_02of2010.pdf](http://dipp.nic.in/FDI_Circular/FDI_Circular_02of2010.pdf). For PIO, the same policies are applicable as to general FDI.

In the large majority of sectors, FDI is freely permissible under the automatic route of approval. Some sectors have a limit on FDI investment and these are mentioned in the policy guidelines. PIO/NRI are also allowed to invest in the stock markets.

There is a liberal policy for permitting investment of upto 100% equity with full repatriation facilities in industrial ventures in high priority industries by Non-Resident Indians (NRIs) and Overseas Corporation Bodies (OCBs). 100% NRI investment with full repatriation benefits in Export/ Trading/ Star Trading House are also permissible. There is no restriction on the extent of equity that can be held by a Non-resident Indian (NRI) as an individual/partner in a small scale unit.

Investors need to file an application with the Reserve Bank of India (RBI) in the prescribed format and approval is ordinarily granted within 15 days. For foreign investment outside the automatic route, clearance has to be obtained from Foreign Investment Promotion Board (FIPB). Applications for setting up a 100% Export Oriented Unit are also required to be filed with the SIA. India permits free repatriation of profits after payment of the applicable taxes for all approved investments other than in few specified industries. In these consumer goods industries, repatriation of profits is allowed only out of net foreign exchange earnings during an initial period of seven years from the commencement of production.

Infrastructure is a major area of investment as the Government is keen to invest \$1 trillion of investments by 2017 in the sector. Current deficits in the infrastructure sector are being addressed through dedicated policies in the realm of regulation, financing, and administration. Public private partnership is a major plank of infrastructure creation, and much investment is expected to come from private players. A major role is envisaged for overseas businesses, not just in funding but also in consultancy and expertise, maintenance, repair and operations, and related services.



A Non-Resident Indian (NRI) or a Person of Indian Origin (PIO) resident outside India can invest by way of contribution to the capital of a firm or a proprietary concern in India on non-repatriation basis provided;

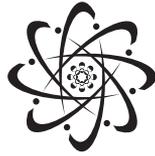
- (a) Amount is invested by inward remittance or out of NRE/FCNR(B)/NRO account main-tained with Authorized Dealers / Authorized banks.
  - (b) The firm or proprietary concern is not engaged in any agricultural/plantation or real estate business or print media sector.
  - (c) Amount invested shall not be eligible for repatriation outside India.
- (ii) Investments with repatriation benefits: NRIs/PIO may seek prior permission of Reserve Bank for investment in sole proprietorship concerns/partnership firms with repatriation benefits. The application will be decided in consultation with the Government of India.

*Consolidated FDI Policy 2 W.E.F. Oct 1, 2010*

The government has put in place an attractive package to encourage FDI and private sector participation. In most of the infrastructure sectors 100% FDI is allowed. Further, there is no restriction on repatriation of profits from investments in India. Most of the infrastructure sectors also enjoy extensive tax holidays from government and priority sector lending from banks and the financial institutions.

A number of incentives have been given on the tax front to incentivize investments. Exemption from income tax is permissible for ten years to eligible projects. Duty free imports of capital equipment for roads and other construction is also allowed. The Committee on Infrastructure also provides advisory services and has drafted model concession agreements and standardized RFQ and RFP documents to streamline the entire process. Independent regulators already are in place in certain sectors, while in others they are proposed shortly.

The reinvigoration of the Manufacturing sector too offers exciting opportunities for investment. Increasing capabilities of Indian companies as well as growing class of technopreneurs are evolving a new breed of world-class companies in the manufacturing sphere. These companies are aligned to global standards in quality, productivity and efficiency and are able



to meet the demanding benchmarks of global manufacturing. A number of companies have claimed the prestigious Japanese Deming and other awards for Quality. Flexible, adaptable and capable, the smaller companies cater to niche requirements of global companies.

There are a large number of PIO/NRI who have attained educational qualifications and managerial experiences overseas and then have returned to India to establish manufacturing or services units. The most renowned of these is LN Mittal, head of ArcelorMittal the largest steel company in the world, which has committed several billion dollars worth of investments in India's steel and mining sectors. But many others, including Vikram Akula in SKS Microfinance, Rana Kapoor of YES Bank, or Raju Venkatraman of Firstsource, returned to set up ventures in India.

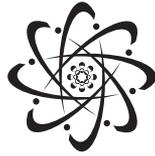
The spheres of potential collaboration in manufacturing are immense. A few noteworthy sectors are mentioned below:

**Automotives:** A fast emerging and dynamic sector, the auto component industry in India is estimated at close to \$20 billion with over \$3 billion worth of exports to top global auto companies and parts markets. A ten-year plan for the industry aims at raising turnover to \$159 billion by 2016.

**Biotechnology:** The knowledge industry of biotech has clocked impressive rates of growth in its short time span to achieve \$3 billion revenue in five years. Its capabilities extend to biopharma, bioservices and bioagri, among other fields. In clinical trials, India has moved up to 12<sup>th</sup> rank globally. The Indian biotechnology industry is expected to have revenues of \$5 billion in 2010-11 and aspires to double this to \$10 billion by 2015.

**Food processing:** With 14 agri zones, India is capable of producing a range of foods, both primary and processed. The Ministry of Food Processing Industries (MOFPI) has formulated a Vision 2015 action plan under which specific targets have been set. This includes trebling the size of the food processing industry, raising the level of processing of perishables from 6 per cent to 20 per cent, increasing value addition from 20 per cent to 35 per cent, and enhancing India's share in global food trade from 1.5 per cent to 3 per cent. An investment of US\$ 21.9 billion in the food processing industry over the next five years is envisaged, a major chunk from the private sector and financial institutions.

**Pharmaceuticals:** India's pharmaceutical industry is the third largest in the world in terms of volume and ranks 14<sup>th</sup> in terms of value. Pharma exports have been growing rapidly and are



close to \$9 billion. There are 119 US FDA approved manufacturing units in India. These can manufacture pharmaceuticals for less than half the cost in the US. Indian firms produce about 60,000 generic brands across 60 therapeutic categories. There are 19 dedicated pharma special economic zones (SEZs) in various stages of development.

Potential in the service economy remains robust and the services sector has attracted the lion's share of FDI over the years.

IT: IT continues to be the preferred sector for investments and engagement of PIO, many of whom have lived and worked in Silicon Valley. The IT-BPO industry is expected to garner a revenue aggregate of US\$ 73.1 billion in 2009-10 and may reach US\$ 225 billion in 2020. Indian software and services exports is expected to reach US\$ 49.7 billion in 2009-10 and IT services exports is estimated to grow to US\$ 27.3 billion in 2009-10. As the largest exporter by far of IT-BPO services, India has a good chance of capturing a large share of the growing global industry.

Tourism: The country is one of the leading tourist destinations and is attracting business travelers as well. About 100,000 hotel rooms are expected to be added over the next three years, with concomitant opportunities arising in hospitality administration, skill development, supply chains, etc. Domestic tourists are numbered at some 350-400 million annually, travelling for social, religious, pleasure and other purposes

The Overseas Indian community has already taken a large interest in equity markets in India. In the last three years, the number of NRI investors has gone up manifold in the listed companies. Suzlon and ICICI Bank have seen some 9000 NRI investors buying equity in 2010 as compared to none in 2007. Thirty-seven of 50 NIFTY companies have witnessed greater number of NRI shareholders in the last three years. However, the overall stake of such investors remains low at less than 0.5% of the CNX500.

#### **Overseas India Facilitation Center**

The Overseas Indian Facilitation Centre (OIFC) was established in 2007 as a public private initiative of the Ministry of Overseas Indian Affairs (MOIA) and Confederation of Indian Industry (CII).



The OIFC has a 4 fold mandate:

1. promoting overseas Indian investments into India and facilitating business partnerships,
2. Establishing and maintaining a diaspora Knowledge Network,
3. Assisting States in India to project investment opportunities to overseas Indians, and
4. Providing a host of advisory services to PIO's and NRI's.

Since its inception, the not-for-profit Trust has taken significant steps to strengthen the diaspora's linkages with its country of origin. OIFC functions as a specialized platform for query addressal of the overseas Indians with the help of its sectoral experts and State Partners. Its online business networking portal, launched by the Prime Minister of India during the 8<sup>th</sup> Pravasi Bharatiya Divas annual Convention in January 2010, has enabled various value added services from OIFC.

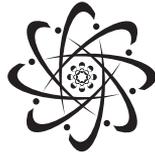
With robust online features such as the '16X5 live help' facilitation service; 'ask an expert' section where queries are answered by OIFC's knowledge partners, updated information on state/sector specific investment opportunities, an interactive do-it-yourself guide, a growing business network, a business directory and a monthly e-newsletter, the portal has driven niche diaspora traffic from more than 170 countries globally comprising of professionals, HNI, investors, entrepreneurs and also workers of Indian origin.

To facilitate doing business in India, the OIFC has put together an 'Investment Tool-kit' - a simple, practical and step by step handbook for global investors. This was released by the Prime Minister during the annual PBD Convention.

The Centre has organized a number of Investment & Interactive Meets overseas and Business Networking Fora in India and in diaspora rich regions including Abu Dhabi, UK, and USA. It has also helped the diaspora explore investment opportunities in India and identify points of business connect with India through Investment & Interactive Meets in Dubai, London and New York. These events were attended by over 350 business leaders, professionals and prominent diaspora members.

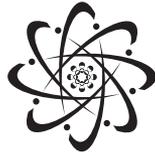
OIFC conducted a focused Business Roundtable: Opportunity Africa, in Durban on the sidelines of the PBD Africa held on 2<sup>nd</sup> October 2010 which was attended by over 100 business leaders from India and Africa, predominantly South Africa.

OIFC organized its 4<sup>th</sup> Market Place during the 8<sup>th</sup> annual PBD in January 2010. The Market Place Forum served as a one stop shop for effective business networking, an exclusive



opportunity to connect and engage with policy makers of the Government, key industry players, OIFC's knowledge experts and other delegates participating at the annual Convention. The next Market Place is scheduled to be held from 7<sup>th</sup>-9<sup>th</sup> January 2011 during the 9<sup>th</sup> PBD.

Operating in partnership with industry leaders in India, diaspora professionals' associations like Leicestershire Asian Business Association (LABA) Birmingham, UK, Indian Business & Professional Council (IBPC), Dubai, UAE, and Indian states such as Kerala, Karnataka, Orissa, Gujarat and Punjab, OIFC has played a proactive role in strengthening diaspora's participation in India's growth.



## **PLENARY III:**

### **Investment Opportunities in North Eastern Region**

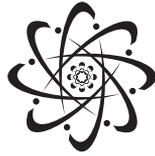
India's North Eastern region is an idyllic scenic area that includes a diverse range of unique societies and cultures. Comprising of the eight states of Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim and Tripura, this region borders China and Bhutan in the north, Myanmar in the east and Bangladesh in the south. It is thus a land gateway to dynamic emerging economies.

NER includes 8% of India's land mass, among the most densely forested parts of the country. The Brahmaputra river meanders majestically through the hills, fed by myriad other rivers along its way. Comprising 4% of India's population, the region is home to multi-ethnic, multi-linguistic multi-cultural and multi-religious communities. The recent discovery of a previously unknown language spoken only by a few hundred people in Arunachal Pradesh highlights the isolation that the communities still experience.

Because of its often difficult terrain and geostrategic location, the NER has been relatively underdeveloped in terms of infrastructure. Although the literacy rate is higher than the overall average of the country at 69%, roads, railways and power capacities are lower than the All-India figures. Much of the population has little access to healthcare and financial services.

The Net State Domestic Product of the NER has been growing at the same pace as that of India. Population below the poverty line is significantly higher than the all-India proportion. The main economic activities are centered around agriculture and plantations, with the main industries being tea, oil and natural gas, mining and saw mills. The region suffers from geographical isolation, inadequate infrastructure, and low investments.

However, the NER is an area of tremendous potential, given its natural resources, unparalleled biodiversity and educated workforce. In addition, due to its proximity to regional markets, it has the potential to serve an estimated 400 million consumers.



The land route between India's NEER and the ASEAN countries was effectively brought out by a Car Rally in 2004 that commenced in Assam and traveled over land to nine of the ASEAN member countries, culminating in Singapore. The NEER thus blends well with India's overall 'Look East' policy of engagement with China, Bhutan, ASEAN and APEC.

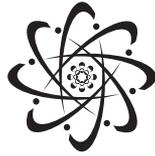
A Vision 2020 has been prepared for the NEER which focuses on economic development through inclusive growth. High priority has been given to agriculture to lead growth. Investments in industry and infrastructure are planned through public, private, partnership, and FDI sources. Capacity building and skill development are also high on the agenda. Other key planks of the Vision include implementation of the North East Industrial Investment and Promotion Policy 2007, development of ITeS, addressing challenges of border management, good governance and institutional capacity building and promotion of the Look East policy in conjunction with locational advantages.

The government offers special incentives for investment in the NEER under the NEIIPP 2007. These include:

- No taxes for units located anywhere in the North East
- Central Excise benefits for goods cleared from notified areas
- Transport Subsidy for both raw material and finished products to and from the Region
- Capital Investment Subsidy for new and existing units
- Working Capital Interest subsidy on loans for industrial units, and
- Comprehensive Insurance Scheme for industrial units at notified areas where 100% premium would be borne by Gol

Some of the areas of potential for investment are given below:

Agriculture and related activities: Possessing 37% of India's river water, the valleys of the region are fertile, producing a range of crops through the year, while the hills offer diverse possibilities at different altitudes. The climate is favorable for horticulture, floriculture, medicinal plants, and exotic fruits. The tea estates have earned their own special names, Assam tea being a household brand. Spices of various kinds may also



be cultivated at the different altitudes. Cane and bamboo furniture of the region is famous for durability and artistic designs. The region also produces significant amount of rubber. Cash crops can be cultivated for local as well as international markets.

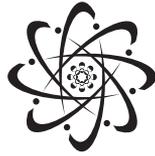
**Energy:** NER enjoys vast energy resources which if effectively tapped can cater to India as well as the larger region. The hydel power potential is some 58,000 MW, while its oil, natural gas and coal potential is as much as 92% of all of India. Transmission and distribution systems need to be improved so that these energy sources can link in with the national grids. At the local levels, micro-hydel and biomass plants for remote areas could be built.

**Tourism and hospitality:** The verdant and serene areas as well as the ethnically diverse cultures make NER a viable option for tourism. Ancient Buddhist and Hindu temples are revered here, and the potential for heritage tourism is impressive. Wildlife sanctuaries provide an opportunity for unique experiences, while adventure and rural tourism are also possibilities. Tourism infrastructure potential is high as rooms, facilities, transport and skills need to be developed.

**Handicraft and handloom:** An eclectic collection of handloom and handicraft is available in each of the different states, each showcasing its own ancient heritage and traditional skills. The opportunity lies in marketing local crafts and textiles for global markets. The issues of branding, marketing, designing and producing need to be given attention to meet the high expectations of international consumers.

**Transport:** A trans-Asian highway project is envisaged to connect the region with the larger South East Asian economies. This would link down to the small villages of the NER. In terms of rail transport, there is need to undertake gauge conversion, upgrade tracks, build new lines and connect to a potential trans-Asian railway line. Inland waterways could be developed as modes of transport as well.

**IT and BPO:** A large English speaking population is available in the NER with education levels higher than India's average attainments. Software Technology Parks are already present in Imphal, Guwahati and Gangtok. The Education Research Network connects all the North Eastern state universities. Further, the government is



## **PLENARY IV:**

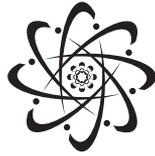
### **Inclusive Growth**

Among India's top priorities for the future is the inclusive growth agenda. Although the country has achieved a new trajectory of growth, the challenge is to leverage this to benefit each citizen of the country.

The National Advisory Council has taken many seminal decisions for promoting development. The Mahatma Gandhi National Rural Employment Guarantee Scheme assures each person of 100 days of paid employment a year. Women are major beneficiaries under this scheme which has targets for women and people from lower castes. The Right to Information Act opened up channels of communication with the government for the ordinary person, increasing transparency and accountability in governance. The Right to Education which has been made a fundamental right from this year is also credited to the NAC. Other major issues are in progress such as the food security bill, reservation of women in Parliament, etc.

Regional dispersal of growth and its drivers is essential to balanced and equitable progress of the country. The participation and commitment of state governments as a crucial growth driver arises from the federal polity of India's Constitution under which key development areas are demarcated for state policy and action. Some of these include education at all levels, health, agriculture, some industries, local self government, water management, roads and other rural infrastructure, and other areas.

A critical plank of the Pravasi Bharatiya Divas conventions has been strengthening the interaction of Overseas Indians with state governments in order to facilitate their direct connectivity and partnerships with the regions of their origin. State chief ministers, ministers and officials articulate their aspirations for development at special sessions and detail investment opportunities as well as modes of development participation by Overseas Indians belonging to their regions. Many state governments have taken the initiative to connect with the Overseas Indian community through dedicated platforms.



The OIFC partners with state governments to initiate and conduct programs enabling the bilateral linkages. It offers information and guidance to Overseas Indians in business ventures in the states of their interest.

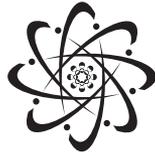
Over the years of the PBD convention series, a solid and workable relationship has been developed between the states and PIO originating from them. States have addressed different issues raised by the PIO at the dedicated state sessions. Their presentations have helped PIO get a better understanding of the investment potential as well as opportunities for philanthropy and development partnerships. These now have to be taken to the next level for optimum fructification.

The states of India present widely divergent levels of development. While some states can compete with middle income economies in terms of per capita income and infrastructure, others compare poorly with least developed economies. Percentage of population below the poverty line, as per the calculations of the Planning Commission committee on poverty estimation (Tendulkar Committee) varies from 9% to over 57%, while the all-India average is 37.2%.

However, the poverty levels have registered notable decline since the institution of the liberalization period in 1991. Although the overall drop is just 8% some large states like Karnataka, Andhra Pradesh and Tamil Nadu have registered impressive decline in percentage points. Some of the North Eastern states have done exceptionally well in reducing poverty, recording decline in poverty by one-tenth to as much as one-quarter. Several others such as Madhya Pradesh seem to have added to the numbers of poor. This is borne out by the new UNDP study pointing out that eight states of India have some 426 million people below the poverty line.

Dichotomies also exist in education and health levels. The range of Infant Mortality Rates lies between 12 and 70 per thousand. While overall percentage of underweight children below three years of age declined from 47.9% in 1992-93 to 42.7% in 2005-06, the state-wise figures vary from well over 55% to below 20%. Literacy levels also differ widely.

The states also present a widely different set of investment opportunities. Agriculture may be predominant in some states, education in another, high-technology



manufacturing in a third, and IT services in yet another. The mix of natural resources, climatic conditions and human capital influences the extent of investment opportunities available. Even within each state, different regions offer different areas of investment.

In terms of policy too, the states have targeted a wide range of priorities that they are undertaking in mission mode through dedicated policy liberalization, easier administrative and facilitative regulations, and hand-holding of investors. Most of the states have set up industrial promotion and investment facilitation departments to guide potential investors through the process. Single-window clearances, one-stop platforms, and time-bound procedures have helped simplify and speed up delivery of government services. At this juncture, all states are aware of the value of development and the need to attract investments from local and foreign industrialists. A friendly competition exists among them to attract funds, and all are keen that Overseas Indians who can identify their roots in certain states participate actively in development.

A major facilitator is e-services provided by the governments. Placing a number of areas under e-governance mechanisms, the governments have greatly reduced time taken and effort expended on obtaining certain services. While empowering citizens, the electronic platforms also ensure transparency and accountability. Projects include Suwidha, or Single User Window Disposal Helpline for Application, in Punjab; e-seva and CARD, or Computer-Aided Administration of Registration Department, in Andhra Pradesh, a pioneer in e-governance; Mahiti Shakti in Gujarat; e-Mitra in Rajasthan; and in fact, are to be found in almost every state in the country. State government websites today are important first points of contact for those wishing to know more about their home region.

During PBD 2010, state governments and the diaspora undertook a discussion on skill development partnerships. It was suggested that diaspora knowledge and expertise could be leveraged in technology-intensive areas such as life sciences and R&D, while there was also need for interventions in school infrastructure and curriculum, vocational and technical education, and employment-oriented training.

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