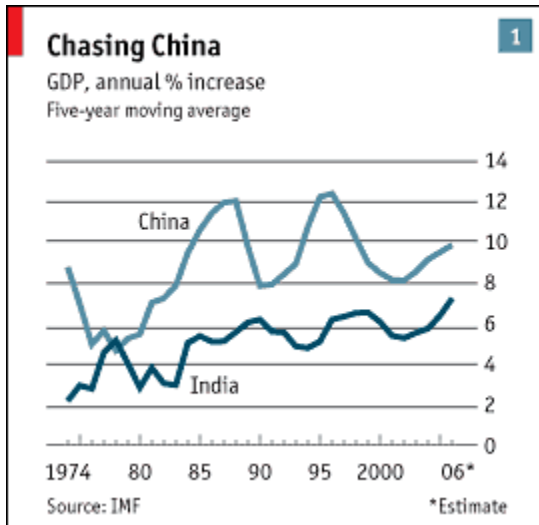


STATE OF THE INDIAN ECONOMY BY VINOD KOTHARI

In terms of growth rates, the last couple of years might have been the best in the last 50 years, but in terms of confidence, the last couple of years might possibly be the best ever since Ashoka The Great ruled this part of the World. Feb 1 2007 issue of the Economist says: “The economy is sizzling and foreign businessmen and investors are swarming to Bangalore and Mumbai to grab a piece of the action”.



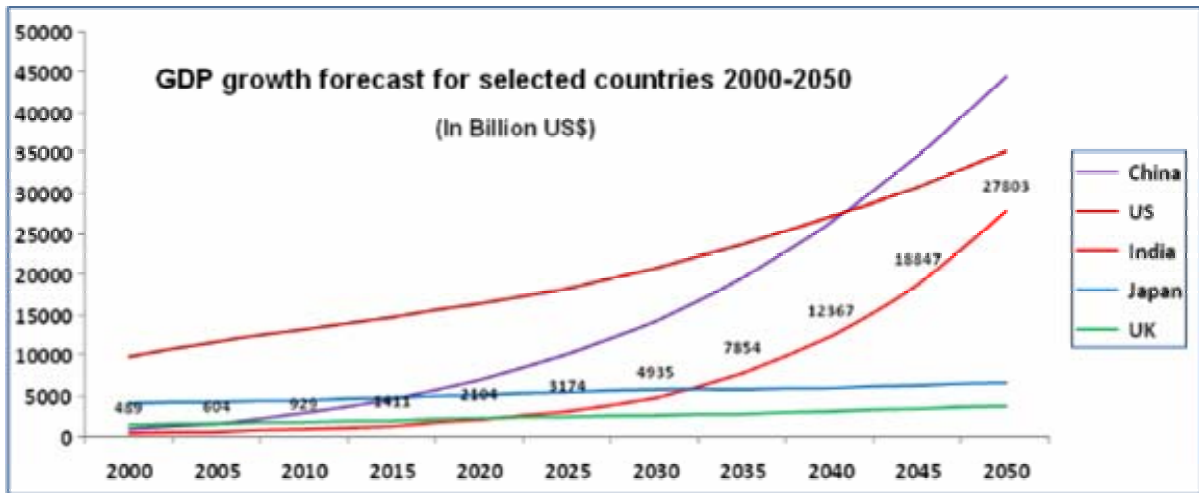
No one really has lived long enough to be able to say – best in 100 years or 1000 years, but the point is simple – we are living a turning point in history. There is euphoria everywhere, and except for asset prices, this growth is not a bubble or overheating.

The commendable Indian entrepreneurship that was kept in shackles of bureaucracy all this long has found a new sky for itself. The recent acquisitions of Corus etc sounded like big news – not merely because of their size but also because it was *Indian* corporates that were acquiring companies abroad. So far, it could only have been the other way round.

But such acquisitions will not be news any more – they will become more common. There is slightest doubt that, as success breeds success, the present upsurge in confidence will only bring more positive and interesting news in time to come.

The size of the economy is USD 4 trillion, which makes it the 4th largest economy in the world –next after USA, China and Japan. With its massive population, its per capita income is still abysmally low and it is a low income country as per international standards.

Goldman Sachs predicted India will be the world’s third largest economy in about 25 years from now. However, for a country like India, it is certain that growth breeds more growth – because we have a huge articulate, educated workforce that was so far subdued by the psyche of living in a poor country. The dream of an Indian youth would consist of migrating to Canada or Australia and settling down there, to work as a cashier in a 7-11 store. But with opportunities at home brightening, educated young men and women will stay back home and work for their country.



It is so good to be living in these exciting time.