

**PRAVASI BHARTIYA DIVAS NEW YORK
23 September 2007**

**MINISTRY OF OVERSEAS INDIAN AFFAIRS
CONFEDERATION OF INDIAN INDUSTRY**

RECORD OF PROCEEDINGS

Inaugural Session

More than 400 people attended the inaugural session of the first Pravasi Bhartiya Divas to be held outside India.

Mr Sunil Bharti Mittal, President, Confederation of Indian Industry, welcomed the participants and said that PBD 2007 in January had been a very successful event. The current PBD in New York would revive the initiatives and promises. He introduced the key speakers for the day.

Ms Neelam Deo, Consul-General of India, stated that the PBD had been organized in response to the wishes of Indians living in US. She said that PIO can now benefit from India and utilize what they have learned in their country of adoption.

Mr Nirmal Singh, Secretary, Ministry of Overseas Indian Affairs, delineated the initiatives of the Ministry including introduction of the Overseas Citizen of India scheme and institution of the post of Counsellor, Community Development to directly interact with local Indian associations. He said that it was appropriate to hold the PBD in New York as the number of PIO in North America was the largest anywhere. The flagship event of the Ministry, the PBD, held in partnership with CII explores opportunities for PIO/NRI in economic, social and cultural fields. MOIA has been established to address problems of overseas Indians and has resolved some constraints.

Mr Singh said that the Indian diaspora is the largest after the Chinese with an estimated income of \$160 billion. Just as overseas Chinese have played a major role in bringing foreign direct investment to China, NRI/PIO can also play an important role in India's economy. The Overseas Indian Facilitation Centre has been set up as a one-stop shop in partnership with CII to assist in this. The Secretary concluded by inviting the participants to attend PBD 2008.

Mr Ronen Sen, Ambassador of India to the USA, expressed his appreciation to the Ministry for organizing the PBD in New York with the collaboration of CII. India has changed in the last six decades and has proved the resilience of its democratic institutions in the face of challenges. It is now the fastest-growing democracy with vast civilizational heritage. He stated that the United Nations is observing Gandhi Jayanti from this year as International Non-Violence Day.

Ambassador Sen pointed to the rapid transformation of India-US relations in many fields, strengthening bilateral partnership. He stated that the relationship has never been so good and is on an upward trajectory. He saluted the invaluable role of the Indian community in shaping perceptions. Regarding the civil nuclear deal, the voice of the community has been heard with respect. Their commitment to values, work ethics, excellence, entrepreneurship and innovation has won them laurels. They are the most prosperous and educated community in the US.

The strengthening relations of the two countries help the community to collaborate with India in many areas such as agricultural research, human resources, entrepreneurship and innovation. The role of the community is to build better understanding and friendship and India hopes to benefit from their experiences, concluded the Ambassador.

Mr Vayalar Ravi, Minister of Overseas Indian Affairs, stated that the Indian community in US and Canada is the largest in the world. Tracing the saga of overseas Indians in the US, he said that it is a story of extraordinary courage and enterprise and of struggle. Indians have transformed the economies of countries. India has also changed now, with 9% GDP growth and double-digit industrial growth. It is time to forge a close partnership with the India diaspora, stressed the Minister.

Mr Ravi stated that the annual income of the diaspora is 30% of India's GDP, but their role in India has been less than what it is capable of. They must strengthen economic engagement with India. Remittances from overseas Indians were \$23 billion last year, but half was from poor overseas Indians in the Gulf. FDI from NRIs has been less than 5% cumulatively. The Indian diaspora can contribute not just in terms of money but also in knowledge, skills, ideas and community action, he pointed out.

The OIFC of the Ministry and CII will help Indians to invest in and benefit from India. He lauded CII for its good job in the OIFC and in organizing the PBD. He invited Indians to attend the PBD 2008, a platform for the strong partnership of India and the Indian community.

Mr Sunil Bharti Mittal in his concluding remarks said that a lot has yet to be done. Both sides are enjoying the benefits of each other's success. India is now a continent of consumers. One-sixth of Indians in the US are millionaires. Their bright minds can help accelerate development in India. Education and skills are India's most important challenge, and Indian corporates are waiting to participate in primary and higher education and skill development in India. This is the best possible area of partnership for overseas Indians, he stated. Other important areas are infrastructure, rural development, agricultural production, etc. India, he

said, beckons you, it can consume investment, and is a great destination for investment. He expressed delight that CII could partner with MOIA in this event.

Session 2: Investing in India

The Key Note Speaker for this session was Mr Kamal Nath, Minister of Commerce and Industry and the session Moderator was Mr Sreenath Sreenivasan, Co Founder, SAJA. The panelists included Mr Nandan Nilekani, Co Chairman, Infosys Technologies, Mr Anil Kumar, Co Chairman, CII Indian American Council, Prof Arvind Panagariya, Jagdish Bhagwati Professor of Economics, Columbia University, Mr Parag Saxena, Chairman, Vedanta Capital, and Mr Sam Kannappan, President, ABI Enterprises.

Mr Kamal Nath, Minister of Commerce and Industry, said that there has been a huge difference on perceptions of India in the last 60 years. Indian diaspora represents the intellectual and entrepreneurial talent of India. India is not recognized as a hard power but of art, culture, and its ethos of unity and harmony and this is valued by the world. India is the largest democracy and a young country raring to go. India started globalizing through its diaspora. It has made its mark across the world and is the face of India. India has a high growth trajectory with strong fundamentals but is full of complexities and paradox. It cannot look upon itself as a power as 300 million people still live on less than a dollar a day. It has complexities of economic management, governance, polity and is unlike other countries. Its growth is domestic market driven. China's growth is export market driven and they started reforms before India. 15 years after reforms, their FDI was \$6 billion, while in India it has been \$15.5 billion.

India's credibility lies in its laws and implementation. Its institutional strengths score over all countries. Soon it will have laws to make it an offense to import counterfeit goods.

Mr Nandan M Nilekani pointed out the opportunities for diaspora in services and outsourcing which is now a success story, with 3% of GDP and employing 1.6 million people. The increase in scale will create world-class companies. Improvements in technology are creating new paradigms in BPO, medical transcription and consulting. Sophistication has gone up, and companies offer not only lower costs but strategic solutions for competitiveness and transformation of clients. Outsourcing has brought out the value of human capital and can be leveraged globally. It also has a larger social purpose and activities in education, health, urban governance, etc. will increase.

Mr Sam Kannappa said that there is a lot of respect for Indian entrepreneurship in Texas now. There is no longer need to sell India as everybody wants to do business with the country. The concerns are that it is a vast country and there is lack of information and transparency and accountability. He stressed that India has educated NRIs and they would like to give back to the country. Facilitating

investment and continuous communication will bring Indian American dollars to India.

Mr Parag Saxena said that laws in India must be implemented and simplification of procedures is required. It is easier to invest in mutual funds than to bring in FDI. FDI need not go through Mauritius. He said that FDI can increase to \$2-5 billion per year. But there is need for a fixed exchange market and a long term bond market. He pointed out that 15% of Indian Americans live below the local poverty line.

Mr Anil Kumar stated that the flow of talent, wisdom, expertise and time is invaluable. The Indian American Council facilitates this. It links individuals to hospitals, companies, persons and helps to contribute networks and resources. Indians have been collaborating in India, giving lectures and conducting programs etc.

Responding to questions, Minister Kamal Nath agreed that bureaucracy is slow in India; however, much in India is new such as public private partnership, institutions, regulatory frameworks, etc. Governance change is being addressed and the Right to Information Act is a radical step. US companies in India yield more than in other parts of the world.

Regarding foreign exchange manipulation to favor IT companies, Minister said that India does not manage its foreign exchange rates and government intervention is no longer valid. On pollution, he said that environmental concerns are being built into the development process. India's position is that large countries have responsibility and per capita consumption is low in India. The country has nuclear safeguards and will follow internationally accepted norms. On medical imaging, he stated that accreditation should be private sector based.

On small investments, Mr Kannappa said that there are a lot of success stories and investments are safe. A knowledge of industry is needed; at the same time, government must be open with the community and assist it.

On other matters, Mr Nath said that from managing poverty, the country has moved to removal of poverty. The strong NGO sector is engaged in partnerships with the government. India is also using IT in manufacturing, so movement of engineers to IT is required for this also. A new policy for higher education will be announced soon, including foreign higher education providers. An Integrated Food Law is also in the pipeline. FDI in retail is a contentious issue. The government encourages incremental FDI that will not displace existing employment as retail is the largest employer in India. Concluding, the Minister said, "All of you are at the bus-stop. Don't miss the bus."

Luncheon Keynote

Prof C.K. Prahalad, Paul and Ruth McCracken Distinguished University Professor, Ross School of Business, University of Michigan, delivered the luncheon keynote address on the topic India@75. Mr Tarun Das, Chief Mentor, CII, introduced the speaker, describing him as a thought-leader and path-finder who correctly foretells the future.

Prof Prahalad began by saying that while India has a lot to celebrate at 60, accomplishments are in the past. Leadership is about the future, about change and about hope.

India@75 can actively shape the world order through its economic strength, technological vitality and moral leadership. In 2022, it has the potential for the largest pool of trained manpower, leaders in industry and commerce, 10% of world trade, global innovations through new business models of low capital intensity, focus on Bottom of the Pyramid as a source of innovations, flowering of art, science and literature, and for becoming a new benchmark for coping with diversity and a new moral voice for the world.

To do this, India would have to balance aspirations and resources which is the essence of entrepreneurial transformation. The mismatch of aspirations and resources creates innovations. India should get more for every rupee spent or change the game to its advantage. Secondly, it has to imagine 'there' before it can get it. It needs to 'fold the future' rather than extrapolate from the past in small clear steps. Third, it must focus not on best practices but in next practices. This implies amplification of weak signals. A distinct point of view is needed. Incrementalism will not get us there and a radical rethink is needed. The key will be a shared commitment to goals. A distinct point of view about opportunities needs to be developed.

The agenda for this will be about the issues that are emerging: a) income inequality rather than poverty, b) income levels to lifestyles c) universality of aspirations, d) impacts on price performance, e) universal access to high technology, f) straddling the pyramid and g) environment. A new model of development needs to be found for a pluralistic country such as India.

A rapid movement away from poverty has led to increased income inequalities. India's Gini coefficient has increased and HDI ranking is 121. This is a potent mixture for social revolution. Should the focus be on increasing incomes, income mobility or income inequality? Increase in income mobility is the antidote to income inequality. How can globalization be made to work for all is the question rather than whether globalization is good or bad for the poor.

There is an emergence of urbanization, lifestyle measures and universality of aspirations, and rapid increase in income and aspirations with dramatic changes in price-performance levels. Price performance envelopes are changing faster than expected due to better technology, leading to a changing value equation

between BOP, middle class and rich. This can lead to explosive growth in market size, and access to high technology for all. Thus scale, focus on costs, access to new markets and technical insights create the emergence of a new social compact for business – this involves collaboration with civil society.

Creating the conditions for growth – India ranks low in the corruption perception index, which is linked to purchasing power parity. HDI is also linked to PPP. Thus human development is about less corruption in deployment of resources and good governance leads to higher incomes. The focus on individual rights rather than group rights leads to rapid economic development. In 2022, India should have a per capita income of \$25000 PPP and rank 20 in HDI and 7.0/10.0 in Corruption Perception Index.

The prerequisites for this are change in mental models, data driven not dogma driven debate, individual rights rather than group rights, principles rather than rituals, corruption treated as treason, focus on performance and accountability and imagination not resources.

Coming to environment, sustainability is multidimensional including energy, waste, water, etc. The poor are most affected by this. The ecosystem provides provisioning, regulating and cultural artifacts of nature. Degradation is being seen in India. Poverty alleviation is not possible without sustainable development. Current development models are not relevant and emerging markets must become a source of innovations.

The dominant themes will be market based solutions, social equity in development, rule of law, scale, price performance levels, and ecologically sustainable development. We must embrace the imperatives of poverty alleviation.

The sandbox of economic development is constrained by these themes. They must not be violated. The accountability of performance rests on business, politicians, civil society, and bureaucrats.

In 1989, Prof Prahalad had predicted that China, India and Brazil would have global companies, and this has happened. The poor of India are ready for the new journey, but are the leaders ready? Transformation requires imagination, passion, courage, humanity, humility, intellect and finally, luck!

Session 3: India's social building blocks: Education and health for the masses

The Key Note Speaker for this session was Dr Sam Pitroda Chairman, National Knowledge Commission. The Moderator was Mr Analjit Singh, Chairman Max India Ltd and the panelists included Mr Rajat Gupta, Chairman, Public Health Federation of India, Mr Ramalinga Raju, Chairman, Satyam Computers Services

Ltd, Dr Hemant Patel, President AAPI, and Mr Thomas Abraham, Chairman, GOPIO.

Mr Analjit Singh said that a social asymmetry has emerged in India which has been magnified by the media reaching all households. Education and health disparities can reduce.

Dr Sam Pitroda laid out the objectives of the National Knowledge Commission which has submitted reports to the Prime Minister and is working with 6 ministries and the Planning Commission. Five areas have been identified, including access to knowledge, knowledge concepts, knowledge creation, knowledge applications, and role of knowledge in e-governance. A letter has been sent to the prime minister with 10 recommendations. These go to the Planning Commission for implementations.

The Government has decided to spend four times as much in the 11th Plan as in the 10th Plan. The delivery requires talent and new thinking on the models of learning. Some content can be delivered over the net, changing teacher roles and student-teacher ratios. The task is huge and will take 20 years to complete.

For NRIs, there is a need to start schools, and hospitals. Funding is available and we need to work with what we have, stated Dr Pitroda. An institutional framework for private sector initiatives is needed on the lines of the Indian American Council. The need for work is in the districts, not in Delhi. He urged PIOs to go back to their villages, and not to wait for guidance as there is too much work to be done.

Mr Rajat Gupta delineated his work in India in 3 fields, namely work with IIT, Indian School of Business and Pratham. The Pan-IIT organization was started for cross-fertilisation of teaching and research and to create demonstration effects by IITians. In Pratham the problem was to address low literacy rates and drop-outs. The ASER survey measures educational achievements and has become a credible survey with catalytic impact. The ISB was a collaboration of institutions in US and India and has become one of the finest schools now.

In health, Avahan Gates Foundation and Public Health Foundation of India were started as partnerships of government, civil society and the private sector. Preventive and promotional health is needed rather than curative health. The PHFI created public policy for this and engages in training of ASHAs for rural health. \$100 million was raised through the Gates Foundation and the private sector. So public private partnerships in innovative models can be done and can be scaled up, concluded Mr Gupta.

Dr Hemant Patel said that there are 45000 physicians of Indian origin in US. AAPI has spoken with the government on important health issues such as TB, HIV/AIDS and diabetes. Two pilot projects are being undertaken to train the

trainees in one village each in Andhra Pradesh and Bihar. These will be expanded later.

In education, partnerships are being undertaken with the Indian Medical Association and the Medical Council of India. A healthcare summit is being held in Delhi to discuss best practices and for improving curriculum. Many other AAPI initiatives are under exploration.

Mr Thomas Abraham talked about the founding and progress of GOPIO. The organization can now reach 50000 people in five minutes. He stressed that second and third generation Indians must identify with India. The Know India program of the MOIA must be expanded with new programs. It is also necessary to simplify foreign donation laws in India. An NRI advisory committee for education and health ministries would help in faster implementation. NRIs can also be appointed on district development boards to identify needs of the district and mobilize resources. Special medical and education summits would also help.

Mr Ramalinga Raju said that the governmental intervention systems had not been effective and technology as used by the private sector is needed. Satyam has adopted 180 villages with 40 service modules. They are using the '100% principle' or bridging the gap using technology in literacy, water, health, teacher training, etc. There have been tremendous results using a single platform, applying knowledge and using six-sigma techniques.

He also spoke about the EMRI, or Emergency Management and Research Institute. This is an emergency system in the lines of 911 in USA. It has been rolled out in Andhra Pradesh in just two years and is being started in Gujarat. By 2010, it will attend to 30-40000 emergencies and save 1 million lives a year. Mr Raju said that once ideas were important but now we need to roll up our sleeves and act as 'farmers'. Distances do not exist any longer.

Session 4: Valedictory Session: Feedback from the Diaspora

The speakers at the last session were Mr Vayalar Ravi, Minister for Overseas Indian Affairs, Mr Nirmal Singh, Secretary, MOIA, Ms Neelam Deo, Consul General of India, New York, and Mr Inder Singh, President, GOPIO. The moderator was Mr TP Sreenivasan, Ambassador (Rtd.).

Mr TP Sreenivasan said that the profile of the community attending such functions has changed and there are more professionals now. The set of questions has also changed; it is now about what the Indian community can do for India.

Mr Inder Singh said that today it is possible to have dual citizenship. NRIs can be allowed to vote by absentee ballot. There are also marriage law abuses and tenant problems. Gulf countries could have a law office to help NRIs. Local

universities do not have information on India and should be supplied with books. An agency to help philanthropy should be set up.

Mr Nirmal Singh said that the Ministry is examining an agency for coordinating philanthropy and is allocating books to universities. Counseling services will be provided in Gulf for the community. Addressing other concerns he said that the Know India program is being expanded after feedback and an exchange program with universities is also being studied.

Mr Vayalar Ravi said that the OIFC has been instituted with CII for providing information. A Voting Rights Bill has been introduced but has not yet been passed. He stressed that migrants in India also do not have voting rights and commended GOPIO for its civil society action. He advised GOPIO to have counseling services and information campaigns for NRIs. The real estate laws and the anti-dowry laws are the same for Indians as well and cannot be amended.

For rehabilitation of returnees the Cabinet has approved a Council for Promotion of Overseas Indian Employment and a welfare board is to be formed shortly, announced the Minister. The amendment of emigration law is being considered. A PIO university is also being examined with 50% seats for PIOs. He said the MOIA would do its best for overseas Indians.

Ms Neelam Deo said that a university network is being set up to encourage second-generation Indians.

Mr Ravi added that OCI card will be issued at the earliest. The confusion at the airport is being taken up with the Ministry of Home Affairs.

Other concerns of PIOs were also raised such as sale of property by NRIs electronically, price of tickets for archeological sites, bridging gaps between communities, taking up the issue of religious symbols with local governments, memorial for NRI in Kolkata, etc.

Mr Inder Singh concluded by lauding the MOIA for addressing the issues of PIO/NRIs.

Recommendations:

- Engage second generation overseas Indians through expanding Know India program, university partnerships and internships and dissemination of information.
- Have separate summits on health and education issues for overseas Indians.
- Have cells in education and health ministries to assist efforts.
- Arrange separate agency for assisting in philanthropic activities.
- Set up counseling offices to help Gulf workers deal with legal problems.
- Liberalise investment procedures from overseas Indians. Simplify bureaucratic red-tape.
- Provide accurate information on investment avenues in Indian business.
- Help in making small investments in the SME sector.
- Bridge gaps between communities.
- Take up religious symbols with local governments.
