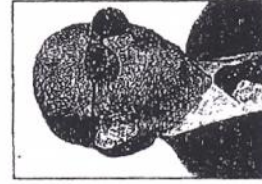


Look, the elephant gallops

THIS has been an incredible year for India and the pace of change has been so rapid that the world is yet to catch up with it. Most people, even supposedly well-informed public opinion builders outside India, still perceive India in the traditional way.



TARUN DAS

Old stereotypes about the Indian economy fell by the wayside this year

First, let's take the perception of an India, protectionist, not wanting to engage the world on trade issues, holding back WTO, asking for the failure of Cancun, and so on. This view is being expressed without the realisation that India actually had a progressive, forward-looking mandate for Cancun which covered both Agriculture and the Singapore Issues. Unfortunately, Agriculture was never discussed and, on the Singapore Issues, the Cancun meeting was aborted through two of the four issues had been resolved. The old, outdated view of India forgets the fact that the same India has concluded an FTA with Thailand and the ASEAN and is in advanced negotiations with Singapore. There are numerous other examples of this trend.

Fifth, that India is running scared of globalisation. No question — this was true in the 90s as the first pain of liberalisation and competition were felt by Industry in India. But, over the last three years there has been enormous restructuring, cost cutting, downsizing and efficiency building. Today, Indian business is by and large competitive and confident. It's a new paradigm. Corporates are not running scared anymore. In fact, they are venturing out, into other markets, acquiring companies, investing globally and building a new breed of Indian MNCs.

Fourth, that India is really Fortress India with high tariff walls, a country that is reluctant to open its markets. The trade data with China is useful to show this is not so. Bilateral trade in 2002 stood at \$5 billion. In 2002, it stood at \$7 billion plus. This was in tandem with a huge growth in

Sixth, FDI levels are low com-

is outdated and obsolete, reflecting its general state of backwardness. Happily, this is not so. Technology denials, sanctions and the like, forced India to focus on the development of technology in India — successfully. The space, nuclear and defence programmes fuelled development of technologies by companies in India which are state-of-the-art. Also, the global leadership in Information Technology helped India enormously so that there is capability to build anything from cars to space ships across a range of Indian industry.

Eighth, the perception of India's slowness and lack of speed in a world crazy for speed. The Southeast Asian financial crisis did not batter India, thanks to its slowness. Democracy, debate, the media, all contribute to every issue being discussed threadbare before conclusions are reached. It's the story of the hare and the tortoise. Slow and steady wins the race. India is a conservative country. It is intrinsic in Indian culture to move with caution. And this way works — by the way!

The final perception of India which is also wrong relates to the "brain drain" and its impact on India. With 200,000 engineers being produced annually, with millions of English-speaking graduates, with the emergence of graduate education as a huge, new thriving sector, India is able to meet its requirements of talent and still spare some for the world outside. Interestingly, many NRIs are now returning to India because of the multiple opportunities for employment and self-employment within the country.

So, there is a new India happening. A new powerhouse. It's happening slowly. Almost invisibly. Old perceptions will, therefore, stay for a while especially since Indians, by nature, are reticent about marketing their success aggressively. But Indian watchers are seeing the change process as a youthful India takes its place on the world stage.

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imports from China. The problem for the competition is that East Asian economies are more competitive and are taking a great deal of India's business.

And, there's a new story. India's agriculture revival. Manufacturing growth. Services boom. Infrastructure investment. These are all fuelling GDP growth of over 7 per cent. And, with it, demand for products and services. China and South and East Asia are the beneficiaries. Even US exports are rising. The tariffs are equal for all and steadily declining. The market is open but very competitive. Traditional foreign suppliers have to face new competition from Indian corporates and others.

pared to China — reflecting a negative story about India. Unfortunately, this is a very simplistic view because India's development model is different. Growth comes from both domestic resources and external investments. Not one or the other. But, both. And, India is showing to the world a way to growth and development which is different from the standard formulae churned out in the 90s — that FDI is the only route to growth. Of course, FDI is important but so is domestic resource and financing coming from the rich abundance of Indian enterprise. Our entrepreneurs can generate wealth with innovation and creativity.

Seventh, Technology in India