

# India is a model for Latin America

The Miami Herald  
Jan. 23, 2007

**BANGALORE**, India -- This southern Indian city should become an obligatory visit for all Latin American leaders: its rapid transformation from an agricultural town into the world's hottest information technology center symbolizes all the good things this country is doing, and everything that many Latin American countries are failing to do.

There are 1,850 information technology companies in the city of 5.5 million people, including the who's who of the world's top computer firms. Together, they employ 450,000 young engineers, who are responsible for the bulk of India's \$23 billion-a-year in information technology revenues.

## **EXPLOSIVE GROWTH**

Welcome to the age of the information economy, where a computer software program developed in Bangalore is worth much more in international markets than tons of raw materials. India's technical support and computer software industries are growing so fast that officials expect their revenues to triple to \$60 billion over the next two years.

India is taking advantage of its huge crop of well-educated young graduates, especially the 330,000 engineers who graduate every year from Indian colleges, to sell low-cost computer software around the world.

At the lower end, Bangalore software companies are servicing small- and medium-sized computer firms such as Miami's PC Depot Inc.

"When my best software guy, who was making \$60 an hour, asked for a raise to \$100 an hour, I placed an ad on the Internet looking for somebody who could do the job for less," says PC Depot President Carlos M. Valdes. "I got two Indian companies, who are charging me \$6 an hour, and doing a pretty decent job."

## **SOFTWARE SOLUTIONS**

At the upper end, Bangalore-based multinationals such as Infosys and I-flex, which employ 17,000 and 8,000 young professionals at their headquarters,

respectively, sell software solutions to the world's biggest car manufacturers, airlines and banks.

When I arrived here, I was struck by the city's contrasts: Literally next to modern glass buildings of Infosys or Hewlett Packard, you see some of the poorest shantytowns on earth, with people walking barefoot, oxen roaming the streets and beggars everywhere.

But what some outsiders see as a negative side-effect of globalization, most Indians, including the left-of-center government of Prime Minister Manmohan Singh, see as India's salvation. The buoyant information technology industry has become the economy's dynamo, and has helped quadruple the size of the country's middle class -- lifting more than 100 million people from poverty -- over the past 20 years.

Young engineers hired by multinational companies that are establishing themselves here make the equivalent of \$3,000 a year, three times more than medical doctors.

In India, that's a high salary, which allows young generations of professionals to buy cars, pay mortgages, spend on entertainment and save. And thanks to the IT boom, the government has been able to increase tax collection, and start building badly needed roads and hospitals.

## **EDUCATION'S ROLE**

How did Bangalore transform from an agricultural town to what it is today?, I asked Karnataka state information technology secretary M.N. Vidyashankar.

It wasn't government incentives to foreign companies, which were -- and still are -- minimal, he said.

"We had enlightened rulers in this state in the early 1900s, who realized that since we didn't have many natural resources, we had to invest in education," he told me.

It worked. When the education drive began in the early 1900s, this state was one of India's poorest, far behind Behar state, or Uttar Pradesh, which were rich in iron ore, bauxite and other natural resources. Today, Karnataka is the fourth richest of India's 35 states in per capita income, far ahead of Behar and Uttar Pradesh, which have descended to near the bottom.

"We are reaping the benefits now of those kings spreading a culture of knowledge," Vidyashankar said. "Today, foreign leaders come to Bangalore before they visit New Delhi."

## A SUCCESS STORY

My conclusion: Bangalore's success story should be taught in all schools in Latin America, where most countries depend on natural resources for most of their income, and are paying little attention to creating a highly skilled workforce.

In the 21st-century economy, natural resources can be a recipe for complacency and backwardness, while educated minds are a passport to prosperity.

Jan. 23, 2007

[email this](#)

[print this](#)

*THE OPPENHEIMER REPORT*

# India is a model for Latin America

BY ANDRES OPPENHEIMER

[aoppenheimer@MiamiHerald.com](mailto:aoppenheimer@MiamiHerald.com)

- [Audio | Oppenheimer on India](#)
- [More Oppenheimer | India opens up](#)
- [Blog | The Oppenheimer Report](#)

**BANGALORE**, India -- This southern Indian city should become an obligatory visit for all Latin American leaders: its rapid transformation from an agricultural town into the world's hottest information technology center symbolizes all the good things this country is doing, and everything that many Latin American countries are failing to do.

There are 1,850 information technology companies in the city of 5.5 million people, including the who's who of the world's top computer firms. Together, they employ 450,000 young engineers, who are responsible for the bulk of India's \$23 billion-a-year in information technology revenues.

## EXPLOSIVE GROWTH

Welcome to the age of the information economy, where a computer software program developed in Bangalore is worth much more in international markets than tons of raw materials. India's technical support and computer software

industries are growing so fast that officials expect their revenues to triple to \$60 billion over the next two years.

India is taking advantage of its huge crop of well-educated young graduates, especially the 330,000 engineers who graduate every year from Indian colleges, to sell low-cost computer software around the world.

At the lower end, Bangalore software companies are servicing small- and medium-sized computer firms such as Miami's PC Depot Inc.

"When my best software guy, who was making \$60 an hour, asked for a raise to \$100 an hour, I placed an ad on the Internet looking for somebody who could do the job for less," says PC Depot President Carlos M. Valdes. "I got two Indian companies, who are charging me \$6 an hour, and doing a pretty decent job."

## **SOFTWARE SOLUTIONS**

At the upper end, Bangalore-based multinationals such as Infosys and I-flex, which employ 17,000 and 8,000 young professionals at their headquarters, respectively, sell software solutions to the world's biggest car manufacturers, airlines and banks.

When I arrived here, I was struck by the city's contrasts: Literally next to modern glass buildings of Infosys or Hewlett Packard, you see some of the poorest shantytowns on earth, with people walking barefoot, oxen roaming the streets and beggars everywhere.

But what some outsiders see as a negative side-effect of globalization, most Indians, including the left-of-center government of Prime Minister Manmohan Singh, see as India's salvation. The buoyant information technology industry has become the economy's dynamo, and has helped quadruple the size of the country's middle class -- lifting more than 100 million people from poverty -- over the past 20 years.

Young engineers hired by multinational companies that are establishing themselves here make the equivalent of \$3,000 a year, three times more than medical doctors.

In India, that's a high salary, which allows young generations of professionals to buy cars, pay mortgages, spend on entertainment and save. And thanks to the

IT boom, the government has been able to increase tax collection, and start building badly needed roads and hospitals.

## **EDUCATION'S ROLE**

How did Bangalore transform from an agricultural town to what it is today?, I asked Karnataka state information technology secretary M.N. Vidyashankar.

It wasn't government incentives to foreign companies, which were -- and still are -- minimal, he said.

"We had enlightened rulers in this state in the early 1900s, who realized that since we didn't have many natural resources, we had to invest in education," he told me.

It worked. When the education drive began in the early 1900s, this state was one of India's poorest, far behind Behar state, or Uttar Pradesh, which were rich in iron ore, bauxite and other natural resources. Today, Karnataka is the fourth richest of India's 35 states in per capita income, far ahead of Behar and Uttar Pradesh, which have descended to near the bottom.

"We are reaping the benefits now of those kings spreading a culture of knowledge," Vidyashankar said. "Today, foreign leaders come to Bangalore before they visit New Delhi."

## **A SUCCESS STORY**

My conclusion: Bangalore's success story should be taught in all schools in Latin America, where most countries depend on natural resources for most of their income, and are paying little attention to creating a highly skilled workforce.

In the 21st-century economy, natural resources can be a recipe for complacency and backwardness, while educated minds are a passport to prosperity.