India @ 2030

T. V. Mohandas Pai

Date: June 29, 2011
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## India - Snapshot

<table>
<thead>
<tr>
<th>Metric</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population (2011)</td>
<td>1.21 billion</td>
</tr>
<tr>
<td>Population growth rate (Oct 2010)</td>
<td>1.37%</td>
</tr>
<tr>
<td>Life expectancy</td>
<td></td>
</tr>
<tr>
<td>Overall (2010E)</td>
<td>71.90 years</td>
</tr>
<tr>
<td>Males (2011)</td>
<td>61.8 years</td>
</tr>
<tr>
<td>Females (2011)</td>
<td>64.1 years</td>
</tr>
<tr>
<td>Literacy rate</td>
<td>74.04%</td>
</tr>
<tr>
<td>GDP at factor cost at current prices FY10-11E</td>
<td>US$1.725 trillion</td>
</tr>
<tr>
<td>GDP growth rate (at current prices in Re. terms)</td>
<td>20.3%</td>
</tr>
<tr>
<td>GDP in PPP (2010E)</td>
<td>US$ 4.046 Trillion</td>
</tr>
<tr>
<td>Per capita income</td>
<td>US$ 1,425</td>
</tr>
<tr>
<td>Exports growth (FY10-11 in $ terms)</td>
<td>37.5% $</td>
</tr>
<tr>
<td>Imports growth (FY10-11 in $ terms)</td>
<td>21.6% $</td>
</tr>
<tr>
<td>Forex reserves (Mar 2011)</td>
<td>US$ 303.5 Billion</td>
</tr>
<tr>
<td>Foreign debt (Dec 2010)</td>
<td>US$ 297.5 Billion</td>
</tr>
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India is one of the world’s fastest growing economies...

<table>
<thead>
<tr>
<th></th>
<th>Projections</th>
</tr>
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<tbody>
<tr>
<td></td>
<td>2009</td>
</tr>
<tr>
<td><strong>A. World Output #</strong></td>
<td>-0.6</td>
</tr>
<tr>
<td>Advanced economies</td>
<td>-3.4</td>
</tr>
<tr>
<td>Other Emerging Market and Developing Countries</td>
<td>2.6</td>
</tr>
<tr>
<td>Developing Asia</td>
<td>7.0</td>
</tr>
<tr>
<td>China</td>
<td>9.2</td>
</tr>
<tr>
<td><strong>India</strong></td>
<td>5.7</td>
</tr>
</tbody>
</table>

# Growth rates are based on GDP at purchasing power parities

*Source : International Monetary Fund (IMF), World Economic Outlook, January 2011*
State of the Economy

% change over prior year at 2004-2005 prices

<table>
<thead>
<tr>
<th>Sector</th>
<th>2006-07</th>
<th>2007-08</th>
<th>2008-09</th>
<th>2009-10</th>
<th>2010-11</th>
</tr>
</thead>
<tbody>
<tr>
<td>I GDP growth rate</td>
<td>9.6</td>
<td>9.3</td>
<td>6.8</td>
<td>8.0</td>
<td>8.6</td>
</tr>
<tr>
<td>II Agriculture, Forestry &amp; Fishing</td>
<td>4.2</td>
<td>5.8</td>
<td>-0.1</td>
<td>0.4</td>
<td>5.4</td>
</tr>
<tr>
<td>III Manufacturing</td>
<td>14.3</td>
<td>10.3</td>
<td>4.2</td>
<td>8.8</td>
<td>8.8</td>
</tr>
<tr>
<td>IV Financing, Insurance, Real Estate &amp; Business Services</td>
<td>14.0</td>
<td>11.9</td>
<td>12.5</td>
<td>9.2</td>
<td>10.6</td>
</tr>
<tr>
<td>V Export growth - $</td>
<td>22.6</td>
<td>29.0</td>
<td>13.6</td>
<td>-3.5</td>
<td>37.5*</td>
</tr>
<tr>
<td>VI Import growth - $</td>
<td>24.5</td>
<td>35.5</td>
<td>20.7</td>
<td>-5.0</td>
<td>21.6*</td>
</tr>
<tr>
<td>VII Forex Reserves ($bn)</td>
<td>199.2</td>
<td>309.7</td>
<td>252.0</td>
<td>279.1</td>
<td>303.5*</td>
</tr>
</tbody>
</table>

# April – March 2011 (Department of Commerce, GOI)
* As of March 2011 (Reserve Bank of India)

Source: The Economic Survey, 2011
# Savings and Investment

<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td><strong>Gross Domestic Savings</strong></td>
<td>33.5</td>
<td>34.6</td>
<td>36.9</td>
<td>32.2</td>
<td>33.7</td>
</tr>
<tr>
<td>a) Public</td>
<td>2.4</td>
<td>3.6</td>
<td>5.0</td>
<td>0.5</td>
<td>2.1</td>
</tr>
<tr>
<td>b) Private</td>
<td>31.0</td>
<td>31.0</td>
<td>31.9</td>
<td>31.7</td>
<td>31.6</td>
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<tr>
<td><strong>Household</strong></td>
<td>23.5</td>
<td>23.2</td>
<td>22.5</td>
<td>23.8</td>
<td>23.5</td>
</tr>
<tr>
<td><strong>Financial</strong></td>
<td>11.9</td>
<td>11.3</td>
<td>11.7</td>
<td>10.8</td>
<td>11.8</td>
</tr>
<tr>
<td><strong>Physical</strong></td>
<td>11.7</td>
<td>11.9</td>
<td>10.8</td>
<td>13.1</td>
<td>11.7</td>
</tr>
<tr>
<td><strong>Private corporate</strong></td>
<td>7.5</td>
<td>7.9</td>
<td>9.4</td>
<td>7.9</td>
<td>8.1</td>
</tr>
<tr>
<td><strong>Gross Capital information (Investment)</strong></td>
<td>34.7</td>
<td>35.7</td>
<td>38.1</td>
<td>34.5</td>
<td>36.5</td>
</tr>
<tr>
<td>Public</td>
<td>7.9</td>
<td>8.3</td>
<td>8.9</td>
<td>9.5</td>
<td>9.2</td>
</tr>
<tr>
<td>Private</td>
<td>25.2</td>
<td>26.4</td>
<td>28.1</td>
<td>24.6</td>
<td>24.9</td>
</tr>
<tr>
<td>GFCF</td>
<td>30.3</td>
<td>31.3</td>
<td>32.9</td>
<td>32.0</td>
<td>30.8</td>
</tr>
<tr>
<td>Change in stocks</td>
<td>2.8</td>
<td>3.4</td>
<td>4.0</td>
<td>2.0</td>
<td>3.3</td>
</tr>
<tr>
<td><strong>Saving – Investment Gap @</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Public</td>
<td>(5.5)</td>
<td>(4.7)</td>
<td>(3.9)</td>
<td>(9.0)</td>
<td>(7.0)</td>
</tr>
<tr>
<td>Private</td>
<td>5.8</td>
<td>4.6</td>
<td>3.8</td>
<td>7.1</td>
<td>6.7</td>
</tr>
</tbody>
</table>

Totals may not tally due to adjustment for errors and omissions

@ refers to the differences between the rates of savings and Investment

*Source: The Economic Survey, 2011*
The World is Changing

<table>
<thead>
<tr>
<th>Regions</th>
<th>GDP 2010 $ Tr</th>
<th>GDP 2020 $ Tr</th>
<th>GDP 2030 $ Tr</th>
</tr>
</thead>
<tbody>
<tr>
<td>US</td>
<td>15</td>
<td>20</td>
<td>27</td>
</tr>
<tr>
<td>Europe</td>
<td>15</td>
<td>18</td>
<td>22</td>
</tr>
<tr>
<td>Japan</td>
<td>5</td>
<td>5.5</td>
<td>6</td>
</tr>
<tr>
<td><strong>Total: OECD</strong></td>
<td><strong>35</strong></td>
<td><strong>44</strong></td>
<td><strong>55</strong></td>
</tr>
<tr>
<td>China</td>
<td>5.5</td>
<td>13</td>
<td>31</td>
</tr>
<tr>
<td>India</td>
<td>1.5</td>
<td>3.6</td>
<td>8.4</td>
</tr>
<tr>
<td>Others</td>
<td>18</td>
<td>39</td>
<td>84</td>
</tr>
<tr>
<td><strong>Total: RoW</strong></td>
<td><strong>25</strong></td>
<td><strong>55</strong></td>
<td><strong>123</strong></td>
</tr>
<tr>
<td><strong>Total: Global</strong></td>
<td><strong>60</strong></td>
<td><strong>99</strong></td>
<td><strong>179</strong></td>
</tr>
</tbody>
</table>
There are three mega trends that are changing the world.

1. **Globalization**
   - Even though globalization is as old as history itself, acceleration of globalization is changing the way people think and behave. The world is coming together due to reduction in time for travel, increase in communication efficiency, creation of social networking tools and sheer growth of the media.

2. **Rapid increase in Technology led Innovation**
   - Technology is changing at such a rapid rate that most people are unable to keep up with its impact. It is not only improving productivity, it is also impacting people’s life and how they spend time like never before.

3. **Demographic Transition**
   - Developing countries would be benefitted with a large number of young people in the workforce, while developed countries would have to support an increasing number of elderly people.
Trend 1 - Globalization

- **Globalization is driven by**
  - Easy capital flows around the world as capital controls come down
  - Reduced trade barriers as the world is moving towards one single free market
  - Reduced restrictions on movement of natural persons as people emigrate and countries fight for talent

- **As a result**
  - Countries will have to compete more for highly skilled and educated people.
  - Issues like brain drain and innovation are going to be factors on which countries will become competitive.

- **But Globalization also has certain side effects**
  - Globalization will expose countries which are not prepared for competition to severe global competitive pressures.
  - Globalization requires a new regulatory system as dumping of goods in developing countries with subsidies could possibly impact the livelihood of Millions of people.
Trend 1 - Globalization

Does globalization have a positive impact on countries and people? Absolutely, but does globalization also hurt people? Possibly!

- Globalization has helped increasing ability of countries to improve living conditions of people. Eg. Remittances to India are ~USD 55 billion annually, ~40 million Indians living abroad send money home. (~4 % of GDP)
- Countries that can develop policies to benefit from globalization and people with marketable skills & education will benefit from this. Eg. When India liberalized in 1991, people with quality education and skills were beneficiaries. China has become the factory of the world and has a massive trade surplus with the rest of the world.

- **Overall**
  - Globalization is an irresistible force and cannot be stopped. We must embrace globalization.
  - It also means that we must go out and tap the global markets and benefit.
  - Developed countries are also finding that globalization is a mixed blessing. While they may feel that they are gaining entry into other countries to sell their goods, they also find emerging markets as worthy competitors.
**Trend 2 - Rapid Increase in Technology**

Innovation cycles are becoming shorter, technology is becoming widespread. Technology has indeed democratized society.

- Television has been here for over 75 years or so. Currently, we are seeing the advent of multimedia on the web and digital media.
- We have had a typewriter for over 100 years, which suddenly disappeared with the advent of the PC. Even the PC is now being challenged by the mobile phone, which is morphing into an intelligent hand-held device.
- We are seeing new ways of selling music as on iPhone, books as in Kindle and several new products that once looked like science fiction.

We are seeing telecommunication (ICT) break down the barriers for people.

- Today with the advent of technology, a child staying in a remote village in Kalahandi in Orissa, can have access to the world of knowledge through the web. The creation of the world wide web has changed the way we think, learn and assimilate knowledge.

**WWW**

- World Wide Web (WWW) has become the repository of cumulative heritage of humankind. The database of the WWW grows by billions of bits every passing day. Information is freely available and there are no barriers. The content keeps increasing from day to day in many languages.
Trend 2 - Rapid increase in technology

Access to knowledge ensures that every person in every part of the world is empowered.

- If you look back in time, across civilizations that defined society, the elites kept out the rest of their compatriots by their sheer ability to control the flow of knowledge and information. Today everything is accessible on the web and nobody can restrict the flow of knowledge; all it requires is web access which is becoming cheaper and accessible all over the world.

Quality of people’s life has gone up tremendously

- Technology has ensured that the world taps into global pools of talent as technology ideas can come from any part of the world and can be implemented anywhere.
- A large number of the technology ideas do not require high infrastructure or capital because of the disaggregation in the market for infrastructure, capital and manufacturing. A young person in a remote village can have an idea, put the idea on the web, can access capital, get it manufactured in the US or Bangalore and sell it to somebody in London. This acceleration in innovation can really help flatten the world.

- Some countries have an edge in innovation because of the ability to spend money on R&D but innovation has accelerated because of the spread of information, and the spread of education to various parts of the world.
Trend 3 – Demographic transition

The third mega trend is demographic transition and the aging of population

• There is a distinct trend in developed countries of a shift in the distribution of a country’s population towards elderly people.

Japan, for instance, reportedly has 22.2% of its population over the age of 65, which might increase to 40% by 2055. Longevity in Japan is more than 85.62 yrs for women and 78.8 years for men and it is estimated that the Japanese population of 128 million could reduce to 95.2 million by 2050 and 64 million by 2100. In 2007 there were 29,119 less Japanese than the year before, because less children are born in Japan every year as women marry late and they do not want to bear the same number of children.

• It also means that no society is immune from this trend as society becomes richer, as society has more access to goods and services, as women become more educated and become a part of the work force. The tendency or the need to have babies and to grow population comes down. This has significant consequences.

• The world was looking at population growth and increase in population as a burden on the economy however suddenly most large countries, specially developed countries want more children, they want a younger population and they are unable to do so because nature indeed has moved on.
Trend 3 – Demographic transition

The demographic pattern has changed considerably and this trend is a very global trend

• In Scandinavia, the population has been declining for a few years.
• In Russia, the absolute number of people is coming down.
• In the whole of Western Europe, the birth rate has come down much below replacement rate.
• Italy has seen a transition.
• In England, the Asian population is increasing.
• In the USA, there has been an increase in population of 1% a year because of immigration and in 2050 the Hispanic population is estimated to become the majority population, replacing the White Anglo Saxon population
• South America is seeing its growth coming down.
• Africa is seeing a healthy growth
• The Islamic countries are seeing a healthy growth and may become a larger part of the world’s population
Trend – 3 – Demographic transition

• India’s population growth has come down to 1.37% per annum, with a fertility rate of 2.62 children per woman as against the stability rate of 2.1. In the whole of south India, population has indeed stabilized in the last ten years and stabilization is creeping up to the north. Possibly in the next ten years India’s population could stabilize at replacement rate.

• China’s policy of One child for the last 30 years has changed the demographic composition. China may see a stage when more children are needed and may need to change its policies. China may become older before it becomes richer. Today there are four senior citizens who need to be supported by a single child.

If we look forward, by 2030 India will be the country which will have the youngest population in the world. India has about 650 million people below the age of 30, 450 million people below the age of 20 and if India carries on the same trend with an average age of 26 yrs it will be the youngest country in the world by 2030 and in 2050 probably be the only labor surplus country. This represents a tremendous opportunity.
Growth - What it means for India and challenges

- India today is a 1.73 trillion dollar economy, growing at maybe 7%-9% and it is predicted that India’s economy will double to 3.5 trillion dollars in the next ten yrs and if possible will double again to 7 trillion dollars by 2030 (in real terms).
- It means in the next ten years we will add 1.73 trillion$ to our GDP, equal to what we have added in the last 60 yrs. And ten years later we will double that to 3.5 trillion, adding in ten years what we have added in 70 years. It opens enormous opportunities. India’s savings rate today is about 33.7% of GDP, with an investment rate of 37% of GDP. So India does have the savings, India has investment capacity: India needs better regulations and execution, but India is clearly on the growth path.

- **What does this growth mean?**
  - India has a middle class of 250 – 300 million people which has expanded over the last ten years.
  - You can see our cities bursting at the seams. India makes about 2.5 million cars, about 9 million two wheelers, about 30 million TVs and everything else required for this middle class.
  - At the same time, we have about 800 million people who are left behind the gravy train: while the 300 million have seen an increase in living conditions, the 800 million have not seen much of an increase and this dichotomy is because very large number of our people are dependent upon agriculture and lack of marketable skills to make the transition. China has tackled this issue by transitioning 140 million people from agriculture to industry over the last many years.
  - If you see the composition of our economy, Agriculture makes up 14.2 % GDP, growing at maybe 2 -4% per year, on which 58% of our people are dependent for their living whereas Services making 55.2% of GDP is growing between 9-10% with Manufacturing making up the balance is growing at maybe 9-10%.
Growth - what it means for India and challenges

• In the next 20 years, India will throw up tremendous employment opportunities.
  • India’s GDP today at 1.73 trillion dollars is based upon a population of 1.21 billion with per capita of 1,425 dollars per head.
  • In the next ten years, we can see an increase to 3,000 dollars and possible 20 years later to 7,000 dollars, making it a middle income country.

• Can India achieve this economic growth?
  Yes! India can achieve it; But it is going to be painful because India still does not know how to handle prosperity. As a country we know how to ration, handle shortages but do not know how to handle surpluses. We need a change in mindset. Today our ports are choked, the roads are inadequate, the railways slow, airports are like bus stations, there is no water in the taps, no power in the switch!

While all this looks like a rosy projection there are some strategic decisions that India needs to take to ensure that the Indian people participate fully in this growth and all Indians have a quality of life that they aspire for.

• What do we need to do to ensure that the growth in the next 20 years percolates to the bottom of the pyramid?
Action – Challenge Poverty

• **Tackle the challenge of poverty** - 800 million people are living below poverty levels (BPL)
  • Make policies to make these masses enjoy the benefits of economic growth
  • Revamp the subsidy regime - Today, we pay subsidies of
    - Rs 60,000 Cr for food, Rs 60,000 Cr for fertilizers
    - Rs 30,000 Cr for kerosene, Rs 25,000 Cr for power
    - Rs 40,000 Cr for rural employment guarantee scheme

• **We can do a lot by revamping the subsidy regime**
  • BPL families are identified, women of the household are given a cash transfer of Rs 2000 every month for a period of 10 years.
    • Purchasing power is created by a transfer from the state and the individual is empowered to spend the money, the individual will ensure that she spends for the welfare of the family, for the education of children, to tackle malnutrition and address the basic necessities of life.
    • Venezuela and Brazil have tried this out and they have had great success.

• We have tried out the subsidy regime for the last 60 yrs and the impact of subsidy has not been worth the investment made.
  • If 350 million people get the benefit of a proper cash transfer then the problems of poverty can be tackled. This could take 5 -7 years to execute in a joint centre –state operation.
  • This could also mean that the balance of power in the economy could shift into the hands of the underprivileged as they become a potent force having the purchasing power.
Action – Challenge Poverty

• NREGA has confirmed that the landless and marginalized, having an ability to earn Rs 80 - 100 a day have become a very large market force and they have driven growth in the rural areas. At a time, when industrial recession has hit the formal sector, they have been the engines of growth.

• They have also altered the balance in the labour market. No longer do poor people migrate to Punjab or to big cities in search of jobs since they get jobs in their own villages and are paid reasonably well.

• Discrimination against women has come down as women get the same wage as men. Where men have migrated and are sending money home, the woman of the house is enrolled with NREGA and this supplements the income.

• NREGA also has a side impact, it has reduced the flow of labour into the agricultural market, it has reduced the availability of labour for the productive sector.

• While there are success stories about the creation of water sheds, bunds and canals, for the entire amount of money that has been invested, we do not see returns commiserate with the investment.

The system of cash transfer will ensure that labour is available for agriculture, for industry & for services but with a higher purchasing power
India has a major challenge in terms of health

- 43% of India’s children below the age of 5 are malnourished
- 254 women die on childbirth for every 100,000 births
- The infant mortality rate is around 48 per 1000
- 1000’s die due to ordinary diseases like diarrhoea and malnutrition
- The health infrastructure built up by the state does not empower people to go to multiple suppliers but rather forces them to go to one supplier

Have a national health insurance scheme for the BPL sector

- Example. We run a scheme where we ensure a cover of Rs. 2,50,000 on the payment of Rs. 2000 as premium per family for 1,00,000 families. Lets assume there are 7 Cr BPL families with 5 members each. We need Rs. 14,000 Cr to pay as a premium for these people every year. And they will get a health cover of Rs. 2,50,000.

Does India have the capacity to give this kind of healthcare? Absolutely not!

- Capacity will need to be built up so that service providers and doctors go to areas where they can earn income. Most developed countries use the insurance mechanism for healthcare. Primary healthcare needs to be seperately invested in.
- Health insurance program will empower people to go to the best service provider. The resources that the state spends on health needs to be reprioritized as the state runs a health program which is not very well organized.

This could change face of health care in India to a low cost service and empower people.
Invest in education

• 60 out of 100 children who enter Std 1 complete Std 10
• Only 13% of young people between the age group of 18-24 are in college
  • At the primary level the Sarva Shiksha Abhiyan has made sure that more than 95% of our children come to school.
  • National Mid-day Meals program ensures that 150 million children get at least one meal.

Our system is unable to decide between quality and quantity.

• Large scale vested interests in society prevent people from the bottom of the pyramid getting educated on the excuse of quality – Look at the IIT and IIM system, they have a total of 10,000 seats for which 5,00,000 people compete. With 10,000 getting entry, 4,90,000 youngsters remain disappointed. Much more money is spent in preparing for the examination than on the fees. There is too little focus on growing the intellect.

Does the IIT system produce superior output? With such high quality input, the output will be very good. IIT and IIM system should expand to 100,000 students giving more of our youngsters an opportunity but vested interests restrict entry.

• Possibly the greatest human tragedy is occurring here in India, creating a workforce of young, unskilled, semi-educated people who do not have the ability to participate in our growth, because of the inability of the state and the inability of educationists to be open and the futile debate in academic circles between quality and quantity

Education is the means of empowerment. It should be available to all young people. The state has to ensure this
Action – Invest in Education

• Next 10 years increase the enrollment in colleges from 13% in the age group of 18-24 to 30%
• India should not be left behind at a point of time in history when it has the greatest possibility of growth.
• In the entire Emerging Market, this percentage is 25 while in the OECD countries it is 45 – 50. In China it has gone to 25 and is targeted at 30 in the next five years.
• We need to open up our education system. We need to allow more colleges to open and allow existing colleges to expand to double capacity.
• The critics will always talk about the quality of education and the shortage of faculty, the inability of people to get a good education. This question was posed to a very eminent, economist who was asked “India provides a bad quality of education, what is the point of investing in schools when the quality of education is so poor?”, he said. A child going through ten years in a school, however bad the school, is much better off than not going to school. A young person going through 3 yrs of college education, however bad the quality, is much better off than not going to college.
• The college education provides youngsters from different backgrounds to come together on a common platform, talk to each other, socialize and learn the rules of social behavior, they learn a common language of empowerment and develop social networks, which lasts them for a lifetime.
• In the formative years, if children are deprived of this just because the state is unable to provide education, it will cause tragic consequences.

What is the remedy?
**Action – Invest in Education**

- The remedy is **liberalization of education**, as done for industry. Just allow colleges to start, enable full expansion and in five years you will see a different India!
- Today industry is constrained, because there are not enough workers, not enough skilled people, not enough educated and trained people. Wages are going up because of this artificial scarcity.
- Look at the IT industry, it created 2 million jobs in 10 years. The IT industry thrived on the private sector education network in engineering. Just ten years ago there were 500 engineering colleges, churning out 1,50,000 engineers. Ten years before that the output was only 50,000. Today, India has 3600 engineering colleges, with 12,00,000 seats, churning out 5,50,000 engineers. More than enough to meet India’s need.
- This large number of engineers can meet the engineering, manufacturing, automobile and all other industries needs as also the export markets.

**Yes, a large part of this output of our colleges is of indifferent quality,**

- Colleges do not have good infrastructure, there is not enough faculty but a liberalized policy will create capacity, the engineering colleges are testimony to this, quality will improve over time and there will be a flight to quality with an open system.
- We have only 13 million young people in college as against the need to have 25–30 million
- With the opening up of this sector investment will rush in; we must do away with the focus on the state as the provider of education, we must do away with the ideology that constraints the private sector, because the private sector is deemed to be for profits.
- **There is no harm in having a for-profit sector in education,** what is important is for the youngsters to have access to education
The question then arises, what about children who do not have the means to pay for education?

• Here the state has to step in and empower people.
• The state has to have a national scholarship program, where every youngster who does not have the means is provided with the means by a freeship or a loan scholarship. A Rs. 20,000 per year freeship for a million students per year will only cost Rs. 2000 crore: Rs. 6000 crore per year at the end of 3 years, a very small outlay but can change the dynamics of education completely!

This has indeed worked in the IT industry, which raised the aspirations of students in the country, who borrowed money at high interest but got educated and got jobs. Student loans have gone up from Rs. 5,000 Cr to Rs. 36,000 Cr in the last 6 years but the cost is high. A car loan is cheaper than an education loan in India!

• If we do not open up, we will create an India where there will be large scale violence because young people have been deprived by an older generation, who are still stuck in the mindset of the 1960s.

Today unless we open up our higher education system, which is the first priority for India, we will not be able to create an India where all of us can live in safety and prosperity.
Creating employment

- It is a fallacy to say that there are no employment opportunities.
- All studies indicate that 1 Cr jobs are being created in India every year and there is a shortage of skilled, educated people.
- India is growing at 7-9% per year, jobs are plenty.
- Today, India has about 8 Cr people employed in the formal sector with 2 Cr in the government and para statal sector and the balance in the private sector. These are people who have access to provident fund or ESI.
- If India were to double her economy over the next ten years, one could safely estimate that 8 Cr jobs more would be created.
- This would also fill the shortage due to retirement, maybe 25% of people employed would retire in the next ten years.
- If India were to double her GDP again, it could be safely assumed that another 15 Cr jobs could be created ten year from now

So totally there is a potential to create more than 20 Cr jobs in the next 20 years.
Actions – Generate Employment Opportunities

Does India have the capacity to absorb all these jobs,?

• Yes, Engineering sector today has 30,000 Chinese nationals coming to set up power plants in India because India does not have enough power workers.
• India does not have enough masons, electricians, fitters, plumbers, drivers, clerks etc. and even those people who exist do not have the skills required for industry. It does not have the bankers, IT professionals, engineers needed for growth and wages are going up.

India needs to tackle this problem of employment and employability through a national skills development program and reform in higher education

• Youngsters can be empowered with the kind of skills needed
• Private sector, the public sector and the government should come together in a public–private partnership to start skill development centers.
• The government is moving in this direction but the challenge is so enormous.
• Private sector has taken on this challenge; they are hiring people and training them. The private sector is setting up large scale training centers all over the country.
• The government should invest because once an individual gets the skills and gets a job, he can be reasonably assured for the rest of his life. For future generation’s, poverty will be a thing of the past.
• Skill development, whether semi-skilled or highly-skilled is important, if one becomes a driver or plumber it does not matter as one can earn a living!

This will ensure that India remains competitive, so skill development is a priority for India.
Summary

Overall, as we stand and look at India over the next 20 years we feel a
• Sense of optimism - but this sense of optimism needs to be tempered with reality. The reality is stark;
  • India is showing the symptoms of a country where public governance has broken down completely.
  • India is showing the symptoms of a country where mob rule is the rule rather than an exception.
  • India is showing the symptoms of a country where vested business interests are able to capture governments through sheer money power and disentitle people.
  • India is showing symptoms of a country where a great majority of people are disillusioned with the justice system. Respect for law and order, protection of women, creation of conditions for a good quality of life, lack of availability of water, sewage facilities, power, education facilities and all others required for life are in short supply.
  • We see a class of people gorging on the growth of India; we see the rise of billionaires, US dollar millionaires, while a large portion of people continue to die due to lack of the most elementary care.

This situation needs to be remedied by bold action.
• Every individual in the country should participate and settle the debate between social equity and growth.
• Growth has to be the focus, with the opening up of all sectors, it will enable more people to participate in the growth, and the state has to make strategic investments.
Summary

• In 20 years, we must see an India that our forefathers fought for during the freedom struggle

• An India that Gandhiji dreamed about, where every Indian will have
  • Food, safety of person and property
  • Power in the switch
  • Water in the tap
  • House to call his own and road to his house
  • Healthcare for himself and his family

An India which will provide umpteen employment facilities for all young people.

**An India where every Indian feels safe and secure and is able to participate in the Indian dream of having a life where the basic necessities are no longer in short supply.**

Into that India of tomorrow, let us all awake.
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