
India

An Economic Overview

Pranab Majumder

World View @ UNC CH

15th November, 2006

Post 1947 Economic Overview

- From British Colony
 - Almost no indigenous manufacturing, R&D, etc
 - Elitist Education Institutions
- To Centrally Planned Economy
 - Centrally planned “public sector”
 - 5-year Economic Plans
 - Focus on Agriculture, Industry, self sufficiency
 - Education and Democratic Institutions

Problems

- Elimination of Entrepreneurship
 - Success based on navigating bureaucracy
 - Impossible to be a completely closed economy
 - Foreign exchange needed for oil
 - “Luxury” goods
 - “Brain Drain”
-
-

Crisis of 1991

- Foreign exchange reserves
 - Enough for a few days of oil imports
- Radical opening up of economy
- Stealth growth of information economy companies
 - Mainly driven by IT

Critical Factors

- Multi-cultural Society
 - 25 languages, cultures, food, ethnicities
- English-based communication
- Large “middle-class”
- Pent-up drive to excel
- Strong links to diaspora

Pharmaceuticals

- Generic Manufacturers
- Moving into
 - Clinical Trials
 - New Chemical Entity
 - Drug delivery mechanisms
- Increasing international presence

Health Care

- Strengths in
 - Doctors
 - Focused world-class facilities
 - Medial Tourism
- Bottom of the Pyramid initiatives
 - Jaipur foot
 - Arvind Eye hospital

Business Process Outsourcing

- Excellent communication links
 - Due to overinvestment in fiber optics
- Large pool of college educated young workforce
- Coveted jobs, even in call centers

Challenges

- Extreme contrast still exists
 - Social Entrepreneurship, CSR initiatives
 - Information Economy cannot provide for all
 - Only about 10 million directly affected
 - Infrastructure restricts scalability
 - Other countries are catching up
-
-