

ITFT - PROFESSIONAL CAREER SERIES

Human Capital Management

(Education for Employment)

Global Partnership for Service Industry

Focus: Punjab

ITFT - Chandigarh
Institute of Tourism &
Future Management Trends

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**The Student handbook for
building Employability Skills**

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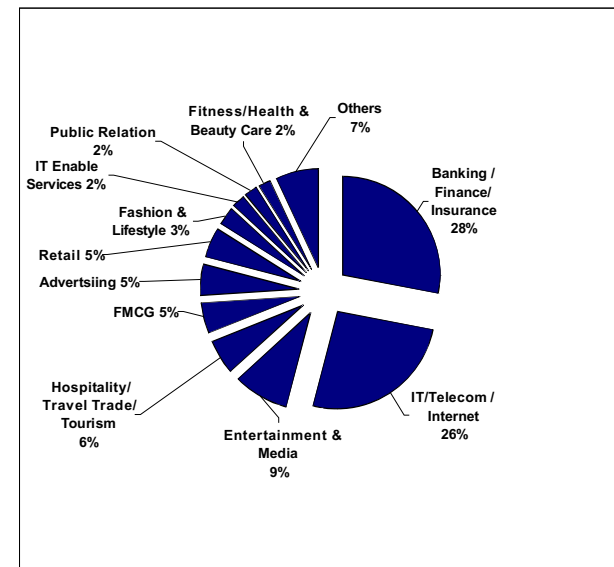
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As we, all are aware that how service industry is growing rapidly lets see which are the sectors of service industry, generating job opportunities for fresh graduates.



INDIAN IT SOFTWARE AND SERVICE INDUSTRY

India produces 3.1 million college graduates a year, but that is expected to double by 2010. The number of engineering colleges is stated to grow 50%, to nearly 1600, in four years. India has witnessed a healthy growth in the number of its IT professionals. From a base of 6,800 knowledge workers in 1985-86, the number of IT software and service professionals has grown to 650,000 by March 2003. Out of this almost 2,05,000 are working in the IT software and services export industry, nearly 1,60,000 are working in IT enabled services-BPOs; 25,000 in the domestic software market and over 2,60,000 in user organizations. India is penetrating America's economic core. Companies are shifting bill payment, human resources and other functions to new paperless centers in India, saving costs by 40% to 60%.

Overall, the Indian IT market has grown from Rs.5,450 crores (US\$ 1.73 billion) in 1994-95 to Rs.79,337 crores (US\$ 16.5 billion) in 2002-03, accounting for 3% of India's GDP in 2002-03. The IT industry has created employment opportunities for over 700,000 professionals in India in the year 2002-03. According to estimates of NASSCOM, the total revenues of the Indian software and service industry are projected at approximately US\$ 12 billion (Rs. 58,000 crores) during 2002-03 comprising exports of Rs. 46,100 crores (US\$ 9.5 billion) and domestic revenues (excluding IT training) of US\$ 2.5 billion (Rs. 12,000 crores). The total number of IT Software and Service companies in India is estimated to be 5000. Of this, 60% of the companies are domestic players, while 40% are MNCs. The split in terms of revenue is around 35% from domestic players and 65% from MNCs. It is being predicted that 500,000 financial services jobs will go offshore by 2008. This increase in offshoring work is expected to spur innovation, job creation, and dramatic increases in productivity that would be passed on to the consumer.

If India can turn into a fast-growth economy, it will be the first developing nation that used its brainpower, not natural resources or the raw muscle of factory labor, as the catalyst.

India's strength

- 1) Large Human Resource
- 2) India's Economical Education System
- 3) Quality Manpower by and large
- 4) Governments Policies upto some extent

Immediate Requirement of Private Sector Job Market: 2.2 Million Jobs in next two years

The boom in private sector has opened up huge gateway for job-seekers into an era of unlimited job opportunities. With encouraging growth rate records and burgeoning demands of customers, private companies are eager to hire more and more people.

Job Opportunities: Beyond Country Borders

With global expansion of Indian IT companies, many Indians are working abroad in the international branches of these companies. Nucleus Software has about 200 people working in overseas locations and the number of international placements is expected to grow to 300 by 2004-05. Out of 8,700 manpower of pharma company Ranbaxy, 1,800 are placed overseas. Asain Paints international office has 1,350 employees out of which 50 are Indians.

THE BIGGEST JOB-GENERATING SECTORS IN 2004

Companies	Number of Job Opportunities
Tata Teleservice s	20,000 (by March 2005)
Convergys India	12,800 by 2005
Pantaloon	7,000 in two years
Infosys, Wipro ans Tata Consultancy Services	6,000-8,000 in one year
Daksh	4,000 by end 2004
Accenture	3,000-5,000 in one year
Shoppers' Stop	3,000 till 2007
Scope International	2,000 in two years
Office Tiger	1,500 in 2004
Essar Group	1,500 in 2004-05

(Source: Business Today, March 14, 2004)

In Reference to study by Business Today in April 14, 2004 publication, out of the 400 million Indian workforce, 60% are the self employed people have resulted as major thrust in private sector. These entrepreneurs require huge manpower to meet their increasing need of manpower to meet their customer demands and here lies the huge ocean of opportunities those who are looking forward for jobs in ever fast growing private sector

The Indian Diaspora has also played a significant role in altering perceptions about India. They have exposed western society to our rich heritage, art forms, food and traditions. Their one-to-one contact with their western counterparts has completely changed perceptions about India from a country of snake charmers to computer professionals, entrepreneurs, scientists, developers and visionaries.

Of the Indian tourists visiting India, almost 45% come from the Gulf States, with 22% from UAE alone, while 9.3 % come from the USA and 8.5% from the UK. As expected more than 75% of them visit India to meet their family or friends. Almost 9 % of the NRIs are on a business related mission most of them are highly educated, with almost 60% of them employed with the private sector and another 24% being self-employed.

Recently released survey shows that the average income of an Indian American is 50% higher than the national average in the USA, especially since most of the Indian immigrants who went there in the `60s and `70s had less than 10 dollars in their pocket. Half of the Rs 55, 000 crore remittances from NRIs so far would come from our nearly 25 lakh emigrant brothers and sisters from one single state, Kerala. Today, almost the entire services sector in the Gulf, which is world's one of the richest regions, is handled by Indian technicians, nurses, teachers and scores of other professionals. In 2003, India was one of the fastest growing economies in the world. In 2004, we have got closer to our target of 8 per cent GDP growth rate with forex reserves crossing \$ 1 billion”.

NRIs, may be just 2 per cent of India's population but their annual income of \$160 billion (Rs 7,84, 000 crore) is third of India's national income with 35 % of the country's GDP and per capita income of \$ 8,000. However, we are far behind China, whose 50 million Chinese' abroad has an annual income of \$700 billion with 68 per cent to the GDP. The per capita income of an overseas Chinese is \$ 14, 000 as compared to an NRI's per capita income of \$8000. An NRI's per capita income is 18 times higher than the PCI (Per Capita Income) of an Indian, while of an overseas Chinese it is 17 times higher than the PCI of a Chinese. India would well to learn a lesson from China where over 70 per cent of the total FDI (Foreign Direct Investment) comes from the non-resident

Chinese.

Unlike other ethnic groups, a majority of Indians had gone to the West as students and professionals and unlike the Chinese who have formed Chinatowns all over the West; the Indians have relatively dispersed settlement patterns. This has made it easy for the community to assimilate in the larger native society. Many countries have used their Diaspora effectively in their rebuilding processes such as China and Italy. In the case of China, Chinese Diaspora from nearby South East Asian countries and not from North America has made huge investments back home. And in the case of Italy, its Diaspora worldwide has ploughed back its savings in national development. NRIs from Punjab, Gujarat, Andhra and Karnataka have tremendous potential to contribute in this direction.

However, there is feeling among some NRIs that the Indian government views the NRIs as nothing more than a source for extracting money whether it is through the PIO card or the deposits. But studies show that the NRIs look at India in an entirely different way. Their relationship with their motherland is more than monetary who want to be partners in all respects in the development of India.” When they (NRIs) leave home, the feeling to do something for their native village grows stronger. What they seek is the motherland feels proud of their illustrious sons. The feeling they want from their own people back home is that their son has gone abroad and done hugely well for himself. Their efforts, hardwork abroad needs recognition back home.

The Central and State governments should make it easy for them to participate in this process. But there are many things, which need to be changed first. For instance, in some of the cases, whenever any NRI seeks custom clearance, he or she is invariably pressured to pay bribes irrespective of the fact whether the goods are dutiable or not. There have been cases when NRI passengers were made to miss their flights by these callous officials. Let us make our system work more honestly from top to bottom to give NRIs their due when they visit India.

Let us realise, that it's a boom time as NRI generation has accumulated enormous wealth and knowledge with their hard work overseas, which is worth to build stronger India. Since the

50, 000. With a projected medium term economic growth outlook of 3-5 p.a. for South East Asia and 5-7 p.a. for China and India, this number is set to rise steadily.

The growing affluence will translate into huge demand for Services, especially higher and better quality Services. For example, total Healthcare expenditure in Asia is projected to grow at 10% pa from US\$ 129 million in 1999 to reach US\$ 206 million in 2004. Those in the higher income households will increasingly be prepared to seek quality medical care overseas if they cannot find it at home.

Education sector is another example of high growth. Some 2,50,000 students from major Asian countries study in the US alone contributing a massive US\$9 million to the US economy. A 5% share of this US- bound Asian students for tertiary and executive education would yield a significant spin-off to any economy. For example, 25,000 Chinese students who study abroad annually, making it the largest student exporter in the world. With rising affluence, the number is set to rise significantly.

Hong Kong, Singapore, Shanghai, and Bangkok are some of the leading Service industry cities in Asia while Bangalore, Hyderabad and Gurgaon have emerged as leading cities in the Services sector in India. An overview of health tourism reveals that Thailand treated 600,000 foreigners in 2003 and earned 470 million, Jordan treated 126,000 and earned 600 and India treated 100, 000. Of late Chandigarh has also emerged as an important Service center accounting for 71. 63 per cent to its GDP. Among these cities, Hong Kong is an international Service sector center with its major strength in business Services, while Singapore has a competitive edge in consumer Services like education and health care. Shanghai is fast emerging as a Service city in Asia, with IT industry and tourism its major growth drivers. Bangkok is a leading city for tourism in Thailand.

Let us have a look at the Service Industry in India-

In line with the global trend, the Services sector in India is growing rapidly. In 2000-2001 the share of Services in the country's GDP

was 54.2 up from the 51.5% recorded in 1998-99. And, all indications are that this growth will get accelerated not only because of Services within India, but also because of their increasing export. India's high capabilities in Information Technology, and its booming IT software exports which now account for 2% of the GDP, its Entertainment industry, particularly films and TV, which happen to be among the fastest growing in the world, Health Services including traditional Indian Systems of Medicine (like Ayurveda, Unani, Siddha, and nature Cure) and Education, huge segment of the Services sector. By virtue of having the second largest scientific and technical manpower in the world, India has been providing varied consultancy and other Services globally.

India's Services sector has already become the dominant contributor to GDP, accounting for 46 (now 54) percent of the total, but its share is still far below the UMI (Upper Middle Income) reference level of 60 per cent. The country very soon will get the opportunity to skip the long slow phase of industrialization that the most developed nations have passed through, and transit rapidly into a predominantly Service economy by 2020, creating Services that meet human needs, generate employment covering the large unorganized segment of the economy, raise incomes and increase purchasing power. Even our notion of Services may have need to evolve further to recognize the importance of the emerging knowledge- intensive Services. "Services make up more than half the economy, and they grew at 9.9 % in the second quarter of the 2003. However, its one sub-sector trade, hotels, transport and communications grew by an astonishing 11.9 per cent" (Business World- 10 January 2004) The Service sector, which has the great potential for creating new employment opportunities and economic growth in the world economy, is essentially knowledge- based.

In his book, " India 2020 A Vision for the New Millennium", Dr A.P.J. Kalam, says, that the Services sector provides essential inputs to the other two sectors and so they are dependent on this sector. Employment in the Services sector covers a large range of occupations involving relatively little investment.

CHAPTER 5**Service Industry: A Platter of Job Opportunities**

Let us first take on the Global Scenario, which clearly reflects that the Services have grown in importance over the past years all over the world. Service Industries generate over two-thirds of GNP and employment in developed countries and their importance is growing in developing countries as well. World trade in commercial Services totaled \$ 1,435 billion in 2000 and grew 6% from the previous year, according to the latest WTO Report on International Trade Statistics 2001 Merchandise trade increased by 12% in 2000.

In most economies of the world, employment has been shifting from the sectors that produce goods (agriculture and manufacturing industry) to the Services-providing sectors. This shift is most pronounced in the developed industrialized economies, where the proportion of total employment within the Services sector exceeds 50 per cent in all economies. The transition economies in Asia show a more or less even distribution among the three sectors.

The kinds of skills that are in demand in the Service Industry are creativity and a high degree of initiative and total commitment with outstanding communication skills. Entrepreneurial skills will be essential in the marketplace where the technical utility of the Services have increasingly shorter shelf lives. Skills at a premium include problem solving abilities, commitment to an enterprise and being multi-skilled.

The emerging global scenario will open up greater opportunities for countries with a surplus of well- educated, highly skilled labour that can provide an attractive commercial environment for the outsourcing of manufacturing and Service businesses from high and even middle income countries. Export of Services is a field in which India can excel. India' recent boom in outsourcing of IT Services is only the tip of a rich vein of economic opportunity that could extend to a wide range of manufacturing and Service

businesses. There are 2.46 million graduates, produced by about 253 Universities and 13,150 colleges. This graduate base includes engineering degree holders, engineering diploma holders, and students from the arts, commerce and science disciplines. Surveys by NASSCOM show that the ITES-BPO market employed around 245,500 professionals during 2003-04, up from 42,000 in 1999-00. In comparison, the software exports sector created jobs for 260,000 professionals during 2003-04, up from 110,000 in 1999-00.

The European Union, as a whole, continues to be the largest exporter of commercial Services with 40% of all Services trade, followed by the North American economies excluding Mexico, Latin America. Asia's share of world Services exports reached 21% in 2000 with Japan and China producing 5% and 2 % of world trade in Services respectively. The growing share of China's Services exports follows a pattern-sustained growth in Services exports by an astonishing 18% since 1998.

It is relevant to mention that how industrialized countries like Japan, Switzerland and South Korea with limited natural endowments, have achieved spectacular economic growth on the strength and ingenuity of their human resources. On the other hand, there are countries that are well endowed with natural resources but failed to capitalize on their given wealth because they could not channelise effectively their human resources. In this severely competitive scenario, it will be difficult for us to survive if we are short of required human resource.

Now the Service Industry in Asian region is showing tremendous growth

The opportunities for growth for Service Industry in Asia software and services export industry, nearly 1,60,000 are working in IT enabled services-BPOs; 25,000 in the domestic software market and over 2,60,000 in user organizations. India is penetrating America's economic core. Companies are shifting bill payment, human resources and other functions to new paperless centers in India, saving costs by 40% to 60%.are tremendous. It is estimated that there are currently 4.8 million high-income Asian households outside of Japan with an annual income of above US \$

finding employment opportunities and encouraging students towards self-employment. Accountability of institutions needs to be strengthened. Decentralisation, granting greater autonomy to certain institutions, forging linkages with the private sector with a view to raising funds and keeping costs down need to be explored. State education institutions must work to make curriculum more relevant, create interesting textbooks, work on teachers' training and motivation and on basic issues of school management. The Panchayat system in Punjab has not yet become as vibrant as it is in other states and in the absence of this, user committees of parents and other community leaders must be given a role in school management. Stakeholder involvement is critical to ensure accountability of teachers and primary school managers.

Education System in Punjab should be geared to empower people to take charge of their lives and foster equity and social cohesion. It should also promote sustained, job creating economic growth.

Every component of our Diaspora has major expectations from India in the field of education as it is regarded as the key to human development, both material and spiritual. There is no denying the fact that education has the most crucial role to play in forging ties between the Diaspora and India and in developing ties between the different segments of the Diaspora.

Education is also the key for India in the furtherance of its policies and objectives. It is through education that concepts are propagated and disseminated. Educational institutions play a vital role in creating the sense of belonging, cultural and linguistic identity and a balanced allegiance to both the host and the home country. Education imparted by institutions of excellence can help develop a mature understanding of both societies. Thus, the aim of the educational institutions should be to provide educational opportunities for skill development and academic excellence while satisfying the quest for heritage and roots and creating multiple but mutually complementary allegiances. Educational institutions and the education imparted by them are perhaps the most potent tools in the shaping of a human being as they mould the body, heart, mind and intellect. The friendships and associations formed

during the period of one's educational career are usually the strongest. They penetrate all aspects of a student's psyche and shape his personality thereby becoming a strong motivating force in his actions, second only to the emotional commitment to the family.

The education sector therefore can and should be enabled to play a vital and wide- ranging role in strengthening linkages between NRIs/PIOs and India. Education has the potential of making an enormous bridge-building contribution and of being an important Indian export. It can also contribute to promoting ties between various segments of the Diaspora. While on the other hand, NRIs and PIOs can make an important contribution to the development of education in India, on the other hand, the Indian education system can help NRIs maintain their cultural and civilisational heritage. The next Chapter of this book is throwing light on the immense opportunities in the ever-growing SERVICE INDUSTRY.

Literacy rates

Census year	Persons	Males	Females	Male-Female gap in literacy rate
1	2	3	4	5
1951	18.33	27.16	8.86	18.30
1961	28.30	40.40	15.35	25.05
1971	34.45	45.96	21.97	23.98
1981	43.57	56.38	29.76	26.62
1991	52.21	64.13	39.29	24.84
2001	65.38	75.85	54.16	21.70

Source: Census of India

India has made strides in educating its population of more than a billion people, yet a lot remains to be done. It is commonplace now that education is both intrinsically valuable and instrumental for economic well being, and this is true for individuals and entire nations. No country has been able to develop without the spread of mass education. An educated population is a prerequisite for take-off into a period of sustained high growth.

Huge gaps remain between rural and urban areas, and the probability of getting any education at all sharply depends on gender, caste and income. Women, Scheduled Castes and Tribes and the poor are faced with formidable barriers when it comes to getting basic education. Of the 200 million children in the age group 6-14, it is estimated that 59 million are out of school. Of these 35 million are girls.

The quality of education provided by the public education system is low which translates into low educational abilities even for those who are able to complete primary education cycle. Moreover, there is a lot of 'waste' in the educational system with dropout rates as high as 40 per cent for the country as a whole and in some States; they are as high as 75 per cent.

India does best in the enrolment ratio -- at 82.3% it is close to the world average -- ranking 94th. But it does badly in the rest. There has been a jump in India's adult literacy ranking, from 121 last year to 105 this year thanks to the change from 1991 figures to 2001 figures. Yet, the adult literacy rate, at 61.3%, is still way below the 76% average for developing countries and 81.7% global average. The percentage of students who stay in school till Class 5 has actually declined marginally to 61.2% from 62% last

year. It is way below the global average of 83.3%.

There are problems relating to high Dropout rates, low levels of learning achievements and low participation of girls. Coupled with this our various systematic issues like inadequate school infrastructure, high teacher absenteeism, large-scale teacher vacancies, inadequate equipment like teaching -learning material etc.

The world of higher education in the 21st century can truly be a border-less world of knowledge and ideas, which will yield reciprocal benefits for all nations. There is no single, simple path for reaching this new global future, but instead, multiple pathways that lead toward "a world in one nest."

Higher And Technical Education: Some Facts

There are 196 Universities (including 18 Central Universities), 81 Deemed Universities, 5 Institutions established through State and Central legislation and 11 Institutes of National Importance established through Central legislation.

There are nearly 13150 affiliated Colleges, including 1600 Women's Colleges (12.7%), in addition to the unrecognized institutions operating in the higher education sector.

At the beginning of the year 2002-03, the total number of students enrolled in the formal system of education was 8.821 million. The strength of teaching faculty is 427 thousand.

There are 10 Open Universities imparting distance education and account for 10% of the total enrolment.

84% of total enrolled are concentrated in the faculties of Arts, Science and Commerce, while the remaining 16% are in professional faculties.

During the 10th Five Year Plan period, the Govt. of India proposes to invest a sum of Rs.86.22 billion for promotion of higher and technical education.

The figure below graphically depicts a differentiated higher education system and its place in society. The system is not sealed from the outside world: it is at least loosely bound to the overall education system, for example to secondary schools that provide most of its new students. It is connected to the labor market and the business community, and to various government departments

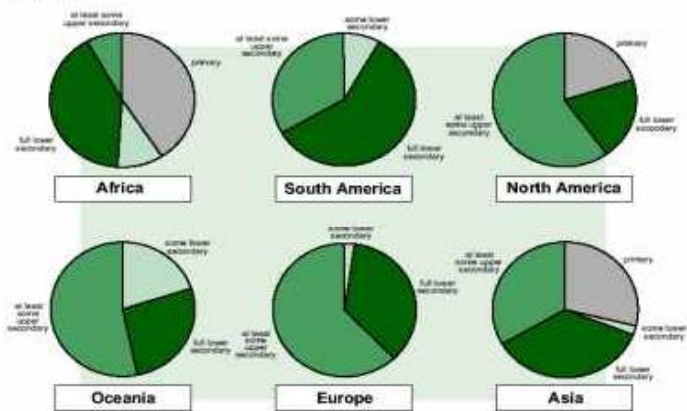
children. However, contrary to popular belief, the majority of private schools do not provide high quality education. Children are commonly forced to join these schools because of the complete breakdown of government schools. They come at an expense, which many parents can ill afford. And private schools certainly help to perpetuate if not widen social gaps.

While there is still time to tackle the challenge to be posed by the universalisation of elementary education, the immediate worry should be to accommodate the 80-lakh children who are expected to join secondary school in the next two years. The Planning Commission says about Rs 9,000 crore will be required annually to pay salaries to eight lakh teachers. Creating school infrastructure will also run into several hundred crores.

At present, there are 2.02 crore children enrolled in classes IX and X. Of these 1.26 crore are in government schools. By 2007, the total number will swell to 2.80 crore. And by 2010-11, there will be more than three crore children ready to join Class IX. Of these, 2.3 crore will be from government schools. The diagram below shows the levels of education, which are compulsory according to the

Figure 11. Which levels of education are compulsory?

Proportion of countries where compulsory education covers only primary education and where it covers some secondary by region, 2007



Source: UNESCO Institute for Statistics, Table 2
 Coverage: 192 countries, 96% of the world population. Countries that do not have regulations on compulsory schooling are not included.
 Note: Data for 12 countries refer to 2000.

prescribed region.

Under Free and Compulsory Education, all children in the age group of 6-14 are to be provided free Primary Education. In order to achieve the goal of Universalization of Primary Education efforts are being made to increase retention of children in schools, increase their enrollment, opening of new Primary Schools, provision of infrastructure in the existing Primary Schools, innovative approach in the schools and decentralized Planning, irrespective of Social bias. The object of Free and Compulsory Education is being achieved by mobilizing Community support in the villages where large percentage of illiterate population resides.

Despite the economic reforms, still people do not have access to basic education for the masses. The limited spread of literacy and elementary education till date along with a miniscule proportion of the population having access to higher education provides a pathetic spectacle, especially in the backdrop of tall claims regarding high rates of economic growth and technological advances achieved during the phase of economic liberalization. The table below shows the combined expenditure of the Central and State governments on education as a percentage of GDP in the recent years. It can be easily observed that the total state expenditure on education in the country has hovered around 3% of GDP, far below the 6% of GDP benchmark set by the Kothari Commission way back in 1968.

Table 1	
Year	Central and State Governments' Combined Expenditure on Education as a percentage of GDP
1999-00	3.3
2000-01	3.1
2001-02*	3.1
2002-03**	3.1
Source: Economic Survey, 2002-03.	
Notes: * Revised Estimate, ** Budget Estimate.	

- 19) Market Research Data Search
- 20) Network Consultancy
- 21) Travel Agency
- 22) Tour Operations
- 23) Tour Excursions
- 24) Tour Executives & Interpreters
- 25) Transportation Services
- 26) Railway
- 27) Airlines
- 28) Cruise Lines
- 29) Local Passenger Transportation
- 30) Water Transportation
- 31) Helicopter Services
- 32) Private Aircraft Services
- 33) Car Rentals
- 34) Telecommunications & Communications
- 35) Mobile Phone Services
- 36) Telephone Services
- 37) Telex Services
- 38) STD Booths
- 39) Radio & TV Broadcasting,
- 40) Postal & Courier Services
- 41) Retail Business
- 42) Retail Chains
- 43) Showrooms
- 44) Eating Joints
- 45) Multiplexes
- 46) Event Services
- 47) Conferences, Conventions
- 48) Exhibitions
- 49) Expositions
- 50) Trade Fairs
- 51) BTL Solutions
- 52) Retail & Experiential Marketing
- 53) Road Shows
- 54) Contests
- 55) Incentive Travels
- 56) Brand Promotion events
- 57) Product Launches
- 58) Seminars

- 59) Live Shows
- 60) Concerts & Award Ceremonies
- 61) Beauty Pageant & Fashion Shows
- 62) Sports, tournaments, Championships, Matches, Rallies etc
- 63) Carnivals
- 64) Theme Parties
- 65) Wedding Management
- 66) Banking/ Finance/ Insurance
- 67) Banks
- 68) Financial Institutions
- 69) Insurance Services
- 70) Foreign Exchange
- 71) Entertainment & Leisure Services
- 72) Theme Parks
- 73) Motion Pictures
- 74) Video Parlours
- 75) Discotheques
- 76) Clubs / Health Resorts / Event Venues
- 77) Bowling Alleys
- 78) Pool Parlours
- 79) Media & Advertising
- 80) Newspapers
- 81) Magazines
- 82) Satellite Channels
- 83) Radio (FM)
- 84) Online Media (online services for both print & electronic media)
- 85) Advertising- Outdoor, Print, Electronics
- 86) Public Relations
- 87) Marketing Related Services
- 88) Marketing Consultancy
- 89) Tele-Marketing
- 90) Sales Promotions
- 91) New Product Development
- 92) Market Research
- 93) Business & Professional Services
- 94) Records Management
- 95) Management Consultancy
- 96) Meeting Facilities
- 97) Office Management



Service Industry: The Growing Opportunity

Service Industry offers unlimited horizons for those who looking forward for a career. Service Industry, the peoples' industry is ever growing as human needs and unstoppable. For young graduates, it offers immense job platforms.

Very rightly supported by the April 13, 2003, The Week, that Serving a snack, wiping a table or swabbing the floor is no menial task any more, when at the end of the day, youngsters have enough money to hop on their two-wheelers and go home, firm in the knowledge that the future is what they make of it.

Lets see what young professionals of Service Industry have to say about their work culture: (excerpts from The Week, April 13, 2003)

" I love to talk, if I'm getting paid for it, what more can I ask for?"
 Sapna Rana, 21, Radio Jockey
 Radio Mirchi

" You do different things everyday: it involves constant brainwork"
 Martin Da Costa, 32, MD
 Seventy (Event Management Co) Mumbai

" The money, freedom, exposure to a different culture can become an addiction"
 Aishwarya Reddy, 23, Senior Executive
 Nipuna Services Ltd (BPO), Hyderabad

"Its not just talking, one must be able to feel the clients pulse"
 Dominic Trivett, late 20s, Customer Service Representative
 Lifestyle (Retail Chain) Chennai

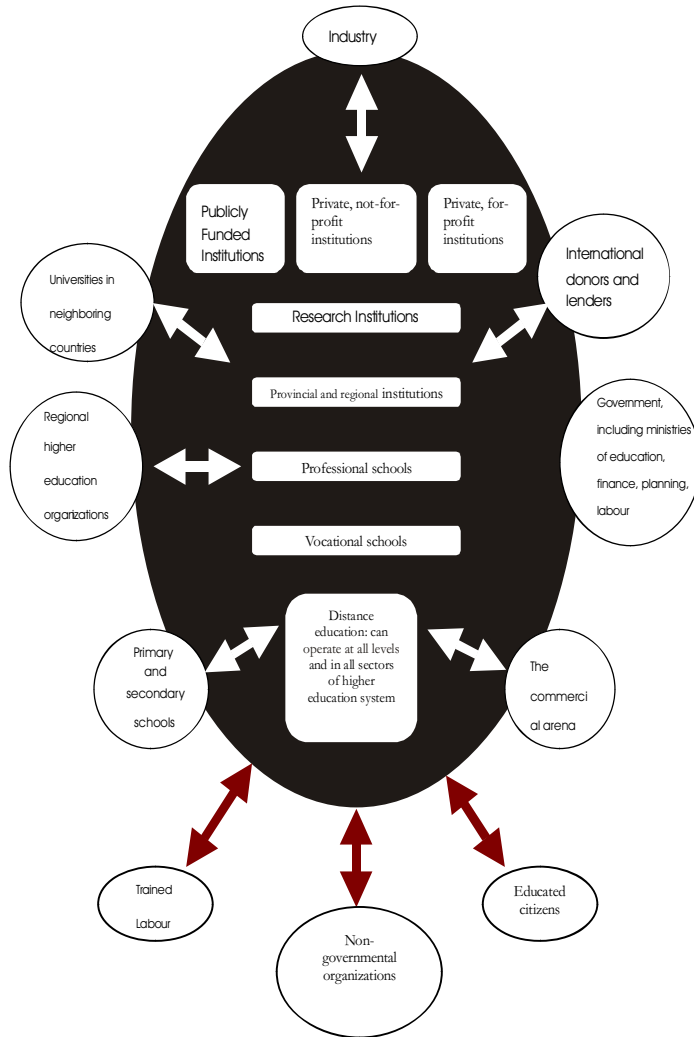
"The job profile friendly which makes it more like play, at work"
 C. Abraham, 27, Customer Service Executive
 Tata Indicom (Telecommunications) Chennai

Today is the era of encashing your talent; if you got good looks, slim figures-then world of modeling and film is the answer to you. Passionate for music-then music and pop singing is your forte, if you love to tap your feet, then go ahead and rock the world with your hip-hopp and get rewarded as one of the most sorted after profession. Similarly if you got verbal diarrhoea ...you love talking, have good sense of humour, you can join the troupe of Vjs (Video Jockey) and Rjs (Radio Jockey), not just this, enormous new opportunities are springing up in Service Industry day by day, like never before.

FEW AREAS IN SERVICE INDUSTRY BUSINESSES

- 1) Travel & Tourism
- 2) Airlines
- 3) Hospitality Services
- 4) Hotels & Restaurants
- 5) Resorts
- 6) Tourist Complexes
- 7) Catering Outside / Corporate / Events
- 8) Home Delivery
- 9) ITES & BPOs
- 10) Call Centers
- 11) Customer Service
- 12) Technical Support
- 13) Human Resource (Pay Roll Processing, employee records Maintenance)
- 14) Finance & Accounting
- 15) Transaction Processing
- 16) Engineering
- 17) Design
- 18) Remote Education

that set the policy environment in which it operates. It also has international links, to regional and global higher education communities, as well as to bilateral and multilateral donors, foundations, and non-governmental organizations.



Investment policy

Automatic approval for 100% foreign equity for investment in higher and technical education.

Education in Punjab

The education sector in Punjab is not in a position to keep pace with the rate of growth of economy. Consequently, it has lost its capacity to solve its problems and problems of the economy and society. In fact, it has been besieged by multiple problems and is facing neglect and callousness at the hands of policy-makers. It seems that those handling the affairs of education at the highest level have long lost their grip over the ground reality and desire to uplift the society through human resource development.

The enrolment in Punjab at the primary level stood at 94.43 per cent in 1981, but declined to 85.07 per in 1991 and rose to 91.82 per cent in 1998. The state is nowhere near achieving 100 per cent enrollment or universal primary education in the near future. There is a high dropout rate at various levels 91.82 per cent of the school going age children are enrolled at the primary level. The children drop out rate in to the extent of 22 per cent before completing primary education. Thus, 71.62 per cent of school going children at the present level would attain minimum education to be called literate. It is a cause of serious concern, which needs investigation. The single-teacher schools, two-teacher schools, schools without head teachers and schools without buildings, libraries, laboratories, playgrounds, drinking water, toilets and proper electricity facilities are some of the other irritants. The education system of the state, instead of being well-integrated, lacks coherence. The proliferation of multiple schooling affiliated with different boards has given birth to a dangerous trend. The gap between different school systems has increased so much that the people have started considering government schools as of "have-nots".

A study points out that Punjab spends less on education on per capita basis too. Among all 32 states and union territories in the country, Punjab ranks 22nd from the top in 1997-98, and 17 from the top in 1990-91. For 1997-98, the per capita spending on education was the highest for Lakshadweep (Rs 2157.14) and the lowest for Bihar (Rs 308.65). In case of Punjab, the per capita public spending on education was Rs 525.28. Interestingly, the

The table below amply demonstrates the negligible proportion of resources spent for education through Central Budgets in recent years, with the percentage of expenditure on education never exceeding 2.5% of total budgetary expenditure.

Table 2	
Year	Expenditure on Education as percentage of Total Central Budgetary Expenditure
1999-00*	2.41
2000-01*	2.49
2001-02*	2.21
2002-03**	2.39
Source: Calculated from Expenditure Budget and Demand for Grants, various years.	
Notes: * Revised Estimate; ** Budget Estimate	

The larger burden of expenditure on education is already being borne by the State governments, which do not have sufficient resources to spare for education.

Table 4		
Year	Expenditure on Elementary Education as percentage of Total Budgetary Expenditure	Expenditure on University and Higher Education as percentage of Total Budgetary Expenditure
1999-00*	0.94	0.71
2000-01*	0.94	0.77
2001-02*	0.98	0.45
2002-03**	1.05	0.41
Source: Calculated from Expenditure Budget and Demand for Grants, various years.		
Notes: * Revised Estimate; ** Budget Estimate		

HIGHER EDUCATION

Higher education in India is at the cross roads and we need to have more educational institutions to cater to the needs of millions of youngsters coming out of our schools. The root cause of all our ills seems to be our population explosion. So opening new institutions of higher learning is a necessity. For the good of the future

generations the latter should, at least, have the bare minimum standards set for them by the multifarious watchdog bodies that we have set up for ourselves after independence, based on the British model. While the British model is not bad, we need to modify it to suit our changing needs.

Higher education is a privilege that only a small percentage of our youth could aspire for and that has to be of very good quality if the country has to compete in the world for scientific and technological expertise. Indian Universities of yore were the seat of excellence attracting students from all over the world. Today Indian Universities have lost their credibility. If the famous Universities in the West are considered good today it is because they have maintained their high standards in every sphere. There is no compromise at all as far as the quality and credibility are concerned.

Although girls enrolment has increased from 39 to 78 in primary classes, 18 to 69 in Upper Primary and 16 to 63 in Secondary Classes for every 100 boys during the last five decades. A shocking 46% of our girls are denied of even elementary education.

“Between 2001-2002, nearly 82.2% of an estimated 193 million in the 6-14 age-group was enrolled in schools as compared with 81.6% in 2000-2001,” says the Economic Survey of India for 2003-2004. At the upper-primary level, however, the dropout percentage increased from 53.7% in 2000-2001 to 54.6% in 2001-2002.

The survey points out that “the dropout rate is still relatively high, especially among girls, though it has declined over the years at the elementary education stage”.

At one teacher for every 43 pupils in 2001-2002, the poor pupil-teacher ratio continues to be a drawback in the country's education system. Worryingly, this ratio has remained more or less constant, despite an increase in the number of teachers in the last 10 years.

While the male literacy rate stood at 75.3%, the female literacy rate was 53.7%, according to 2001 Census of India data. Male literacy went up by 11% and female literacy by 14.4%, compared to figures in the 1991 census.

higher education. Yet, from an international perspective, we are relatively slow, despite being steady in registering advancements in learning. Today India has the second largest education system in the world, next only to the USA. Yet, the total number of students represents hardly six percent of the relevant age group, i.e. 18-23 years, which is much below the average of developed countries, which is about 47 percent. The gap is glaring. According to University Grants Commission, the total enrolment in 200-2003 was 92, 27, 833 with increase of 4, 06, 738 (4.6 %) over the preceding year.

Education as a Driver

In the terminology adopted and popularized by the World Bank, education is a form of **'human capital' capable of generating high returns for economic growth**. The high literacy rates of western countries suggest that investments in human capital contribute to economic growth by increasing labor productivity, just as a direct augmentation of physical capital employed in other productive sectors would do.

More indirect benefits are the human-development gains generated through education especially for the people of poorer countries. These benefits sum up to empowerment, or the capacity of poor people to influence institutions, processes, and policies that affect their lives. Educated women and their children enjoy better health than their uneducated counterparts, partly because they have better access to information; but also because they are more confident and assertive in demanding services.

Globalization, and the associated emergence of increasingly knowledge-based systems of production, is strengthening the links between education and poverty reduction, both nationally and internationally.

Financing the Education

Educational achievement is obtained by educational investment-a major portion of which has to come from public sources considering the high direct and opportunity cost on the part of the individual. Without proper government actions to facilitate the

diffusion of knowledge through the provision of, at least, the basic level of education, the newly created knowledge cannot add enough value to generate the required incentive. Investment in education is thus a critical decision that helps the nations in the long run. International comparisons of expenditures for education show considerable variation across countries in the share of national resources devoted to education.

An overview of the last decade offers a pathetic sight of **'the prosperity of private enterprise and pauperization of the public'** in the realm of education as well as other spheres. To brag and boast, today's government can rightfully boast of having one thing in its possession - a tale of proliferating non-governmental i.e. extra state and foreign initiative in the educational realm.

Government primary schools lack basic amenities such as access to safe drinking water, separate toilets for girls, classrooms and even blackboards. With an estimated 15-35 million children out of school - there is no way to arrive at a hard number because states routinely fudge enrolment figures - governments have been desperately seeking to achieve quantitative targets. This has resulted in a clear trade-off against quality.

Quality education is the determining factor in getting children to school, in keeping them there and in increasing the possibility of further education. What the child needs is a school within reach that provides free and education of a quality that offers equity in opportunities regardless of caste, creed, race, religion and sex for all levels of society.

Good quality education that responds to the learning needs of children, including improving infrastructure and pedagogy at the primary level, improving curriculum and teaching materials, (geo-specific and contextual) making the education process enjoyable, attention to teacher training and measuring the child's learning achievement are the need of the hour

Private education institutions are mushrooming all over the country. Their large number proves that the government has failed to provide satisfactory educational opportunities for the

For higher education leaders in India, this new environment holds both threats and opportunities. The threats are obvious: as more and more Indian students look to Australia, Britain and the U.S. for both undergraduate and post-graduate studies, the quality of Indian universities will continue to suffer. Lacking computer facilities and Internet access, many of India's resource-starved institutions - such as mofusil colleges in remote rural districts - will be on the wrong side of the "digital divide." Even India's elite institutions - the IITs and IIMs - will find it increasingly difficult to attract and retain world class faculty members in the face of attractive offers from foreign universities, research institutes and multi-national corporations. So, there is a substantial risk that Indian universities and their students could end up as serious losers in the global higher education "game".

But there are also real opportunities for India to benefit significantly from the global revolution in higher education. To do so will require major policy reforms in the way Indian universities are structured, funded and regulated. It will also require closer links between Indian industry, especially the growing technology-based sector, and Indian universities. And, it will require a new, globally oriented, entrepreneurial style of leadership by Indian Vice Chancellors and other top-level administrators. With these ingredients, India has the potential to capture the "up-side" benefits of globalization, emerging with a stronger, better, more globally competitive higher education system, and greater opportunities for Indian students.

Current Realities - India's Position in Today's Global Marketplace

The current realities of globalization reflect a highly skewed relationship between East and West. Of the 514,000 foreign students currently studying in the United States, more than 54 percent are from Asia. Seven of the top ten "sending countries" of international foreign students in the U.S. are Asian, while not a single Asian country is represented among the top ten destinations for American students studying abroad. India alone accounts for more than 42,000 students in the U.S., compared to only 707 Americans who studied in India during the 1998/99 academic year. In academic year 2003/04, there were 79,736 students from India studying in the United States (up 6.9% from the previous year). For the third year in a row, India remained the

leading place of origin for students in the United States.

Academic Level - The majority of the Indian students study at the graduate level. In 2003/04, their breakdown was as follows:

79.0%	graduate students	63,013	(up 8% from 2002/03)
17.0%	undergraduate	13,531	(down 9% from 2002/03)
4.0%	other	3,192	(up 29% from 2002/03)

In India higher education, institutes have not succeeded in keeping the momentum of attracting the overseas students. The number of foreign students who chose to make India as their education destination in 1992-93 was 12,765, which declined to 7,745 in 2002-04. Even students from what was earlier considered captive audience like Africa and South Asia are now not opting for India. In 2003-04, there were 806 students from Malaysia, 681 from Nepal, 442 from Kenya. India has traditionally attracted students from Africa, South Asia and South East Asia. However, the last few years have seen a diversion of student traffic with Singapore emerging as an education hub for American and European universities.

Compare this to 40,000 international students enrolled in Chinese universities in 2003, a quantum jump from 22,755 in 1995. The 8,000-odd international students are spread over 227 university-level institutions. Of these, 171 are conventional universities including 32 institutions for specialised studies, 37 institutions provide education in agriculture, 38 engineering and technical institutions, and 10 are open universities.

A factor worth noting is the active and growing competition for the best Indian students among foreign universities. While the UK and (more recently) the USA are well-established destinations for Indian students, Australia and Canada are rapidly gaining in "market share". In recent years, Australia, the UK and France have all launched aggressive student outreach/recruitment efforts in Asia. Stung by declining enrollments from East and Southeast Asian countries affected by the Asian currency crisis of the late 1990s, American universities have also intensified their marketing efforts to students in South Asia.

Indian Education Scenario

Independent India has witnessed an upsurge in the growth of

So, understanding the present alarming situation of unemployment in the entire Northern India, this is the right time, when we, the Indians- the professionals, corporate, academicians, students, parents and everybody who is concerned about their and nation's future MUST rise and contribute individually towards more and more employment generation and emphasis on need based quality education which is directly focused toward Industry needs. Bottom line- an education system, which is translated into enhancing the Employability Skill of the students looking forward to launch their career in the Job Market.

CHAPTER 4

Education for Employment

Education is the fulcrum on which human capital development rests. Investments in physical and human capital are complementary. Without investments in education, investments in physical capital will yield lower returns, and vice versa. It has been assessed that the investments at all levels of education yield high rates of return and above the opportunity cost of capital, it is usually thought to be around 8 to 10 per cent and comparable to the rates of return to investments in agriculture, industry and infrastructure. The return to a longer term focus on development and poverty reduction therefore implies a higher priority for education.

Education of individuals has always been considered important in almost all the societies of the world. Quest for knowledge about nature helps humankind advance forward. Education formalizes the process of knowledge acquisition within an institutional framework. Educational institutions also complement the creation of new knowledge by making existing knowledge available in an intelligible format.

Globalization of Higher Education: What it Means for India

The phenomenon of globalization, which transformed world trade, communications and economic relations in the latter part of the 20th Century, is having a similarly profound effect on education at the start of the 21st. Student options for higher (tertiary) education, in particular, are no longer constrained by national boundaries. Innovative forms of transnational education - Internet-based distance learning, branch campuses, educational "franchising" -- have greatly expanded opportunities for students to study and learn outside their country of origin. In addition, there is now increasing global competition for the "best and brightest" students, as more and more countries recognize the economic potential of higher education as a service export sector. For the first time in history, large segments of the world's student population truly have access to a "global marketplace" of higher education.

It is learnt that approx 50,000 graduates pass out from Haryana every year.

Himachal Pradesh: Unemployment problem in the picturesque state of Himachal Pradesh, if not more, is as serious as in other Northern States. Chief Minister, Virbhadra Singh, had stressed the need for a two-pronged strategy to boost employment opportunities by imparting skills to educated unemployed. He said that Himachal Pradesh is a terminal state and as such it is difficult to compete with the mainstream states in industrialisation. If the numbers on live registers were to be taken as an index, nearly one sixth of the population of the state was unemployed. Himachal's population is 6 million, and as such one million people are unemployed in the state. There are 918345 people registered with the Employment Exchanges as on Nov, 2003 with educated unemployed almost half of it. This number could be much higher than the number of unemployed persons registered with the employment exchanges. It is also learnt that every year 45,000 to 46,000 graduates pass out from the universities in HP.

Jammu & Kashmir: Unemployment situation in J&K is as serious as in other Northern Indian states. According to the Department of Employment, J&K, there were 19904 graduates (Arts, Science, Commerce, Others) and 6876 post graduates (Arts, Science, Commerce, Others) registered with the Employment Exchanges on 31st December, 2002. However, the number of unemployed graduates and post graduates could be fairly high as many of them do not get their names registered with the employment exchanges.

In an initiative to address the problems of unemployment and revival of the tourism industry in Jammu & Kashmir, Hon'ble Prime Minister, had unveiled on April 19, 2003, a ten-point programme, including the setting up of task force to prepare a comprehensive plan to create one lakh employment and self-employment opportunities. These jobs, would not, primarily, be government jobs, which would, in any case continue at the current rate of recruitment in the Central and state governments. Rather, these would be in various thrust areas in the state tourism, horticulture, agriculture, food processing, crafts, cottage and small industries,

Services, education, social welfare and infrastructure. These jobs, which would be created in two years, would be distributed across the three regions of Jammu, Kashmir, and Ladakh were classified into three groups: self-employment (38.17 per cent), waged employment (45.18 percent) and regular salaried employment (16.65 per cent). The financial requirement was estimated at Rs 2,988.23 crore. Approximately 40,000 graduates pass out from universities in J & K every year.

Chandigarh (UT): Being the capital of two of the most vibrant and progressive states of India Punjab & Haryana and Union Territory, Chandigarh occupies a unique position in India's Northern region.

The number of work seekers registered with the Regional Employment Exchange, as on December, 2002, is a staggering figure of 57293, with matriculates and 10+2 (39879), graduates (5674) diploma holders in engineering and tech (5772) and postgraduates (5968). However, the actual number of job seekers must be much more as not all unemployed youth get their names registered with the employment exchanges. The number of students who passed out as graduates from the Panjab University in April/ May 2003, is 19,630.

Unemployment situation in this modern city which boasts of a very high literacy rate and a center of learning with reputed university, engineering, medical and other professional institutes, is as alarming as in the states of Punjab, Haryana, HP and J&K.

Total number of Graduates who are estimated to be passing out from the various Northern States is as under:

Punjab	62, 000
Haryana	50,000
Himachal Pradesh	46, 000
J&K	40,000
Chandigarh (UT)	20,000
<hr/>	
TOTAL	2,18,000
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One of the solutions for employment is setting up a youth employment board at the state level as a single window agency for Manpower Planning, Human Resource Development and promotion of the self employment opportunities with linkages at the district level and also with the organizations and Industrial Units having the potential to providing training and employment to the youth.

Number of Unemployed According to Education (2000/2003)

1. Metric pass Fresher	1,74,238
2. Under Graduate	60,409
3. Graduate Freshers	27,021
4. Post Graduate Freshers	6,990
5. Degree Engineers	1,020
6. Diploma Engineers	6,532
7. Craftsmen ITI skilled	37,670
8. Doctors Allopathic	126
9. Doctors others	387
10. Agricultural experts	460
11. M.Ed & B.Ed Teachers	34,459
12. Language Teachers	263
13. PTI, CP.Ed. DP.Ed., BP.Ed. and MP.Ed. Teachers	1,784

Keeping in view that only about 15% unemployed get their names registered with the employment exchanges the existing unemployment pattern in the state of Punjab could be as under:

Category	Year 2000	Year 2003
Undergraduate unemployed	3.5 lakh	Approx. 10 lakh
Graduate fresher	1.6 lakh	6 lakh
Post graduates	40,000	3 lakh
Graduate engineers	20,000	2 lakh
Diploma engineers	55,000	3 lakh
Craftsmen trained with ITI's	65,000	2 lakh
Miscellaneous (estimated)		4 lakh

There are also approximately 5 lakh retired defence personnel in Punjab, which includes approximately 46,000 widows in 17 districts of Punjab.

According to a special study of committee in fiscal reforms, expenditure made by state government on the school education is Rs. 800 per student is spent in govt. schools per month while the same by the private schools is approx. Rs. 500. The reason perhaps is the higher salary pay to the teachers of the govt. schools. The working days for schools is also reported to be 130 out of 365 days in a year with teacher class ratio of 1:5, which affects the quality of education.

Haryana: As regards unemployment, there were more than 6 lacks unemployed persons registered with Employment Exchanges as on 31st December, 2001, and their number increased to 8 lacks as on 31st December, 2002, showing an increase of 20.91 per cent. Out of total registered job seekers, educated personnel constitute 74.37 per cent and uneducated personnel constitute 25.63 per cent there were 99796 higher secondary/ under graduates job seekers, while there were 92467 graduates and 13733 post graduate/ M.Phils/ Ph.Ds job seekers. Even, the number of job seekers would be much more since many do not get their names registered with the employment exchanges.

The Haryana Government has constituted a committee for exploring the possibility of creating more employment opportunities for the unemployed youth of the state. According to the Chief Minister- Haryana, Shri Om Prakash Chautala, besides creating more job opportunities by promoting the sectors of Information Technology and industry, as many as 50, 000 unemployed youth would be recruited in the state. The State Government proposes to provide employment opportunities to 25 lakh people over the next 10 years, mainly in the industrial and tertiary (Service) sectors, as there is not much potential left for creating additional employment in the agriculture sector. Eradication of poverty and reduction in unemployment continue to be basic objectives of the planning process with the focus of the State Government to generate employment opportunities in the form of self-employment.

The tertiary sector (Services) has witnessed a significant increase in its share from 31.3 per cent during 1993-94 to 40.3 per cent during 2001-2002.

No wonder that the Services Sector will be the biggest driver of the new economic growth and profit earner in the next millennium for the world as well as for our country. In fact, knowledge has replaced capital as the major determinant of development.



Unemployment Condition in Northern Indian States

(2,18,000 Graduates passing out from Northern Indian Universities in 2002-03 Session)

Punjab: Despite the increase in the growth of the economy, Punjab has slipped down to 15th place in the field of education in India with a literacy rate of 69.95%. Therefore, the education, which is the basis of the human development, should be the primary concern. There are 5 universities at Chandigarh, Patiala, Amritsar, Ludhiana and Jalandhar catering to the educational requirements of Punjab. More than 200 colleges are affiliated to these universities. In the budget (2003-2004), the State Government has stated "higher education would receive special attention for which an allocation of Rs 6.39 crore is being provided. A new scheme for giving one-time financial assistance to privately managed unaided rural colleges for providing basic infrastructure has been admitted in the Annual Plan 2003-04. An

enhanced budgetary allocation of Rs 146.20 crore for the year 2003-04 against the budget allocation of Rs 115.90 crore for the year 2002-03".

Despite some of the progressive steps being taken by the state government the unemployment situation, especially of educated youth has assumed alarming situation posing a challenge to the policy makers.

Several factors such as rise in population, stagnant economy, poor quality of education, high percentage of school dropouts, between primary and 10+2 levels have contributed in accentuating the unemployment problem over a period of time. Then there is also dearth of new courses, concepts, technological skills and training modules in sunrise disciplines or vocations in educational institutes, which are in step with the changing times and needs.

Of the approximate 4-lakh students who appear in the 10+2 annual examination, less than 60 per cent enter colleges. According to the Director Public Instructions (Colleges), Punjab, approx. 62,000 graduates pass out from the colleges and Universities every year.

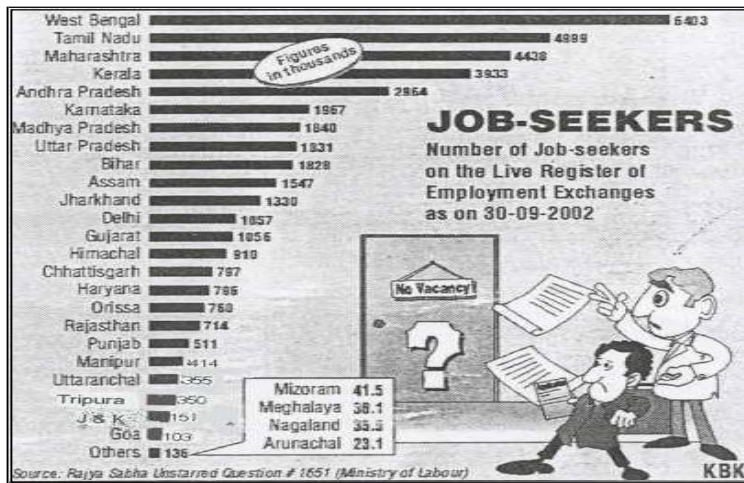
The number of job seekers (both educated and uneducated) on the live register of employment exchanges at the end of March 2002 was 5.32 lakhs, which include 27,021 graduate freshers and 6,990 postgraduate freshers. The number of unemployed educated youth, however, could be much higher as many do not get their names registered with the Employment Exchanges. According to the Chief Minister, Punjab- Capt Amrinder Singh, there are 30 lakh job seekers in Punjab demanding immediate attention and effective intervention of the state government. Punjab's population is 2.43 crore and is growing at about 2 per cent, per annum, which adds 4.6 lakh children every year, who in due course of time join the unemployment pool. Traditional agriculture activity cannot sustain Punjab's population, while there is apprehension that many manufacturing units will migrate to the neighboring places. This shift will adversely impact employment opportunities and income in Punjab.

experts, relying more on statistical projections, often get bogged down in definitions of what is "employment", "semi-employment" or "under-employment".

He rightly says that experience has shown that large-scale unemployment and democracy do not go together. The example of Germany after World War I is too clear: The recession and a massive loss of jobs led to the rise of Adolf Hitler. It took another world war and much destruction in Europe for Germany to return to a democratic path and rejoin the world community.

In a foreword to 10th Five Year Plan Volume 1, (2002-2007), then Hon'ble Prime Minister, Shri Atal Bihari Vajpayee, said "the most pressing challenge facing us in the coming years will be to provide every Indian with the opportunity to realize his or her full creative potential. Demographic trends indicate that the rate of growth of our working age population during the next ten years will be the highest we have ever experienced and unless we achieve a significant improvement in the pace of creation of work opportunities, there will be an increase in the level of unemployment.

Job- Seekers Registered with Employment Exchange (as on 30-09-2002)



Unemployment not only entails high human costs, it can also lead to serious social disruption, and put enormous strain on the fabric of our society. More importantly, the youth of our country is our most valuable resource and there can be no greater shame than to let go waste for the lack of will and determination. Future generation will not forgive us for opportunities lost. We have, therefore, made a commitment our economy will generate one crore work opportunities each year for the next ten years so that their talents and potentials are utilized for the benefit of the Nation"

Recently, in December 2003, the Hon'ble President of India, Dr APJ Abdul Kalam in his address at the golden jubilee celebrations of the UGC clearly conveyed that India's higher education system has grown manifold churning out approximately 3.1 million graduates every year .The employment scenario yet remains bleak. Our system thus needs to correlate education and employment to bridge this ever-increasing gap. A multi-pronged dynamic job oriented education and training should be imparted to prepare youth for quality human resource development and entrepreneurship.

According to the Report "INDIA VISION 2020" of the Planning Commission, Government of India, released in January 2003, puts Employment and Education as the two most important issues. The report states that India faces the challenge of generating 200 million new employment opportunities over the next two decades out of which 120 million jobs will be in the Service Sector. The Report calls for rising employment generation of the nation's development agenda and marshaling all available resources to create employment opportunities for all job-seekers.

As per the Report, The working age population will expand by about 45 per cent, spurring rapid growth of the labour force and the number of job seekers. Major changes in economic policy and strategy will be needed to eliminate the current backlog of more than 35 million unemployed job-seekers and assure employment opportunities for all additions to the labour force. At the same time, the total proportion of the workforce involved in agriculture is likely to decline from 56 per cent to 40 per cent of even lower, thus increasing the pressure for rapid multiplication of non-farm employment opportunities.

leveraging the cost advantage India has to offer while setting up call centres. Several foreign airline and banks have too set up business process operations in India. Indian revenues from BPO are estimated to have grown 107 per cent to \$ 583 million and this particular area employs 35,000 people in the year ending March 31, 2002.

Many European and US companies have realized that they should focus on their main business and outsource their Human Resource Department, accounting department etc. The Indian Diaspora is playing an important role in influencing outsourcing-related decision in India's favor. As the networking and mentoring role of Diaspora increases India will continue to retain the edge in outsourcing, according to a World Bank institute study. Apart from providing the required capital through investments, the Indian Diaspora is expected to increasingly play a crucial role in the gradual emergence of India's-high end knowledge services sector. Some venture capitalists in the US particularly those of Indian origin are actively funding Indian companies that have back-end operations in India so that they can save on research and development costs. There is also a good opportunity for Indian BPO vendors in the Managed Care Companies, which is more popularly known as healthcare players.

CHAPTER 3

Unemployment Scenario: India

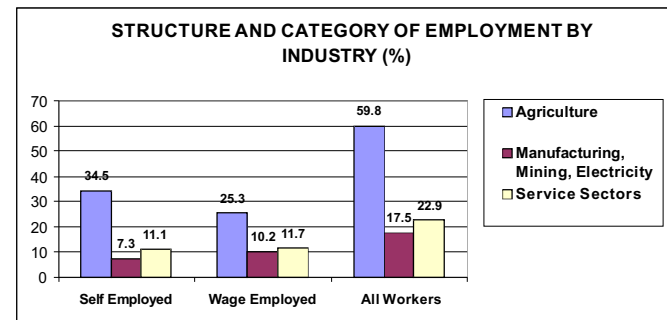
40 Million unemployed graduate youth

As population growth slows to replacement levels over the next two decades, India's greatest challenge will be to expand opportunities for the growing labour force, to enrich their knowledge and skills through education, raise their living standards through gainful employment and make provisions to ensure a good life for the aged.

It should be noted that the gains we have made in education cannot be sustained if we do not at the same time attend to the issues of economic growth and employment. The performance of the education sector is both crucial and critical factors in achieving key goals of increased employment, and stronger economic growth.

Total unemployment in India has been estimated to be about 40 million persons in 2002. This figure takes into account the significant level of underemployment and seasonal variations in the rate of unemployment among different age groups and regions of the country.

Mr. H.K. Dua, Editor in Chief, The Tribune in his article "Despair of the jobless, Discontentment can lead to political instability" has stated that no one in the govt. really knows how many are actually jobless in the country despite the Planning Commission's "guestimates", or repeated National Sample Surveys, Economic



human capital. India has the world's second largest pool of scientific manpower after the US, with a growing reserve of 3.5M technical personnel. The WTO (1998) says: "India's software services sector is perceived as one of the areas in which India has the potential to become a 'global powerhouse'".

The independent fast paced growth of the sector has encouraged the government to provide technical, marketing and physical infrastructure, and copyright protection to the industry. From 1984 onwards, the software industry has been gradually liberalized. Today import duties are down to zero and the government allows 100% foreign ownership, which is an advantage to software manufacturers. They can now import software equipment freely. The growth of the sector has turned India into a supporter of software copyright protection. It has in fact stimulated the industry.

Currently, India produces only 70,000 IT professionals a year even as it faces tough competition from the developed world and Southeast Asian countries to retain the talent. Indian software engineers are the most innovative in the world. They were never cocooned by protection because they have been providing offshore services i.e. competing with foreigners for years.

Information technology, apart from enabling e-commerce, is also contributing to the rapid internationalization of the services sector. These activities - computing, accounting, personnel, marketing, and distribution - play a fundamental role not only in service industries but also in manufacturing and primary industries. Typically, MNC's process value-added services at home and outsources those with high labour-content to low-cost international service providers. India and the Philippines have emerged as favourite destinations for software outsourcing.

The success in the IT services sector has empowered India to take its initial steps into the IT-enabled outsourcing domain. Over the past decade India has emerged as a preferred location for organizations planning to outsource a variety of services ranging from call centers and other customer interaction services, insurance claims processing, payroll processing, medical transcription, e-CRM, SCM to back-office operations such as

accounting, data processing, and data mining. The current trends indicate that within the ITES segment, insurance, banking and automotives are the key verticals opting for these services.

Indian IT-enabled services sector is expected to grow 40% year-on-year in 2004-05 to touch \$5.1 billion according to a report. The ITES-BPO sector has steadily increased its share in total revenue of India's IT software and services industry from 6.5% in 1998-99 to an estimated 29% in 2003-04. Apart from savings in manpower and allied costs, Indian companies offer 20% higher productivity in comparison to other competing countries like Philippines, Canada and Australia. In terms of quality of services offered India ranks 30% higher than any other region.

By 2008, the overall turnover of IT-enabled service opportunities for India is expected to amount to approximately \$140 billion, with the contribution made by the top five opportunities estimated as follows:

Estimated Turnover of top 5 IT-enabled opportunities in India in 2008

Human Resource services	\$44 billion
Customer interaction services	\$33 billion
Finance and accounting	\$15 billion
Data search, integration and analysis	\$18 billion
Remote education	\$15 billion.

Source: NASSCOM

BPO [Business Process Outsourcing] has been the latest mantra in India today. As the current sources of revenue face slower growth, software companies are trying new ways to increase their revenues. BPO is top on their list today. IT services companies are making a quick entry into the BPO space on the strength of their existing set of clients. We hope to address all issues related to BPO in India on this portal.

India has one of the largest pool of low-cost English speaking scientific and technical talent. This makes India one of the obvious choice to outsource to. Dell, Sun Microsystems, LG, Ford, GE, Oracle all have announced plans to scale up their operations in India. Others like American Express, IBM and British Airways are

as globalisation hit India, bringing about the transformation of Indian television in the early 1990s, accelerated by the combined impact of new communication technologies and the opening up of global markets. Economic liberalisation, deregulation and privatisation contributed to the expansion of Indian media corporations, facilitated by joint ventures with international media conglomerates. Such developments revolutionised broadcasting in what used to be a heavily protected media market, certainly the most regulated among the world's democracies. Gradual deregulation and privatisation of television has transformed the media landscape, evident in the exponential growth in the number of television channels - from Doordarshan the sole state-controlled channel in 1991 to more than 70 in 2000.

The Indian media industry exceeds Rs. 22,500 crores and provides employment to more than 6 million people is expected to reach Rs 60,000 crores by the financial year 2005. The media industry is projected to be the next prime economic driving force of the country, well ahead of the IT sector. The global skew in the media consumption is more on the print medium, with print publication accounting for half of the media consumption share.

The Indian entertainment industry is expected to reach a revenue level of Rs 42, 300 crore in 2008 from the Rs 19, 200 crore recorded in 2003 outperforming the national economy with 15% growth, as a result in TV viewership and improved realizations from the subscriptions.

The film industry, which is the major entertainment industry and provides substantial support to the television channels, is also expected to grow 19% annually and reach Rs 93 billion by 2007. The key growth drivers in this segment are an increase in the number of multiplexes, the advent of digital technology, creating films as brands through corporate tie-ups, merchandising, etc. In India, today, 80-90 million households own television sets, with total revenue of Rs 111 billion, which is expected to grow at 21st % annually, targeting to achieve Rs 292 billion by 2007. The radio segment with Rs 1.6 billion is expected to touch Rs 6.2 billion by 2007 while the animation industry is expected to reach Rs 10 billion by 2007. India has the potential to become a popular

destination for animation, the major factor being the low cost of production.

This phenomenal growth expected in the next 4 years offers opportunities to the cash -rich non-resident Indians and the domestic developers to encash the same. They can get themselves actively involved in the production of films and TV serials, especially based on the cultural heritage and legends and on other subjects related to this region.

The key growth drivers in this segment are an increase in the number of multiplexes, advent of digital technology, creating films as brands through corporate tie-ups, merchandising etc.

Telecommunications / ITES / BPOs

The role of telecommunications as an essential facilitator of international trade, economic development, and the enrichment of citizens' lives has become widely accepted. Increased accessibility and added variety of telecommunications services are now being considered as the foundation of successful national, global information initiatives, and the social benefit these initiatives these bestow. The telecommunication industry is in the process of rapid structural change and dramatic growth. Under the stimulus of competition and changing technologies new services are constantly being developed. Competitors are promoting sharp reductions in prices of international and national long distance services. In developing economies, new providers of liberalized wireless services are increasing the pace of entry into local service markets supplying services to consumers who have been waiting for fixed lines to be installed. Suppliers are now seeking to combine, for example, fixed and mobile services into an integrated service.

Several developing countries consider IT as a unique opportunity to leapfrog whole stages of industrial development.

India's software industry has emerged to be one of the most competitive in the world. It has developed without any protection since the 1980s. Over the past decade alone, it has grown from \$10m to \$ 4 bn. The crucial factor behind the industry's growth is the fact that unlike other capital-intensive industries, it relies on

by virtue of man's being the most potential consumer in the natural ecosystem. Both the economic resources and the altered environment are the by-products of human civilization. A balance between mobilization of economic resources and generating a sound environment therefore can be struck only when the human resource is adequately developed through perspective education and systematic manpower planning.

It is now realized that Human development is about much more than the rise or fall of national incomes. It is about the quality of life, the level of human well-being, and the access to basic social services.

One of the key factors, which account for the high economic growth, is the massive investment in the human resource development as education and training significantly contribute to increased productivity and income; this could be another area for investment. Higher learning and training institutes including universities of international standards for some of the segments of the Service Sector could be established with NRI finances and expertise.

The NRIs could play a vital role in bringing 100% primary literacy, secondary education leading upto high school, developing enterprise skills education among students and Vocational Education Training (VET) that meet the market demands. The Governments should allow NRIs to invest in education as a business and an enterprise both for domestic as well as for foreign tourist and offer suitable incentives and facilities.

Real Estate & Retailing

The real estate development industry is comprised of firms that do any combination of land assembly, development, financing, building and the lease or sale of residential, commercial and retail property.

A vibrant real estate sector can boost demand for goods and services from building products industry and other sectors such as construction, consulting, engineering, architectural and legal services.

Northern India especially Punjab has relatively better infrastructure in terms of roads, power and communication facility. But high-tech economy demands express high ways, international airports and reliable power supply backed by modern social and urban infrastructure. Agriculture economy also demands air cargo and refrigerated transport facilities. Besides there is vast scope for developing housing colonies for the NRIs and by the NRIs.

Retailing is the second largest industry in the world in terms of index of economic growth and as employers. India has over 12 million retail enterprises in 2003, about 78 % of which are small family businesses utilizing only household labour. Even among retail enterprises that employ hired workers, the bulk of them use less than 3 workers. In a developing country like India, a large chunk of consumer expenditure is on basic necessities, especially food related items, accounting as much as for 73% in 1999. However, with income growth, the expenditure on non-food items would get accelerated.

Modernization of the Indian retail sector will be reflected in rapid growth in sales of supermarkets, department stores and hypermarkets. This is because of the growing preference of the affluent and the upper middle classes for shopping at these types of retail stores, given the convenience they offer such as shopping ambience, variety and as single point source of purchases. Despite the fact that the growth is predicted to range from 24% to 40% per year during 2003-2008, the organized retailing forms only 1-2 per cent of the total outlets in India leaving a large gap for growth. There is thus tremendous scope for investment in this segment of the service sector.

Media & Entertainment

India is one of the few countries from the global south to emerge as a significant actor in the international media market. This is because of the particular historical context of the evolution of the media industries in India from the time of British colonialism, through more than half a century of independence.

The commercialisation of the electronic media was given a boost

Many 5 star hotels in the country have started offering an array of treatments based on Indian systems of medicine, importing east - meets -west philosophy. Spa culture is becoming increasingly popular both with domestic and international visitors. In Kerala more than 80% of the 3 lakh foreign visitors come only to avail the Ayurvedic therapies which has added a new dimension to the tourism scenario in the country.

Punjab, Haryana, Himachal Pradesh, Uttaranchal and Chandigarh on account of their topography and terrain offer immense potential for promoting health & herbal tourism. Health or medical tourism is emerging as one of the fastest segments of the overall tourism spectrum in the country. Even with state-of-the-art facilities in some of the best-known hospitals in the country, health facilities are woefully lacking in the country, more so, in the region of the country. Health tourism is basically Ayurveda - based, there exists great potential for setting up holistic health resorts in this region in addition to developing herbal gardens and parks as the demand for herbs is constantly growing on account of increasing requirements for the same. Spas and health centres are being set up increasingly in the country. This is another area for investment by the non-resident Indians including possibility of collaborating with the domestic entrepreneurs and developers.

Apart from setting up hospitals, spas, and medical clubs, there are many tracts in this region, which are quite suitable for growing herbs and medicinal plants, which provide ingredients for the manufacturing of medicines and drugs. Organising Inter-state Health - Packages in the northern region has also vast potential waiting to be tapped.

Education (Human Resource Development)

Even after 56 years of Independence, as per UNIDO, WHO, UNDP and the World Bank, nearly 600 million of the Citizens of India are not literate [based on the international definition of the 3R's], 440 million are below the poverty line [based on a minimum requirement of Rs. 45 or US\$ 1 per day] and nearly 300 million are unemployed, [our estimates]. About 45 million are registered with the employment exchanges.

One of the biggest reasons for the above is the very low investment in education and training, at hardly 2.5% of GDP. This needs to be increased by at least four times, to 8 - 10% of GDP or nearly US \$ 40 - 48 billion per year from about US \$ 12 billion per year. Education needs new investments of nearly Rs. 1,00,000 crores to Rs. 2,00,000 crores per year.

The present focus in the Indian Educational system is mostly on higher education. Nearly 94% of the youth 'drop-out', between class 1st to class 12th. The balance 6% seem to have only seven options for further studies, i.e., Arts, Commerce, Science, Law, Management & I.T., Engineering and Medicine. Out of this nearly 84% opt for Arts, Commerce and Science, which in today's economic scene may not be very relevant. That leaves only 16% of 6% or about 1% of the total 29 million who enter the main stream education system in India. This needs to be changed, as the focus of education should also be to assist and help the balance 94% of the population who do not make it past the 12th Class.

Like in I.T. and software, our work-force need to be trained to world class standards, so that Indian manpower can be of use any where on the globe and in India in world class organizations and in multi-nationals, both Indian and foreign.

Essentially, HRD means the development of skills and efficiency in the existing and potential manpower related to education and training and efficiency or productivity improvement, which is concerned with value added per worker. Thus, it can be summarized that the quality of manpower in a country is very much determined by the level of access to education, healthcare, and other fundamental needs such as nutrition and welfare.

Industrialized countries with limited natural endowments like Japan, Switzerland and South Korea have achieved spectacular economic growth on the strength and ingenuity of their human resources. On the other hand, there are countries that are rich in natural resources but fail to capitalize on their wealth since their human resource has not been developed.

Human resources is the nucleus of other resources. In the triangular relationship among the economic resources, human resources and the environment, it occupies the core of the nexus

industry related infrastructure. There are millions of NRIs with their roots in the northern region of the country who could be motivated to visit the land of their forefathers not only to help them to renew their links with their roots but to promote tourism including pilgrimage in this part of the country.

To attract NRIs to northern region, the travel trade industry will have to be actively involved to work out some long term strategy, which should also involve some specialized designed customized packages. The tourism authorities of NI states should jointly work out suitable brochures, posters, fliers, and videos and get commercials displayed on the television. There should be some potential for "add ons" tourism packages for commercial travelers, entrepreneurs / technology transfer entrepreneurs and others.

With a view to have focused marketing and to create an awareness about the attractions of the region, it seems necessary to involve Indian Missions abroad, Government of India Tourist Offices, Airlines Offices, NRI Associations, NRI newspapers and journals, ethnic TV channels, ethnic FM radios, and others who are connected with the non-resident Indians one way or the other.

There are a large number of NRI Students, who could be attracted to Northern India. In this regard, counter staff of the foreign tour operators need to be educated. Special incentives need also to be given to the private tour operators by way of brochure support. Special road shows in important markets need also to be planned in association with Travel Trade Associations like TAAI, TAFI, IATO, FHRAI, FEAST, ADTOI, ATOA, FHRAI and HAI. Financial support for these Road Shows could be obtained from the Government of India, Ministry of Tourism and the State Governments. FAM tours for ethnic media and ethnic associations could be organized besides exploring themes to add value to the special drive such as fairs and festivals like Diwali, Hola Mohalla, Baisakhi, Basant and other such occasions, Indian Wedding Packages, Honeymooners Packages, Pilgrimage Packages and Investment Packages. (Source: Ministry of Tourism, Government of India, Scheme for Special Promotion for Non-Resident Indians (NRIs) and Persons of Indian Origin (POIs))

With a view to tap the potential of attracting NRI's, the state Government will have to chalk out a carefully planned programme besides providing adequate funds for the same.

Aviation now, far from being a mere mode of transportation for an elite group, is now crucial for trade and tourism. Up gradation of Amritsar airport to international standards has already started reaping economic and cultural benefits for not only the Holy City but for the entire state. The Punjab Government has a proposal to construct another airport, while Kangra airport in HP is being considered for extension. Uttaranchal State Government has drawn plans to re-open airstrips in Pithoragarh, Uttarkashi and Chamoli. As the NRIs had made significant contribution in the building up of the Kochi airport in Kerala, so there exists immense potential to develop airports, besides starting private airlines in this region.

Health & Herbal Services

Contemporary India is second to none when it comes to providing healthcare facilities. And this has become possible because of the emergence of the private sector in a big way in the health sector. India is emerging as an ideal stop for treatment of various factors like world class hospitals state-of-the-art technology, competent doctors, professional management and other inputs and all this is available at comparable lower prices making it economical. According to India's Ministry of External Affairs the US\$ 17 bn Indian healthcare industry comprises roughly 4% of the country's GDP. Hospital services, healthcare equipment, managed care and pharmaceuticals are poised to grow by 13% annually for the next 6 years. It is estimated that only 10% of the market potential has been tapped. With global revenues at an estimated \$ 2.8 trillion, healthcare is the world's largest industry.

Besides advancement in various systems of modern medicine, India has also a rich heritage in the areas of traditional or natural medicines. Alternative or traditional systems of medicine operate on the principle of holism-they consider the human body as a synthesis of its physical, mental and spiritual dimensions. Some of these are; Ayurveda, Unani, Tibetan, Naturopathy, Meditation, Yoga, Panchkarma and many more.

enabling one-stop shopping for the consumer of banking, securities, insurance and asset management services.

Banks are now being perceived as an important tool for the economic development of a country. They also play a vital role in the infrastructure development, giving a boost to agricultural and food processing and in meeting the growing educational needs of the society. Some of the banks have even started training farmers, rural women and youth in their choice of vacation. With a view to attract finances of the non-resident Indians, the banks have many schemes to offer to them.

This trend might be in for a change soon. Customers now prefer to have more options. They want not just basic insurance products, but investment-based insurance products, pension products and health care products as well. Factors such as increasing life expectancy, disintegration of the traditional joint-family system, and the rising cost of health care are bound to make the market clamour for a variety of insurance products with need-based features. Life expectancy, which was just 32 years during the fifties, moved up to an average of 61 years during 1996-97. The result: a long retired life. Naturally, there is an increasing need for pension-driven insurance products.

The insurance industry in India has been growing at 20 per cent, but it lags far behind its global counterparts when it comes to insurance penetration. Potential for growth is huge in the Indian insurance industry, as the middle-income segment of the Indian population, which is a goldmine for prospective insurance sellers, is 312 million strong. Opening up the Indian insurance industry promises a drop in premium, improved services, and lower administrative overheads.

Similarly, there is immense untapped insurance potential in northern India, especially when the middle-income strata of society are burgeoning with higher incomes including the rural market. All this offers an opportunity for international players to consider the possibility of entering this lucrative field.

Cultural, Heritage-Tourism, Hospitality & Aviation Services in Northern India

Tourism is universally accepted as one of the biggest industries of

the world. Growth of tourism has multiplier effect on the economy as it affects the growth of many other industries, which are not directly related to tourism. Share of tourism in India's GDP is 5.6% while the world average is 10%. Tourism's share to Gross Domestic product could be doubled to 10 per cent in 20 years if all the players such as public and private sectors put tourism development in the forefront of their plans.

Tourism is a highly employment intensive industry and has been recognized as a catalyst for economic growth worldwide. While the world average of employment in tourism is 10.8 per cent of the workforce, India has had only 5.6 per cent of the labour force engaged in tourism related jobs (Planning Commission, December 2002)

India possesses a rich and diverse range of unique tangible and intangible cultural, natural, and made tourism resources, many of which are world class in quality, and most of which are located in rural areas. The tourism resources of the country have the potential to attract significantly higher levels of market demand from the domestic and international markets if sustainable site management practices and principles are adopted and applied, and the constraints resolved.

The tourism industry, unlike many other industries, is a composite of several service providers. These service providers are generally in the private sector. The participation of different private and public agencies makes tourism industry a complex phenomenon requiring a strong cooperation and coordination for it to be developed and expanded along lines that will contribute to the overall national objectives. The overall goal and strategy for the development of the tourism industry is to ensure that its development is closely tied up the national development priorities.

Northern Indian states such as Punjab, Haryana, HP, J&K, Uttaranchal with Chandigarh constitute a unique socio-geographical unit of the country rich in cultural, historical, civilisational and ancient remains, apart from its vast and variety of magnificent landscapes. New opportunities are being tapped to promote hill, adventure, rural, wildlife, heritage, pilgrimage, sports, eco, convention, health & spiritual, cuisine and other forms

neglected village, Kharaudi in the district of Hoshiarpur, having been turned into a role-model village for the entire country by the efforts of devoted NRIs of the same village. Many sons of the soil had immigrated to various parts of the world and achieved enviable and admirable positions. Their love for their village would often bring them back home. Only the homecoming was never a pleasant experience; stagnant water in the filthy streets, power cuts, no school and only diseases greeted them.

Back to their civilized world, they would bemoan about the plight of their village. It was this agony, which one-day beckoned these NRI sons of Kharaudi to sit down and resolve the fate of their village.

Today through the efforts of the many NRIs of the village, who set up the Kharodi Village Life Style Improvement Trust, and with the help of the government that eventually participated in the project as an equal partner in investment, the village has a fully automated sewage treatment plant. It is learnt that the Punjab government has asked these NRIs to adopt 12 more villages in the state for a similar project. The government (Punjab) has also decided to give matching grants to the projects for village development initiated by Punjabi NRIs and appointment of an NRI numberdar where more than 20 NRIs reside.

Nanak Kohli, known as the "Rolls Royce" NRI from Washington has set apart Rs. 10 million for a project to reach out to the "poorest of the poor" with setting up initially computer centres in Ghauran, Landran and Mahdiyan villages in Punjab for the girls in rural areas. These centres are indeed changing the life of the rural people especially girls.

As entrepreneurs, NRIs will enter only those sectors they know and have experience in mainly in telecom, software, biotech. So it may be unrealistic to expect them to start big infrastructure projects or participate in the privatization of Public Sector Corporations and all other sectors that need funds. For instance, an NRI will invest in road project if the returns are good. Given the global slowdown and lack of investment opportunities abroad, if small policy and administrative hassles are removed, NRIs will flock in both as entrepreneurs and as investors.

Philanthropy is another area where NRI contribution can be raised substantially from its current levels. Barring a few individual initiatives, there hasn't been an organized and credible medium for NRIs to fund social work in India. "In the diaspora you have a huge demand to give back. But they do not know when, where and how to give" says Shumnita Ghose, President of the Washington DC-based NGO Ashoks: Innovators for the Public. Canada based dental surgeon, Dr Harivansh Singh Judge, has decided to will his entire wealth worth nearly Rs 8 crore to the Panjab University, while, two doctors, Dr Satwant Singh and his wife, Dr Kuldip K Singh, both from the USA, have decided to provide state of the art infrastructure And technology to the Government Medical College and Dental College at Amritsar.

The main concern of the NRIs is the same as that of any investor-bureaucratic hindrances, unclear and inconsistent policies and poor infrastructure. Coupled with appeal, as homeland with good investment destination and transparency in administration would go a long way in motivating NRIs to invest in projects. There is a huge reservoir of resources, talent and goodwill in the Diaspora, which needs to be tapped.

Possible Areas for Investment in Punjab

Financial Services including Banking and Insurance for infrastructure development

In recent years, rapid and significant changes have taken place in the structure of financial services around the world. Not only have markets become integrated across traditional product lines or within national borders, but have also increasingly become globally. Competition among different types of financial institutions (and between financial institutions and non-financial enterprises) has become intense, in addition to stronger competition between industry peers. Worldwide cross-border mergers and acquisitions (M&As) in banking and insurance are now transforming the industry. Such mergers are aimed at global restructuring or strategic positioning of firms in these industries. Such changes have been enhanced or, in many cases, instigated by deregulation which eliminated or weakened existing segmentation of financial services industries, increasingly

CHAPTER 2**Investment Opportunities for NRIs in Northern India**

As for India's development, NRIs have been playing a big role in bringing foreign companies to invest in India. There are enormous opportunities for NRIs to get actively involved as well support various educational and social service activities. Many NRIs and their organisations have set up schools and colleges, hospitals and other social ventures in their hometowns in India. They have also been in the forefront championing various social and environmental.

The last decade saw NRIs become enormously rich, thanks to the computer and internet revolution. As a result, the larger society in the West today views the new crop of Indians as very hard working and intelligent. When they see a large number of professionals, entrepreneurs and businessmen in their ranks that automatically translates as a substantial change in the image of India.

Developmental process and sustained growth are necessarily linked with efforts to mobilize investible resources. To supplement the available domestic resources, the Central Government and many State Governments have been pursuing policies to attract external investments both from foreign investors and Non Resident Indians.

The Indian Diaspora can play an influential role in enhancing investment, accelerating industrial development and boosting northern India's international trade and tourism efforts. With constant improvements in global communications and technology northern India could hope to engage its Diaspora to play an increasingly significant role in accelerating its economic growth for mutual benefits.

The Indian Diaspora has the distinction of being the second largest Diaspora in the world with a huge purchasing power, estimated at

around US\$ 300 billion. They can therefore play an influential role in enhancing investment, accelerating industrial development and boosting international trade and tourism efforts in India particularly in northern region.

In US the Indian American median family income is \$60,093 as against the national median family income of \$38,885. This has enabled Indian American's to become a productive segment of the US mainstream, with 72.3% participating in the workforce. About one-third of the engineers in Silicon Valley are of Indian descent, while 7% of the valley's high tech funds are lead by Indian CEO's. There is thus, a pool of expertise management, financial, corporate and banking sectors in the USA, which could play an important role in giving a fillip to the overall socio-economic development of northern India.

Similarly, Indian expatriates numbering nearly 800,000 in Canada, by and large, have an average income and educational level that is substantially higher than the average local levels. They can also contribute substantially in giving a fillip to economic development. More than in Canada, the Indian professionals in the US are making their mark on India's education system. As Indian American's like Rajat Gupta has taken the lead in setting up India's first International Business School in Hyderabad, which is affiliated with some of the top US schools, similarly, NRIs may also consider setting up such schools in northern India.

NRIs and PIOs need to become mechanisms that allow a transfer of their skills, leveraging of contacts, attracting investments, enhancing trade, and providing networking and insights into the American and Canadian market psyche.

The government is following the policy of privatization and liberalization and NRIs can play a major role in it. There are a number of NRIs who are willing to start companies, schools, and other institutes in India. However, we must realize that India must provide a conducive environment for them to work.

Speaking at the Pravasi Bharatiya Divas 2005 at Mumbai, Prime

next generation has done extremely well in their careers there is an enormous amount of money available to these successful youngsters who are setting up foundations to help promote environment, social and educational causes in India.

In fact, their astounding creativity and entrepreneurial spirit, especially in the knowledge-based industry, has brought them wealth that has dwarfed the American dream. Today, the 22-million strong Diaspora is looked upon as the vibrant, new face of India that could leverage the country's economic and social growth. NRIs, in fact, are India's newest ambassadors at large, which serve as the bridges to reach out to the best companies in the world.

In 2004, India received more than 3 million visitors (according to an estimate, the number may be 3.5 million, which is all time record.) Including the NRIs. If only one fourth of them visit India, every year, the number would easily be not less than 5 million.

The **Punjabi** upsurge in the UK hoteliering is fairly discernible, while Amitabh Sharma, a Karnal born NRI, now running two software companies in Atlanta, USA, says that there is a positive attitudinal transformation in the USA towards India and its culture. It is a manifestation of this change that Divali was celebrated for the first time in history in White House in 2003.

The Indian community abroad often reflects the diversity, which is the hallmark of our society here ... it is necessary to strengthen the broader Indian identity in the country of your residence. When you are united as Indians, your voice carries greater weight: both for highlighting issues of your concern in your country and for promoting Indian causes. The biggest challenge facing every immigrant community is to integrate harmoniously into the political, economic and social life of the host community, while preserving and cherishing its civilization heritage.

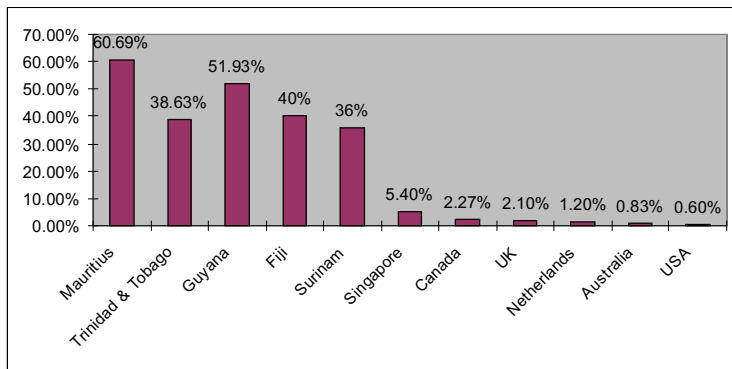
The NRIs, despite their country of adoption/ domicile or the length of stay therein, almost without exception harbour a strong homing instinct. This implies that they always love to return for short stints, the attraction being to rediscover or strengthen their bonds with their roots. Furthermore, they wish to visit places of religious

worship in Punjab, each of which are replete with history and mostly associated with the life and works of the Sikh Gurus. Then there are some who wish to start, strengthen or diversify business ventures, which are run by close or distant relatives. They also have an urge to visit their state of origin merely to drive the pleasure of travel or to satisfy their curiosity for the changes that Punjab may have undergone since they last saw it.

The immigration from **Punjab** had taken place in the 19th Century to countries like England, America, Canada, Kenya and Malaysia. Since then immigration continued in different phases. The sixties, saw substantial immigration. People from Doaba (Jalandhar, Kapurthala, Nawanshahar and Hoshiarpur) constitute bulk of immigration. Largest centers of Punjabi immigration are England, Germany, Belgium, Toronto and Vancouver in Canada, New York and California, USA. In recent years many Punjabis have gone to Australia and Dubai as well. Punjabis are unique NRIs who cherish the memory of their motherland and remain always attached. The new generation NRIs born and brought up abroad is becoming strangers. We can bring them back to their roots, provided we understand their psyche and take some innovative measures. We got to strethen their cultural linkages as well. We must salute Mr Manmohan Singh, eminent Writer- Director for making realistic movies to project the modern and realistic image of Punjab to the younger generation of NRIs, which has created curiosity among them to know more about their parents and grand parents hometown and their roots. It would certainly give boost to Punjabi culture and links between Punjab and NRIs.

needed to enable the seed to grow into a healthy tree with fruits all around its branches.

Wherever they are, they have earned a good name for themselves and for their mother country - India- with their hard work, talent, and of course their loyalty to the country that they are citizens of. They have contributed to the economic prosperity and cultural heritage of their host countries in the process they have achieved the noblest tasks of all - found respect for their motherland.



Distribution of the Indian Diaspora

(Source: Centre for Diaspora Studies, Hyderabad)

Many countries in West Asia and the Gulf have a substantial Indian workforce, currently exceeding 3.5 million -though they are denied citizenship.

Recent population estimates suggest that the Indian Diaspora has crossed well above the mark of 22 millions, dispersed around the globe in more than 70 countries, numbering more than half a million in 11 countries. People of Indian origin represent a significant proportion of the population in countries such as Mauritius (60.69%), Trinidad and Tobago (38.63%), Guyana (51.93%), Surinam (36.04%), Fiji (41.34%), Reunion (30.51%) and Malaysia (7.20%). They are a 'visible' minority in countries like Canada (2.27%), United Kingdom (2.10%), Netherlands (1.2%), Australia (0.83%), U.S.A. (0.60%), and Singapore

(5.40%). Many countries in West Asia and the Gulf have a substantial Indian work force, currently exceeding 3.5 million, though they are denied citizenship. They are compelled to return to the places of their origin after the termination of their labour contract, out of these approximately 7 million NRIs are of Punjabi origin. The 22-million-strong Indian Diaspora accounts for only around 2 per cent of the country's population, but its spread is extensive. It numbers more than a million each in 11 countries in addition to concentrations of at least 100,000 ethnic Indians in 22 countries.

As we all know, India is the second most populous country and the largest democracy in the world. The far reaching and sweeping economic reforms undertaken since 1991 have unleashed the enormous growth potential of the economy. There has been a rapid, yet calibrated, move towards de-regulation and liberalization, which has resulted in India becoming a favourite destination for foreign investment. Undoubtedly, India has emerged as one of the most vibrant and dynamic of the developing countries while being the fourth largest economy in terms of purchasing parity. NRIs comprise 30 per cent of ethnic Indians living outside India.

Meanwhile, in countries such as the United States, Canada, and Australia, Indians have made their presence visibly felt in the professions. The Indian Diaspora has received universal recognition for its intellectual contributions, entrepreneurial acumen and enterprise. For example, in the USA, it comprises less than 0.5 % of the population but accounts for well over 5% of the scientists, engineers and software specialists. The wealth generated by the Indian entrepreneurs in Silicon Valley is around \$ 250 billion, more than half of India's GDP.

Rapid globalisation and ever increasing sophistication of production process and technology have made the exodus to the developed West most significant. What began as tricklings in the mid sixties have now taken the form of an outpouring. The information technology explosion that began in the last decade has made the real breakthrough for India's teeming computer wiz kids.

CHAPTER 1**NRIs - An Overview**

The Indian Diaspora is the largest in the world today after China and has roots in every country in the globe. The West today has started viewing Indians as a very hardworking and intelligent lot due to their remarkable contribution in professional, entrepreneurial as well as in business fields. They can help India catapult into a higher growth by supporting and promoting environmental, social and educational causes in India by bringing in financial resources and proven ideas. There is much that they could contribute, both through the inspiration of their example and through investment in our future.

A Strong bond prevails between India and the Indian Diaspora

Since the economic reforms began in 1991, there has been structural change in India, which is allowing it to grow at a healthy rate. Non Resident Indians have played a major part in foreign investment but its contribution to the Indian economy has only lately been recognized. When India faced its worst balance of payments crisis in the early nineties, its foreign exchange reserves were dwindling and it was coming perilously close to defaulting on meeting its international payments obligation, India turned to its "National Reserve Indians" and it was NRI deposits that helped India to come out of this crisis. In India's 55 years of history this was the first imprint of the important role the Indian Diaspora can play in building Indian economy. When India conducted nuclear tests in 1998, the Indian Diaspora stood by India.

India receives almost \$14 billion a year in official remittances and this money has played a significant role in India's \$80 billion foreign reserve. According to the latest Balance of Payments data of the Reserve Bank of India, remittances during April-December 2003 alone were \$10.8 billion.

Seven Indians made it to the global billionaires list while India emerged third among the Asian countries, whose people found a place in the elite club. Most of them have made their fortunes through India's booming information technology sector. Increasing number of

Indian companies is being listed in the New York Stock Exchange.

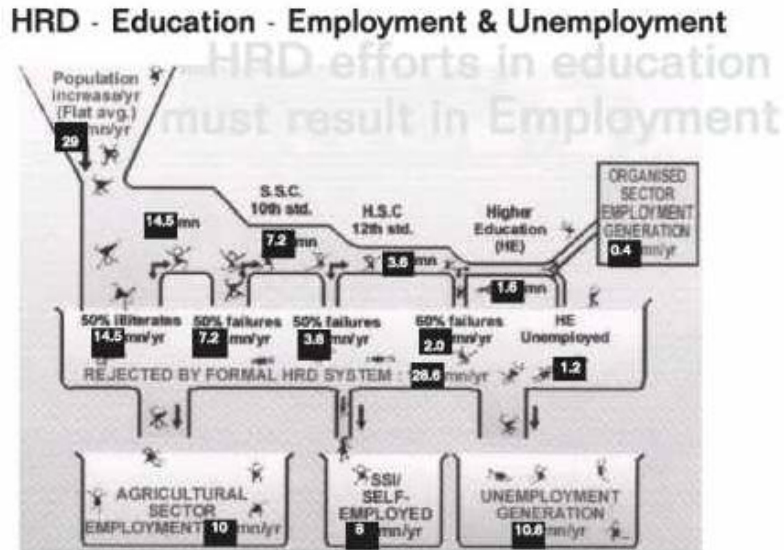
There are 200,000 Indian millionaires in the US (Merrill Lynch figures). The world is aware of India's telecom revolution and its ongoing world's largest highway project. India's image has changed because of success of Indians.

India has a distinct advantage over technology and more particularly in the information technology field. Today, India is one of the most exciting emerging markets in the world. Skilled managerial and technical manpower that match the best available in the world and a middle class whose size exceeds the population of the USA or the European Union, provide India with a distinct cutting edge in global competition.

The Indian Diaspora falls into three categories. The first is composed of the indentured labour voluntarily or forcefully taken during the early British era as estate labour in faraway colonies. Many perished on the overcrowded and under stored ships- the case of Komagatamaru is different- to Fiji, Trinidad, Singapore, Malaysia, Mauritius, Sri Lanka etc. Those who had stayed back became part of the host country, and in the absence of the communication lost much of the native traits. They had to struggle hard each day to reach the top. The early Canadian emigrants had an arduous life. What, however, differentiated them has been their enlightened nationalism and the resultant role in India's Freedom Struggle.

In the **second category**, are those who had settled in British colonies, mostly third world, as professionals or to do petty business. From the late 60s, also began the **third generation** migration simultaneously to the petro- rich Gulf and prosperous states like the USA and Canada. The former came as a big boom. Since it was strictly on time bound work permits, it did not make a stable Diaspora. For the same reason, remittances from the Gulf are substantial and more or less constant.

Many Indians have proffered to migrate out to the Western world with just the seed of hard work, rich culture and honest approach, a perfect genetic combination, in search of what they miss in their country- the outside environment, the system support that is



India is definitely showing encouraging economic growth; referring to the Interim Budget 2004-05 in Economic Times, February 2nd, 2004 projects- with inflation at 4 - 4.5 % this year we expect the growth rate of our GDP to be between 7.5 and 8%. This level of growth is a matter of great satisfaction. Employment has increased, but so have expectations. Bold initiatives in infrastructure have already generated several layers of immediate employment, simultaneously laying the foundation for additional quality employment across a broad spectrum of economic activity. The objective of enhancing job opportunities will be pursued vigorously.

It is forecasted by the experts that there might be a separate section in the interim budget (2004-05) on employment-generation schemes, since the present govt is targeted one crore jobs in the next five years and total employment by 2010.

With an encouraging GDP growth rate, bulging foreign exchange reserves, increasing foreign direct investment and a booming stock market, there should be no dearth of jobs in the country. But this is not the reality. Employment generation is alarmingly

- HIGH EMPLOYMENT POTENTIAL SECTORS AS INDICATED BY THE PLANNING COMMISSION**
- Ø Commercial Agriculture
 - Agro-Industry And Agri- Business
 - A forestation For Pulp, Fuel, And Power
 - **Retail And Wholesale Trade**
 - **Travel - Tourism - Hospitality & Aviation**
 - Housing
 - Construction
 - Garment Industry
 - Other Small Scale And Medium Industry
 - **IT & IT Enabled Services including BPO's**
 - **Education and Counselling**
 - **Health Services**
 - **Financial Services**
 - **Transport**
 - **Tele Communication & Communications**
 - **Community Services**

inadequate, threatening to destabilize the country's social structure. Efforts should be made to ensure growth with sufficient job opportunities so that the country stops adding to the already huge army of the unemployed youth.

It is expected that India will soon get the opportunity to skip the long slow phase of industrialization, and transit rapidly into a predominantly service economy by 2020, create services that meet human needs, generate employment, raise incomes and create purchasing power. In fact, knowledge has replaced capital as the most determinant of development.

Sector	Sectoral share of GDP	Projected growth FY2004 (%)
Services	56.1	7.3
Industry	21.8	5.0
Agriculture	22.1	10.7
GDP		7.4

(Source : Planning Commission Report India Vision 2020)

- (i) **Developing Heritage Villages:** With the renewed interest in heritage and cultural tourism, heritage villages which showcase the traditional way of life and values of the community are becoming very popular both with the local residents and the visitors including foreign tourists. The example of Chokhi Dhani near Jaipur in Rajasthan is before us, where lakhs of people visit this unique attraction. There are many ancient villages which represent the very quintessence of their cultural heritage in the Northern Indian states which could be developed into heritage villages. Such a step would undoubtedly go a long way in creating hundreds of direct and indirect jobs for the local people and others.
- (j) **Tourist Transport:** Transport is the backbone of Tourism industry for conducted and package tours and local sight seeing, coaches, cars and buses are needed in large number at almost all places of tourism and pilgrimage interests in Northern Indian states. This is another area for possible investments by the NRIs.
- (k) **Setting up Ethnic Handicraft Centres:** Handicrafts of Northern India are rich in their tradition, colourful in their designs and depict a cultural ethos of the people. Different states have their own typical handicrafts evolved through centuries. There is thus a need to set up handicraft centers of international standard at some important place in Punjab, such as at Patiala, Hoshiarpur or Amritsar, and at some other places in this region, where ethnically designed varieties of handicrafts are available under one roof. This would go a long way in promoting this art and crafts besides providing gainful employment to a large section of our population. These centers should incorporate salient features of the local traditional architecture.
- (l) **Hotels & Restaurants:** There is great potential for setting up hotels and restaurants at important cities and towns as also on the national and state highways. This will not only meet the growing requirements of the visitors to the state but would also lure the burgeoning middle class

- with high incomes and the rich peasantry who are always fond of taking their families to the hotels and restaurants for meals.
- (m) **Theme based Fashion Shows:** For the corporate sector and the multinational companies, fashion shows have acquired now an important tool to promote their goods and services and for the launch of new products. This is a new area, which can be profitably explored.
- (n) **Health, Herbal & Spa Resorts:** Among many segments of tourism product, Health Tourism is now gaining popularity as the people are increasingly becoming health conscious and are travelling to different climes countries to get treatments. There are many sites in Northern India, which are suitable for developing into holistic Health destinations. Besides developing Health Resorts, there is also immense potential for setting up Herbal Gardens & parks. This is a new area, which could be profitably explored by the NRIs.

NRIs, particularly with roots in Northern India, have made a mark in many a diverse sphere including education, finance, IT, agriculture, trade and commerce, medical sciences, science and technology. They could invest in the creation of basic education facilities and establish specialty medical centers in Northern Indian states. Another way of fulfilling their urge to render some service to their brethren back home would be adoption of 2-3 youth and help them in acquiring higher education by providing them scholarship and financing their education.

NRI Tourism: A large number Non- resident Indians (NRIs) and Persons of Indian Origin, (PIOs) are settled abroad. They have managed to do well in the community they have adopted and most have high incomes and professional skills. Most Indians settled abroad travel to the country for visiting friends and relatives and attending the family functions besides pilgrimage. However, there are many second and third generation PIOs who are hesitant to travel to India in view of their loss of connection and roots in the country. There is need to encourage Indians settled abroad to visit the country, exchange ideas as well as invest in service

at historical forts, archaeological sites and other such monuments in Northern Indian States which are replete with such ancient remains. Places like Bathinda, Patiala, Kapurthala in Punjab, and Kangra Fort in Himachal Pradesh besides some important pilgrimage places hold great promise of developing these programmes, which would bestow great economic benefits with multiplier effects. This will give a new dimension to the development of tourism in the state.

- e) Developing new Airports & starting Air-taxi Services. With a view to promote Tourism and to provide easy and quick accessibility to places of tourism and pilgrimage interest in Northern Indian states, Air-taxi services could also be introduced. At present Amritsar is the only place in Punjab, which has an airport of international standard. Possibility of having another international airport in the State, need also to be explored which would not only promote tourism, but industry and agriculture as well.

Starting air-taxi services to various places of pilgrimage, and leading cities such as Ludhiana, Jalandhar, Amritsar, and Patiala and even to places in the neighbouring states of Himachal Pradesh, J&K, Uttaranchal, UP and Rajasthan, could be started making Chandigarh as base, by the Non Resident Indians. Air-taxi services would not only make the visits easier and comfortable but give an impetus to the growth of agricultural and horticultural produce as well.

The Cochin International Airport Limited (CIAL) is a living example how a Rs 2.3 billion project became functional in a record time of six years (1993-99) with contributions from the Kerala government, financial institutions and the NRIs numbering 10, 1000 from 30 countries including the Gulf, Africa and Europe. The airport has become the hub of all commercial activities in South Asia and caters to 11 million passengers. If Kerala could achieve this remarkable feat with the financial assistance from the non-resident Indians, and others, the Punjab Government may also consider seriously to

tap the rich resources of the NRIs for developing an other airport in Punjab, which would give a big fillip to the Punjab's economy besides making much easier the visit of the thousands of the NRIs of the Punjabi origin who are keen to visit their homeland.

- (f) Shopping Malls & Arcades: There is much potential in developing modern shopping arcades / malls at places such as Amritsar, Ludhiana, Jalandhar, Patiala, Bathinda and Ferozepur in Punjab and in some other cities in other Northern Indian states.
- (g) Developing Golf Courses: Golfing has become today an integral part of the Tourism industry. The game of golf may not be taken as a mere sport event, but it should be considered as a business opportunity. It would be worth following what Spain did in the last decade and the same has been with South East countries like Thailand, Malaysia, Indonesia to name a few. Today, Cuba is coming in a big way to develop golf tourism in the Caribbean group of island. They are planning to develop more than 300 golf courses to attract millions of golf holidayers from across the world. A good holiday destination combined with conventional historical visits will be a boon to the tourism industry.
- One or two golf courses of international standard could be developed in the Punjab or to upgrade the existing golf courses for national and international tournaments, both for the domestic players as well as for the overseas visitors. In this way, golf enthusiasts from countries like Japan and other South Asian countries, could be attracted to visit Punjab. Similarly, possibility to set up more golf courses in other states need also to be explored.
- (h) Package Tours: In a separate chapter details of some of the tourism and pilgrimage circuits have been discussed. These could also be taken up profitably by the NRIs. However, the scope of these package tours could be enlarged to include other places in this northern region.

of tourism in this region.

Similarly, there exists great potential for investment in the hotel sector in this region. There are also a large number of heritage properties in this region waiting to be converted into tourism complexes. There is also great demand for mid-market segment of hotels in the country. Even there is great possibility of setting up not one property, but chains of hotels in this region.

Some Projects for investment by NRIs or as Joint Collaborations

For promoting Tourism, Hospitality and Aviation and other Service Industry components in the Northern Indian States, following projects could be proposed to be taken up by the non-resident Indians, especially of the NI Punjabi origin. These projects could also be offered to other entrepreneurs

- a) **Amusement Parks:** Amusement parks are a great source of entertainment and recreation apart from being important centers of educational values. One such park has already been developed on the Ludhiana - Jalandhar highway. However, there is need for developing many amusement parks of international standard in the Northern Indian states with all the latest state-of-art equipment and gadgetry. These parks, apart from catering to the local residents, would also be a great attraction for the visitors. Places like Amritsar, Ludhiana and Patiala in Punjab, Shimla and Dharamsala in HP, Srinagar & Jammu in J&K, Ambala in Haryana and Dehradun in Uttaranchal could be the potential sites for the location of amusements.
- b) **Ropeways:** Although, there has been much talk for installing a ropeway between Anandpur Sahib and Naina Devi, yet much does not seem to have been achieved in this regard. There is vast potential for developing ropeways in the hilly states of HP & J&K linking the natural sites with the main towns which could again be tourist attractions. Some areas in Punjab such as the Shahpur Kandi belt. Could also be considered as suitable sites for putting up ropeways.

- c) **Convention Centres :** The business of conferences, conventions and congresses has come a long way during the last decades. In the highly competitive business scenario, more and more trade and business organizations now, are relying on the conferences and conventions for promoting their products and services as well as bringing together members of a particular fraternity on a common platform. The setting up of a Conference/Convention Centres in some major cities of Northern India will bring considerable direct economic benefits to the people in generating income and employment opportunities for them, but would also help in promoting their image of being investment-friendly states. At present, no such facility of reasonable standard is available in any of its big cities, like Amritsar, Jalandhar or Ludhiana in Punjab or so to say in any other big city in Northern India except perhaps in Srinagar, with the result that as a whole, these states remain deprived of the much needed revenue and employment potential, in the absence of a Conference/Convention Centres.

Trade Fairs & Exhibitions today have become a big business and are increasingly a source of information & communication. Many big companies and manufacturers including Service Industry providers rely more and more on the Trade Fairs and Exhibitions to promote their Products & Services. Some of the international tourism fairs such as ITB Berlin and WTM at London every year attract millions of visitors generating large amounts of income and employment opportunities. Even the Trade Fairs at Delhi, Bangalore, Mumbai, Hyderabad and other Metropolitan cities are big attractions for the local residents and the visitors. On the lines of these fairs and festivals, there is a need to develop fairs and exhibitions in other states as well.

- d) **Sound & Light Shows:** Since Sound & Light Shows, being developed now to promote tourism by the Central Government and various State governments, there is a considerable scope for developing Sound & Light Shows

Minister, Dr Manmohan Singh, made an impassioned appeal to the NRIs and others for coming forward in a big way to help their motherland in bringing economic prosperity and welfare. He said,

“One of the defining characteristics of the overseas Indian is the high investment you have traditionally made in the education of your children. Interestingly, while many young Indians like to go abroad in search of higher education, many overseas Indians are coming here! This is quite natural. Young Indians, young people like to travel and live away from home as students. I have benefited from this experience and so have my daughters. I would like to encourage young overseas Indians to come and study in institutions here. I know that in the past Governments here have not always delivered on promises in this area, but I hope the new Ministry will take special interest in encouraging Indian universities and institutions to implement existing commitments and increase support for overseas Indian students in India.

Apart from higher education, NRIs can meaningfully participate in extending primary education to our vast population. The Programmes for Overseas Indians to Support Elementary Education in India, as outlined by the Ministry of HRD, will be discussed with you in these sessions. Now that we have made the right to elementary education a fundamental right, we require resources and the necessary wherewithal to realize it in practice. Contributions need not go only to Government. There are many NGOs, which are active in the social sectors, whom you could help. Many of them may be working in villages from where your forefathers first migrated. By helping them, you would pay tribute to the sacred memory of our ancestors.

We need massive investment in infrastructure,

social and economic, rural and urban, to step up the rate of economic growth to 7% - 8% per annum, so that we can generate more employment and eradicate poverty in our lifetime. I believe the economy must absorb up to \$150 billion of investment in infrastructure over the next decade for us to be able to increase the growth rate. Much of this must come in as foreign direct investment, and in substantial part, from overseas Indians. India needs your investment. We are committed to making India attractive enough for you to invest here and take advantage of the spirit of adventure”.

“To ensure a congenial atmosphere for investment by non-resident Indians (NRIs) the sate will soon pass a law to provide a single-window facility to the NRIs” said Punjab Chief Minister Capt. Amarinder Singh while addressing the Punjabi NRIs during Pravasi Bharatiy Divas in Mumbai. To promote investment in agribusiness, the state government will liberalise the policy for marketing agricultural produce, with special emphasis on crops other than wheat, cotton and course paddy. The Chief Minister invited the NRIs to set up agro-based processing units in the state. The state government also plans to make available special funds for NRI investment in large-scale projects of the Punjab Infrastructure Board, and provision of Rs 50 crore has already been made for the purpose.

President A P J Abdul Kalam, called on the overseas Indians at the Pravasi Bharatiya Divas to come together and launch an overseas Indian research foundation with a seed capital of \$100 million to conduct research in challenging areas like prediction of earthquakes. He said that another daunting task before India is the problem of uplifting the 260 million people out of the one billion-population living below the poverty line. This could be executed by taking up an integrated action by focusing on *five basic areas including education and healthcare, agricultural and agro-food processing, development of infrastructure and communication technology and critical technologies and strategic industries*, the President said.

Here it is worth recounting the success story of how a wretched,

per capita spending of Punjab was even less than that of all- India average (Rs 535.21) in 1997- 98, which was above the all India average level during 1990-91.

Population (2001 census)	24.29 million
Percentage increase in population since 1991	19.76
Population Density	482 persons per sq. km.
Rural Population	66.05%
Birth Rate (2000 P)	21.5 per 1000
Death Rate (2000 P)	7.3 per 1000
Infant Mortality Rate (2000 P)	52 per 1000 live births

Literacy Rate (2001 census)

Total	69.95%
Male	75.63%
Female	63.55%
Number of primary schools (as on 1.4.2001)	13,078

Children Attending Schools (No.)

Classes	Boys	Girls
No. of students from class Ist to class Vth	11,20,484	9,91,740
No. of students from class VIth to class VIIIth	5,21,847	4,68,695
No. of students in class IXth and class Xth	2,91,674	2,61,344

The greatest concern in Punjab is that still few sections do not have access to education. Despite Punjab being economically progressive, it is yet short to universalize elementary education for all its children. Punjab has registered a literacy rate of 69.95 percent (Census 2001). It has an all India rank of 10 on the literacy scale among Indian states. Punjab ranks 16 in terms of literacy. Kerala has the highest literacy rate of 90.92 percent, while Bihar has the lowest literacy rate of 47.53 percent. According to the University Grant Commission, the number of students enrolled in the universities and colleges for the year 2002-2003 was 2, 43, 743 with women enrollment of 1, 28, 411 which was 52% of the total enrollment.

This indicates the deliberate neglect of primary education at the level of administration. The total collapse in management and the inspection mechanism reflected in headless schools (in thousands) and an irresponsible transfer policy leading to overstaffing in urban schools and understaffing in rural schools

have contributed in a big was to make education structure as non-serving and non-functional the state policy to upgrade schools, mainly on political considerations, without providing matching facilities, has further disturbed the educational equilibrium.

Table 5.3. Ranking of Districts by Literacy (in percent)

Districts	Literacy Rate	
	Persons	Rank
Amritsar	67.85	10
Bathinda	61.51	13
F. G. Sahib	74.10	7
Faridkot	63.34	12
Firozpur	61.42	14
Gurdaspur	74.19	8
Hoshiarpur	81.40	1
Jalandhar	77.91	3
Kapurthala	73.56	9
Ludhiana	76.54	5
Mansa	52.50	17
Moga	63.94	11
Mukatsar	58.67	16
Nawanshehar	76.96	4
Patiala	68.96	6
Rup Nagar	78.49	2
Sangrur	60.04	15
Punjab	69.95	

Source: Provisional Population Totals, Paper 1 of 2001, Census of India.

DROP OUT RATES AND RETENTION RATES (Data: 2003-2004)

Levels	Dropout Rates %			Retention Rates %		
	Total	Male	Female	Total	Male	Female
On completion of Primary Cycle (Class 1 to 5)	67.2	60.9	73.3	32.8	39.1	26.7
On completion of Elementary Cycle (Class 1 to 8)	78.6	73.9	83.2	21.4	26.1	16.8
On completion of Secondary Cycle (Class 1 to 10)	86.0	83.5	88.4	14.0	16.5	11.6
On completion of Higher Secondary / Inter level Cycle (Class 1 to 12)	93.00	94.0	93.00	7.00	6.0	7.00

Further, the state educational infrastructure is **not adequately** equipped to solve problems such as non-enrolment of children, fake enrolment, irregular attendance and high dropout rate rural areas. The increasing privatisation of education, especially at the stage of primary education, whilst providing good and quality education to many children, has created a social divide.

The state government should also work out a policy that ensures greater co-ordination between education at school and college levels. **Education must be job-oriented, geared towards**

CHAPTER 6

HUMAN CAPITAL MANAGEMENT FOR SERVICE INDUSTRY

UNDP's Human Development Report of 1990, in its opening lines, aptly mentioned: "the real wealth of a nation is its people. And the purpose of development is to create an enabling environment for people to enjoy long healthy and creative lives. This simple but powerful truth is too often forgotten in the pursuit of national and financial wealth."

The Asia-Pacific region hosts two-third of the world's population. According to the above statement it should be the wealthiest region of the world, whereas China, Indonesia and India are home to over half of the world's poor. Such vast population if educated and trained would be the largest pool of skilled human resource available to any region.

"In our desire to move vigorously ahead, nothing is more important than the development of human resources.... It is blindingly clear that the most important resource of any nation must be talents, skills, creativity, and will of its people"

The character and strength of a nation is invariably tied up with the quality and attributes of its citizens. Industrialized countries with limited natural endowments like Japan, Switzerland, and South Korea have emerged and achieved spectacular economic growth on the strength and ingenuity of their human resources. On the other hand, **there are countries that are well endowed with natural resources but failed to capitalize on their given wealth.** They choose, by their own default, to remain on the fringes of progress. These countries have failed to develop effectively their human resources to capitalize on their natural wealth.

At the industry level, human capital management is not only essential but also critical to a company's survival. A company that is short on capital can borrow money but a company that is short of the required human resources has little chances of survival,

either in the short- or long-term perspective. Human resources have and will continue to play a significant role in the socio-economic development of a country. The developed and the developing countries emphasize the importance of developing human resources in their national planning because without it, economic development cannot be accelerated and may in fact become almost impossible.

Essentially, Human Capital Management means the development of skills and efficiency in the existing and potential manpower related to education and training, and efficiency or productivity improvement, which is concerned with value, added per worker. Thus, it can be summarized that the quality of manpower in a country is very much determined by the level of access to education, health care, and other fundamental needs such as

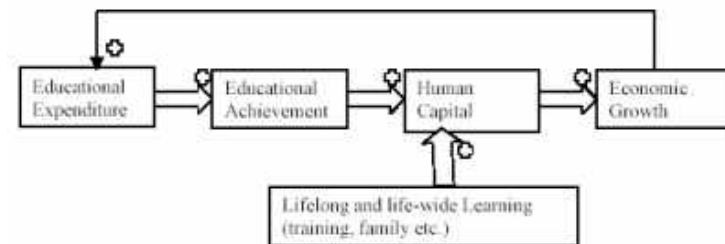


Fig 1: Virtuous Cycle of Human Capital Development

nutrition and welfare, as well as the quality of education itself. To pursue these objectives, efforts would have to be made to spread new management philosophies, impart knowledge, skills, and experiences as well as disseminate new ideas and discoveries among countries in the region. In this regard, "upgrading the skills and knowledge of the labor force, promotion of managerial competence and initiative, as well as advancement of scientific and technological know-how" should be the mantra.

Importance of Education

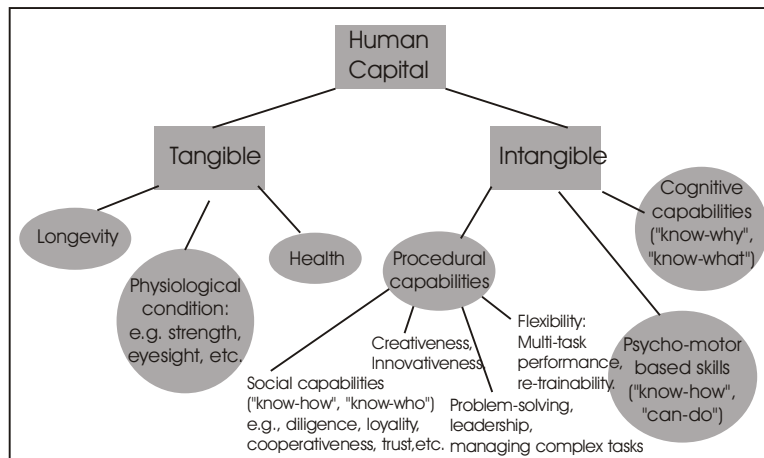
Capabilities of human beings are more or less equally distributed across countries and across rich and poor people without

systematic biases. But capability cannot be harnessed without education. And, the opportunity for education is widely uneven. So, the best way of improving welfare is to improve access to education. Equality of growth matters but equality of educational opportunity matters even more.

The training of social development personnel is a form of investment in human resources with possibly the greatest multiplier effect. Utilization of the value-added service of trained social development personnel, in their capacity as service providers, will result in an enhanced quality of life for a large portion of the population.

Human Capital And Economic Growth

The potential importance of human HR planning and development can be explained by the array of distinct and salient roles that "human capital" plays in economic life. The varieties of forms in which human capital may appear can be explained in (Figure 1.)



Some human capital traits are classified as tangible, because they are directly perceptible in physical characteristics of an individual such as stature, strength, and physical endurance; whereas other elements of human capital are cognitive ability, procedural

capabilities, as well as certain psychomotor-based skills.

Intangible Traits

Three main groups of skills distinguished here: (a) psycho-motor based skills, (b) cognitive capabilities, and (c) procedural capabilities. The latter can be distinguished into four kinds of procedural capabilities: (i) the attributes of creativity and "innovativeness" (ii) more routinised qualities such as problem-solving abilities, complex task management, and leadership; (iii) "flexibility", of being able to perform multi-task activities readily, as well as to absorb re-training easily, (iv) "social" capabilities": a set of specific personal qualities such as diligence, loyalty, cooperativeness and the capacity for discerning trust in other individuals.

The critical role of human knowledge can be explained by the various forms of knowledge: "know-what" and "know-why" and "know where"; these are especially prominent within the sphere of cognitive capability, whereas "know-how" figures in the procedural sphere. "Know-who" has been associated particularly with the subset of social capabilities, although it is obviously also a cognitive matter. The main virtue of taking notice of all the above taxonomic distinctions is that it underscores the extremely heterogeneous character of human capital

Capabilities for Discovery and Invention, Entrepreneurship and Innovation

Human capital has an obvious bearing upon the production of new knowledge in business practices, as well as of knowledge bearing upon the nature of the material world both the world of nature and that of human artifacts. One must recognise that there are important positive externalities, as well as potentially destructive effects resulting from "knowledge spill-overs" of a purely cognitive sort. But more recently there has been greater recognition of the point that "human capabilities" -- some of them acquired in the formal process of human capital formation, and others affected by the mode of training -- also have a bearing upon the frequency and ubiquity of innovative economic behaviour, and on the supply of entrepreneurship.

Global And Regional Trends In Human Capital Management

1. Globalisation

One major trend with implications for Human Capital Management is globalisation. It is fostered not only by technological change and the continually falling costs of communication and transport but also by the decisions of developing countries in Asia and the Pacific and elsewhere to embrace market oriented development strategies and to open their countries increasingly to the world economy. The world is thus fast becoming one interdependent global market place.

Competitiveness of both nations and enterprises will be on an international basis. World-wide competition has increased, the pace of economic change has accelerated and the process of development has become less predictable. Competitiveness will be decided on a country's or an enterprise's capacity to add value to global economic products, services and processes (Robert Reich 1991). A key contributor in this regard is the knowledge and skills of the workforce. In fact the education and skills of the workforce will be the key competitive weapon for the rest of the 1990s as well as for the 21st century (Robert Reich 1991, Lester Thurow 1994).

Compared to the past, enterprises will need to update much more regularly the skills mix of their employees to respond to the opportunities or threats created by globalisation and rapid technological change. Indeed intense global competition is reconfiguring the market place. Enterprises increasingly have to compete by differentiating themselves from their competitors by the quality of the human systems and processes behind their products and services (Jeanne C. Meister, 1994). The attitudes, knowledge and skills of the workforce of the enterprise and its contractors and suppliers will determine the quality of the human system and processes behind its products and services. Competition will be less and less in terms of how the features and benefits of one's product/services compare with those of another as more products are perceived to be at parity by customers (product convergence).

The sluggishness in the world economy is also seen in the reduction of private capital flows to developing countries both net

commercial lending and foreign direct investment (FDI). FDI flows to developing countries peaked at \$180 billion in 1999, and have fallen back to the \$160 billion range. Rising global risk premiums have led to a reversal in debt capital flows. The precarious market conditions have also reduced infrastructure investment sharply. Besides the fall in investment in absolute terms, investors are becoming more selective in choosing their investment destinations. As a result, investment is flowing to countries with better domestic investment climates: good governance, sound institutions and a system of property rights.

To take advantage of the opportunities associated with globalization and reduce associated risks the importance of domestic policies to raise investment levels and improve its productivity. Adopting policies that promote competition are central to raising productivity. Policy barriers to competition in developing countries are common legal restrictions prevent entry of foreign participants, trade barriers limit import competition, state monopolies protect domestic firms from private sector competition and poorly designed regulatory regimes in privatized industries shun competitors stifling productivity growth. Firms in Korea, Malaysia and Thailand are more productive than firms in India and China partly because of lower trade restrictions and administrative barriers to entry. Introduction of competition in privatized industries is also helpful: telephone services in countries with competitive markets expanded three times faster than countries with private monopolies.

New era of globalization, which began in the 1980s, brought about a significant decline in costs of transportation, communication, and production; considerably improved inter country competitiveness; and broke down trade and cultural barriers among countries. The concept of a sovereign nation has been increasingly questioned in recent years.

For some economists (e.g., Easterlin, 1981) the answer to the question "Why isn't the whole world developed?" lies mainly in the international disparities in levels of education and training. This suggests that human capital formation is the route through which the gap between rich and poor nations can be closed.

2. Changing Organisational Structures/Work Patterns

Due to the changing organizational structures, work patterns and eruption of virtual organizations, the small core of professionals, technicians and managers will need to be the focus for human resource management. More investment in the management and training of part-time and temporary workers will also be required.

To stay competitive, most modern economies rely upon a labour force that is not only sufficiently skilled and adaptable, but also geographically mobile. Whole industries shrink in some regions and cannot easily be replaced. Lifelong learning is the guiding principle for policy strategies concerned not only with a nation's economic well-being and competitiveness but with personal fulfillment and social cohesion.

3. Competitiveness in the Global Economy

The level of skills that a nation possesses and the quality of those skills are becoming critical factors influencing its ability to take advantage of the opportunities and minimize the social costs which rapid technological transformation and transition to a more open economy entail. An educated, skilled and adaptable workforce is essential to ensure more efficient and productive enterprises, improved national competitiveness, and to take advantage of new niches that the interface of globalization and new technology offers.

An economy's competitiveness may be defined as its ability to produce goods and services that meet the tests of international competition, while its people enjoy a rising and sustainable standard of living. If an economy experiences a decline in competitiveness, or relative productivity, the adjustments required to correct it (through exchange rates or making labour markets more 'flexible') may result in lower levels of wages and incomes, rising unemployment and underemployment, and the economy's total output falling below desired targets. The dynamics of the growth process also point to a positive relationship between a country's rate of productivity growth and change in its share of world markets. Countries with high productivity growth rates also have high rates of investment and

growth. Countries that are slow to adapt to the unprecedented strengthening of world competition, through cumulative causation, are likely to fall further behind and end up with an unfavourable product mix that makes long-term productivity growth even harder to achieve. In order to achieve lasting increases in the standard of living, countries must pay full attention to their international competitive position.

In East Asia, during the period of rapid economic expansion that preceded the financial crisis, the interaction of skills and growth was self-supporting, easing the process of growth. These countries accumulated capital and skills at a very rapid pace. Policy choices could be more ambitious because the level of education and skills did not constrain their implementation. The case of East Asia shows that while education and training cannot alone act as catalysts for growth, their absence and the absence of appropriate levels of skills can be a constraint. This region's work to develop supporting skills is beyond the means of small companies. This has led to multi-national organizations, linkages between competitor companies and other strategies to enable businesses to interact internationally. There are many examples like, Airlines forming strategic international alliances to minimize over-servicing on unprofitable routes and share marketing costs. This is a continuing trend and makes sound business sense. The effects of this approach flow into the human resources area when certain types and ranges of work shift rapidly from one country to another. In these circumstances functions such as quality control and design cannot be kept within a single workplace, and new skills in managing resources and interacting with global workplace colleagues become more important for many workers. They will need skills in managing a multicultural workforce.

International competitiveness, as noted earlier, is dependent on a broad range of factors. Education and training is a vital part of the 'people' factor. By itself though, education and training cannot directly produce a more internationally competitive nation - it is interdependent with other competitiveness factors. But the skills and competence of the workforce are significant determinants of measured economic growth and productivity performance. The way in which it is measured is also important. Excessive focus on

professional education and qualifications as a primary measure of competitiveness has been a pitfall for some countries.

Continuing to expand university and other higher-level professional qualifications without expanding the vocational school and training programmes at the occupational end of the qualifications profile may make a country less competitive than countries that achieve a balanced expansion. Satisfactorily addressing minimum requirements for language, literacy and numeracy skills across the whole community should also be a priority.

The issues of upskilling, broad skilling and multi-skilling often arise in any discussion of training and competitiveness. Upskilling of existing enterprises and national workforces is a paramount objective in a changing marketplace. It means acquiring skills in new areas, and skills that take existing work to higher levels. Broad-skilling tends to concentrate on expanding the range of existing skills across a workforce to include new technologies or different types of services to clients. Both upskilling and broad skilling are ongoing. They are incremental and part of natural workplace development throughout an individual's career. Multi-skilling has generally been defined more narrowly, covering the blending of existing trades and occupations into more broadly-skilled descriptors. Multiskilling tends to occur in initial training through changes in the definitions and structure of trade courses.

Upgrading Skills In The Service Sector

A substantial proportion of the companies in the Asian economies indicated a need for skill improvements in areas such as management (85 percent), planning (80 percent), interpersonal skills (79 percent), new technology (77 percent), self-management (69 percent), job-related technical skills (69 percent), multi-skilling (65 percent) and teamwork (64 percent). This is a problem in most of the countries for example, in Latin America, 73 percent of the 92 companies surveyed indicated a need for skill improvement in management. There are also a high proportion of companies indicating a need to improve interpersonal and communication skills (60 percent), planning

and problem solving skills (58 percent) and technical competency (47 percent).

The companies experience, to some extent, difficulties in recruiting skilled workers, especially in the occupations of management, professional & technical, and in service industry. The service firms have adopted various coping strategies, such as the use of expatriates, out-sourcing various aspects of their operations and, to a smaller extent, through further training of their employees. In some ways, these strategies have helped alleviate the pressures of skill shortages. However, there remain three issues that the companies must address. These issues are difficulties in HR planning, coping with a high level of staff turnover, and controlling training costs. These issues are considered to be the direct result of skill shortages.

As developing countries in Asia and the Pacific industrialize further, the size and contribution to output and employment of the service sector will increase. Liberalization will also increasingly affect the development and the productivity of the service sector will become more important. Furthermore, increased automation in manufacturing will force a growing number of persons to look for jobs, as the labor supply exceeds the demand. Many will find their way into the service industries. Service industries, which are not exposed to international competitiveness, tend to have lower productivity. Developing countries in Asia will increasingly need to pay greater attention to the development of the service sector and the raising of its productivity. This may involve the development of new service industries, the rationalization of existing service industries, where applicable, and the improvement of productivity of individual service enterprises.

Quality Culture

The experiences of outstanding service companies in the world, especially the United States and Japan, indicate that the development of a quality culture is essential to higher productivity. Such a culture enables the enterprise to develop management systems to improve productivity and to motivate employees to deliver quality service. The commitment by top management to its implementation is critical.

At the same time it is necessary that management systems be designed to achieve higher productivity and customer satisfaction. These include quality improvement practices; good human resource management practices; performance management systems providing for clear customer oriented performance standards in work; and technology management which involves the use of modern technology to improve customer service and to make work easier and more rewarding to employees.

The attitude, knowledge and skills of workers is a major ingredient in service quality. The upgrading of service skills is an issue for many developing countries of Asia and the Pacific. Skills standard for service jobs are generally underdeveloped. Without such standards, it would be difficult to improve performance and have career development. There is a need to set skills standards for service vocations and to certify service skills. Training programmes should then be developed to teach these skills. To this end, industry bodies in the service sector will need to work with government bodies dealing with training and certification to develop standards and certification of skills and training programmes to teach such skills for their respective service industry.

Knowledge & Skills Development

It is increasingly recognized that knowledge, both as an input and an output, is central to the process of growth and job creation. Today, knowledge in all its forms plays a crucial role in economic processes. Individuals with more knowledge get better-paid jobs, firms with more knowledge are winners in markets, and nations with more knowledge are more productive. Most knowledge, particularly for emerging technologies and practices, arises in enterprises. Workers therefore need access to learning that generates and keeps them abreast of new knowledge. Given the exponential expansion of information, however, and the rapid changes in technology and shifting job requirements, most knowledge that workers need will be stored outside the head, so to speak. Skill development should focus on how to access and interpret information rather than on rote learning the information itself.

FUTUROLOGY OF HR PRACTITIONERS: CHANGE AGENTS

HR professionals are fundamentally agents and architects of change. Our companies are in the midst of major sometimes-tumultuous change. HR has to partner with line management to facilitate this change. Moreover, increasingly we are in the business of working with whole companies -whole organizations, to understand and meet the performance imperatives of competitive advantage. This takes us squarely into the arena of shared responsibility for performance, the arena of designing creative ways for people to work together and the building of high performance teams.

At the same time none of the jobs are the same any more, our roles, relationships, demand for competitiveness and content analysis to the business is changing all across the workplace. Therefore, the HR managers need to develop capabilities in their human resources, which are a must for survival of every Service Organization.

Multi-skilling

Technological changes, especially information technology and telecommunications, and competition in the fast moving competitive global marketplace have changed work organizations and working patterns. Instead of fragmentation of tasks, increasing use is made of teams and multi skilled workers. As a result of these changes in working patterns, the role of workers has broadened with a consequent need for a wider range of skills. Thus cellular manufacturing operators (CMOs) in Motorola are expected not only to perform their own jobs but also to understand a range of additional assembly functions. CMOs work together in informal teams and are responsible for planning their work, controlling quality and inventing new ways to improve work processes, reduce defects and shorten cycle time. This is to maximize the flexibility of the teams. Furthermore they must largely be self supervising.

Times are changing and industry's demands of managers are becoming more and more complex. Corporates are now looking

for employees with a much wider complement of skills than was the case in the previous traditional slower moving hierarchical organization with clear chains of command and "thinkers" at the top and "doers" at the bottom. A finance company may be looking for a candidate with a finance background along with a flare for marketing financial products. A marketing manager may be expected to know Human Capital Management concepts to motivate and get the best out of his team. Therefore, to gain a competitive advantage people, systems and skills are needed to be managed more effectively to get the performance gains.

Team Synergy

Considerable work will be essential in building a positive organizational climate, within which improving performance level is not only appreciated and rewarded, but becomes a way of life. The HR team will be only one of the important pillars, and the other functions will certainly and equally have to do a lot of upgrading for improving the organizational results. Team work, will therefore, be a key driver in any organization, that will demand and result in high performance both at all individual levels and also across functions and teams continuously and consistently.

Empowerment

Flatter organization structures are getting to be the order of the day, instead of fatter organizations - empowerment and modern management information systems have increased the span of control, delayering and restructuring with optimum manpower utilization possible. Managerial productivity has been a neglected area for most, and value addition from this area will demand far greater attention.

New HR techniques and tools

Use of modern HR techniques and tools will become a necessity to change from the managing by "instinct" syndrome. These will include strategic measurement systems, score cards, surveys etc. as a base to help make quality decisions.

Motivation

Building self-driven and committed employees with competencies necessary for high level of sustained performance has always been major challenge to HR and top managers of any enterprise, and this is getting accentuated day by day. Retention and motivation of key employees, and their backups, will therefore, be a major challenge for which career planning will be important. Creating an open organization culture with empowered employees, as the foundation to build such commitment, will be another major policy challenge for the HR people in particular. With technology up gradations, much greater use of IT and e-commerce a new breed of 'knowledge workers' in 'learning organizations' will make the differentiation. This intellectual capital will demand much nurturing from the enterprise, in order reap superior results.

Societal issues

No organization can remain an island, and therefore the leadership will have to play a greater role in contributing and participating actively in the environmental and society issues - yet another important challenge.

Situational Management

Planning to manage any disaster -both internal and external - will tax the managers, who will have a much larger contributory role in this area in the coming future, along with others.

Outsourced Services / Alternative Staffing

Outsourced services are the latest tool in the kitty of HR practitioners today. It simply means that instead of employing people, the services of human resource can be outsourced. For example, if MNC's need to carry out market research, follow-ups, telemarketing, etc... then instead of that would prove to be really costly for the company, the HR Manager can outsource these. Because of advantages associated with this phenomenon, call center businesses are mushrooming in the developing countries because of the low labour costs.

Virtual organizations

The workforce has also become more mobile. One impact on work patterns that is emerging is relationship organizations or virtual

corporations. The virtual organization has a very small core with many resources supported from the outside but without a physical set up.

Virtual offices are emerging as companies are leveraging cyberspace and electronic technology to cut costs like rentals and to boost productivity. In such virtual offices workers stay out of the office but retain contact through high technology gadgets, which could be handheld devices that can receive and send e-mail and faxes. Telecommuting is one form of the virtual office where workers work from the home or just about anywhere outside the office.

The development of virtual organizations has Human Capital Management implications. Virtual corporations need workers who are highly skilled, reliable and educated, able to understand the new forms of information, adaptable and can work efficiently with others. Employees need not just technical skills but also the skill of learning how to learn to cope with continuous and radical change of virtual businesses. New forms of training, which are flexible, on demand and interactive, will have to be devised for employees of virtual enterprises.

Online Recruitment

The use of the Internet has now extended to the recruitment of employees. Companies can use the Internet revolution to look for the right candidates.

WORK INCENTIVES

To effectively motivate, a definite system of incentives or rewards is necessary. Such a system requires a combination of several groups of incentives, the most important of which are:

Recognition - Monetary & Non-Monetary

The first thought concerning recognition is usually money. Good pay is vital. However, there are others features of a job that are of major importance - steady work, comfortable working conditions, good working companions, good supervision, the actual nature of the job itself, and opportunities for advancement.

Social Prestige

Present-day management theory says it is no longer sufficient to satisfy only subsistence needs. Such a policy is too limited to

motivate employees enough for today's competitive business conditions. Superior employee performance will be obtained only when his social and self-esteem needs are supplied on the job.

Achievement

Ambition falls off when employees do not have enough to do. The only way to solve this problem is to establish reasonable work production standards for each job. Study and evaluation of standards and worker production should result in a reasonable level of output for each position. Living up to these standards brings a sense of achievement.

Better Placement

Workers will be more productive and interested if they feel they are in the right job, best suited for the occupation in which they are employed, and being used to the fullest capacity. Periodic checks of employee's production and talks with his supervisor will establish his level of performance. Appropriate adjustments in his job assignment help to keep his work up to his capabilities and are of long-term benefit to both worker and employer.

Better Environment

Some places of business look fine from the outside, and to the customer, but much less attractive behind doors in the work areas. This is detrimental to morale. Also, there are indirect, bad effects on habits and sanitation standards. Working areas should be made light, airy, comfortable, orderly, quiet, and clean. Actual tests have proven that morale and productivity are much higher when employees work in pleasant and clean areas than when the work environment is unattractive and depressing.

Self-Achievement, Advancement, Growth

Self-achievement (also called self-fulfillment or self-actualization) tops all other considerations as an additional incentive especially for the more ambitious and resourceful employee. Simply stated, a person knows he can climb the business ladder as far as his

ability can take him. This incentive is especially powerful for younger members of an organization. To motivate and keep the services of the most intelligent and capable of the younger employees, they must be offered opportunity for advancement. Openings for positions of greater authority and responsibility occur from time to time, and each business can offer its own particular inducements.

Self-Esteem

This group of needs differs from others in that it is concerned with the employee's view of himself. Examples are the opportunity for recognition, status in the community, respect, distinction, attention, importance, and appreciation. These are the most difficult needs to provide. Enhancing self-esteem improves feelings of self-confidence, strength, worth, and usefulness to the business organization. Denying this need leads to a feeling of inferiority which brings about discouragement.

These are practical employee management suggestions that will bring about more productive and better-satisfied employees. The team approach and provisions for high quality supervision are essential elements in motivation. Use of specific incentives (rewards) in monetary and non-monetary forms constitutes tangible results for the employee. Employee who are recognized for their worth to the company and rewarded accordingly will multiply this value in guest satisfaction and profits.

HUMAN CAPITAL MANAGEMENT STRATEGY FOR A COUNTRY

The Human Capital Management strategy and policy planning for a nation should be directed towards: Building a close partnership between government and business in facilitating skill improvement in their economies to promote better and more effective usage of scarce public resources, and to provide up-to-date information from business to government for better labour market policy-making;

Consolidating the commitment of the governments to make quality and equity investments in their people. There is a need for

the countries to continuously emphasise the importance of formal and vocational education for their people in order to make them more employable, productive and internationally competitive; Improving the existing education and training systems in the country with the aim of meeting skill requirements in a changing labour market; Provide relevant training programs to upgrade skills and develop new skills, and to keep abreast of new development in information technology.

Policy Framework For Human Capital Management

The only reason economic growth and competitiveness matter is that they serve the people they are founded on. "Human resources" are a crucial ingredient of a healthy economy, but one mustn't forget that they are the beneficiaries as well. In material terms - such as daily caloric intake -- the national pool of labor best prepared to contribute to high value-added, increasingly global commercial activities will gain most. One might choose to preserve traditional modes of living instead of material gain, but if one selects the latter then an educated human resource base is increasingly essential. Economic returns are gravitating to those with education like never before, and while even the uneducated benefit from the innovations of the well-trained, the wealth gap is widening in Asia as elsewhere and causing alarm.

Labour is a core element of productivity, which is a major character of growth. High-value commercial activities increasingly are distributed worldwide, and emerging markets cannot rely solely on low cost workers to contribute their productivity. Instead, technology know-how and service industry competence must be embraced as well or else quickly become the world's relative growth laggards.

Three important elements of a successful human resources strategy, technology-laden international economy are basic public education, copious private investment in human resources, and strenuous anti-brain drain considerations.

Basic education was an important part of Asia's high growth in past decades and will continue to be so in the future. Compared to

other emerging economies at similar income levels, developing Asia invested more into achieving higher enrollment in primary and secondary education, and in bolstering the focus and quality of that education. Studies by the World Bank have drawn the connection between this investment in education and higher rates of long-term growth than would otherwise have been possible. Ensuring a work force well grounded in basic verbal and science skills, able to analyze problems and adapt to structural adjustments in the nature of employment opportunities is the key. It is also an obvious inducement to foreign investors choosing among potential host countries. Perhaps the most important contribution of broad-based basic education for both genders is to reduce the "digital divide" within countries. With educated city dwellers but a knowledge-poor rural population, an economy is more ripe for political paralysis, social discontent and, ultimately, violence. Basic education is the only way to close this divide and make sure that opportunities are widely accessible.

Just as picking specific technologies cannot be delegated to government, public-policy professionals cannot provide the lifelong-learning process. Nations do not imbue specific job skills, it is the businesses and professional schools that do. Private investment in on-going human resources training must pick up where basic education leaves off. Over the course of a career, private training will probably entail a greater infusion of money and know-how than basic education does. East Asian economies, and the multilateral organizations they work with, should redouble their efforts to tally how much training takes place in private business. The vitriolic and misdirected belief among some in the West that transnational firms do not invest in local employees demonstrates that this point is not well enough understood. Private investment in people can be encouraged through tax policy.

Finally, it must be recognized that the technology and services workers are training for are also an avenue to take their skills and abilities elsewhere. "Brain-drain" has been a long-standing threat to emerging market development, as skilled workers defer returning home after studying abroad or seek opportunities abroad after acquiring skills at home. The increased presence of

foreign invested enterprises provides added alternatives to settling for less dynamic and rewarding employment at domestic firms, while global information technology permits skilled workers to serve faraway demand instead of local consumers. While this is in effect a service export benefiting the home country trade balance it also soaks up scarce skills that are badly needed by indigenous firms. Competition to employ these workers only gets fiercer with deeper globalization. While basic education and private training are the key to expanding the supply of skilled labor, an environment of economic growth and opportunity is necessary to promote demand for those skills at home comparable to demand for them abroad. Border impediments to skilled worker mobility are falling, and the most capable individual contributors can increasingly "vote with their feet". Asian governments must improve the likelihood of their staying at home by insuring access to the tools of opportunity available elsewhere - capital, earning potential, intellectual property rights protection, and ultimately, greater and more explicit political participation. These are fundamental and far-reaching tasks that cannot be realized overnight. But confidence that policy is on track to guaranteeing these opportunities both can and must be the goal in the short-term. The human resources economic growth depends upon deserve as much, and expect more and more of what they deserve by virtue of globalization.

STRATEGIES FOR HUMAN CAPITAL MANAGEMENT IN PUNJAB

Providing quality basic education, with a focus on increasing access by all groups to basic education and increasing levels of educational attainment for the population as a whole Enhancing the skills of managers, entrepreneurs, and educators/trainers in key sectors. Supporting the training needs of small and medium-sized enterprises (SMEs) and the management of sustainable growth and development .Promoting and developing lifelong learning as a means to both meet rapidly changing skill needs in the economy as well as individual needs for adjustment and upgrading of education, vocational training, professional and technical skills, and management development
Increasing quality of curricula, teaching methods, and

instructional materials in education, training, and skills development at all levels, with a particular focus on preparing for the transition to the 21st century (i.e. from basic education, through vocational and technical skills training, to professional and executive development for management of change)

Facilitating mobility of qualified persons to help meet skill shortages by developing means for mutual recognition of skills and qualifications, and to increase opportunities for people to gain the skills required for the economic growth and development of member economies and the region as a whole Enhancing the quality, productivity, efficiency, and equitable development of the labour forces and work places in member economies Strengthening co-operative action by public, and business/private sectors, educational and training institutions.

Paying attention to the diversity of experiences and situations in the region in designing approaches to human resources development. Training the youth for taking up placements in the emerging outsourcing businesses. The Government should provide incentives to the major hotel chains to set up their properties in the region, thus providing employment and training to the youth. Insurance companies can be invited to cater to the vast populace of Punjab and also provide employment to the people.

Whichever way it may be defined, ultimately, a strategic approach to human resource management must culminate in the implementation of policies and practices designed to enable, support and engender behaviours consistent with organisation's strategic intent. This demands achievement of a good synergy between HR and the business strategy.

Known for their entrepreneurial spirits and abilities Non-resident Indians who have made great progress in the world, can contribute substantially in developing human capital in northern India , particularly in Punjab and usher a new era of progress in this region. There are fundamental limitations in Punjab's mindset and management style, notwithstanding several historical and acquired abilities that Punjab's entrepreneurs,

businessmen and managers are associated with. There is no dearth of talent and intelligence in Punjab, rather its people excel in many areas of work, but what, perhaps, is needed, imbibing certain traits and qualities of leadership with which men like Dhirubhai Ambani, Deepak Parekh, Narayan Murthy, Rahul Bajaj, Azim Premji, Ajay Piramal, Rattan Tata, are endowed with.

Punjab National Bank: An Introduction.

Established in 1895 at Lahore, undivided India, Punjab National Bank (PNB) has the distinction of being the first bank to have been started solely with Indian capital. From its modest beginning, the bank has grown in size and stature to become a front-line banking institution in India at present. During its existence of over one hundred and eight years, Punjab National Bank has faced many a trials of strength including the trauma of partition of India in 1947 at the time of independence. However, due to its inherent strengths and resilience, the bank not only withstood such adversities but established itself still firmly on the Indian subcontinent. The bank was nationalised in July 1969 along with 13 other banks. The bank's strength lies in its corporate belief of growth with stability.

With its presence in virtually in all the important centres of the country, Punjab National Bank offers a wide variety of banking services which include corporate and personal banking, industrial finance, agricultural finance, financing of trade and international banking. Among the clients of the Bank are Indian conglomerates, medium and small industrial units, exporters, non-resident Indians and multinational companies. The large presence and vast resource base have helped the bank to build strong links with trade and industry.

Punjab National Bank is serving over 3.5 crore customers through 4474 offices, largest amongst Nationalized Banks. The Bank was recently ranked 38th amongst top 500 companies by the leading financial daily, Economic Times. PNB's attempts at providing best customer service has earned it 9th place among Indias Most Trusted top 50 service brands in Economic Times- A.C Nielson Survey. PNB is also ranked 313 amongst the top 1000 banks in the world according to "The Banker" London.

Strong correspondent banking relationship which Punjab National Bank maintains with over 200 leading international banks all over the world enhances its capabilities to handle transactions world-wide. Besides, bank has Rupee Drawing Arrangements with 15 exchange companies in the Gulf and one in Singapore. Bank is a

member of the SWIFT and over 150 branches of the bank are connected through its computer-based terminal at Mumbai. With its state-of-art dealing rooms and well-trained dealers, the bank offers efficient forex dealing operations in India.

The bank has been focussing on expanding its operations outside India and has identified some of the emerging economies which offer large business potential. Bank has set up representative offices at Almaty, Kazakhktn, Shanghai, China and in London. Besides, Bank has opened a full fledged Branch in Kabul, Afghanistan.

Keeping in tune with changing times and to provide its customers more efficient and speedy service, the Bank has taken major initiative in the field of computerization. All the Branches of the Bank have been computerized. The Bank has also launched aggressively the concept of "Any Time, Any Where Banking" through the introduction of Centralized Banking Solution (CBS) and over 850 offices have already been brought under its ambit.

PNB also offers Internet Banking services in the country for Corporates as well as individuals. Internet Banking services are available through all Branches of the Bank networked under CBS. Providing 24 hours, 365 days banking right from the PC of the user, Internet Banking offers world class banking facilities like anytime, anywhere access to account, complete details of transactions, and statement of account, online information of deposits, loans overdraft account etc. PNB has recently introduced Online Payment Facility for railway reservation through IRCTC Payment Gateway Project and Online Utility Bill Payment Services which allows Internet Banking account holders to pay their telephone, mobile, electricity, insurance and other bills anytime from anywhere from their desktop.

Another step taken by PNB in meeting the changing aspirations of its clientele is the launch of its debit card, which is also an ATM card. It enables the card holder to buy goods and services at 45,000 merchant establishments across the country. Besides, the card can be used to withdraw cash at more than 4500 ATMs, where the 'Maestro' logo is displayed, apart from the PNB's over 450 ATMs and tie up arrangements with other Banks.

Facilities available to Non-Resident Indians (NRIs)/Persons of Indian Origin (PIO) for investments in India

(i) Bank Accounts and Deposits

a) NRE Accounts (Principal/interest repatriable)

- *Savings* - The interest rates on NRE Savings deposits should not exceed LIBOR /SWAP rate for six months maturity on USD deposits.
- *Term deposits* - Fixed or floating rates of interest as announced by RBI from time to time (from April 17, 2004 interest rates on NRE deposits should not exceed LIBOR/SWAP rates for USD of corresponding maturity).

b) FCNR(B) (Principal/interest repatriable)

- Term deposit can be placed and ¥).with ADs in India in 4 specific foreign currencies (\$, £,
- Rate of Interest - Fixed or floating within the ceiling rate of LIBOR/SWAP rates for the respective currency/corresponding term minus 25 basis points (except ¥).

c) NRO Accounts (Current earnings repatriable)

- *Savings* - Normally operated for crediting rupee earnings / income such as dividends, interest. Currently the interest rate is 3.5 per cent.
- *Term Deposits* - Banks are free to determine interest rates.

d) Repatriation from NRO balances

Authorised Dealers can allow remittance/s upto USD 1 million, for any purpose per calendar year from balances in NRO accounts subject to payment of applicable taxes. The limit of USD 1 million per year includes sale proceeds of immovable properties held by NRIs/PIOs for a period of 10 years. In case a property is sold after being held for less than 10 years, remittance can be made if the sale proceeds have been held by the NRI/PIO for the balance period.

(ii) Other Investments on repatriation basis:

- Government dated securities/treasury bills.
- Units of domestic mutual funds.
- Bonds issued by a public sector undertaking (PSU) in India.
- Shares in Public Sector Enterprises being dis-invested by the Government of India, provided the purchase is in accordance with the terms and conditions stipulated in the notice inviting bids.
- Shares and convertible debentures of Indian companies under FDI scheme (including automatic route & FIPB).
- Shares and convertible debentures of Indian companies through stock exchange under Portfolio Investment Scheme.

(iii) Other Investments on non-repatriation basis:

- Units of Money Market Mutual Funds in India.
- The capital of a firm or proprietary concern in India, not engaged in any agricultural or plantation activity or real estate business.
- Deposits with a company registered under the Companies Act, 1956 including NBFC registered with RBI, or a body corporate created under an Act of Parliament or State Legislature, a proprietorship concern or a firm out of rupee funds which do not represent inward remittances or transfer from NRE/FCNR(B) Accounts into the NRO Account.

(iv) Investment in immovable Property :

- May acquire immovable property in India other than agricultural/plantation property or a farmhouse out of repatriable and non repatriable funds.
- Housing Loan in rupees availed of by NRIs from ADs/Housing Financial Institutions can be repaid by the close relatives in India of the borrower.

May repatriate

- Sale proceeds of immovable property acquired in India to the extent of repatriable funds used for acquiring the property, without any lock-in period, upto two residential properties. The balance will be repatriable through NRO Account subject to conditions mentioned at item (i)(d).
- refund of (a) application/earnest money/purchase consideration made by house-building agencies/seller on account of non-allotment of flats/plots and (b) cancellation of booking/deals for purchase of residential/commercial properties, together with interest, net of taxes, provided original payment is made out of NRE/FCNR(B) account/inward remittances.

(v) Facilities to returning NRIs/PIOs:

Returning NRIs/PIOs

- may continue to hold, own, transfer or invest in foreign currency, foreign security or any immovable property situated outside India, if such currency, security or property was acquired, held or owned when resident outside India.
- may open, hold and maintain with an authorised dealer in India a Resident Foreign Currency (RFC) Account to transfer balances held in NRE/FCNR(B) accounts. Proceeds of assets held outside India at the time of return, can be credited to RFC account. The funds in RFC accounts are free from all restrictions regarding utilisation of foreign currency balances including any restriction on investment in any form outside India.

**Facilities For Non Resident Indians
Ordinary Non-Resident Accounts (NRO)**

Any person resident outside India can open account under this scheme for the purpose of carrying out bonafide transactions in rupees not involving any violation of provisions of Foreign Exchange Management Act 1999, rules & regulations made there under.

The operations in these accounts should not result in the account holder making available foreign exchange to any person resident

in India against reimbursement in rupees or in any other manner.

These accounts can be opened at all branches of Punjab National Bank.

These accounts can be maintained under current/savings/recurring and term deposits. Term Deposits can be accepted for a maximum period of 10 years and Joint accounts with residents can be opened under this scheme.

Only the interest earned on these deposits is freely repatriable. These accounts are subject to deduction of tax as per Income-tax rules.

Facility for automatic renewal of deposits on maturity and safe custody of Deposit Receipt is also available.

Rupee loans in India can be granted to account holder and 3rd party against security of these deposits.

Interest rates applicable on domestic deposits are also applicable on NRO deposits.

Resident Foreign Currency Account (RFCA)

A person resident in India can open, hold and maintain a Resident Foreign Currency (RFC) Account, out of foreign exchange: -

- (a) received as pension or any other superannuation or other monetary benefits from his employer outside India; or
- (b) realised on conversion of assets which were acquired, held or owned by such person when he was resident outside India.
- (c) received or acquired as gift or inheritance from a person who was resident outside India.
- (d) acquired or received before the 8th day of July, 1947 or any income arising or accruing thereon which is held outside India by any person or acquired as gift or inheritance therefrom.

The funds held in these accounts shall be free from all restrictions regarding utilisation of foreign currency balances including any restriction on investment in any form, by whatever name called, outside India.

These deposits can be maintained under Savings, Current and Term Deposits. Term Deposits can be accepted for a minimum period of 1 month to maximum period of 3 years. These accounts can be opened at all branches of Punjab National Bank, which are authorised for handling foreign exchange business.

PNB Global Rupee Deposit Scheme Non Resident (External) Accounts - "NRE"

Non-Resident Indians can open accounts under this scheme. The account should be opened by the non-resident account holder himself and not by the holder of power of attorney in India.

These accounts can be opened by remittances from abroad in any convertible currency or from transfer of funds from existing NRE/FCNR accounts held by any person with any Bank in India and can be opened at all branches of Punjab National Bank.

Accounts can also be opened during temporary visits of NRIs to India against tender of foreign currency traveller cheques/notes and coins.

The remittance received in foreign currency for opening of NRE accounts will be converted into Indian rupees at the prevailing exchange rates. These accounts can be maintained under Savings/Current/Recurring and Term Deposit Schemes.

Term Deposits can be accepted for a minimum period of 1 year and maximum period of 3 years.

Advantages of NRE Deposits

- Principal along with interest freely repatriable in the currency of your choice.
- The deposit amount will be converted into foreign currency at the prevailing rates at the time of remittance.
- Loans/overdrafts in rupees can be availed by NRI depositors or 3rd parties against the security of these deposits. However, loans in foreign currency against NRE

deposits in India can be availed through our correspondent Banks.

- Income from interest on balances held in these accounts is exempt from Income Tax. Balances held in such accounts are also exempt from Wealth Tax.
- Gifts made to close resident relatives are free from Gift Tax.
- Facility for automatic renewal of deposits on maturity and safe custody of Deposit Receipt is also available.

Additional Concessions offered under PNB Global Rupee Deposit Scheme

All account holders maintaining minimum deposit of Rs.2,50,000 will be offered following concessions in various facilities being offered by the bank: -

- a. Rebate of 0.25% in interest rates on housing loan for the account holder or for one person nominated by NRI in India.
- b. Waiver of Upfront & Documentation fees on all retail loan products for the account holder or for any one nominated person in India.
- c. Free remittance up to Rs.1 lack per annum from his account to anywhere in India, subject to recovery of out of pocket expenses.
- d. No collection charges on any instrument collected in account holder's account, up to Rs.1 lack per annum, from anywhere in India subject to recovery of out of pocket expenses.
- e. Depository services: 50% concessions on service charges of our bank till the deposits remain with our bank.
- f. Free multicity cheque book for CBS branch customers.
- g. Free Lockers facility for the customers maintaining a minimum balance of Rs.5, 00,000.
- h. No Inter-branch (Intersol) transaction charges for banking transactions, by the account holders, in the CBS branches.
- i. Free Internet Banking facility.
- j. Foreign currency funds will be converted into Rupees with

exchange margin of only 2 paise per unit of foreign currency in case remittance is received through SWIFT. Bank will bear foreign bank charges on transfer of funds subject to minimum deposit equivalent to USD 10000.

- k. Facility of automatic renewal of Fixed Deposits on maturity.
- l. Linkage with saving account for family at home by allowing overdraft by marking lien in their NRE Term Deposit account.

PNB Global Foreign Currency Deposit Scheme Foreign Currency Non-Resident (Banks) Accounts - "FCNR"

Non-Resident Indians can open accounts under this scheme. The account should be opened by the non-resident account holder himself and not by the holder of power of attorney in India.

These deposits can be maintained in 3 designated currencies i.e. U.S. Dollar (USD), Pound Sterling (GBP) and Euro.

These accounts can be maintained in the form of terms deposits for maturities of minimum 1 year to maximum 3 years and can be opened with funds remitted from abroad in convertible foreign currency through normal banking channel, which are of repatriable nature in terms of general or special permission granted by Reserve Bank of India.

These accounts can be maintained with our branches, authorised for handling foreign exchange business.

Funds for opening accounts under PNB Global Foreign Currency Deposit Scheme or for credit to such accounts should be received from: -

- Remittance from outside India or
- Traveller Cheques/Currency Notes tendered on visit to India. International Postal Orders cannot be accepted for opening or credit to FCNR accounts.
- Transfer of funds from existing NRE/FCNR accounts.

Advantages of FCNR (B) Deposits

- Principal along with interest freely repatriable in the currency of your choice.

- No Exchange Risk as the deposit is maintained in foreign currency.
- Loans/overdrafts in rupees can be availed by NRI depositors or 3rd parties against the security of these deposits. However, loans in foreign currency against FCNR (B) deposits in India can be availed outside India through our correspondent Banks.
- No Wealth Tax & Income Tax is applicable on these deposits.
- Gifts made to close resident relatives are free from Gift Tax.
- Facility for automatic renewal of deposits on maturity and safe custody of Deposit Receipt is also available.

Payment of Interest

For deposits up to one year, interest at the applicable rate will be paid without any compounding effect. In respect of deposits for more than one year, interest can be paid at intervals of 180 days each and thereafter for remaining actual number of days. However, depositor will have the option to receive the interest on maturity with compounding effect in case of deposits of over one year.

Additional Concessions offered under PNB Global Foreign Currency Deposit Scheme

All account holders maintaining minimum deposit of USD 5000 or its equivalent will be eligible for following concessions in various facilities being offered by the bank: -

- a. Rebate of 0.25% in interest rates on housing loan for the account holder or for one person nominated by NRI in India.
- b. Waiver of Upfront & Documentation fees on all retail loan products for the account holder or for any one nominated person in India.
- c. Free remittance up to Rs.1 lac per annum from his account to anywhere in India, subject to recovery of out of pocket expenses.
- d. No collection charges on any instrument collected in account holder's account, up to Rs.1 lac per annum, from anywhere in India subject to recovery of out of pocket expenses.

- e. Depository services: 50% concessions on service charges of our bank till the deposits remain with the bank.
- f. Free multicity chequebook for CBS branch customers.
- g. Free Lockers facility for the customers maintaining a minimum balance of \$ 10000 or its equivalent.
- h. No Inter-branch (Intersol) transaction charges for banking transactions, by the account holders, in the CBS branches.
- I. Free Internet Banking facility.
- j. Bank will bear foreign bank charges on transfer of funds to our Nostro Accounts subject to minimum deposit of USD 10000 or its equivalent.
- k. Facility of automatic renewal of Fixed Deposits on maturity.
- l. Linkage with saving account for family at home by allowing overdraft by marking lien in their FCNR account.

Facilities For students

EDUCATION LOAN - "VIDYALAKSHYAPURTI"

PNB's attractive Education Loan Scheme - "Vidyalakshyapurti" is designed to provide financial support to deserving students to undertake basic education and to the meritorious students to pursue higher professional and technical education in India and Abroad.

The Scheme enables all type of needy students viz., students of +2 Stage, Graduation courses - B.A., B.Com., B.Sc. etc., Post-Graduation courses, Masters in Ph.D; Professional courses, Engineering, Medical, Agriculture, Veterinary, Law, Dental, Management, Computer etc. Computer Certificate Courses of reputed Institutes accredited to Department of Electronics or Institutes affiliated to University; Courses like ICWA, C.A., CFA etc., courses conducted by IIM, IIT, NIFT etc., Evening courses of reputed Institutes, Diploma / Degree courses conducted by Colleges, Universities approved by UGC / Government / AICTE etc., Courses offered by National Institutes and other reputed Private Institutes, in order to meet the Cost of their studies in India and abroad.

Expenses considered for Loan

- Fee payable to College / School / Hostel

- Examination / Library / Laboratory fee.
- Purchase of books / equipments / instruments / uniforms. Secured admission to foreign University / Institutions.
- Caution Deposit / Building Fund / Refundable Deposit supported by Institution Bills / Receipts.
- Travel Expenses / Passage money for studies abroad.
- Purchase of computers - essential for completion of the Course.

Boarding and lodging expenses in recognised Boarding Houses / private accommodations

Any other expense required to complete the course - like study tours, project work, thesis, etc.

Quantum of Finance

Need based finance, subject to repaying capacity of the parents / students with margin and the following ceilings :-

For studies in India: Maximum Rs.7.50 lacs.

For studies abroad: Maximum Rs.15.00 lacs.

Repayment

Repayment Holiday / Moratorium Course period + 1 year OR 6 months after getting job, whichever is earlier.

Principal and interest to be repaid in 5-7 years after commencement of repayment. If the student is not able to complete the course within the scheduled time, extension of time for completion of course may be permitted for a maximum period of 2 years.

1% concession can be permitted in interest to loanees if the interest is serviced by them during the study period and the repayment holiday specified for interest / repayment under the Scheme.

Upfront Fee

Nil

Additional Benefits provided to the students by PNB

Reimbursement of related expenses such as admission fees, monthly fees, Boarding and lodging expenses in recognised Boarding Houses etc. already incurred by way of loan taken from identified sources (to meet the contingency) by the applicant, if

claimed within 3(three) months of such payments before consideration of the loan by the Bank.

Sanction of the loan at a place other than the place of domicile of the student with the approval of the Zonal Manager of respective zone.

Second time loan can be sanctioned to the same student-borrower for completion of next higher course by the Zonal Manager of the Zone within the ceiling of loan i.e. Rs.7.50 lacs for studies in India and Rs. 15.00 lacs for studies abroad.

Further Information

Toll free No-1600122222

Website: www.pnbindia.com

Web Directory for NRIs

www.jharkhand.net	www.worldsikhcouncil.org
www.nri-gujarat.com	www.nriinternet.com
www.rajtourism.com	www.khalsa.tv
www.netip.org	www.americansikh.com
www.indoindians.com	forums.waheguroo.com
www.nonresidentkeralite.com	www.sikhtemple.org
www.nriol.com	www.fremontgurudwara.org
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Preface

Education scenario in India and so also in northern region is at the cross roads; on the one side we need to have many more educational institutions to cater to the needs of millions of youngsters right from the primary level to the university level and on the other hand there are many ills afflicting our existing educational system. Even institutions of higher learning are mushrooming all over the country but the quality of their education, exceptions apart, is still to match that of corporate sector requirement and also to attain international standards especially in regard to scientific and technological expertise. More over only 6 per cent of the students reach up to the University level, majority of whom opt for Arts, who after passing out, are faced with the grim prospects of finding some suitable avenue for their sustenance. The situation is further compounded with under-employment, with the result that figures of jobless further swell to a degree, which could be a concern both for the country and the society.

Taking the example of Punjab, we find that at the grass root level of primary education, that 22 % of children drop out even before they complete their primary education. It is a serious concern which needs investigation. A study points out that Punjab spends less on education on per capita basis while it has slipped down to 15th place amongst all the states and union territories in India, with a literacy rate of 69.95 %. Although, the main thrust of the State government is now on providing and upgrading the infrastructure in the existing schools, yet much needs to be done to eradicate illiteracy in the state.

With this purpose in view, ITFT- Chandigarh has attempted to bring out its research work on Education, Human Capital Management and Service sector on the occasion of the international conclave of the International Punjabi Chamber for Service Industry with focus on Punjab.

In this book, we have tried to give a broad spectrum of the educational scenario with focus on Punjab, as this State, paradoxically, though, has achieved many a milestone in its development processes such as basic infrastructure, health and agriculture, it has not been able to achieve the desired ends in the field of education. Despite State's commitment for eradicating

illiteracy and spreading the educational net as far as possible and undertaking a number of schemes, educational infrastructure, particularly at the primary school level, remains rather dismal. There are many primary schools, which still remain without teachers, buildings, playgrounds, toilet and basic electricity facilities.

Coupled with education, is the human development, which is the process of widening choices for people to do and be what they value in life. The quality of manpower in a country is very much determined by the level of access to education, health care and other fundamental needs such as nutrition and welfare, as well as the quality of education itself.

We have also to recognize that the equations, which determine national development, have changed in recent years, opening up greater possibilities than before, such as manufacturing, which is giving way to services and capital resources to knowledge resources. The sectoral composition of the GDP changes with economic development with agriculture being reduced by increasing importance of manufacturing, and subsequently, services, as they move up to the ladder of development. India's service sector has already become the determinant contributor to GDP with its share of 54 per cent. It is relevant to quote from the Planning Commission Report "India Vision - 2020", "the country very soon will get the opportunity to skip the long slow phase of industrialization that the most developed nations have passed through, and the transit rapidly into a predominantly service economy by 2020, creating services that meet human needs, generate employment covering the large unorganized segment of the economy, raise incomes and increase purchasing power. Even our notion of services may need to evolve further the importance of the emerging knowledge- intensive services." According to this Report, by 2020, 200 million jobs are likely to be generated in our country, out of which 120 million jobs would be in the Service sector alone.

With enormous resources of cultural heritage and natural resources, with the dynamism and vibrancy with which the State of Punjab is endowed with, the development of service sector in the state, could herald a new era in generating thousands of jobs, now when the unemployment situation in Punjab has assumed

alarming proportions. According to an estimate there are 3 million jobless persons in Punjab, a staggering figure in a population of 2.43 million.

The basic thrust of our research is how we could link up the Indian Diaspora, who are playing a significant role particularly of Punjabi origin for giving a push to the development processes in northern India. There is a huge reservoir of resources, talent and goodwill in the Diaspora, which could be tapped, provided we meet their aspirations of transparency in administration, provide good infrastructure and create investor friendly environment. The NRIs, despite their country of adoption / domicile or the length of stay therein, almost without exception harbour a strong homing instinct. This implies that they always love to return for short stints, the attraction being to rediscover or strengthen their bonds with their roots. Furthermore they wish to visit places of religious worship in Punjab, each of which are replete with history and mostly associated with the life and works of the Sikh Gurus. Then there are some who wish to start, strengthen or diversify business ventures which are run by close or distant relatives or to have joint partnerships and collaborations with Indian corporates. The new generation NRIs born and brought up abroad are becoming, indeed, strangers. We can bring them back to their roots, provided we understand their psyche and take some innovative measures.

Apart from the service sector segments, the book also provides information on projects, which could be taken up by the Non-resident Indians, independently or in association with their counterparts in India particularly in our research region. We have also tried to cover those sectors of the Service Sector, which have maximum potential for the northern India, particularly, Punjab. Rightly the Service sector is now being considered the new driver of economic growth opening innumerable opportunities for employment.

Not only Northern India but North Eastern region of our country reels under the specter of mounting unemployment especially of the educated youth, which has been responsible to a large extent for insurgency and

alienating the youth from the mainstream of the nation. The talent and untapped potential of the North East youth could be utilized purposefully if the same model which we are envisaging for the northern region could be made applicable to northeast as well. Non Resident Indians, especially from the South East Asian countries, who too have made spectacular progress in all fields of economic and social activities can play a significant role for setting up projects especially in the Service Sector in the North East Region as its topography and terrain and close proximity to the region gives added advantage.

In compiling this research in form of a book, I am indeed thankful to Govt of Punjab, Hon'ble Deputy Speaker Lok Sabha, Hon'ble Governor Mizoram, Secretary Planning, Govt of Punjab and others who have helped us with their vision.

I remain indebted to Prof. Narinder Kumar and Ms. Shikha Mehra, my colleagues in the ITFT Chandigarh for their Long hours hard work and diligence in consulting innumerable websites, and in going through a large number of books, periodicals and newspapers for preparing the manuscript of this book. I would also like to thank, Seema Mishra, Deepak Bhandari, Amit Nagpal, Adi Krishna, Kishan Kumar and others for their valuable inputs.

I hope that Non-resident Indians, Indian corporate, educationists, and planners and policy makers in the governments would find it a useful publication. Being conscious of the fact, that there is much scope for improving the text, we would whole heartedly welcome the views and comments of the readers and others which would, indeed, be very useful to us for its second print through www.ipcsi.org

January 19, 2005

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Foreword

A new era has been ushered, globally, with the introduction and advancement of information technology, press- media and entertainment industry and other related streams which has revolutionized our thinking, having a profound effect on what we teach and learn. Our quest for knowledge and our constant endeavor to achieve excellence in all fields of activity is pushing further the ever-increasing frontiers of knowledge. With transnational education now in vogue, a larger number of students are now opting for Universities in the US, Europe, and even in Australia, thanks to the liberalization of the Indian economy and with the hope that higher learning in these would enable them to carve a niche in the ever increasing market competitive scenario. Although it is a gain for foreign universities but at the same time, educational institutes in India are deprived of some of the brightest indigenous talent.

Education in advanced countries is considered investment and not expenditure and similarly developing human capital is considered a most important resource in economic growth and attaining full employment.

We learn with considerable concern, being a son of the soil, that despite Punjab being economically progressive, it is nowhere near achieving hundred percent literacy. There is very high drop out rate of students even at the primary level and many sections of the society do not have access to education. There is widespread unemployment in the state posing as a threat to the society and also deprives it from productive utilization of the talents and potential of its youth.

We are happy, that International Punjabi Chamber for Service Industry (IPCSI), forum for Service Industry, has chosen education and Human Capital Management as the theme for its first conclave, at a time when there rages a great discussion on how to synergies education with employment generation and encouraging youth towards self employment. Inviting Non-resident Indians who cherish to promote educational, social and environmental causes in India and the Indian corporate on a common platform is indeed a laudable initiative in harnessing resources to the benefit of all concerned. Deliberations on investment avenues in the booming Service Sector at the conclave at Chandigarh would make the occasion more purposeful.

We are sure that many thought provoking ideas would come up which would serve as guidelines for educationists, planners, policy makers besides those who are keen to contribute towards the overall socio-economic development of this region.

We compliment the ITFT Chandigarh Research Department and IPCSI for bringing out their research on this occasion, which is timely and covers broad parameters of the existing educational systems and what could be done in the future with the valuable inputs from NRIs and Corporate world.

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Deputy Speaker, Lok Sabha
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Shri A.R. Kohli
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