

India's Booming Economy Is on An Upward Surge

By Subhash Vohra

Washington

28 December 2007

[Subhash Vohra's Report 1.2 MB \(Real\) - Download](#) 🗣️

[Subhash Vohra's Report 3.4 MB \(MP3\) - Download \(MP3\)](#) 🗣️

[Subhash Vohra's Report 3.4 MB \(MP3\) - Listen \(MP3\)](#) 🗣️



A mall in New Delhi. Some 500 malls are being built across the country

India is one of the fastest growing economies in the world, boasts annual growth rates of nine to ten percent. Globalization and advances in communications have brought tremendous change to the south Asian giant. "A soaring economy and crumbling trade barriers are making India a 'must visit' destination for foreign politicians and executives." So editorialized the *New York Times*, one of America's most influential newspapers.

The *New York Times'* New Delhi correspondent Heather Timmons says diverse groups of investors are studying India carefully as the nation embarks on the privatization of key industries. She notes that India welcomes millions of graduates who are fluent in English and comfortable with technology and Western business practices, into its

sprawling workforce.

"Bald demographics make India impossible to ignore, and the slowdown in the United States economy adds to its appeal. About half of the country's 1.1 billion people are under 25, and its rapidly expanding middle class is already estimated to be as large as the entire population of the United States. A rocketing stock market and a fast-growing class of the superrich add to its appeal."



German Chancellor Angela Merkel with India's Prime Minister Manmohan Singh during her recent visit to New Delhi



With more than a billion residents, India is home to one-sixth of the human race. Some experts estimate India's middleclass at more than 300 million people

Cross-border trade, foreign direct investment, and the outsourcing of Western manufacturing and services, such as "help" call-centers, are also changing the face of the country. Ray Titus teaches post-graduate and executive education courses at the Alliance Business School in Bangalore, India. Professor Titus says the effects of globalization are clearly evident in India's urban areas.

"For the first time Indians have access to product and services that they never had access to before. Some of them curiously are manufactured here in India. In addition to that, increased level of industrial activity is now seen in India. Lots of jobs have come to India because companies in the United States have seen that there are greater locations, economy in terms of working and operating in India."

Another factor that strikes a visitor to India is an explosion of consumerism in its booming cities.

Yet a large majority of Indians still live in rural areas. Professor Titus says that one of the striking aspects of India's growth is that it seems uneven when one looks at conditions in the countryside. "Life has not changed for the people who still live in the rural area. You see 70 % of India still lives in the rural areas. At the moment the effect of liberalization or globalization is more "metro centric." They apply to metro cities in India, they move to smaller towns but they have not yet trickle down to the rural level. If you ask me, has life changed dramatically for them because of globalization, my answer would be, No."

Growth, globalization, and advances in communications have brought rewards to a certain segment of India's population. But growing inequality in the country could tear at its social fabric, according to *New York Times* correspondent Heather Timmons: "India's biggest problem may not be poverty, but may be the divide between the rich and poor," says Ms. Timmons. "With the spread of television throughout the country even in the smallest village people are aware that somewhere in this country someone is making a million dollars."

In a recent survey conducted by the reputable Pew research organization, Indians expressed positive feelings toward the United States, a contrast with other regions of the world. Will India be a firm global partner for the United States? Professor Ray Titus, of Bangalore's Alliance Business School, replies in the affirmative.

"I think the answer is an unequivocally "Yes". India is going to be partner country with the West, especially the United States, in areas such as technology, manufacturing and services, as much as a partner with countries across Europe. That is going to happen. I think it is going to be a growth that is collaborative in nature. I think both are going to benefit each other. I think it is going to be symbiotic relationship. If you ask me, are these partnerships going to get better in the future? I think Yes."

Some experts estimate India's middle-class at more than 300 million people. According to *New York Times* reporter Heather Timmons, India is now crushed with visitors. She says many are business executives seeking to expand operations, sign deals, obtain local partners, and sell products. Others come just to soak up the contradictions that characterize the world's largest democracy, a melding of chaos, drive, and opportunity. "I think if you are a multinational corporation, or you are an American corporation or a European corporation, you need to look to India for growth. As I said, the demographic here, with more than half of its 1.1 billion people under 25, and with people going into the middle class, mean that if you are selling any sort of consumer product, you just can't ignore India at all."

Trade, investment, manufacturing and construction activities are visible everywhere. The capital Delhi, whose residents number 15 million, is a changed city with the construction of malls, roads, flyovers and highways. The construction of the first phase of the Delhi Metro – its subway-commuter rail system – took less than seven years to build, several months in advance of its target date for completion.

More than 60 kilometers of underground tunnels and above-ground elevated lines now carry several hundred thousand people daily. To deter terrorism, all passengers must go through metal detectors. Work on similar transit projects is going on in several other major cities. And signs of a boom are everywhere. Almost every city is seeing frantic construction activity.

According to the London-based *Economist* Magazine, some 500 malls are being built across the country. Some five million mobile phones are added each month to meet the soaring demand. IBM, Microsoft, Intel and Cisco have large-scale investments in India. IBM staff in India now constitutes about 40,000 employees.

Despite its lingering poverty and structural inefficiencies in some key industries, many analysts



Delhi Metro –its subway-commuter rail system – took less than seven years to build, several months in advance of its target date for completion

have concluded that India is destined to become an economic powerhouse in the 21st century.

To listen to all of the comments, click on the audio link above.

Print