

Cheating the Indian



“...why should an Indian buyer, whose purchasing power in monetary terms is several times less than his western counterpart, have to pay twice the price for IT products?”

Buried in the manifesto of most national political parties campaigning last month was the sincere sounding promise that they intend to focus on Information Technology as an enabler for the development of India.

Nonsense.

If this has been their political intention, then why is it that a notebook computer that costs less than \$1000 (Rs 45,000) in the USA sells for a price that is between thirty & fifty percent more in India? Or why the candy colored, slickly advertised iMac that sold more than a million pieces at only about \$1,200 (less than Rs 55,000 at exchange rate) worldwide, cost nearly Rs 85,000 when launched in India?

Global commerce allows prices of similar (or even the same) commodities to vary in different countries as it reflects factors like the cost of distribution and the purchasing power of the local people. Such variation is comprehensible.

But who can explain why an Indian buyer, whose purchasing power in monetary terms is several times less than his western counterpart, should have to pay twice the price for IT products? It is relatively inexpensive for IT companies to do business in India. For example, the cost of advertising their products in an Indian computer magazine is less than one-tenth the price of advertising in a computer magazine in the United States. Salary costs for trained personnel in sales, distribution and accounting are also a fraction of those in developed countries. So who is cheating the Indian buyer?

Most of us are tempted to blame the vendors or local PC assemblers and say between gritted teeth- Chor! But the reality is that most of them are fed up as us with the vagaries of the government. This is because most previous parties in power have implemented an insane combination of muddle-headed import policies, senseless octroi rules and absurd, varying levels of sales taxes in different states. To preserve their profit margins, companies are forced to increase prices, resulting in the Indian consumer paying for the difference, and also putting up with significantly different prices in different cities within India.

Today, all political parties profess to agree that unless computing skills are made universal, we will never have a nation driven by competent people who can compete in the Information Economy. Does it therefore, not make sense for them to take the first political step by radically altering the government policies so that computing is accessible for Indians?

Any political party that accomplishes this would not really be doing Indian consumers a favour. Only justice.

Gaurav Jaswal

Executive Editor