

## The Trouble with India - Excerpts

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Here are some interesting points from the article featured in Business Week "The Trouble With India: Crumbling roads, jammed airports, and power blackouts could hobble growth."

1. "India has underinvested in infrastructure for 60 years, and we're behind what we need by 10 to 12 years," says T.V. Mohandas Pai, director of human resources for Infosys.
2. Government officials were shocked last year when Intel chose Vietnam over India as the site for a new chip assembly plant. Although Intel declined to comment, industry insiders say the reason was largely the lack of reliable power and water in India.
3. Up to 40% of farm produce is lost because it rots in the fields or gets spoilt before it reaches the consumers, which contributes to rising prices for staple food such as lentils and onions.
4. Jagdish N. Bhagwati, a professor at Columbia University, estimates that GDP growth would be 2 percentage points higher if the country had decent roads, railways, and power



5. Because of its authoritarian government, China gets faster results. "If you have to build a road in China, just a handful of people need to make a decision," says Daniel Vasella, chief executive of pharmaceutical giant Novartis. "If you want to build a road in India, it'll take 10 years of discussion before you take a decision."
6. There exists rampant corruption. Most of the government bodies and officials (from babus to bureaucrats to state ministers). Indian truckers pay about \$5 billion a year in bribes. Corruption delays infrastructure projects and raises the costs.  

7. Despite the infrastructure challenges, companies still see a lot of opportunities to help them meet those challenges, which explains why so many multinationals are flocking to India. Take hotel construction: In a country with only 25,000 tourist-class hotel rooms (compared with more than 140,000 in Las Vegas alone), companies including Hilton, Wyndham, and Ramada have plans for 75,000 rooms on their drawing boards.
8. In 2005, India passed a groundbreaking law permitting public officials to use public-private partnerships for infrastructure improvements - the first project to take advantage of the new law is the \$430 million international airport scheduled to open next year in Bangalore. The facility is designed to handle 11.5 million passengers per year—nearly double the capacity of the overburdened existing airport. It will be owned by a private company, which will turn it over to the Karnataka state government after 60 years.