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“The punishment suffered by the wise who refuse to take part in the government, is to suffer under the government of bad men”

- PLATO

*i Watch*

a Citizens movement for Transformation of India

# Human Resource Enterprise Economy Transforming INDIA

into an Economic Power  
and a Developed Nation

# Education & Training Leadership Governance

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“I have travelled across the length and breadth of India and I have not seen one person who is a beggar, who is a thief. Such wealth I have seen in this country, such high moral values, people of such high caliber, that I do not think we would ever conquer this country, unless we break the very backbone of this nation, which is her spritual and cultural heritage, and, therefore, I propose that **we replace** her old and ancient **education system, her culture**, for if the Indians think that all that is foreign and English is good and greater than their own, they will loose their self-esteem, their native self-culture and they will become what we want them, a truly dominated nation”

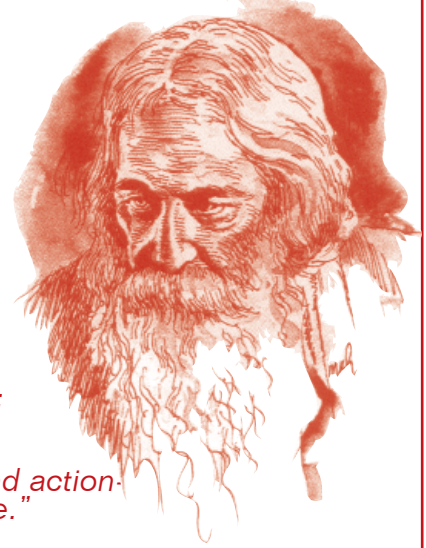
-Lord McCauley

## Immortal Inspiration

INDIA can become a Nation, which is best described in the words of **Rabindranath Tagore**

*“ Where the mind is without fear and the head is held high;  
Where knowledge is free;  
Where the world has not been broken up into fragments  
by narrow domestic walls;  
Where words come out from the depth of truth;  
Where tireless striving stretches its arms towards perfection;  
Where the clear stream of reason has not lost its way into  
the dreary desert sand of dead habit;  
Where the mind is led by thee into ever widening thought and action-  
Into that heaven of freedom, my Father, let my country awake.”*

Source: Gitanjali, verse XXXV.



## About *i Watch*

*i Watch* is a National Citizens Movement for “**Transforming INDIA**”. ‘*i*’ means India, Indians, you and me. ‘*Watch*’ means that we are ‘watching’ what is happening in the country and reporting to the citizens in order to create awareness for the sake of improvement. The ‘*i*’ is small since our Gurus have always taught us that only with humility can we perceive the truth. *i Watch* is a Registered Charity with the head office located in Mumbai, India. Donations to *i Watch* qualify for 80G Income Tax benefits. Cheques to be sent at *i Watch*, 211, Olympus, Altamount Road, Bombay 400 026.

## Dedication

This presentation is especially dedicated to the youth & the **760 million Indians**, who are less than 35 years of age!

## About the author

The Founder Trustee of *i Watch*, Krishan Khanna, is an IIT Kharagpur graduate in Mechanical Engineering, 1961 batch. He is a technocrat with 44 years of experience in business, industry, management and teaching. He is widely travelled in India as well as to all the 5 continents and has been involved with fourteen joint ventures / business partnerships with organizations from the USA, Canada, Brazil, UK, Sweden, Germany, Italy, Iran, China, Korea, Taiwan, Singapore, Japan and Australia. He has worked for nearly 6 years in Germany and Japan. In 1996 he was the recipient of the National Citizens award presented by the Prime Minister of India. In 1992 he gave up his professional and business career and started on the journey of Nation Building and **Transforming INDIA**.



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Cover Design Theme 'From **Darkness** to Light'

## The INDIA you may not know



### This is my INDIA

1. **71%** or 770 million people are below 35 years of age. Indians are young
2. **29 million** people are born every year, 10 million die per year, population increase 1.72%
3. **94% drop out rate** of children between kindergarten and 10+2
4. **6%** are the ones that cross the 10+2 stage, (Educational "Line of Control") which is our so called educated youth, go in for a regular college degree which may not be very relevant in today's context for the sake of employment generation and National GDP enhancement
5. **72%** of all graduates from the 15,000 colleges are **Arts graduates**.. Balance **28%** in Science, Commerce, Engineering, I. T., Medical, Law, Management and special subjects.
6. While **95%** of the world youth between 15 to 35 years of age learn a **vocation**, a **skill** or a **trade**, with a choice of 2500 vocational education & training (VET) programs, in 15,000 modules, we in India have only identified about 97 courses after 58 years of Independence and hardly 2% of the population goes for formal VET training!
7. We can get engineers and MBA's in India but no carpenters, plumbers, drivers, repairmen and other skilled personnel as per international standards! **Information Technology, Software or**

**I.T. is the only exception.** Perhaps because of 50,000 or more private I.T. training centers spread across the country.

**8. I.T. & Software** is only 1.5% of the world's GDP. India's present share is about 3%. For rapid economic growth and employment generation we need to concentrate on the balance **97% of the Economy & Enterprise** and make it world class.

**9. 300 million unemployed / employable age\*** and only 45 million have actually registered with employment offices with little or no hope of getting employment (our estimates)\*.

**10.** Of all new employment generated, **1%** are Government jobs, **2%** are in the 'organized sector' and the balance **97%** in the 'unorganized sector'

**11. Out of our 430 million** workforce, **94 %** work in the 'unorganized sector' and about **6 %** in the 'organized sector'.

**12. 1.7%** of the entire population, viz. 18 million people work for the Central & State Government; another 9 million work in the 'private organized sector', a total of 2.6% of the population.

**13. All the Labour Laws** are made to protect, at any cost, the above 2.6% of the Indian population. **Article 311** of the Indian constitution needs relevant revision since it over protects employees of the Government **even at a cost to the Nation.**

**14.** While MP's, MLA's and Municipal Councilors and the village Panchayats, can only be elected for a maximum of 5 years, the officials, babus, and **government employees enjoy life long benefits of employment**, in spite of performance

**15. 600 million illiterate people**, based on the international definition of the 3R's (reading, writing and arithmetic, education up to primary level)

16. The Indian definition of literacy is based on survey of people - **"If you can write your name, you are literate"**; nobody has seriously ever challenged this definition!

17. **300 million** live below the Government of India's definition of **Poverty Line** of Rs.10 per day! (based on being able to buy enough rice and wheat from the **Public Distribution System** / Ration Shops, which has food value of 2200 K Cal. per day)

18. Nobody has ever challenged this **definition of 'Poverty Line'**. How can one expect people to live with a few kilos of raw uncooked wheat or rice? As human beings don't we need more? How about one set of clothes to cover our bodies, a set of chappals for our feet, some vegetables, milk & fruit, in our diet? How will we cook without any energy and fuel?

19. **450 million\*** live below the poverty line definition of the World Bank's old definition of **@ US\$ 1 per day per person**, or US\$ 365 per year. **700 million\*** people below the poverty line definition of the World Bank's **new definition of @ US\$ 2 per day per person**, or US\$ 730 per year. (our estimates)\*

20. **Average Per Capita** of an Indian is about US\$ 600 per year per person (1.07 billion people and a GDP of US\$ 648 billion). Average earning of an Indian is **US\$ 1.65 per day**.

21. **India has only 1.72%** of the World GDP and has 17% of the world population. Demands are high but buying power is low. Hence we will need to increase our **export related activities by 10 times**, as the foreign markets are **60 times bigger** than the Indian market. Our share of world markets or foreign trade is **0.8%**, down from 33% 1000 years ago, down from 27% when the British landed in India and down from 3% in 1947.

22. **Only 5%** of Indians understand English, yet most of the websites of the Government of India, State Governments and Public Institutions are in English!

23. While English is a language used in countries which account for about 40% of the world GDP, viz., USA + UK + old British Colonies, yet in India while **we talk of lobalization**, we are not serious to learn the

other languages of the world, eg., Japanese, German etc, unlike the Chinese youth who are doing otherwise

24. India is probably at the bottom of the heap, as far as the **human development index** is concerned such as infant mortality, child care, malnutrition, women's health, sicknesses, disease, health, clean water, etc.

25. **Democracy** is to the people, for the people, by the people. If we have to succeed **the Citizen has to get involved and participate in Governance**.

26. Unlike other countries, **we have 17 official languages**, 4000 dialects, all the religions of the world, and because of low human and economic development, emphasis on SC, ST, Dalits, caste, religion, sect, minorities, regions, ethnic groups, etc.

27. **Employment generation is restricted** due to existing Policies which do not encourage "Labour Intensive" enterprises. **Relevant Labour Reforms** in line with prevailing practices in other countries of Asia are required for a level playing field for Indian organizations.

28. **The size of Enterprises** cannot be decided by officials in the Central Government. They are decided by technology, process, international market forces and competitive pressures. Reservation for Small Scale Industry, **SSI**, needs to be scrapped and SME's should be encouraged. **SSI's are 7% of the Indian GDP**. 99.7% of all organizations in the world are SME's. **90% of the Indian GDP are SME's**. We need to understand the meaning of 'E' in **SME** (small & medium enterprise).

Under the above circumstances how can we run an efficient country with Good Governance & Effective Administration? We need to first put **"Our House in Order"**, as explained with suitable Action Plans in our booklet, **Transforming INDIA**. The rest will fall in place. Please also see our website at [www.wakeupcall.org](http://www.wakeupcall.org) for more details.

You may download a sample of the contents of this booklet, **Transforming INDIA**, from the website in English, Marathi, Gujarati, Urdu, Hindi, Tamil, Telugu, Kannada, Malayalam, Oriya, Bengali, Assamese and Punjabi.

# Transforming INDIA

## Into an Economic Power & Developed Nation

Our suggestions are for the following **Action Plans** for Transformation:-

### Priority 1 - Relevant HRD, Education & Training

1. **100% Primary Functional Literacy** - Learn to read & write any Indian Language in 40 to 60 hours. @ 1 hour per day for 5 days a week. Nearly 500 million people need to learn the 3 R's.(reading/writing & arithmetic)
2. **Primary & Secondary Education** - The *dropout rate of 94% must be reduced to less than 10%*.
3. **Enterprise Skills Development or ESD**. We suggest that this should be started from Class 1st right upto class 12th. ESD is '**about enterprises and how the real world works**'. *Help's decide future choice of profession for the youth*. Build's confidence in one self. Only two hours per week are required.
4. **Vocational Education & Training or VET**. VET teaches the youth a **skill** or a **competence** or a **trade**. One learns to do some skilled job! **95%** of the youth in developed countries go in for VET. Excepting for I.T., which is **1.5%** of world's GDP, where there may be 50,000 private training centres operating in India; where are the training centres to run the balance **98.5%** of the skills / trades / competences required?
5. **Liberalize Education** - Decontrol and privatize all forms of education. Make India a **Hub for Education**
6. **Private and NRI participation** in Education - Government should concentrate up to High School only.
7. **Entrepreneurship Institutes in each Block** - Entrepreneur Promotional Institute in all the Blocks of the States. **97%** of new employment is in the *unorganized sector and SME's*. *We need skill sets for the youth*.

### Priority 2 - Central Government Policy changes

1. **Removal of SSI** (small scale industry) reservation. *Reservation does more harm than good*.
2. **Amend 'Labour/Employee Laws'** and *give local enterprises and organizations a level playing field*.
3. **Encourage "labour intensive"** technologies for employment generation.
4. **Recognize the meaning and importance** of '**SME's**' and not '**SSI's**'. We must understand the importance of the '**M**' and the '**E**' in SME's as '**SME's**' account for **90%** of the Indian Economy against **7%** in **SSI**. *This recognition should also be understood & supported by the Government of India, financial institutions as well as trade & business*.

### Priority 3 - Export activities of the Economy, other than Software

1. **Trading, Wholesale & Retail**, is **20 times** bigger than I.T. (big employment & GDP generator)
  2. **Manufacturing**, as an enterprise, is **18 times** bigger than I.T.(generates about 75% of Govt. revenues)
  3. **Health Care**, as an enterprise is **5 times** bigger than I.T. (big employment & GDP generator)
  4. **Travel & Tourism**, as an enterprise is **9 times** bigger than I.T. (big employment & GDP generator)
  5. **Education**, as an enterprise is **5 times** bigger than I.T. (big employment & GDP generator)
- Software and I.T. is **1.5%** of the World's GDP, we need to look at the balance **98.5%** of the economic sector! *The above five areas of economic activity are only some examples, there are many others*.

### Priority 4 - Funding Infrastructure (US\$ 500 Billion)

*Infrastructure needs funding at 4% to 6% per year, rate of interest*. The tenure of borrowing needs to be extended to at least 10-15-20 years, since it takes nearly 5 years for 'Building' and another 5 years for 'Gestation and Break-Even'. These bonds should be of low-interest but with incentives and tax breaks.

### Priority 5 - Leadership & Good Governance

*Benefits of Leadership & Good governance* are highlighted in ten different articles. If one looks at the contents page, one will notice that nearly 70% of our articles are '**People Dependant**', four on **Leadership**, six on **Governance** and eight on **Human Resource Development**!

### Priority 6 - Awareness program for the above 5 priority areas

by the use of our 32 - 36 page booklet - **Transforming INDIA**. Relevant awareness with solutions and action plans is our prime objective. *Our booklet is a step in that direction*. It has 26 articles and notes on **Leadership, Governance, Human Resource Development, Enterprise & Economy**. Our website at [www.wakeupcall.org](http://www.wakeupcall.org) details out much more than this booklet. Besides **English**, the **Hindi, Urdu, Gujarati, Marathi, Tamil, Telugu, Kannada, Malayalam, Bengali, Oriya, Assamese** and **Punjabi** versions of some relevant portions are available.

# Mission & Goal to take GDP growth rate to 10% to 14%

## Introduction

*i Watch* is a citizens movement founded by an IIT'ian, Krishan Khanna, for **Nation Building** and for **Transforming INDIA**. The thought processes started about 13 years ago. The foundation was finally established 8 years ago. In 1993 we had notes of 4 pages. In 1997 it was 8 pages, which were also translated into 10 Indian languages. In 1999 the booklet had expanded to 16 pages, in 2001 to 24 pages, in 2002 to 28 pages, in 2004 to 32 pages and now 36 pages in 2005! The focus was always constant, as mentioned below.

The main goal is to create awareness for achieving **good governance & effective administration** of India.

To look at Human Resource Development, Policy issues like SME's, exports and tourism, Labour Reforms, Economy and Infrastructure. Complete information is available at [www.wakeupcall.org](http://www.wakeupcall.org).

Presently the website is in English, which is understood only by 5% of Indians.

Translations of relevant portions have been made into Hindi, Gujarati, Bengali, Malayalam & Marathi were hosted in 2004. Other major 7 Indian languages, Urdu, Tamil, Telugu, Kannada, Oriya, Assamese and Punjabi completed during 2005.

We are networking with a large number of citizens, institutions, NGO's, schools, colleges and citizen groups, in order to magnify and multiply our work.

The importance of the interdependence of **HRD-Governance-Leadership-Economy&Enterprise-Infrastructure** on each other needs to be understood. It is like the **DNA** structure of the Nation. All the five aspects are closely intertwined and must be in rhythm with each other.

Each depends upon the other in many ways. It is not possible to look at them separately without causing harm and lowering the efficiency of the country.

These five aspects of the nation are like the five fingers in our hand - different but only together can they be of any use.

## Mission

To create awareness for the citizens of India in areas which are vital for the future of the nation, namely **good governance & effective administration**, how it influences the economy and how to achieve it?

The importance of relevant **Human Resource Development**. Removing the present '**Licence Raj**' in education!

The need for **Policy changes** such as scrapping the existing limited definition of small scale industry, **SSI's**, and expanding it into small and medium enterprises or **SME's**.

The crying need of **relevant labour and administrative reforms** to bring India at par with other Asian Tigers and to provide a level playing field to our business leaders and managers.

Why **exports and tourism** must be expanded by 1000% of the present levels!

In a democracy people have to get involved. Change is possible and more creditable if communication is 'bottom up' rather than 'top down'. Our presentation is therefore designed for the 'citizens of India'.

## Goal

To make India, a land, which is truly World Class. With 1070 million people, **India has a very large demand, but where is the buying power?** We must export more to build up buying power!

**India's future lies in becoming a resource base for the world, in manufacturing, trading and services, since 99.2% of world trade and 98.28% of world buying power is NOT with India.**

### A bird's eye view shows:-

- India needs to emulate the successful examples of **information technology & software & diamond exports**, for other areas of the economy.
- With a high purchasing power parity ( PPP of Rs. 9 = US\$1), India has immense scope to export goods and services. Good governance & effective administration are necessary to achieve these goals for India!
- Politicians & officials in China 'Talk Economics & Walk the Talk', that is why non-resident Chinese and foreign investors have confidence in China! Fortunately, the perception about India is now in positive territory!

# Reforms require a Paradigm shift in thinking

## Economic & Business Reforms

### 1. After 58 years of Independence where are we ?

After 58 years of Independence, if we bench mark India against other countries of the world, especially with those in Asia, we note that though a lot has been achieved by us, a lot more needs to be done.

We need to learn from our past and move boldly into the future. India has achieved many milestones, but not enough to eradicate poverty, illiteracy and other vital issues, for the 1070 million people of India.

In spite of India's glorious past history and present outstanding and World Class quality of our human capital, which not only is responsible for running many organizations, in manufacturing, trading and services sectors, around the world, but also responsible for advising many countries on this planet, **we have not been able to put our own 'house in order' to world class standards.**

We are not able to always use the best effective human capital for running the country, both for the public as well as the private sectors! **This needs to be suitably amended.**

In the first instance, we need to start taking some simple and effective measures which are for the good of the majority of the people of India.

We should plan to become a resource base for world markets, since 98.28% of the world's buying power and 99.2% of the world's trade is not with India!

### 2. India should learn from the best!

We should either try to teach the world, if we are better than them, or be humble enough, to learn from the best around us, other options are irrelevant!

W. Edwards Deming, one of the world's greatest management & quality Guru's, when asked, what was his, one point recipe for nations and organizations, said, "People are Important".

### 3. Experience of other countries!

Alan Greenspan, the Chairman of the Federal Reserve Bank of USA, remarked that "lack of labor rigidity is key to US success".

The US has benefited much more than Europe and Japan because American businesses enjoy the freedom to *hire and fire* and keep the best human resource.

S E Asia & China have greatly benefited due to flexible and fair [for the masses], human resource policies.

### 4. Good Governance is the 'Golden Key'

which can unlock India's latent potential! We have been analyzing India's problems based on years of research, analysis and personal interviews with thousands of citizens in India as well as NRI's and PIO's.

India needs to improve its governance & administration to world class standards, as soon as possible. We firmly believe that India would be rated as the No.1 country in the world, as far as potential vs performance is concerned!

Let us unleash this latent power and energy for the benefit of the 1070 million Indians, and for the benefit of mankind on our planet.

### 5. India needs a new and innovative paradigm shift in thought process & planning for achieving a 10% to 14% GDP growth rate per year

#### Example No. 1

Why can we not have 100 zones, on our coastline, each one equivalent to a Dubai, Singapore or a Hong Kong? These 100 zones will in effect increase the GDP of India by 300% in 15 to 20 years! China has more than 500 Special Economic Zones (SEZ)!

#### Example No. 2

Our suggested '**Relevant Manufacturing Policy**' for India can also enhance the GDP to double digit growth. We can achieve high growth rates of the Asian Tigers, including China, provided we follow such policies! See our website [www.wakeupcall.org](http://www.wakeupcall.org) and this booklet for details.

#### Example No. 3

The existing educational policy, on human development, caters mostly for higher education. About 26 million people of different age groups, enter the system every year. About 1.6 million make it in higher education, the balance 24.4 million 'drop off' at various stages. We need to change the policy to benefit these 24.4 million, see the eight articles on Human Resource Development. Also see our '**Relevant Educational Policy**'.

#### Example No. 4

Make 'some part or parts' of coastal India as '**tax free zones**', Use the best examples of Mauritius, Isle of Man, Sychelles, UAE, Bermuda, Luxemburg, Monaco & Lichtchenstien.

Tourism, exports, FDI, investment, employment generation, education, vocational training, infrastructure, law & order, reduction of corruption, improvement of health services and GDP can improve at a faster rate with **good governance and effective administration.**



# Primary duty of Politicians & Officials

## Governance & Administration of India

### 1. Rate of growth

Because of reforms in the last decade we consider 5% to 7% as the 'New rate of growth' of the economy.

India needs to grow at 10% to 14% per year, to meet the well being and aspirations of its people.

This goal is achievable with **Good Governance and Effective Administration.**

### 2. Cost of Governance of India

As per www.loksatta.org, an NGO based in Hyderabad, the expenditure on 'Governance of India', by the 790 politicians at the Center, the 4120 in the 35 States and Union Territories and the 18.7 million employees of the Central and State Govts. use about Rs.1800 crore per day or Rs. 650,000 crore per year, both on capital & revenue account.

About 1.87% of Indians govern 1070 million people! This comes to about US\$147 billion or nearly 25% of India's Gross domestic product or GDP! Are Indian citizens getting their moneys worth?

Only you the Indian citizen can give the actual and final answer. You be the judge of your own country and decide. Our study clearly indicates that the people of India desire and deserve much better Governance & Administration.

### 3. 'Corporate Governance' is only a small part of 'Governance'

In 2001, Indian listed companies on our stock exchanges, embraced the culture, practice and accountability of 'Corporate Governance', which covers about, 7% of India's GDP and 100% of our market capitalization.

**Good Governance** of India should be an **A1 priority**, as it affects all the 1070 million people and 100% of India's GDP! It covers all activities of the Nation, that is, the Public sector, Private sector, Unorganized Sector and even NGOs.

*i Watch* and its members have mailed and distributed about 5,00,000 booklets, about the advantages of good governance, and loss to the citizens and the Nation, in the absence of Good Governance and Effective Administration. We have received positive responses from Indian Citizens in Politics, Government, Business, Management, Teaching and the Youth of India.

**We are therefore very positive about INDIA.**

### 4. Democracy — what does it mean?

Democracy is of the People, for the People and by the People. Citizens must play an active role. As President **John F. Kennedy** said, "*ask not what the country has done for you, but what you have done for the country*".

In a world of globalization and keen competitiveness, Indians will have to change their mindset and take a much larger interest for their country, **by participation in the governance of India.**

**Good governance will be a key requisite for the 2nd generation reforms!** We see an upward movement in the GDP growth rate of 10% to 14%, with **good governance & effective administration.**

### 5. Politicians & Bureaucrats — their primary & ONLY duty

The key objectives of elected politicians in power and appointed employees with the Central and State Governments is **firstly, to administer and govern and secondly, to serve and benefit the citizens and the country of India in the best possible manner.**

We seek your help and advice, in reaching out to the key members of the major political parties, think tanks and leaders in government, teaching, media, business and the youth about the advantages of good governance & effective administration and how it influences the economy. Here are some meaningful observations about *Good Governance.*

"The purpose of a government is to make it easy for people to do good and difficult to do evil"

- **Sir Gladstone**

"Rivers do not drink their water themselves, nor do trees eat their fruit, nor do the clouds eat the grains reared by them. The wealth of the noble is used solely for the benefit of others"

- **Subhashita**

"The punishment suffered by the wise who refuse to take part in the government, is to suffer under the government of bad men"

- **Plato**

"Nation First and then the Individual"

- **A. P. J. Abdul Kalam**

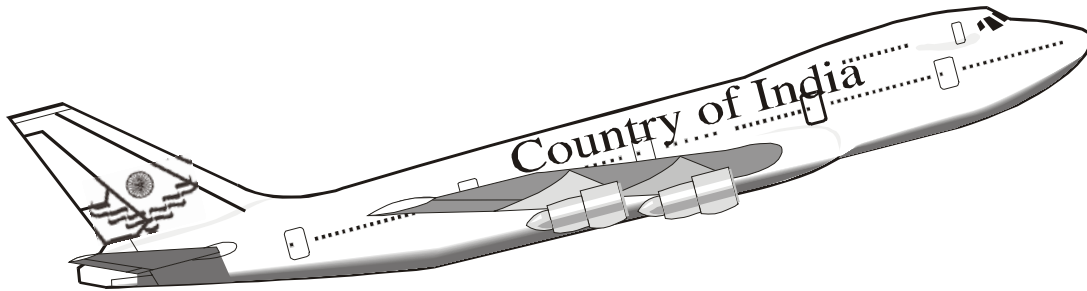
"In the last 58 years, after 1947, it would seem that most of our development has been directed towards the top 200 million of the Indian population. This needs to be changed, since until the balance 900 million people of India benefit, the country will not move ahead as a developed nation."

- **i Watch**

## Country of India

# Use of effective human capital is the answer

21st Century



20th Century

1. **Country of India** - Imagine India as an aircraft travelling from the 20th to the 21st Century
2. **Pilots** - Politicians and MPs of the Lok Sabha + Rajya Sabha
3. **Co-Pilots** - Politicians and MLAs of the 35 States of India + Councilors of the 4000 Municipalities.
4. **Cabin Crew** - Employees of the State and Central Government
5. **Passengers** - The 1060 million people of India
6. **Engines & wings of the plane** - The 35 states of India
7. **Fin, rudder, navigation & control systems** - The PMO and all the Ministries
8. **Tailplanes & Stabilizers** - The offices of the President and Vice-President of India
9. **Fuselage or body** - All the infrastructure of India, Natural & Man made

India needs the best and most effective Pilots+Co-Pilots+Cabin Crew, to steer on a path of progress, peace and prosperity so as to attain the highest quality of life for its 1070 million people.

The main goal of the key elements is to govern and administer and work for the betterment of the citizens and country of India. There is no other objective!

The quality, safety, happiness and health of the 1106 million passengers, depends entirely on the basic skills, education, experience, knowledge, training, sincerity, maturity and health and condition of all the key elements - Pilots + Co-Pilots + Cabin Crew.

### Use of effective Human Capital -

The Golden key which can transform India into a superpower.

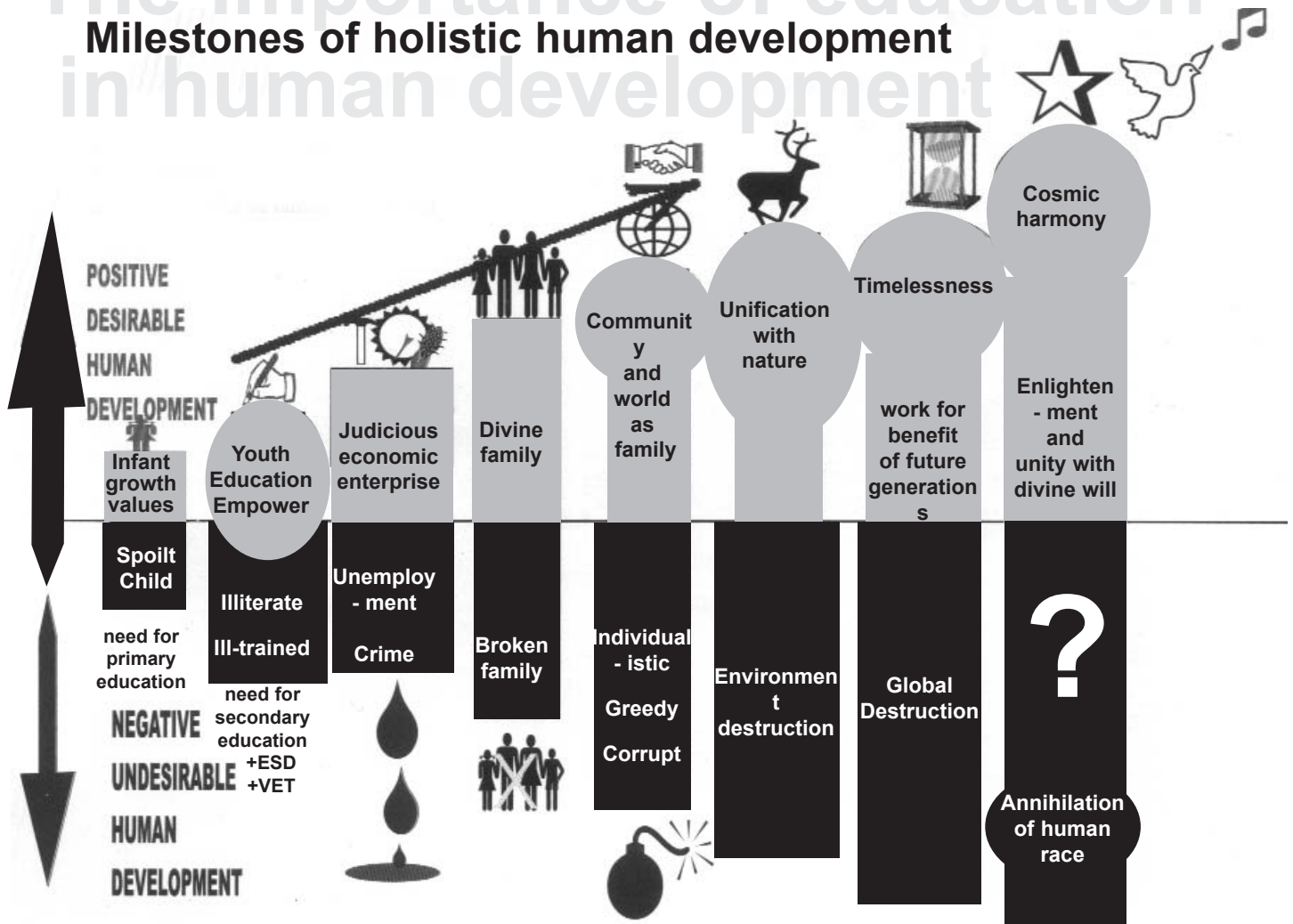
When Politicians & Officials take decisions, they need to fulfill **ONLY** two basic criteria:-

1. Will it benefit the People of India, present and future?
2. Will it benefit the Country of India?

**You be the judge!**

# The importance of education in human development

## Milestones of holistic human development



### Purpose of Education

#### A. Economic Factors

1. How can I survive in this world?
2. How can I earn enough?
3. How will it benefit me and my family?
4. Can I start my own business?
5. Indian buying power is limited, can I export?
6. How to do things better and faster?
7. The need for knowledge & learning
8. The need for benchmarking & improving
9. The urge and need to become world class
10. To excel in any particular field of activity

#### B. Social Factors

1. To stabilize POPULATION growth
2. To reduce LAW and ORDER problems
3. To reduce the incidence of AIDS
4. To improve SECURITY of INDIA
5. To improve HARMONY between the people
6. To improve personal HYGINE
7. To improve general HEALTH & reduce disease
8. To improve PRODUCTIVITY
9. To reduce pollution & improve ENVOIRNMENT
10. Find ways to work as a Team for the COMMUNITY

Original sketch curtesy Development Educational Internazional Society,  
Modified by i Watch



Even after 58 years of independance, the functional literacy rate in India is hardly 40 to 63 %, based on UNDP and government of India statistics.

Importance needs to be directed to human values imparted to an infant at home and then for **primary & secondary education** at school (P&SE).

The above figure also brings out the need for **enterpreunership skill development** (ESD) and **vocational education & training** (VED) at school, college and higher levels of learning.

Both **ESD** and **VED** are required to generate employment and also boost the economy

*Presently the dropout rate, in India, between Class 1st to Class 12th is 94%. Very little support for the dropouts.*

*In India, only 6% of the workforce is in the organized sector and 94% in the unorganized sector*

*Most of the jobs, about 97% new jobs, are created in the unorganized sector.*

*The present education system in India is focussed on higher & technical education and preparing the youth for the organized sector requirements.*

*In developed countries, VET is practised by 90% - 95% of the population, in the age group of 15 to 55*

# UNDP says 600 million are illiterates in INDIA! Learn to read & write any **INDIAN LANGUAGE** in 40 - 60 hours!

No country can ever get developed with out the citizens being literate.

The problems of over-population, Aids, law & order, communal harmony, poverty, unemployment, productivity improvement, health, etc can only be solved, as soon as possible, once our people can learn to read and write and get educated!

**In the last 58 years we have not been able to achieve this.**

*Countries in Asia, like China, Malaysia, Indonesia, Thailand, Taiwan, Korea and others took urgent steps for making their population literate, with spectacular results.*

All the people of India, have to pitch in to solve this aspect of literacy. The sooner India achieves 100% primary literacy, the better it is for all of us! Instead of finding fault with the Government, we need to pitch in with all our might!

TCS, see [www.tataliteracy.com](http://www.tataliteracy.com), has developed an innovative and quick method of teaching Indian Languages within 40 hours. They have truly used Information Technology for imparting 100% primary literacy to the people of India, in a very easy and cost effective manner. **We, are only enabling the good work done by TCS.**

Contact Mr. F. C. Kohli, TCS, 11th floor, Air-India Building, Nariman Point, Mumbai 400021, for advice and the free language program on CD.

Details about this method are mentioned below:-

- The time required to learn other Indian languages is the same as for Hindi.
- **One must be able to speak the language** that one wants to learn with this method. For example, Hindi speaking people can only learn Hindi, by this method. Presently **Hindi, Marathi, Tamil, Bengali, Telugu, Gujarati, Oriya and Urdu** are available.
- Age 7 to 70 years.
- Class size about 100 to 150 people at a time
- One **K-yan** (from IETS, Mumbai) per class of 100, is required. Price about Rs. 1,50,000 per piece.
- **Teach 8000 people** per year with one **K-yan**.
- The **K-yan** has been developed first time in the world, by IIT-B & IETS and patented in 150 countries. See [www.ilfsets.com](http://www.ilfsets.com) for details. It can be used for other uses such as Primary & Secondary Education, Vocational Education, entertainment and community learning.
- The cost of imparting functional literacy, operating only 6 to 8 hours per day and teaching only 8000 people per year comes to about Rs 200 to 300 per person. Includes all inputs on capital and revenue costs. 8 batches per day, of 100/150 people per

class, of one hour per class per day. 800/1200 people per day or a total of 64 batches per year. Batches can be switched on alternate days.

- Literacy primer of that language is required, as a supplement.
- Pupils should have ample writing paper, pens and pencils, for experimentation and writing practice.
- At the present rate of development some districts of Uttar Pradesh and Bihar may take about 100 to 140 years to achieve 100% literacy. These are based on UNDP. The Government will however not agree to these figures!
- **Regular teacher is NOT required.** Any person, student, housewife or adult with 6th or 7th class education in the language being taught, is good enough.
- **No Teacher training required.** One can learn to teach this program in a few minutes.
- **Computer literacy is NOT required** to teach this program. The student or teacher, only have to move & operate the mouse.
- This is a multimedia program, in colour, sound and text. One can move forwards or backwards as one pleases. Any normal teacher would get tired of repeating the words and alphabets, again and again. However the PC never gets bored or tired!
- This system teaches the words directly, without any mention of grammar or vowels!
- There are about 500 words in every language which are mostly used for day-to-day conversation, reading and writing. This program tries to teach these important words.
- After this course, people can read a newspaper in their mother tongue and write a few short sentences.
- It builds up a lot of confidence and encourages people to learn further. It would also help people in vocational training and education, where one has to learn skills and vocations.
- In the 21st century, India cannot be isolated, from the rest of the world, with nearly 600 million people who are illiterate. Government figures indicate that **ONLY 380 million** are illiterate, World Bank figures are higher, as mentioned. *Whether it is 380 million or 600 million people, let us change this situation!*
- **TCS will give you the information** about the large number of centres running in different states.
- We are planning to raise funds to set up community learning centres. Rupees 2 lac required per installation, including the **K-yan**.
- **Punjabi, Assamese, Kannada & Malayalam** are under development

# Vocational education & training (VET) — the real winner

## 1. India in 2005

55% of Indians [590 million people] are below 30 years of age and 70% of Indians [750 million people] are below 35 years of age!

*India is a very young Nation. What are their opportunities for employment and work?*

## 2. India needs Primary & Secondary Education, Vocational Education & Training (VET) & Enterprise Skills Development, ESD

While India needs IIT's, IIM's and Medical colleges, the real requirement is for primary, secondary and vocational education and training.

India's population need basic educational facilities while at least 95% need to get into some sort of vocational training after or before high school.

Everyone cannot become an engineer, MBBS, MBA, lawyer or accountant!

service sectors there are hundreds of skills and vocations for which there is a world wide shortage. For example, TV, electrical appliance repair & service. Automobile repair & service. Foreign language skills, medical and health services, nursing etc.

- **We need millions of trained people** in the area of services for agriculture, floriculture, horticulture, sericulture, fishery, healthcare, tourism industry and hundreds of skills for the manufacturing sector. We do not see world class vocational training infrastructure, even after 56 years of India's independence.
- **Reduce unemployment** by supplying world class skilled people required by the nation and for rest of the world!
- **Reduce cost and improve productivity** of services and manufacturing by providing skilled man power to world class standards. Run the country with a higher efficiency, lesser wastage and lower cost of operation.

## 3. Vocational Education & Training in Europe

In Europe the Universities are empty! In fact, some of them, are free for any one to join; (even foreigners are welcome) because very few students want to study there! University education does not necessarily prepare the youth for life; also there is no guarantee of a job after a university degree.

It is for this reason that 90% to 95% of the youth, after or before the 10th, opt for Vocational Training where they work part time [at minimum wages], as apprentices, with Industry and Trade for 2 to 4 years and study simultaneously in a Vocational Training Institute, for learning the theory and knowledge.

This way, the business and trade get low cost manpower for 2 to 4 years, while the youth learn a new trade, both on-the-job as well theory in the Vocational Training Institute.

This combination results in World Class skilled youth. There are 2500 trade options with 15,000 modules in Germany. These vocations cover the manufacturing, trading, service and NGO sectors. Also for the disabled.

## 4. Vocational Education & Training — Advantage India!

If India could impart Vocational Education & Training in this manner, it would benefit all and have the following advantages:

- **Prepare the youth for a vocation of their choice.**
- **Build up a formidable work-force** of international quality, which would have demand not only in India but in all countries of our planet. In India only IT training is world class. VET has and will transform India in the future. In the manufacturing and

## 5. Wastage of scarce resources

The scramble to study 10+2, BA, B.Com or BSc, it's a waste of time! In India the scramble for college and university education is a disaster for all concerned. It seems, we are preparing the youth to become 'Babus'.

We require an entire spectrum of skilled manpower. What is the relevance of a BA or BSc or even a MA or MSc degree in today's complex economy? Probably very little, since it may be required for hardly 5% of India's population at this stage.

We are stretching the existing higher educational facilities to a breaking point. The faculty and infrastructure are not able to cope with the increasing number of students, after they have completed their high school education.

Like 'Zombies' every one wants to join some college or the other with out a road map or plan about their future. It's a national tragedy of sorts!

## 6. Politicians + Government + Industry + Services + Trade + Educational Institutions need to put their heads together

As you may be in the think tank of India's education set up and are probably looking at ways to act as a catalyst to improve the productivity of Industry, service and trade as well as to make India more competitive, you may like to take up this matter of vocational education & training with the State Authorities, the Ministry of HRD, Labour and Education in New Delhi, the Chambers of Commerce and the relevant trade associations in India.

# ESD & VET must start ASAP

## Enterprise Skills Education, ESD and Vocational Education & Training, VET - can change India to World Class Standards

For the sake of **employment generation** and improving the economy to **International levels of efficiency & productivity** India needs **ESD & VET**.

Presently 26 million people enter the education system every year. Only 1.6 million make it to higher education, They mostly have options in *Commerce, Arts, Science, Law, Engineering, Medical and Management*. The balance 24.4 million, need vocational education & training (**VET**) and enterpruership skills development (**ESD**).

97% of the *new employment* is in the **SME** sector. Out of a work force of 430 million people, nearly 94% work in the **unorganized sector**. The greatest advantage to India Inc. will be if our **SME & unorganized** sectors could get highly trained and educated manpower, which will enable them to reduce cost and improve quality to international standards. The **organised** sector needs it too!

### Advantage ESD

"An **Enterprising person** is one who recognizes his own **potential** vis-a-vis the resources around him/her, and with an original approach **adds value** to the resources to convert them into **products or services**, for a profitable **economic exchange**. Enterprising persons are required in all walks of society."

*Enterprise Skills Development, ESD is vital because:*

1. Enterprising people **are an asset** to the Nation.
2. Through enterprise education, students and youth will develop **alternate options** of economic careers.
3. Enterprise Education will **enhance the personality**.
4. Enterprise Education would give the youth a **positive outlook of life** and a **positive belief** in themselves. For more information on **ESD** please feel free to contact us.

**ESD** is required **from Class 1st to 12th** and higher, about 50 to 100 hours per year is enough.

### Advantage VET

We suggest three levels of **VET**:-

1. **Level 1** - who have maximum education till class 5th. We are working with many NGO's in India. See [www.IndianNGOs.com](http://www.IndianNGOs.com). *These courses are required for 17 million people per year.*
2. **Level 2** - who have secondary education plus high school. *These courses are required for about 10 million people per year.*
3. **Level 3, 4 & 5** - who have english medium with a 10+2 qualification, and who desire an International qualification. Choose courses from USA, UK, Australia and Canada. **Choice of hundreds of courses in different modules.** *These courses may be required for about 3 million people per year.*

India should be training a total of 50 to 60 million people per year, in **VET** above the age of 14 and up to 55, in different skill sets required for the domestic as well as world markets.

China already has +1500 vocational courses in position. The last one which was being finalized, when we visited China was for 'Domestic Help.'

The present 'college' system does not prepare the youth for skills sets required to run a Nation nor does it provide scope for employment or enterprise!

In IT & software **VET** skills available to the Youth in India. However this **ONLY** comprises 3 % of the GDP in India and the rest of the world. We need skill sets also for the **balance 97% of the economic activity!** *In Manufacturing, Trading and Service sectors.*

For example the **Tourism Industry** is nearly **9** times the size of I.T., i.e., US\$3,700 billion per year. *We should be giving it 9 times more importance than I.T., since it is a great employment generator!*

**We need to deliver Vocational Education & Training in regional languages and in English.**

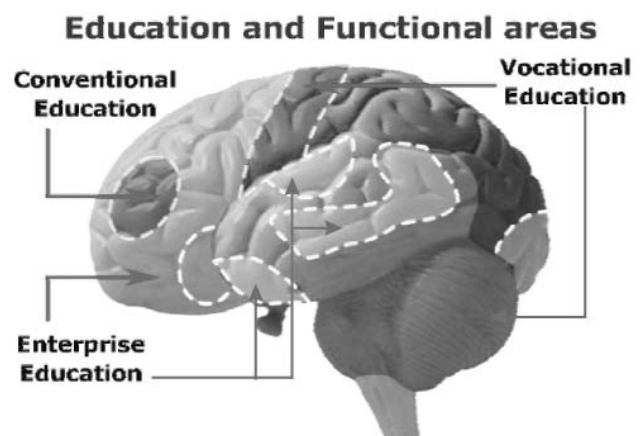
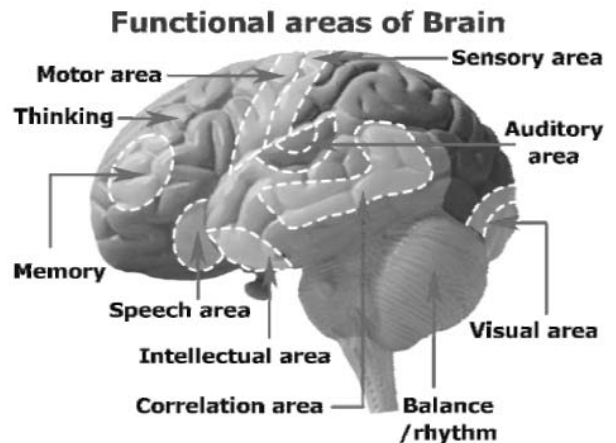
After 58 years of Independence, we cannot get an Internationally Certified carpenter, car mechanic, retailer, export-import assistant, wholesaler, mason, electrician, gardener, beautician, etc

**We need many skill-sets to run a modern economy, this aspect seems to have been forgotten by our planners.**

The sketches below show that with **Conventional Education**, we hardly use 5% of the human brain, but nearly 90% with **ESD and VET!** **ESD & VET** improve the **SQ & EQ** along with the **IQ** of the youth.

**SQ** = Spiritual Quotient, **EQ** = Emotional Quotient and **IQ** = Intelligence Quotient. Please also see page 11, para 1.

**Conventional Education** uses mostly memory, visual & speech areas  
Sketches below courtesy - **DEIS, Pune.**



## 'Education Matrix' of India

### Preamble

1. Rs 45,000 cr\*\* per year is repatriated out of India, for nearly 3,00,000 Indian students studying abroad. [**\*\*estimated figures**]. **These funds are enough to build 20 IIT's or 50 IIM's per year!**
2. Rs 3,000 cr is the yearly budget of the University Grants Commission, **UGC**, in New Delhi.
3. Rs 3,000 cr\*\* per year is spent by nearly 6,00,000 students trying to arrange and learn for the entrance examinations into the 7 IIT's and the first 20 top IIM's and Management Institutes. **Selection rate is hardly 1.2% against nearly 10% in Ivy league colleges such as MIT, Harvard, Cambridge & Stanford**
4. Rs 50,000 cr\*\* is spent by Indians, every year, for import of 8,00,000 kgs. of Gold . *So there is enough money to be spent by Indians for things they want.*
5. Higher education is subsidized, while we still have 380 million as per GOI and 600 millions as per UNDP who are illiterate! **Even after 58 years of Independence we have still not taken the first step in the path of education.** The present definition of an 'illiterate', as defined in India, needs to be changed.
6. Why should we pay only \$50, per month, as fees in the IIT's and depend on hand outs of the Government, when our youth must pay \$ 2000 to \$5000 per month fees, in equivalent Institutions in the USA and UK?
7. The drop out rate between the Class 1st to the Class 10+2, is nearly 94% in India. The present system is designed **ONLY** for the balance 6%. **How are the balance 94%, who drop out, supposed to manage?**
8. The present system puts in too much emphasis for the development of **IQ** [only 5% of the brain is used] and not enough into **SQ** and **EQ**
9. We do not seem to be preparing our youth to face the International challenge of an open economy, which is already happening. One can find engineers, accountants, lawyers, MBA's, graduates in Science, Commerce and Arts - but no skilled manpower in the 2500 different fields required by enterprises, to run the Nation! People are available. **Most of them are not employable in India or outside!**
10. Education & Training is a life-long process and not meant to stop at an age of 20 or 22! In the progressive countries of the world, nearly 1 month per year is reserved for training/re-training and re-education, right up to an age of 55 or 60. **The advantages of Training have still not been understood by the people of India.**
11. Education in India still considered as a social cause only. **Fortunately, the Politicians have recognized Education as a good and lucrative business, as many of them are running a large number of Engineering & Medical colleges!**
12. The problems of poor quality in education & training will not go away by controls, but by de-controls. High Capitation fees are there because of the number of seats available are much less than the actual demand. **Market forces, supply and demand should balance the existence and growth of Educational Institutions.**
13. Innovative methods for funding of new educational infrastructure are not being considered.

We need **10-15-20-year-low-interest-tax-free-infrastructure-bonds** for funding of education.

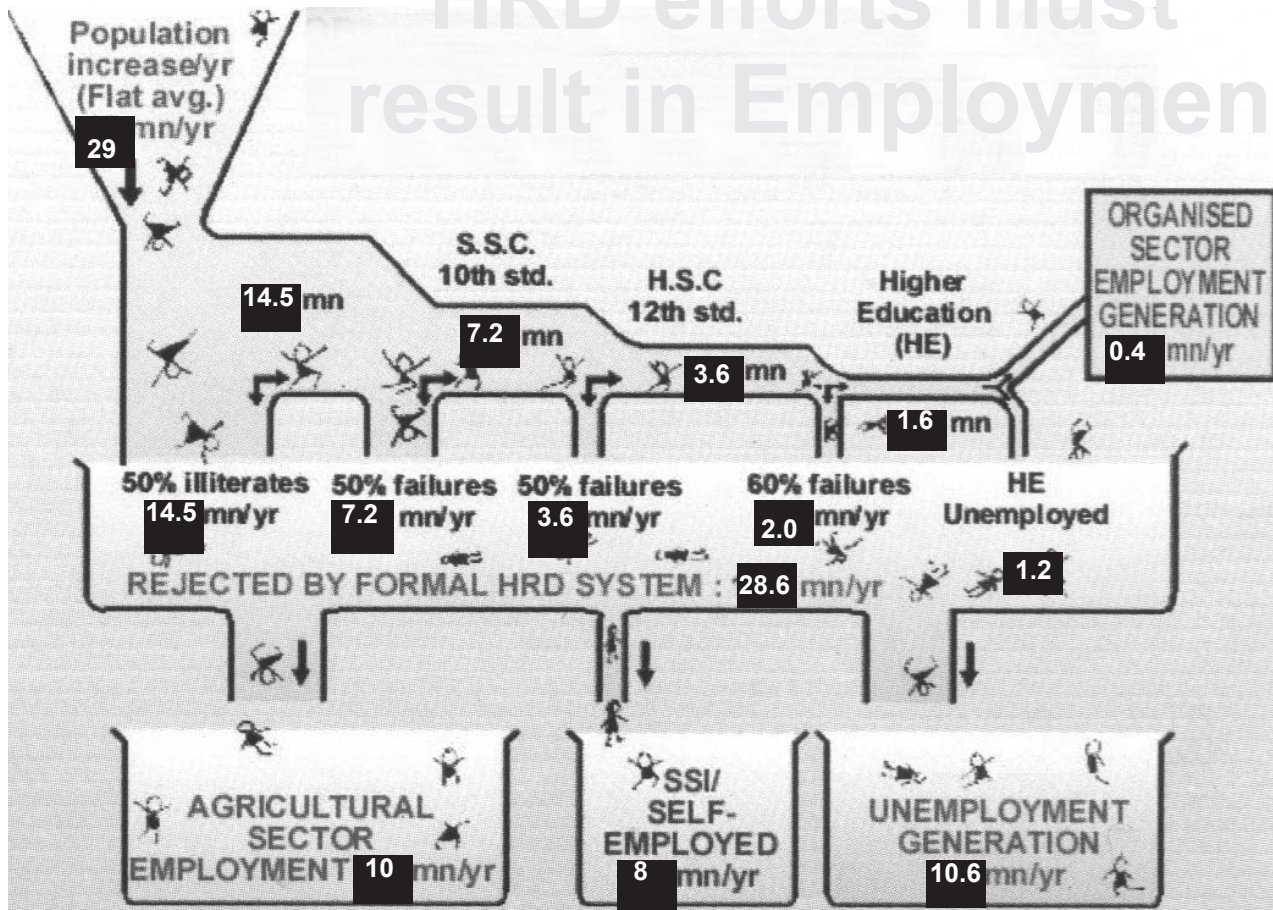
**14.** In a developing nation like India, the higher you study, the more the subsidy you get from the state. **Why should B. Com., B.Sc. B.A., etc be subsidized?**

### Recommendations

1. Higher education should be 'de-licensed'. AICTE should become a 'enabler' rather than a 'controller'. *License Raj to go*, it is not serving any purpose, only a reason to stifle the growth of all types of higher education in India, and discourage excellence. **Quality is achieved only with freedom.**
2. All subsidies for higher education must be removed. These funds should be recycled for Primary, Secondary, High School, ESD & VET only.
3. Both ESD and VET promote higher levels of SQ and EQ. Many students, who do higher studies, as they work, understand how the world works. Here kids are doing higher studies without understanding the environment, maturity is not enough. Some times quality is poor, so is the confidence levels.
4. Foreign language, besides English, is a must. Eg., German, Japanese, Korean, Chinese, Spanish, etc...
5. Work experience is a must, not only summer training. At least +2 years, after college for MBA, and another +2 years after Masters, for a PhD.
6. Teachers and Professors must 'shunt' between college and enterprise. *One cannot stay put only in one place.* Stagnation leads to obsolescence!
7. Funding of all types of higher education needs a paradigm shift of thinking. Privatize maximum. Allow for tax incentives in educational infrastructure for the next 20 years. Best teachers must be attracted to work in Educational Institutions. Reservation of up to 35% of the seats can be kept for Merit-cum-Poverty.
8. Education is BIG Business any where in the world. About \$2500 billion per year, **nearly 5 times the size of IT and software.** If we can pick up only 10% of the world business, it will increase our GDP by 40%! This can be achieved in the next 10 to 15 years. Why should we allow Australia, Singapore, Hong Kong, Malaysia or Dubai to take away our business & jobs?
9. India is ideally suited to become a HUB for eucation for Asian countries. Australia earns nearly \$18 billion per year on foreign students.[this is nearly 25% of the entire export of India and nearly 110% of India's software exports
10. Quality will improve only by deregulation and NOT by regulation and controls. Let there be a 100 IIT's or a 100 IIM's. The good institutions do not have to advertise and promise placements etc. The market knows best. **Interaction between Institutions and Industry-Research must be magnified 10 fold.**
11. Indian Institutions must bench mark with the rest of the world and NOT only with each other, in India! Foreign accreditation is required to improve 'Governance'. ISO 9000 is not enough. Look at 6 sigma, etc.
12. And lastly, Think Global but Act local! Which means, that we should get all the Best Ideas from all over the World and implement them to Indian conditions, for achieving the Best Results for the people of India.

# HRD - Employment & Unemployment

HRD efforts must result in Employment



## Action Plan for the upliftment of Rural & Urban INDIA

In order to achieve *Employment Generation*, +10% GDP Growth per year, *Reduction of Poverty* and making Indian Enterprises **World Class** in terms of **Quality & Cost**

By the use of Education & Training - **Focus on Literacy, ESD & VET**

**A. 100% Primary Functional - Literacy.** Learn to read & write in 40 to 60 hours or in 2 to 3 months, for ages 8 to 70 years! Nearly 380 to 600 million people are illiterate!

**B. Enterprise Skills Development - ESD.** ESD for **Class 1st to Class 12th** students & higher. Only 1 to 2 hours required per week. Teaches the youth about enterprises & how the **real world** functions! In India the **dropout rate** between Class 1st and Class 12th is about **94%**.

**C. Vocation Education & Training - VET.** VET for youth of ages 14 to 35 years & higher. Choice of nearly 2500 courses in 15,000 modules, in 25 different business fields. In developed & developing countries nearly 95% of the youth opt for VET. If India trains 5% to 6% of the population in VET, like in other developed and developing countries, it would mean nearly 50 to 60 million trained & skilled people per year. Engineers, Doctors & MBA's require world class supporting staff & manpower.

*We are **not** discussing 'Higher Education' since all the present focus in India is only on Higher Education!*

- The above is a simple diagrammatic representation for understanding the employment & unemployment figures.
- The above is based on the assumption that all the youth should enter the educational system, at different levels, each year.
- Cumulative unemployment 300mn (estimate)

- The present emphasis is on higher education, which hardly benefits 6% of the employment sector. We need to strengthen the **P&SE, ESD** and **VET** sectors to benefit the 94% of employment.

*(Estimates based on studies conducted by Development Education International Society, Pune & i Watch, Bombay.)*



# 'Employment Matrix' of INDIA

## Work Ethics & Work Culture need improvement

Any **Employment Policy** for India has to be beneficial to all and be able to direct Indian Business and Enterprises to be able to compete with Asian and other competitive economies of the world. **Only such a policy will encourage GDP growth.**

The future of India lies in becoming a resource base for world markets. The present **Employment Matrix** :-

1. India has 1070 million people, **17%** of the World Population

2. India has a very large demand of goods, services and products, but a very low buying power, as the GDP is only **1.72%** of world GDP. Rest of the world (the markets outside India) has **60 times** more buying power.

3. Central & State Governments cannot '**pump prime**' the economy any more, since they are both having deficits of nearly Rs. 125,000 cr. each, totaling nearly 11% of the Indian GDP. Wrong and irresponsible past policies have had their effect. The present and future generations have to correct the past policies and mistakes.

4. 70% of the population is less than 35 years of age. 55% are less than 30 years of age!

5. 26 million people are added every year into the job market. If we have to provide Government jobs to all the new entrants, we will need a "NEW" India every year, which is NOT possible. *We add seven Singapore's per year.*

6. 18 million work with Public Sector Undertakings, Central & State Governments.

7. This **1.8 %** of the Indian population tends to "**Drive**" & "**Dictate**" Employee and Labour Policy within the Indian Union. This sector is using VRS to reduce cost.

8. The present **Work Culture & Work Ethics** needs improvement to bring us in line with '*Asian Tigers*'.

9. Another 9 million work within the Organized Private Sector. This sector is also using VRS to reduce cost.

10. There is very little scope for high employment generation in the above sectors, in view of the existing Employee Laws, high cost (to the Indian context), bloated work force and sometimes not efficient enough, as per the other economies.

11. At any given time nearly **48 million** people are registered with the employment exchanges.

12. Including the ones registered, nearly **300 million** are unemployed (our estimates) and waiting for employment. **They do not have Skill-sets.**

13. The existing Employee Laws do not allow Indian business to employ the **lowest cost** and **most efficient** human capital which is available to it. This makes Indian Industry, Trading & Services **uncompetitive**, as compared to other Asian Countries, and leads to high cost and Low Quality of Indian business, as compared to other destinations of the world; in spite of a large unemployed work-force available within the country.

14. 400 million work in agriculture, construction, cottage and village enterprises, self employed, tiny sector, and **SME's** - small and medium enterprises. It is in this sector that the largest number of jobs are created. More employment is possible provided Indian Employee Laws are redefined and in-line with the ones in other Asian countries. *All over the world this is the dynamic sector where the maximum number of jobs, nearly 80% to 90%, are created.*

15. For details and advantages about **SME's**, please see articles under economy and enterprise.

16. The existing Employee Laws seem to protect only the 27 million people working in the **Organized Public & Private Sectors**, even at a cost to the rest of the Nation!

17. Poverty line, as per Govt., is approximately Rs. 300 per month (enough money to buy 2200 Kcal of food/day from the public distribution system)

18. Minimum wages, as defined by the Labour Ministry, is Rs. 50/100 per day or Rs. 1250 / 2500 per month (25 days). Different for each area.

19. The Poverty line as defined by World Bank is US \$1/\$2 per day or Rs. 1350/2700 per month

20. An average Indian earns about US \$600 per year or Rs. 2200 per month (GDP divided by 1070 million)

21. The existing Employee Laws protect employees who normally earn Rs. 2,500 to Rs. 500,000 per month. *Rights are ensured, but with out accountability and performance. Can a poor country afford this?*

22. Because of the above reasons, Indian Businesses and Enterprises **are avoiding** getting into manufacturing and services where a large number of employees are required and also avoiding using **Labour Intensive Technologies. This hinders employment generation.**

23. **Article 311** of the Indian Constitution, needs suitable revision and amendment as in the present form, it is detrimental to India and Indians in 2005.

24. Our '**Labour Policy**' should benefit the maximum number of Indians and not the minimum, e.g., the 300 million unemployed, the 29 million youth entering the job market every year & convert India into a **World Class Nation.**

25. **Simplify** Employee (Labor) Laws for **SME's**, Small Medium Enterprises, as this sector is most important.

26. **Classify** Indian Enterprises into **Large** units and **SME's**, for a level playing field for Indian Organizations.

27. **Rename** 'Labour Law' to 'Employee Law', think differently in 2005, Think of India in the 21st Century!

28. **Benchmark** Indian Employee (Labor) Laws, with other Asian Developing Countries, including China and the '*Asian Tigers*', for a level playing field for the Indian organizations to operate within India and still compete.

29. Allow **Exit Policy** in SME's of up to 1000 employees (India must use labour Intensive Processes)

30. Employee Policy must cover **C2C** or '**Chairman**' to '**Coolie**'.

# The population BOMB that must be defused

## Population stabilization needed

### 1. India's Population Policy — much to catch up and learn from others!

India has 1070 million people. China has 1260 million. Nearly 26 million are born every year in India and ONLY 15 million in China. China has had a more effective population policy than India, although they started in 1970. India's population policy started much earlier, in 1952. By 2045, we shall overtake the Chinese population, with an Indian population of 1550 millions! Life expectancy in China is now 73 years vs 63 years in India. In China the average family size was 3.63 members. In India it is much higher, with 5.52 members.

### 2. Literacy in China & India — where are we in 2005?

In the last century, India's population has increased from 250 to 1000 million, an increase of about 400%! In India, in the last 100 years the actual number of poor people, has steadily increased. In China, all young children go through 9 years of schooling, this ensures 100% literacy. In India it is hardly 40 to 62%. China's per capita per year is US\$1100 vs US\$600 for an Indian. Their GDP is 2.5 times of India.

### 3. Percentage of people below poverty line. China & India

Because of China's successful Population Policy, **China has added 300 million less people, in the last 30 years.** China has been able to reduce the people below poverty line to 7%, i.e. only 88 million people. INDIA has 25% or 265 million below the poverty line. We fail to understand the fact why some thinkers and leaders, in India, mention that our population is our strength. How can they make such statements, with so much poverty, illiteracy and a low standard of living? It's a nightmare for the POOR in India! The average age in China, for women to get married, the first time, was 23.57 years. In India, do we really care?

### 4. India's economic parameters — the simple truth!

India has 17% of the world's population, 2.2% of the land area, 1.72% of the world's GDP and only 0.8% of the world trade. This means that 98.28% of the World's GDP [Buying Power] & 99.2% of the World's Trade is not with India! India must plan larger exports, for increasing the standard of living of its people.

### 5. Adding population but without the required GDP growth— where are we heading?

Due to a very poorly administered Population Policy, we are adding **one Australia per year** or one each of all the following countries per year, Switzerland + Singapore + Hong Kong + UAE + Bahrain + Oman + Saudi Arabia + Qatar + Kuwait, every year, year after year, but without the GDP, health, literacy and standard of living, that they have! Lack of knowledge of global economics, poor governance and inefficient administration of our leadership, both political as well as administrative, are very much responsible for this sad and terrible state of affairs in India.

### 6. Overpopulation and poverty can unbalance the world!

High population growth can devastate a nation and also cause an unbalance in the world, leading to instability in world economics and world peace. When will the Indian leadership open its eyes & realize the real truth? When will we start really taking more effective action? Anybody listening?

### 7. Overpopulation and availability of land?

At the present rate of population growth, the existing grain land will become inadequate to supply food and water to the increasing population. In 1960 the cultivable land was 0.21 hectare per person, this has dropped to about 0.10 hectare in 1999. The water tables are depleting at twice the rate that they are being replenished. The full potential of water harvesting is hardly utilized. Is anybody listening or worried?

### 8. The poor are exploited in India — do we really care enough

Even today, nearly 290 million people, in India, are below the poverty line. What will happen in the next 42 years, in 2045, when we have added another 550 million people! Overpopulation can only benefit some of the well to do, some of the rich and some powerful politicians, as they can then exploit the weak and poor. This is the case in India today. Poverty-stricken, the poor men, women & children of India have to bear exploitation in all spheres.

Copies of China's 'White Paper on Population', available with us, please write for a free copy.

## 9. The complacency in India about overpopulation is frightening!

Are the poor really enjoying poverty? The 290 million poor would love to have a better life. It is not on the top priority agenda of any political party, inspite of the above facts. After 58 years of Independence we are still very poor, where 290 million earn less than Rs. 10 per day or Rs. 3650/yr. or about US\$75 per year! What will be the scene, after we add another 550 million people by 2045?

**This is like adding another USA + Europe, but without the standard of living that they have.**

We need to plan for the disaster ahead.

## 10. The World is worried, are we?

International agencies, such as the **World Watch Institute** and others are more worried about India than India itself! India is sitting on a time bomb, which it refuses to accept, inspite of the extreme poverty of its 290 million poor people, below the poverty line!

## 11. Media coverage about disadvantages of over population is totally inadequate!

There is inadequate media coverage on TV, talk shows, radio, cinemas, magazines, newspapers, schools, villages, about, for example, the China-India comparison & about the ill affects on health, drinking water, jobs, sickness, food, education, transport, housing and other aspects of life, due to over population. Everyone agrees, that the way Sanjay Gandhi started solving the population problem, was wrong. But does it mean that we should ignore it, especially, as we are reeling under the bad and terrible effects of a very high & unmanageable population, and all the disadvantages associated with it?

## 12. Awareness programs about disadvantages of overpopulation, too few & far apart!

Awareness programmes, showing the disadvantages due to over population, need to be intensified, by 80 to 100 times. Let the people understand the burden of overpopulation. There must be gentle and indirect disincentives for having large families. Successful examples of other states like Kerala & Tamil Nadu, must be communicated. Newspapers & media should be full of it every hour, every day & not only on **World Population Day!** The poor are misled to having more and more children.

## 13. Per capita income of India — very close to the poverty line as per World Bank norms!

India has to go in for a very strong and effective population policy. We should learn from others who are better than us. We should not only aim to survive, as we have done in the past, but plan to improve the standard of living of all our people. The present per capita, in India, of US\$600 per head, is only slightly lower than the World Bank minimum poverty line of US\$2 per day or US\$730 per year!

## 14. World Class Governance — the foundation stone to effective implementation!

All this is only possible with good governance and effective administration and a very high priority long term effective population policy. Future generations of Indians depend upon us. The enclosed notes attempt to emphasize the crying need for world class governance and good administration. As it ensures excellence in all areas of the economy, including family planning and health.

## 15. Comparison between China & India. This should wake us up!

In other basic areas, which benefit the masses, such as literacy improvement, population control, health care programs, infrastructure development, Olympic medals, etc, China is way ahead of India. At the present rate of growth, it may take India more than 100 years, in some areas, just to catch up!

## 16. Communication to the Political Parties of India — Party time is over!

We are writing this note with the firm belief, that you will take suitable action, to make India what it should be. Kindly help us to communicate with the Think Tanks of the PMO, MOF, RBI, Planning Commission, Congress, UPA, BJP & NDA, so that they could take suitable action.

## 17. Adjustment for population increase The hard facts!

If the GDP grows by 8% per year, as in 2005-2006, the per capita does not grow at 8%. It is reduced due to the yearly population increase, and due to inflation and other issues. Therefore the final per capita increase, would be much lesser. This is only, one of the disadvantages, of a ballooning population.

**The above facts need to be communicated to the people of India.**

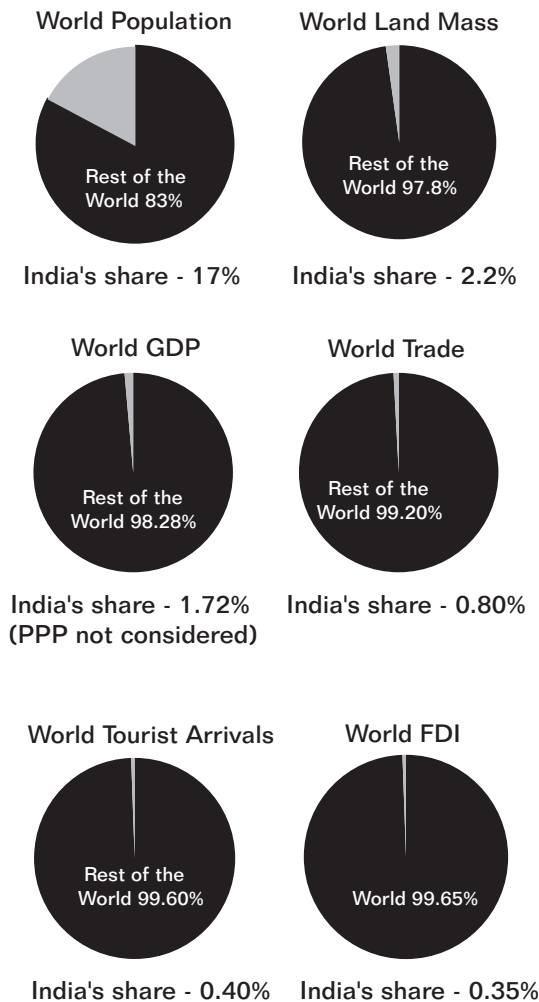
# Good Governance can transform India into a superpower

1

## 1. Where is India in the year 2005?

One thousand years ago, in the year 1001, the world was roughly divided into three main trading blocks, China, India and the rest of the world, each with about 33% of the world trade. It is estimated that India had nearly 27% of World Trade, about 250 years ago, when the British landed in India. The King of Spain sent Columbus to search for India as we were a rich country. Columbus landed instead in what is named USA today and called the first people he saw as 'Red Indians'!

India has the following parameters in 2005:



**These are the ground realities in 2005!** Management of India Inc. needs to be World Class and poor governance or poor management and inefficient administration minimized and reduced, or preferably, eliminated!

Obviously India has to export much more and ramp-up tourism by, say, 10 to 50 times respectively, in the next 20 years! This has many

advantages. Exports & tourism will improve governance, administration, efficiency in manufacturing and services, cost competitiveness, FDI inflow, latest & best technology will come into the country, more jobs will be created, the infrastructure will have to improve and the standard of living of the people will go up.

**Better governance and administration of India is needed!**

2

## 2. Effective Administration & Good Governance. What do they mean?

As per the Oxford dictionary, Administration means a) Management of a business, institution, a government agency b) The management of public affairs; government. c) The administration of justice, etc. Govern or Governance means a) rule or control with authority. b) conduct the policy and affairs of government and organizations. c) Influence or determine a course of action. d) Be the predominating influence. e) Be a standard or principle for; constitute a law for; serve to decide. f) Check or control {especially passions}. Adding 'effective or good' makes them better. Simply put, Effective Administration means effective management of India. Good governance means good management of India.

3

## 3. India's Latent Energy— it's gigantic!

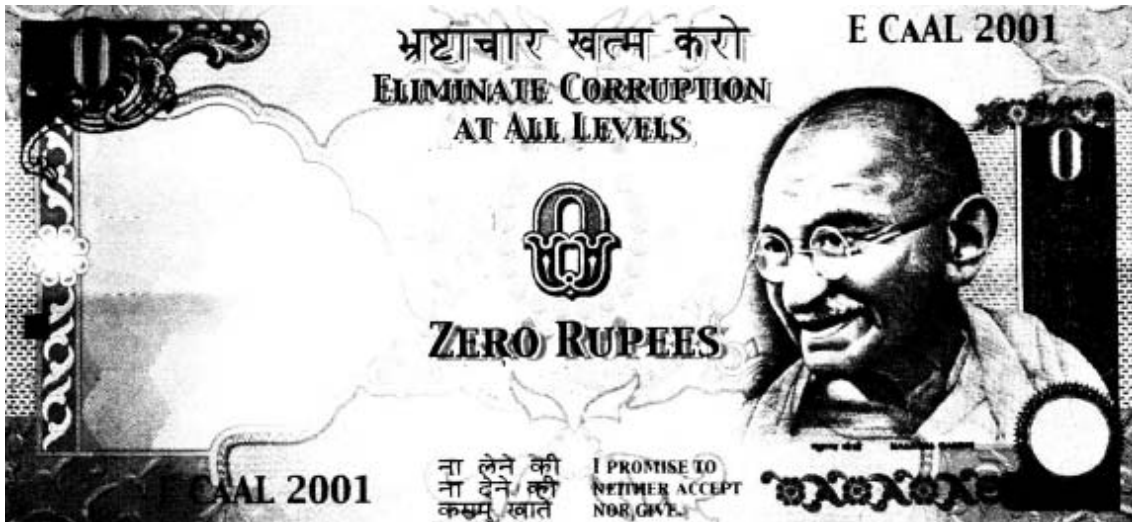
The Latent Energy of our nation is gigantic, it needs to be allowed to blossom and grow. This is only possible with the positioning of good governance and effective administration, in our system, something, which is not impossible for India! India needs to get their best teams in position.

We have the expertise. Let us unleash this power! At present, we cannot always use the best 'Swadeshi or home grown' effective human capital to run our own country including our own public and private sector. When future generations of Indians read Indian history, this will go down as a lost opportunity for India. 1070 million people but we cannot place our teams in position and put our 'House in Order' to world class standards!

No amount of money or technology can ever replace the presence of effective human capital. In fact, effective man power or personnel teams, know how to rustle up other resources. The reverse is not true, especially in a competitive and global environment! Other countries in the world recognize Indian talent. **Better governance can unleash this latent energy for India.**

# Good Governance + Effective Administration = Zero Corruption

## Zero corruption possible only if there is fear of loss of job



Designed by Nikhil Chopra of *i Watch*

If India has to become an economic super power it needs Good Governance + Effective Administration. In countries where the governance is good the levels of corruption are low.

Citizens of countries where there is good governance can succeed with lesser difficulty. That is why Indians are successful in USA, UK, Middle East, Singapore, Hong Kong, Australia, Canada and other countries where the governance and administration is better than in India.

### Workshop on Good Governance and how it benefits you

*i Watch* conducts interactive workshops for the benefit of the citizens of India. Details of the structure of interactive workshops — Modules of 2, 4 & 8 hours consist of the following:-

# 1

#### 1. Basics

1. What is democracy?
2. What is the Role of a citizen in a democracy?
3. Definition of Governance & Administration
4. Cost of governance of India
5. Duties of elected representatives in Lok Sabha & Rajya Sabha - [MP's], State Assemblies - [ MLA's] and Municipalities [Councilors]
6. Duties of appointed employees in the Union Government & State Government organizations
7. Where is India in the year 2005, with respect to the rest of the world, for example China?

8. Why are we where we are? Can we do better?
9. Why do Indians succeed better in foreign countries?
10. How can we become World Class? What we, as citizens, need to do?
11. Use of Effective Human Capital.  
The **Golden Key** which only can transform India into a Superpower!

# 2

#### 2. Some Benefits and spin offs due to Good Governance at the Village, City, District, State & National level

Drinking water, garbage disposal, sanitation & drains, health services, prevention of slums, roads, expressways, waterways, coastal shipping, railways and air transport, Agricultural services, to support agriculture, floriculture, horticulture, primary & secondary education, vocational training, tourism, exports, agriculture, infrastructure- ports, airports, national highways, FDI inflow, population planning, employment generation, environment, law & order, corruption, industry and service sector. (some or all these factors can be taken up for discussion)

# 3

#### 3. Interactive workshops on other topics

We also conduct interactive workshops on other relevant subjects of national importance such as

1. How to increase the **GDP growth rate to +10%**
2. 'Relevant **Manufacturing Policy**'
3. 'Relevant **Educational Policy**'
4. 'Relevant **Employment Generation Policy**'
5. **Globalization** - How India can grow at +10% / yr.?
6. **How to make Money** after leaving college?

# World Class Governance — Why and how India must do it

## 1 World Class requires hard work

### 1. Effective human capital is the key to success

It is a very positive sign that the Prime Minister & others are talking about the 2nd generation of reforms and about "good governance, transparency and efficient administration".

In 1930, when the US Wall Street crashed, human capital accounted for hardly 10% of the value of the market capital. In 2005, it accounts for about 90% of the market capital.

High quality effective human capital can prevent disasters, catastrophes and help plan and chart out progress and prosperity for the organizations that they represent. The first essential to good governance is quality of effective human capital, i.e., SQ\* + EQ\* + IQ\* should be high.

*\*SQ, EQ & IQ mean spiritual, emotional & intelligence quotients respectively. 70% rating of people is for SQ+EQ. IQ account's for only 30% rating.*

- Market capitalization of 7000 Indian quoted companies at US\$ 400 billion (only one company EXXONMobil in USA is US\$ 407 billion).
- India's free reserves are US\$142 billion vs. China + Hong Kong \$680 billion. Presently 99.2% of the world's markets are outside the reach of India. We need to export more!
- In 2004, Foreign Direct Investments [FDI] into India was US \$ 6 billion v/s. US \$ 60 billion into China + Hong Kong. Total FDI worldwide, is estimated at US\$ 1320 billion per year.
- China's Literacy Rate is much more than of India. In China, all children attend primary School for 9 years. For secondary education the attendance is about 89%. The Indian Government's definition of literacy is if you can write your name!
- Tourist visiting China are nearly 12 times more than India i.e. 36 v/s 3 million. Worldwide Tourism Industry is 9 times of Information Technology. China has 10 airlines vs 4 in India. China is building 4 lac hotel rooms per year, India has a total of 6 lac hotel rooms.
- If one visits Beijing or Shanghai, everything looks 'Neat & Clean'. Most parts of Bombay and many parts of New Delhi look like "Garbage Dumps"!
- In the Athens World Olympics, India was placed practically last, out of 200 countries, with 1 medal; China was 2nd with 73 medals!
- China's World Trade is nearly 7 times of India's. Can we pay for oil imports of US\$28 billion/yr., and increasing, when exports are only US\$75 billion/yr.?  
70% of our hydrocarbons need to be imported.
- Food grain production in China is about 410 million tons v/s 208 million tons in India, although the cultivable land is less.
- India's share of world trade dropped from 3% in 1947 to 0.8% in 2005, a negative growth of 380% in 58 years.
- Every year we have floods & droughts in certain parts of India. We need to find suitable solutions to this problem.
- India's birth rate is 200% more than China. We produce more than one Australia/yr.! We need to provide additional 10 million jobs / yr.! China has 15 million births per yr, India has 26 million! Life expectancy in China is 73 years vs 63 for India!

### 2. People power in democracy

India has about 35 assemblies, at the State and Centre levels. This comes to about 5,000 politicians in power at any given time! Total number of politicians, including the ones out of power, is probably about 2 lacs, at the maximum. Total number of government employees, about 18.7 million, which includes 2 million PSU employees, and rest of the population, about 1054 million!

**So the Indian Citizen is definitely very powerful, provided he or she really understands the power of democracy, of one-man one vote!**

### 3. Economic parameters — how has INDIA fared after 58 years of freedom?

- India's per capita is US\$600/yr, v/s China's \$1100 and USA's \$37,000. At the present rate of growth the Chinese economy may grow to 10 times the size of India, within 20 years time.
- India has 17% of the world's population, but 0.8% of the world's trade & 1.72% of the world's GDP! 99.2% of world markets are outside India! India must consider a plan to become a resource base for the world.
- Poverty Line per person, as per Indian Govt., is at US\$ 83/yr, (Rs. 10 / day or Rs 3650 / year) as per World Bank it is \$2/day or \$730/yr.
- The World Bank is planning to revise this amount to US\$2 per day per person, or US\$ 730 per year

# Loss due to Poor Governance

## 4. Poor governance & ineffective administration

In the last 58 years, we seem to have missed putting in place, **world class foundations of work excellence, work ethics & work culture.**

In the organized sector, there is 'no fear of loss of job'. Protection to 1.87% of the population, at the cost of the nation! Who will protect the rest of the 98.1% of India, which is very poor?

Under the present circumstances, we cannot use the best & lowest cost 'Swadeshi' human capital to run our own country, public and private sector, to the highest levels of global efficiency.

India cannot take advantage of its PPP position for world markets. Cost and quality of our human capital is not market driven. Market driven human capital can make a sea change to India's economy and employment.

**Good governance is required to make this change**

- The actual number of taxpayers is hardly 15 million. Affluence of the economy seems to indicate much higher numbers! Only 1.43 million declare an annual income above Rs. 2 lakhs per year and 92,000 above Rs. 10 lacs per year!
- India is the 2nd. largest producer of vegetables in the world, 75 million tons per year and fruits 53 million tons per year. About 40% of it is wasted between the farm and the end customer, what are we doing about harnessing this wastage of Rs.50,000 crores per year to benefit the farmer?
- Fiscal deficit of Central Government at Rs. 132,000 cr. or nearly 5.3% of G.D.P.
- Fiscal deficit of State Governments at Rs. 135,000 crores or nearly 6% of G.D.P.
- 60 million tons of food grains in FCI godowns which cost Rs. 15000 crores per year to maintain, this includes cost of destruction due to weather, bad storage and rodents. People in extreme poverty, do not have access to this food, although nearly 5 to10% is wasted or destroyed due to bad storage.
- Cost overrun of centre and state projects is about Rs 40,000 to 80,000 crores per year.

Is this fair to the poor people of India? When 300 million are jobless and 350 million are partly employed [unorganized sector] and 290 million below the poverty line [sectors overlap].

In the unorganized sector, mostly the poorest of the poor work, including women and children. In a poor country like India, they have to work or perish.

Activists against child labour need to experience extreme hunger and human deprivation to understand why gentle children have to work to keep alive!

For every one person, who wants to leave the 'Organized Sector' there would be at least a few thousand willing workers, who would be happy to give any thing to get a good job. In a poor country like India, the minimum wages are Rs. 1250 to 2500 per month, but some people who earn Rs. 2500 to 500,000 per month or more, are protected!

The crisis in June 2003, in the Tamil Nadu State Government, brought out this aspect in detail.

**We should protect employment but not some employees, at any cost to the nation.**

## 5. Examples — to highlight Poor Governance & Ineffective Administration

Each situation presents an opportunity for the country!

- 10,000 municipal hospitals in India, but what is the quality of health services that the people of India get?
- 4,000 municipalities in India, but how are our cities & towns maintained? The US\$4700 billion Tourism Industry has not made India a favorite destination! Tourism Industry is a big employment generator. China + Hong Kong + Macau get 87 million tourist arrivals per year vs 3 million for India.
- 35 electricity boards, but what is the quality of electricity service? In DVB we cannot stop 55% revenue leakage due to power thefts & losses.
- One can get a driving license without any test or even visiting the RTO office. After 58 years of Independence, we have not even ensured that Indians should be quality drivers!
- Can we ever hope to reduce road accidents by allowing old and dangerous vehicles on our roads & allowing illiterate drivers with 'easy' licenses? India supposedly has one of the highest rate of road accidents per 1000 vehicles, in the world.
- After 58 years of Independence there are only 35 million tax assesses, most of them from the organized sector.

## 6. India as an investment destination in the Asia Pacific Rim Area?

It is estimated that the overseas Indians, NRIs, numbering 25 million, save about \$75 to 150 billion per year (\$3000 to 6000/yr/head). A substantial amount of this could flow into India, provided we put our 'house in order' to near world class standards.

The NRI 'world' is like 'another India' of US\$+320 billion GDP. In 2004, China's FDI was \$60 billion, 70% contributed by non-resident Chinese & 10 times more than India. NRI's invested only about \$4 billion into India, mostly as deposits.

Under the present scenario, India can not use the best quality and/or the lowest cost manpower that it has within its borders. That is why countries in the Asia Pacific Rim have overtaken us. e.g., China, Malaysia, Vietnam, Thailand, Taiwan, Singapore, Hong Kong, Indonesia, etc. The same is the case of Latin America and Mexico, which are preferred areas of destination, rather than India, for manufacturing and many service and trading activities out of USA, Japan, Europe and even the Middle East.

India has lost billions of dollars worth of exports and additions to its GDP, not to mention the use of the latest technologies from the developed countries, leading to a lower cost of production and more efficient methods of operation, as per global norms!

A lot of jobs, skills and know-how have also been lost, both directly and indirectly, to other countries. Except in IT, India has not taken full advantage of its pool of highly trained English speaking manpower.

Healthy and efficient organizations create wealth for the nation and jobs for the economy. Highly skilled & efficient manpower can deal with the fast changing Global Economy.

## 7. Reasons for India's problems

We protect some employees at any cost of the nation!

**"Nation first & then the individual,"** says

Dr. A. P. J. Abdul Kalam, *President of India*.

Article 311, of the Indian Constitution, protects employees of the Union and State Governments. This needs to be suitably amended, since it protects

only 1.8 % of Indians, who are the employees of the State & Union Government, and indirectly, the employees of the organized private sector.

There is No Fear of Loss of Job whether you deliver or not! Do the U.S., U.K., and Chinese Constitutions also protect employees of the Federal or Union and State Governments?

No country can run efficiently, especially, if some critical sections are protected, in this manner! 1.87% of India is not even the Vote Bank! Union Ministers, MPs, MLAs, municipal councilors can be changed after a term of 5 years or even earlier, as per the wishes of the people.

Under the present system, employees of the Union & State Governments and their affiliates, as stated above, are given, for all practical purposes, life long employment, irrespective of their performance.

**This is unfair to the people of India, most of whom are very poor.**

People of different religions and faiths pray to the Almighty. All these people are basically 'God Fearing'. Let us ask ourselves, would 'the common man' pray and respect the Almighty, if we did not fear him? **Our great leaders have always said that 'work is worship'.**

## 8. Conclusion

- Democracy is for the people, to the people and by the people. The citizens need to take part in nation building, since collectively, all are responsible.
- The well to do and successful citizen has a special responsibility of carrying along the less fortunate ones in the country.
- If Indian democracy is to work, it cannot function only in the 'top-down' direction, it requires also a 'bottom-up' approach.
- All of us who are fortunate to be living well in this country need to 'give-back' something for the betterment of all the people of India.
- Only blaming the politicians and officials will not solve our problems.
- Unless we work as a well co-ordinated and dedicated national team, a two digit growth rate of the GDP may not be possible to achieve.

The best 'Swadeshi' or 'Home Grown' **effective human capital** is the answer! We have the capability in terms of Quality Human Resource, lets use it for the India of the 21st Century.



# How to achieve World Class efficiency?

## One Point — Action Plan for India

### 1. The Best 'home grown' or 'Swadeshi' effective human capital is the answer!

At present, we cannot always use the best quality and lowest cost 'Swadeshi' effective human capital to run our own country including our own public and private sector. When future generations of Indians read Indian history, this will go down as one of the reasons for hindering India's fast growth. 1070 million people but we cannot place our teams in position and put our 'house in order' to World Class standards! **No amount of money or technology can ever replace the presence of effective human capital.** *In fact, effective man-power teams, know, how to rustle up other resources. In a highly competitive and global environment, the reverse is not true.*

### 2. The 'engine' of the Economy

The **organized sector** is supposed to be the 'engine' of the economy of India. *It should be 'world class'. It needs to be accountable, responsible and should be used as a benchmark for efficiency, good governance and good administration.* The key objective of this sector is to administer and govern and to serve and benefit the citizens and the country of India in the best possible manner. 29 million are born every year. Government can only facilitate jobs, education, health, the economy, provided it is efficient and world class! It should be the 'torch bearer' for our economic reforms. **The 18.7 million employees of the union and state governments need to be of a world class standard & extremely effective.** 1070 million people of India, depend upon them!

### 3. India Human Capital admired world wide

*We have some of the best human resources in the world, but due to some of the constraints, as mentioned below, we cannot use them always in our own country!* Indians run some of the largest organizations in the world, both in manufacturing as well as in service sectors. Indians also help as advisors to many nations. Who ever brings in the best and effective team to govern and administer, will be the winner. Today, all good politicians, all over the world, talk economics first. The best Politicians and Leaders 'Walk the Talk'.

### 4. Reasons for India's problems

**We protect some employees at any cost to the Nation!** Article 311, of the Indian Constitution, protects employees of the Union and State Governments. This needs to be suitably amended,

as it is not desirable in today's context, since it protects only 1.8 % of Indians, who are the employees of the State and Union Government, and indirectly, the employees of the organized private sector. **There is no fear of loss of job whether you deliver or not!**

Sometimes, these employees, seek and get protection for lifetime employment, even if,

- they work or not,
- they are honest or corrupt,
- they are absent but marked present,
- they are efficient or inefficient,
- they subcontract their work from others
- willfully destroy public property
- take sick leave of 30 days/year, year after year! It is impossible to be sick, every year, exactly for 30 days!
- restrict retraining, redeployment and restructuring, for productivity improvement within the same organization and
- disrupt work, and damage or sabotage the fixed assets of public enterprises, in order to pressurize managements.

No country can run efficiently, especially, if some critical sections are protected, in this manner! **1.8 % of India is not even the Vote Bank!** Union Ministers, MPs, MLAs, municipal councillors can be changed after a term of 5 years or even earlier, as per the wishes of the people. Under the present system, employees of the Union and State Governments and their affiliates, as stated above, are given life long employment, irrespective of their performance!

### 5. Action Plan for India

India needs an 'Employee Policy' to protect the citizens from exploitation! *We should protect employment, but not employees who do not come up to expectations and do not perform to normal standards of work culture and work ethics.* This includes C2C or from CEO or chairman to coolie! The word **Labour Law**, refers to the 19th century, and should be termed as **Employee Law**. The leaders and the people of India must decide by public debate in the media and the Parliament to finalize the best course of action.

We are not suggesting any form of National Policy on retrenchment; let individual organizations decide themselves, about VRS, downsizing, retrenchment and reduction or increase of manpower.

**This one point action plan will unleash the 'Latent Potential' of the 1070 million People of India.**

# The Real & Virtual India

## India's Diaspora is important

	The Real India	The Virtual India
1. Who stays here?	People of India in 35 states	NRI's & PIO's in 5 continents
2. Gross domestic Product	US\$ 648 billion	about US\$ 320 billion
3. Per Capita Earning	US\$ 600/year/person	about US\$ 16,000/year/person
4. Savings Per Year	US\$ 100 billion**	about US\$ 80 - 100 billion**
5. INDIA's external debt	US\$ 121 billion	N.A.
6. Total FDI last Year (2003)	US\$ 50 billion	N.A.
7. FDI investment by NRI's	US\$ 4 billion(in 2004)	N.A.
8. Population	1070 million	20 - 25 millions

### 1. Understanding the Real and Virtual India!

There are two India's, one where we live and the other is the **Virtual India**, with an estimated GDP of US \$ +320 billion per year, where about 20 to 25 million NRI's and PIO's live.

Their hearts are in India and they are emotionally tied to India. If we can attract them and woo them, they could be a good source of funding projects for India's growth plans.

The Chinese have learnt the art of wooing and managing their NRC's who number about 55 to 50 million. Last year the NRC's invested about US\$ 70 billion into China + Hong Kong + Macau. India, inspite of its best efforts, received only US\$ 4 billion from NRI's last year!

**India imports nearly US\$ 8 to 10 billion worth of Gold every year.** This means that we have imported nearly US\$ 96 to 120 billion worth of Gold, in the last 12 years, since liberalization of the economy.

We should try to find ways to 'funnel' this retail investment into more economical areas, to benifit the Nation and it's people.

### 2. How has China managed to get large FDI inflows from the NRC's?

Maybe, there is a lesson to be learnt by us, as to how China is able to woo its NRC's!

The largest banks in Hong Kong, HSBC and Standard Chartered, may be able to throw some light on how the NRC's have been able to invest so much in to China and Hong Kong.

- FDI .... means – Foreign Direct Investment
- NRI .... means – Non Resident Indian
- NRC ... means – Non Resident Chinese
- PIO .... means – People of India Origin
- US\$ 1 billion is Rs. 4900 crores
- N.A. .... means not applicable
- \*\*means , estimated figures

### 3. India's POT of GOLD — how can we get it back?

It is estimated that a large amount of "Indian Money", is lying outside India, due to poor governance & administration of India and due to past regimes of controls and high taxation. If India can put its "**House in Order**", to near World Class Standards, a substantial part of this money could easily come back to drive the Indian economy.

Unofficial estimates of Indian funds lying outside, range from US\$ 400 billion to US\$ 800 billion! India's total foreign debt is about US\$112 billion.

The interest rates are very low in the international markets and interest rates are also dropping in India. NRI's and PIO's would be interested to invest in Indian paper with reasonable rate of interest and attartive tax incentives.

The Indian Central and State Governments should plan for **10-15-20 year Infrastructure Bonds**, with a coupon rate of 4 to 5%, both for domestic Citizens as well as for NRI's, with tax breaks and incentives. Or it could be a *floating rate*, based on some standard base rate, + a premium of 100 to150 basis points.

India requires US\$ 400 to US\$500 billion for Education, Health Care, connecting the Water Ways and Rivers, for Ports, Airports, Railways and Roads.

After the 2nd World war, when Germany was devastated, the German Government came out with a similar scheme to build the Nation. China has had a novel scheme for many years. *It may be a good time to consider such proposals. The present rate of borrowing for Infrastructure Projects is too high!*

### 4. Only Good Governance and Effective Administration can attract higher FDI into India and induce money to flow back.

# To remove Poverty we need 100% education

## Poverty line & Related Data

The World Bank's definition of the poverty line, for under developed countries, like India, is US\$ 1 /day/person or US \$365 per year. This is being revised to US\$ 2/day/person. As per the Government of India, poverty line for the urban areas is Rs. 296 per month and for rural areas Rs. 276 per month, i.e. people in India who earn less than Rs. 10 per day.

As per Government of India, this amount will buy food equivalent to 2200 calories per day, medically enough, to prevent death. At this level of earning, even in a poor country like India, survival on Rs. 10 per day is a nightmare!

This actually translates to Rs. 3,650 per year or US \$83 per year. On what basis have our planners

decided this definition of 'poverty line'? Does it mean that the person will get enough food to stay alive? How and where is he or she supposed to cook it? What about the minimum needs in education, housing, health services, clothing, and other basic necessities?

The minimum wages in India, vary from state to state and city to city, and average Rs1250-2000/month or Rs. 15,000 - 24,000/yr. Or US \$ 300 - US \$ 500/yr. India's per capita is US \$ 600 per year. (China's is US \$ 1100).

**If we could provide urban amenities in rural areas(PURA) in every village, it would improve, education, health, family planning, agriculture, animal husbandry, GDP and reduce migration from villages to cities.**

Earnings of different types of employees in India	Converted into Rs. /month
1. Average cost of employee* in AIR-INDIA	Rs. 53,000
2. Average cost of employee* in MARUTI UDYOG	Rs. 24,000
3. Average cost of employee* in the Mumbai Municipal Corp.	Rs. 16,000
4. Minimum starting salary in the Fire Dept. in Mumbai	Rs. 7,000
5. Average earning of an Indian — US\$ 600 per year or about (This is based on a GDP of US\$ 648 billion and 1.07 billion people)	Rs. 2,180
6. Minimum earning required, as per World Bank, to live at above poverty line, for underdeveloped countries like India, China etc, about <b>US\$ 1 per day</b> or US\$ 30 per month As per New definition is <b>US\$ 2 per day</b> or US\$ 60 per month	Rs. 1,320 Rs. 2,640
7. Minimum wages, as per Government of India, for all the States, about Rs. 40 to 60 per day per person, average about Rs. 50 per day. max. Rs. 100 per day. For 25 days per month	Rs. 1,250 to Rs 2500
8. Poverty line definition, as per Government of India, see above for explanation, at Rs. 10 per day, per person, approx.	Rs. 300

Other related and relevant data	In millions/people
9. Number of people, in India, who are below poverty line	App. 290 million (29 Cr.)
10. Number of people, in India, who work in the organized Public Sector, i.e. with the Central and State Governments	App. 18 million (1.8 Cr.)
11. Number of people, in India, who work in the organized Private Sector	App. 9 million (0.9Cr.)
12. Number of people, in India, who work in the unorganized Sector	App. 400 million (40 Cr.)
13. Number of people, in India, who are unemployed/employable age	App. 300 million (30 Cr.)
14. Number of jobs which need to be created every year, to fulfill the aspirations of the people of India	App. 10 million/yr. (1 Cr.)
15. Number of people born every year in India (China is only 16 million per year)	App. 26 million/yr. (2.6 Cr.)
16. Number of people, in India, who are below 35 years of age	App. 70 million (72 Cr.)
17. Number of people, in India, who are less than 30 years of age	App. 550 million (55 Cr.)

# How to plan for world markets — A Checklist !

## 6 World markets

**Export or perish should be our 'Battle Cry'**. India has only 0.8% of world trade (China +HK 6.0%), 1.72% of world buying power (China 3.75%), 0.38% of tourist arrivals (China 11.5%), 4% of world FDI (China 10.25%), but 17% of world's human capital (China 21%). India has a large demand but very little buying power.

**Exports will push organizations to improve quality, reduce cost and improve productivity.**

For example, the **software business** and **diamond cutting industry** has transformed India in many ways and will continue to do so in the future. *This approach needs to be duplicated for all other spheres of the Indian Economy.*

### 1. Learn the power and use of the Internet, as a source of Information

The use of the Internet for any business, in today's global environment, is a must. We can get a lot of information, free of cost provided we are good at using the world wide web. The payback would be many times greater. India is going for broadband, with nearly Rs. 50,000 crores being invested. Internet telephony started from 1st April 2002.

### 2. Each Industry association to have its own website

If we want the rest of the world to know us, the cheapest and best method is to host a website.

### 3. Each individual organization to have its own website

Every company is different in terms of product and service range, experience and other business aspects. Therefore the need of each member company to have its own site which should be linked to the site of the association.

### 4. Exports are effective

only if the website & marketing literature is in international languages. If Indian companies need to reach out to Japan, Korea, China and Europe, then the website and also the marketing brochures, must also be in the language of the importing country. This has many advantages and little cost. **To boost international trade 'The People's Daily' in China prints in 6 international languages, besides Chinese.**

### 5. Domestic Business can be enhanced

by using local Indian languages. India is country with 21 cultures and as many languages. Only 5% of Indians understand English. We need to communicate in the language of our customers, Gujarati for Gujarat, Marathi for Maharashtra etc. The advantages of this is obvious, as business gurus will confirm.

### 6. Use of International Standards

The international standards are a wealth of information such as the German (DIN), British (BIS), Japanese (JIS), American (ASTM) and European (EURO-NORM). Each industry association must get for its members a copy of the relevant standards. There is free know-how available in these standards, provided we know how to read these standards and plan to achieve their quality levels. This will push us to higher quality, lower costs, higher market share and more business and profits.

### 7. Bench Mark with the best companies of the world

The Japanese have been doing this since the last 100 years, other countries have followed. The final gainer is only the organization which practices this policy. Gujarat Ambuja Cement is an excellent case study, in the Indian context. There are many such Indian companies which have gained by learning from the best companies in the world. Learning organizations will always be winners!

### 8. Indian State Capitals

need Convention Centers & Exhibition grounds of International quality. Germany is a classic example. After the 2nd World War, it was devastated. Every large city has these facilities, which then becomes a meeting ground for local companies to exhibit their wares and services, for domestic and world markets. Singapore and Hong Kong are following this example for many years.

The spin-off is multi-fold- business, M&A's, tourism, joint ventures, etc. China is doing this in a big way.

### 9. Subscribe for literature and journals

A learning organization, is the only one, which will be able to tackle competition and grow with time and also remain profitable. Visit to trade fairs, seminars and workshops, is a prerequisite for organizations. **Learning organizations spend nearly 8.33% of their time, or nearly 1 month a year in training and re-training.**

### 10. Learn a foreign language

Besides English, it is necessary for us to learn other foreign languages such as German, Spanish, Japanese, Arabic, etc; especially the ones where we want to do our exports and also imports. It always helps. **Check Chinese export & tourism websites ! German speaking countries account for nearly 15% of the world GDP. Japan accounts for another 18%. GDP of the English speaking world is hardly 45%! Our fixation, that only English is enough is wrong and is therefore hurting our foreign trade growth.**

# SME's - Backbone of any Economy

## IMPORTANCE of Small Medium Enterprises (SME's)

We are happy to enclose some findings of our research. Kindly go to [www.google.com](http://www.google.com) and search for **sme** sites of different countries. For example, see [www.smallbusinessseurope.org](http://www.smallbusinessseurope.org) and [www.esba-europe.org](http://www.esba-europe.org), for Europe.

### Small & Medium Enterprises

Small and medium sized enterprises are defined by the **European Commission** as independent enterprises that have fewer than 250 employees, and an annual turnover not exceeding E40/£25 million or a balance-sheet total not exceeding E27/£17 million (extract from the 96/280/EC, Commission Recommendation of 3 April 1996).

**SME's, in most parts of the world, means organizations with up to 250 or 500 employees.**

In **USA**, this is only half the truth. You will notice from [www.sba.gov](http://www.sba.gov), the website for **Small Business** in USA, that **Small Business** in USA could be defined either by max number of employees, which varies from 100 to 1500, or maximum turnover per year, this varies from \$0.75 to \$30 million, or the amount of financial assets, this goes up to \$ 150 million, depending upon the type of business!

There are nearly **1100 sub groups** of businesses in major groups of:- *Agriculture, Forestry, Fishing, Hunting, Mining, Construction, Manufacturing, Wholesale Trade, Retail Trade, Transportation, Information, Finance & Insurance, Real Estate, Rental, Leasing, Professional, Scientific & Technical Services, Management of Companies & Enterprises, Administrative Support, Waste Management & Remediation Services, Educational services, Health Care & Social services, Arts, Entertainment & Recreation, Accommodation, Food Services and Other Services.*

**See [www.sba.gov/size](http://www.sba.gov/size), for details.**

For **Japan** see [www.sme.ne.jp](http://www.sme.ne.jp).

In **Germany**, see [www.ifm-bonn.org](http://www.ifm-bonn.org), SME's normally means organizations with an annual turnover of up to E 40 million and/or with a maximum number of 500 employees. In Germany, nearly 80% of all trainees/apprentices (for Vocational Training), numbering more than 3 % of the German population, are with SME's!

In all countries of the world, companies start as proprietorships, become small business units and then grow to medium size units or SME's, all in the same category. **99.7% of all enterprises in the world are SME's and balance 0.30%, are Large!**

They account for nearly 80% of the employment and nearly 80% of all value addition within the economy, directly and indirectly. One could expect a similar number as far as GDP and Exports are concerned. **Enterprises means all types of business and not only Industry!**

**The present definition of SSI's, and not SME's, will only disadvantage India to be more isolated and removed from the ground realities of what goes on in this world!**

Even **Pakistan** has adopted the International definition of SME's and is implementing the same, in stages! For details see [www.smeda.org.pk](http://www.smeda.org.pk), Small Medium Enterprises Development Authority in Pakistan.

**Our one page note on making India a Hub for International Markets, is a pointer to the present state of affairs of not recognizing the advantages of SME's and how they could transform the Indian Economy.**

### Reservation for SSI - Doing more harm than good!

The size of a manufacturing unit cannot be decided by some official in New Delhi. It is decided by International market forces and by the cutting edge technology and processes, which would be required to produce the product with the best quality and lowest cost, to be able to make it world class.

A case in point is the 'Mini-Steel Plants' where thousands of crores of Indian tax payer's money was invested in about 100 mini steel plants! Most of the organizations became sick and bankrupt. In today's context a steel plant should be of 5 to 10 million tons capacity per year. Such a unit will produce low cost steel to world class quality and cost, which could trigger off many down stream units, using this low cost & high quality steel as a raw material.

A large number of units would be keen to start world class manufacturing units, for the domestic markets, but are forced to follow these guidelines, which are very restrictive in nature.

Indian organizations must be allowed the freedom to have a 'level playing field' as their counterparts and competitors in other countries of the world. SSI is only a part of SME!

**SME's** in USA, Japan, Taiwan, Europe, S.E. Asia, Brazil, China, etc., means enterprises with about Rs. 150 to Rs. 250 Crores turnover and about Rs. 80 to 100 Crores investment. **SME's are the Dynamic Sector of any Nation.**

*How can our Indian tiny & small units - SSI compete with the so called Small Businesses or SME's of the developed and developing countries? **Only decontrol and freedom will help.***

### **We MUST recognize that 'Enterprises' means all types of business and not only Industry!**

In USA, Europe, Japan and most countries of the world, SME's account for nearly 80% of economic activity and employment. Kindly see Definition of SME's and GDP analysis of the Indian Economy, In India, sadly, this fact is also here but it is NOT recognized. *For example banks will lend to an Industry but not so easily to a firm in trading, agriculture, construction, services or non-industrial activity. Why?*

# To ensure 10% to 14% GDP growth rate

## India must become an International Hub

...for manufacturing, trading and services. As one of the members of the CII & FICCI Council for **SME's**, we are pleased to pen down some thoughts, which may assist the Govt. of India, for achieving the above. *These are our personal views & suggestions and not those of CII or FICCI.*

- India has all the ingredients to achieve a status of an International Hub, however many of the attributes are latent and need to be freed, deregulated and modified. Let us mention some of the most critical ones. [**Enterprises means all types of businesses and not only Industry!**]
- North America, Europe, Japan, S. Korea, Taiwan and China constitute about 80% of the World's GDP of about US\$35 trillion. In all these countries, the definition of **SME's** means organizations with up to 250 to 1500 employees, depending upon the business. Their sales volumes are up to \$30 million in the USA, Euro 40 million in Europe, and so on.

**Very different from the present SSI Indian definition.**

- The SME's in the above countries contribute to nearly 80%, directly and indirectly, of their respective GDP's as well as Exports. SME's are nimble, flexible, vibrant, lean and flat organizations. They are like the 'Cheetah' in the forest. They contribute to nearly 80% of employment & 80% of all trainees!
- **The present definition of the Indian so called SSI's, should be consigned to the archives of Indian Museums.** It is illogical for India of the 21st century and does more harm than good to the Nation as well as to its owners and the lending Financial Institutions [in the medium & the long term]. **SSI's are born as babies and forced to remain so forever!**

### Suggested ACTION PLAN

- Government of India should make a comparison chart showing the above, especially details of definition, % of GDP, % of Exports, % of Employment, of SME's, in the above countries.
- Change the definition & all government regulations of SME's in India to fall in line with International norms [if we do not act, external forces will force us to do so in due course]. **Replace SME with SSI. Redefine all enterprises as SME's or large units.**
- Take a 'Big Broom' and sweep away any impediments, which may come in the way of the new and existing SME's in India! Whether it is employee laws, flexibility of location, better infrastructure, lower cost of finance, vocational

education & training, 100% primary literacy and enterpruenership skills development, government procedures and paper work.

- Educate & Train the key officials in the **Central Government** who are part of the economic ministries [including the MP's and Ministers] in New Delhi, about the advantages of this plan.
- Educate & Train the key officials in the **State Governments** who are part of the economic ministries [ including the MLA's] in all the key State Capitals of India, about the advantages of this plan.
- Educate & Train the key officials in the **500 top Municipalities of India** who are located in all the main SEZ's, Industrial Estates and Municipalities of the State [including the municipal councilors], about the advantages of this plan.
- Educate & Train the key officials in the **SSI/SME organizations** as well as the financial lending institutions in the states of India, about the advantages of this plan. **They will be the biggest gainers in this restructuring.**

It pains us to see where India is today and where it should be! Most of our problems are man-made and therefore there is hope of change!

China's manufacturing sector is 50% of GDP or \$650 billion per year, against India's 16% of GDP or \$96 billion per year. China exports nearly 65% of its manufactured products. With better governance and effective administration, India could make it's manufacturing sector also to 50% of GDP and make it world class in cost and quality.

The term 'labour', refers to the 19th century and should be changed to 'employee', to cover all employees. **The general impression is that organised sector employees are protected even at the cost of the entire nation.** *Inspite of a large pool of of skilled human capital, India cannot become competitive, if it cannot use the best talent.*

India's human capital **in the organised sector** is not always market driven, in terms of quality and cost.

*This leads to high cost, wastage and uncompetitiveness of Indian goods and services in domestic as well as international markets.*

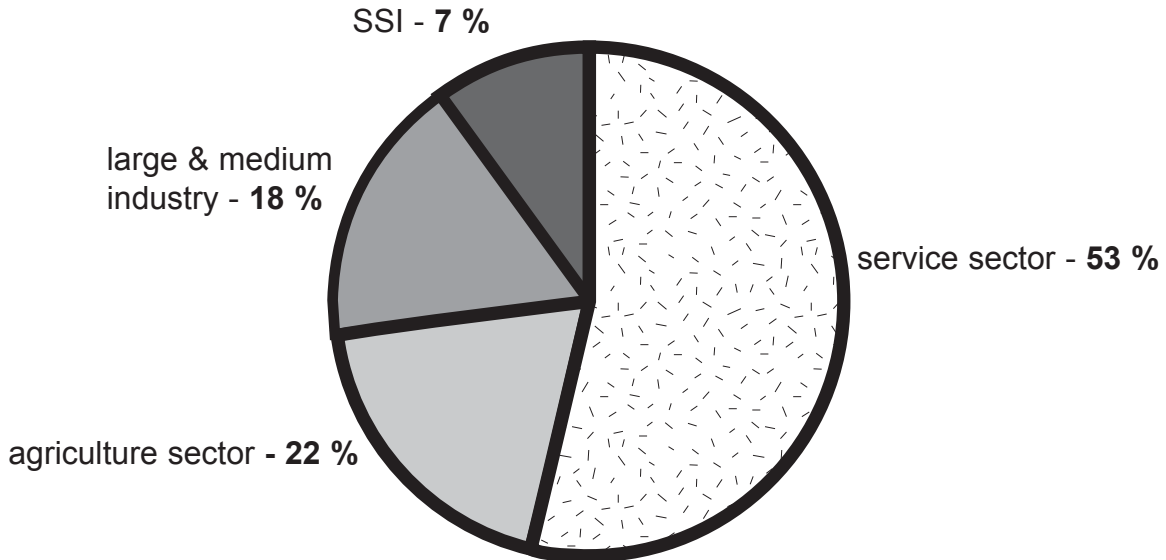
**This greatly influences and sets work culture and work ethics standards for the nation, which prevents the full potential of India's PPP, purchasing power parity, position to be fully realised.**

Please see our **Relevant Manufacturing Policy** for India, for details.

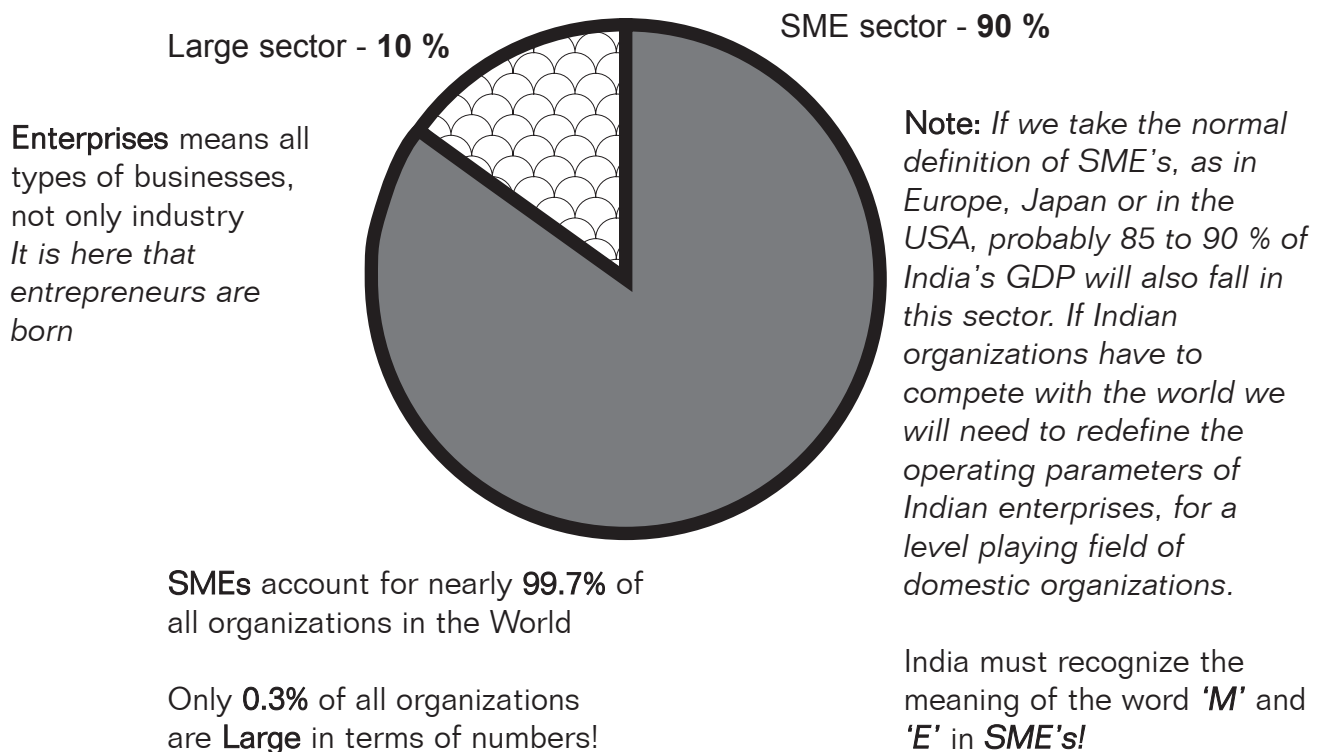
# GDP analysis of the Indian economy to highlight the importance of **SME's** (small medium enterprises)

## 1. **SME's are 80% to 90% of GDP**

1. **GDP break-up** of the Indian economy - services, agriculture, large & medium industry & SSI (small scale industry)



## 2. **GDP break-up** of the Indian economy - large sector and SMEs



# Catch me if you can?

## China — India, Economic & Social-Economic Factors

Economic / Social factor	Unit of measure	China	India
1. Total Area (out of which water)	millions of sq km	9.60 (2.8%)	3.29 (9.5%)
2. Arable Land	millions of sq km	1.48	1.79
3. Irrigated Land	millions of sq km	0.53	0.61
4. Railways - length	in km '000	70.06	63.14
5. Roadways - paved - length	in km '000	1,402	1,577
6. Waterways - length	in km '000	121	14.5
7. Natural Gas - Proved Reserves	in billion cu m	1,290	545
8. Oil - Proved Reserves	billion bbl	26.75	4.33
9. Airports - Total/paved/unpaved	numbers	507/332/175	333/234/99
10. Coastline	in km	14,500	7,000
<b>11. Steel Production</b>	million tons/year	<b>250</b>	<b>35</b>
<b>12. Food grain production</b>	million tons/year	<b>418</b>	<b>210</b>
<b>13. Cement Production</b>	million tons/year	<b>650</b>	<b>130</b>
<b>14. Crude Oil production</b>	million tons/year	<b>180</b>	<b>40</b>
15. Coal Production	million tons/year	1,300	300
16. Electricity generated	Billions of Kilowatts	1,420	533
<b>17. Transmission &amp; distribution losses</b>	as % of total power	<b>6.8</b>	<b>23.4</b>
18. Electricity tariff	US\$ / 100 KW	4 to 5	8 to 10
<b>19. Cost of commercial borrowing</b>	as % interest/ year	<b>6 - 7</b>	<b>8 - 16</b>
<b>20. Telephone lines connected</b>	millions	<b>263</b>	<b>45</b>
21. TV sets in households	millions	500	85
<b>22. Mobile/cellular phones</b>	millions	<b>269</b>	<b>53</b>
23. Internet users	millions	94	19
<b>24. Foreign trade (China+HongKong)</b>	US\$ billions/year	<b>1,288</b>	<b>160</b>
25. Bicycle Production	millions per year	55	8
<b>26. Exports (China+HongKong)</b>	US\$ billions/year	<b>662</b>	<b>75</b>
27. Imports (China + HongKong)	US\$ billions/year	628	85
<b>28. Tourist Arrivals</b>	millions/year	<b>87</b>	<b>3</b>
29. Non-Resident citizens	millions[approx]	50 - 55	20 - 25
30. GDP of Non-Resident citizens	US\$ billions/yr.	700 - 500	425 - 325
31. FDI inflow (China + Hong Kong)	US\$ billions/year	106	6
<b>32. Forex Reserves (China+Hong Kong)</b>	US\$ billions	<b>680</b>	<b>142</b>
<b>33. GDP</b>	US\$ billions	<b>1,460</b>	<b>645</b>
34. GDP Growth (2004)	in % rate over last year	9.1	8.4
35. GDP Composition - Agriculture % / Industry % / Services %		48/23/29	60/17/23
36. Population	millions	1,260	1,060
<b>37. Population increase per year</b>	millions	<b>7.2</b>	<b>15.3</b>
<b>38. Birth rate</b>	Numbers per 1000	<b>13</b>	<b>27</b>
<b>39. Per Capita income</b>	US\$ per year/person	<b>1,100</b>	<b>600</b>
40. Life expectancy	Years	73	63
41. Poverty line - %	% of total population	7	25
<b>42. Poverty line - numbers</b>	Numbers in millions	<b>88</b>	<b>265</b>
43. <b>Size of family</b> , average [1998]	Numbers	<b>3.63</b>	<b>5.52</b>
44. Employment of women	% of work force	46.50	32.1
<b>45. Population Growth Rate</b>	% of population	<b>0.57</b>	<b>1.44</b>
46. Infant mortality rate	Death Rate per 1,000	31	58
<b>47. Hospitalized delivery rate</b>	% of births	<b>67</b>	<b>35</b>
48. Maternal mortality rate	Rate per 100,000	42	410
<b>49. Fertility Rate</b>	children born/woman	<b>1.69</b>	<b>2.85</b>
<b>50. Literacy Rate</b> - Defined as age 15 and over	can read & write - % of Pop	<b>92</b>	<b>60</b>
51. Death Rate	Rate per 1,000 pop	6.92	8.38
52. Public Debt	% of GDP	36	60
53. Unemployment rate	% of population	10	9.5
54. Labour force	in millions	778	472
<b>55. People living with HIV/AIDS</b>	'000 (2003)	<b>840</b>	<b>3970</b>

Note: Some important parameters are in bold lettering



# Comparison with other Countries

## Economic comparison—selected countries

COUNTRY	LAND AREA SQ KM '000	GDP US\$ BILLION	POP MILLION	GDP PER CAPITA US\$/YR '000	IMPORT US\$ BILLION	EXPORT US\$ BILLION	LIFE EXPECTANCY YEARS	LITERACY % OF POP	TEL LINES LAND + MOBILE MILLION	ROADS KM '000	LABOUR FORCE MILLION
USA (1st )	9,632	10,990	293	37.8	1,260	715	77	97	341	6,406	148
Japan (2nd)	378	3,582	127	28.2	346	447	81	99	148	1,162	67
Germany (3rd)	357	2,271	83	27.6	585	697	79	99	119	230	43
France	547	1,661	60	27.6	340	347	80	99	76	894	27
Switzerland	41	239	7.5	32.7	103	110	80	99	12	71	3.7
Belgium	31	299	10.4	29.1	173	183	78	98	13	148	4.7
Holland	42	462	16.3	28.6	218	253	79	99	23	116	7.5
<b>Russia*</b>	<b>17,075</b>	<b>1,282</b>	<b>144</b>	<b>8.9</b>	<b>75</b>	<b>135</b>	<b>67</b>	<b>99</b>	<b>53</b>	<b>532</b>	<b>72</b>
<b>Brazil*</b>	<b>8,512</b>	<b>1,375</b>	<b>184</b>	<b>7.6</b>	<b>48</b>	<b>73</b>	<b>72</b>	<b>87</b>	<b>87</b>	<b>1,725</b>	<b>83</b>
UK	245	1,666	60	27.7	364	305	78	99	86	372	30
Canada	9,985	959	32	29.8	241	280	80	99	33	1,409	17
Pakistan	804	75	159	0.5	13	12	62	46	5	254	44
Hong Kong	1.1	213	6.8	28.8	230	226	81	94	12	1.8	3.5
U. A. E.	8.2	58	2.5	23.2	37	57	75	78	4	1.1	2.2
Malaysia	330	208	23.5	9.0	75	98	72	89	16	66	11
Thailand	514	477	64.9	7.4	65	76	72	93	23	65	35
Singapore	0.7	110	4.5	23.7	122	143	81	93	6	3.1	2.2
<b>China*</b>	<b>9,600</b>	<b>1,341</b>	<b>1260</b>	<b>1.1</b>	<b>398</b>	<b>436</b>	<b>73</b>	<b>92</b>	<b>532</b>	<b>1,402</b>	<b>778</b>
<b>India*</b>	<b>3,288</b>	<b>645</b>	<b>1070</b>	<b>0.6</b>	<b>85</b>	<b>75</b>	<b>63</b>	<b>60</b>	<b>98</b>	<b>1,577</b>	<b>472</b>
<b>World</b>	<b>148,940</b>	<b>36,300</b>	<b>6,379</b>	<b>5.7</b>	<b>7531</b>	<b>7421</b>	<b>64</b>	<b>77</b>	<b>1,843</b>	<b>NA</b>	<b>NA</b>

- \* The BRIC countries as per the Study of Goldman Sachs are - Brazil, Russia, India & China
- The above table compares nearly 19 countries against some basic parameters as mentioned at the top of the table.
- The purpose being to compare India not only with the BRIC countries but also with the 'Big Three', USA, Japan and Germany and with some other developed and developing countries in Europe and Asia.
- The tables on pages 32 and 33 are ready reckoners for people in India to know where we are in 2005 and where we need to go from here.
- The table clearly shows the top priority which INDIA needs to give towards human development such as in education and health.

<1 billion = 1000 million> < 1 million = 10 lacs> <1 crore = 100 lacs = 10 million> <1 US\$ = Rs 44 (approx)>

# Notes for the reader

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Contact Vishwas V. PrabhuTendulkar, 13 Matru Chaya, Shrirang Society Rd., Opp. Hotel Abhiruchi, Above UTI Bank ATM, Thane(W) - 400601. (T) 022- 56024592 (M) 9223411050, Email vishwas\_t@yahoo.com

## Founders of *i Watch*

Please see [www.wakeupcall.org](http://www.wakeupcall.org)

## Funding of *i Watch* activities

Funding, on account of Infrastructure, Capital and Revenue expenses has been provided by the founders, advisors, friends & well wishers of *i Watch*

## How to become a Member

It's very simple and easy, just send an email to [krishan@vsnl.com](mailto:krishan@vsnl.com) giving your background and why you wish to become our member. The only requirement is that you should be an Indian Citizen, NRI or PIO. Please duplicate and magnify the efforts of our NGO! Kindly see the 26 short articles inside this booklet, for details.

## Networking with other NGO's

We would like to network and magnify the efforts of other NGO's who are working in India on issues similar to those of *i Watch*.

The mission and goal of *i Watch* is supported by Times Foundation



# Notes for the reader

## About this 36 page booklet

- This presentation has been structured for the benefit of the citizens of India, e.g., politicians, farmers, officials, professionals, teachers, students, scholars, businessmen, housewives, engineers, doctors, lawyers, consultants, NRI's, PIO's & the youth of India.
- The matter furnished herein has been updated to take into account current available data, wherever possible.
- All paragraphs have a subheading, for ease in reading.
- The reader is requested to consider the contents of these pages in the spirit in which they have been written, to mobilize thought and action for the people of India. it is not a sermon, rather a statement of facts, to facilitate further awareness & action within the country, with the sole purpose to benefit the People of India.
- Each note is 'Stand Alone'. Any one of them can be read, at any time.

## Disclaimer

The information mentioned in this booklet has been collected from various sources in India and outside, during the last 13 years. *i Watch* does not take any legal responsibility for the accuracy of the data provided. We do not recommend that investment and business decisions be taken, based on the data provided in this booklet.

## Suggested Reading about CHINA

- Books about China, printed by the Foreign Languages Press, Beijing. Website: [www.flp.com.cn](http://www.flp.com.cn)
- *The Chinese Economy into the 21st Century - Forecasts and Policies*, by Li Jingwen.
- *Reforming China's State-Owned Enterprises*, by Gao Shangquan & Chi Fulin
- *China's Economic reform at the turn of the Century*, by Chi Fulin
- *Investing in China: Questions & Answers* by Pan Zhilong & Pan Chi

## Sources for Information and Data

- *China Daily*, Beijing Edition
- The above books about China
- World Fact Book - CIA
- *World Development Indicators*, Published by the World Bank
- *International Year Book of Industrial Statistics*, Published by UNIDO
- *Statistical Outline of India - 2004-2005*, Published by the Tata Services Ltd.
- *Business Today*, dated 28 April, 2002.
- *Business World*, dated 10 June, 2002.
- *Business India*, dated 22 July 2002.
- *The Economic Times*, *The Financial Express*, *Business Standard & Business Line* Various articles on the Chinese and Indian Economy, and comparisons with each other

## Registration with Charity Commissioner

*i Watch* is a registered charity, registered with the charity commissioner in Mumbai, Maharashtra, India. File No. 3130 of 18th of May 2001. Registration No. E-21498 dated 29th of January 2004. Income tax exemption, under section 80G is available upto March 2006, as per ITO's letter dated 8th of November 2004.

## We welcome your help & creating awareness within INDIA

- Your time and effort
- Your networking within and outside India

## Additional copies

- **TRANSFORMING INDIA** is available in English, Hindi, Urdu, Marathi & Gujarati, **at Rs. 50 per copy**. Work in Bengali, Oriya, Assamese, Punjabi, Tamil, Telugu, Kannada & Malayalam is in progress. We hope to offer in all 13 languages, as above.
- We seek volunteers from Organizations, Citizen Groups, NGO's and Indian citizens in all the state capitals and other towns & cities of India, to promote our thought process
- English is only understood by 5% of Indians and therefore it is essential to communicate in all major languages of India.
- Kindly send cash or demand draft to Vishwas V. Tendulkar, as per details on page 34, under Interactive Workshops. Individuals as well as organizations who wish to avail of Income Tax benefits as per 80G, kindly mark cheques only in the name of ***i Watch***, and send at address below

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## Abbreviations used in this book

GOI - Government of India  
SSI - small scale industry  
SME -small medium enterprise  
NGO - non-government organization  
NRI - non resident Indian  
PIO - person of Indian origin  
FDI - foreign direct investment  
GDP - gross domestic product  
CII - Confederation of Indian Industry  
FICCI - Federation of Indian Chambers of Commerce  
ASSOCHAM - Associated Chambers of Commerce  
MHRD - Ministry of Human Resource Development  
VET - Vocational Education & Training  
ESD - Enterprise Skills education  
P&SE - Primary & secondary education  
SEZ - Special Economic Zone  
SQ - Spiritual Quotient  
EQ - Emotional Quotient  
IQ - Intelligence Quotient  
PPP - Purchasing Power Parity

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# Action Plan for GDP growth rate of 10% to 14% per year

	Suggested Priority for different areas within the Economy	%
1	<b>Governance &amp; Administration</b>	10%
2	Relevant <b>Education &amp; Training</b>	10%
3	<b>Manufacturing</b> - Importance of <b>SME's</b> (SME's are 90% of GDP. SSI is only 7% of GDP)	20%
4	<b>Travel &amp; Tourism</b> as an Enterprise	10%
5	<b>Health Care</b> as an Enterprise	10%
6	<b>Education &amp; Training</b> as an Enterprise	10%
7	<b>Software &amp; I.T.</b> as an Enterprise	10%
8	<b>Agriculture &amp; agriculture related Enterprises</b> in Rural India	20%
9	<b>Exports</b> of items 2, 3, 4, 5, 6, 7 & 8 - <i>Maximize! Maximize! Maximize!</i>	↑

India's GDP is about **US\$ 648** billion per year. India's exports of I.T. would be about US\$ 17 billion in 2004 - 2005, about 2.7 % of India's GDP.

*Therefore, I.T. and software is NOT everything!*

**We need to understand the importance of the balance 97 % of the economic activity!**

*Here are some examples, only five other sectors considered.....*

1. **Wholesale & Retail** Business worldwide is **US\$ 10,500** billion per year. **20 times** of I.T.
2. **Manufacturing** Business, worldwide is **US\$ 9600** billion per year. **18 times** of I.T.
3. **Tourism & Travel** Business, worldwide, is **US\$ 4700** billion per year. **9 times** of I.T.
4. **Health Care** Business, worldwide, is a **US\$ 2700** billion per year. **5 times** of I.T.
5. **Education** Business, worldwide, is **US\$ 2500** billion per year. **5 times** of I.T.

**Do we give them that much importance?** This is a missed opportunity for *GDP improvement & employment generation* in India.

**Manufacturing accounts for nearly 75% of Government revenues! It is Employment Intensive!**  
*No Nation can be developed without it! 60% of Indians depend upon Agriculture!*

Items 1 to 9 in the above table, will force & drive us to improve the **Infrastructure of India.**

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Rs.50**

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