

# INDIA



**AS A MARKET**

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# INDIA AS A MARKET



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# INDIA

## States and Union Territories



# INDIA – BASIC FACTS



- **5,000 year old ancient civilization**
- **325 languages spoken – 1,652 dialects**
- **18 official languages**
- **29 states, 5 union territories**
- **3.28 million sq. kilometers - Area**
- **7,516 kilometers - Coastline**
  
- **Parliamentary form of Government**
- **Worlds largest democracy.**
- **Worlds 4th largest economy.**
  
- **World-class recognition in IT, bio-technology and space.**
- **Largest English speaking nation in the world.**
- **3<sup>rd</sup> largest standing army force, over 1.5Million strong.**
- **2<sup>nd</sup> largest pool of scientists and engineers in the World.**

India

# A Brief History of Time



***Vedic Civilization***

***Indus & Saraswati Civilizations***

***Rise of Jainism and Buddhism***

***Mauryan Period***

***Golden Age of Indian Arts & Sciences***

***Muslim Invasions***

***The Mughal Empire***

***Portuguese Invasion***

***The British East-India Company***

***The British Empire***

***India's Freedom Struggle***

***Independence***

***Modern India 2020 Vision***



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# INDIAN ECONOMY

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# OVERVIEW



India's economy encompasses a wide range of modern industries ranging from Iron & Steel, Petroleum, Automobiles, Aeronautical, FMCG, IT, to a multitude of services such as Tourism, BPO, IT Software, Agriculture and Handicrafts. India's international payments position remained strong in 2006-07 with adequate foreign exchange reserves. The rupee appreciated against the dollar resulting in a stronger foreign exchange kitty. India reached a new landmark on April 25<sup>th</sup> 2007 when the rupee breached the Rs 41 level against the dollar. This unprecedented acceleration in growth rate of per capita income and gross domestic product is fuelled mainly by services and manufacturing.

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# Economic Indicators



<b>Population</b>	<b>1.124 billion</b>
<b>GDP at market prices (2006-07)</b>	<b>US \$ 1.01 trillion</b>
<b>GDP at PPP</b>	<b>US \$ 4.16 trillion</b>
<b>Per Capita Income (2006-07)</b>	<b>US \$ 1000</b>
<b>GDP per capita growth % (2006 - 07)</b>	<b>9.4 %</b>
<b>Inflation on wholesale prices % (2007)</b>	<b>4.8 %</b>
<b>Exports 2007 (Feb - YTD)</b>	<b>US\$ 78 Bn</b>
<b>Imports 2007 (Feb - YTD)</b>	<b>US\$ 115 Bn</b>
<b>Foreign exchange reserves (April 2007)</b>	<b>US\$ 200 Bn</b>
<b>Current account balance (Feb 2007)</b>	<b>US\$ 11.8 Bn</b>
<b>Capital account balance (Feb 2007)</b>	<b>US\$ 19.3 Bn</b>
<b>FDI Infows into India</b>	<b>US\$ 19 billion</b>
<b>Stock Market Capitalisation</b>	<b>US\$ 1 Trillion</b>

Source : The Economic Times Intelligence Group.

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# Economic Indicators



## Sector-wise Growth

Agricultural growth 2007(Feb - YTD)	2.5 %
Industry growth	10 %
Services growth	10.7 %

## Distribution of gross domestic product (2005-06)

Agriculture, Forestry, hunting & fisheries	18.5 %
Industry	26.4 %
Services	55.1 %

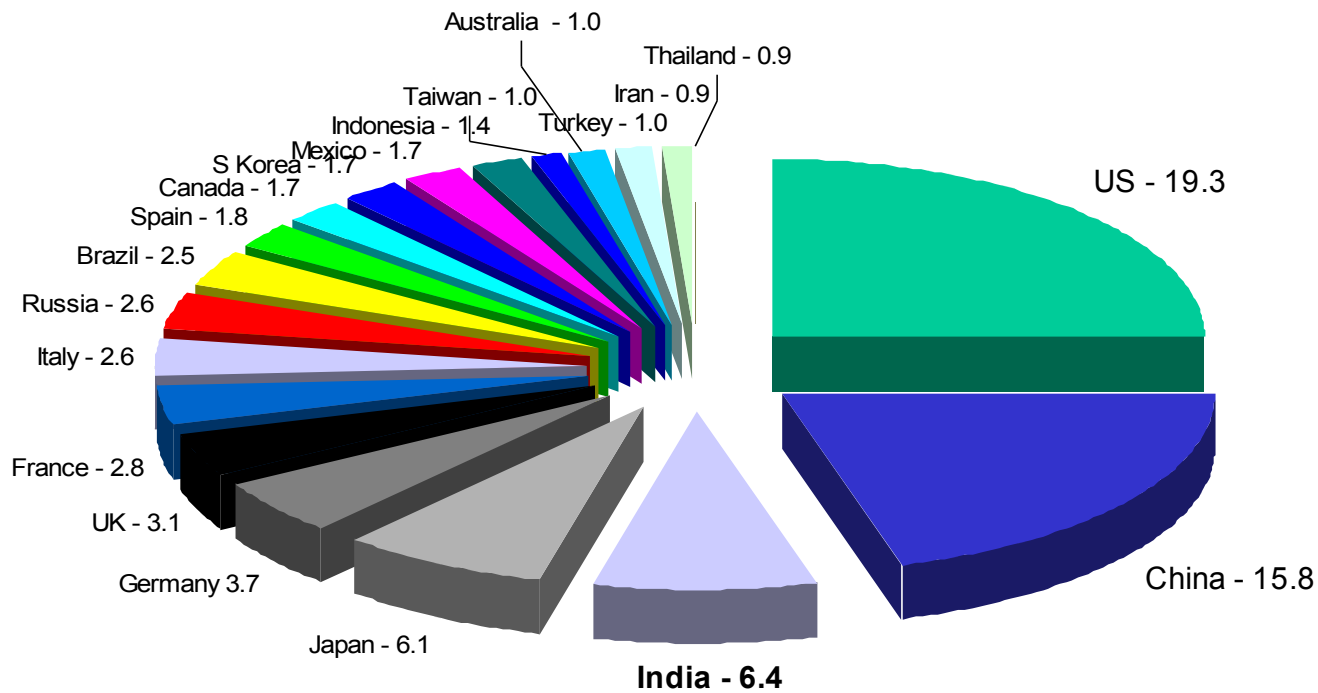
Source : Statistical Outline Of India 2006/07.The Economic Times/ The Times of India.

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# SHARE OF WORLD GDP



■ US - 19.3	■ China - 15.8	■ India - 6.4	■ Japan - 6.1	■ Germany 3.7	■ UK - 3.1	■ France - 2.8
■ Italy - 2.6	■ Russia - 2.6	■ Brazil - 2.5	■ Spain - 1.8	■ Canada - 1.7	■ S Korea - 1.7	■ Mexico - 1.7
■ Indonesia - 1.4	■ Taiwan - 1.0	■ Australia - 1.0	■ Turkey - 1.0	■ Iran - 0.9	■ Thailand - 0.9	

**Source : World Economic Outlook, IMF 2007**

# GDP Growth – India and other countries



Country		GDP (PPP) (\$ trillion) 2007	GDP (PPP) (\$ trillion) 2006	Percentage Growth
1	US	13.54	12.95	4.5
2	China	11.6	10.14	14.4 (HIGHEST GROWTH)
<b>3</b>	<b>India</b>	4.72	4.23	11.6 (2 <sup>ND</sup> HIGHEST GROWTH)
4	Japan	4.34	4.15	4.6
5	Germany	2.71	2.58	5.1
6	UK	2.27	2.14	5.7
7	France	2.04	1.95	4.5
8	Italy	1.88	1.80	4.4
9	Russia	1.90	1.73	9.8
10	Brazil	1.72	1.5	0.22
11	Spain	1.31	1.23	6.3
12	Canada	1.21	1.15	5.2
13	S Korea	1.25	1.16	7.5
14	Mexico	1.24	1.18	5.6
15	Indonesia	1.05	0.96	8.9
16	Australia	0.73	0.68	7.1

Source : CIA – The World Factbook



Source : CIA – The World Factbook THE TIMES GROUP

# Trade and Commerce



India has been rapidly increasing her share in world trade — from 1.1 per cent in 2004 to 1.5 per cent in 2006 in the total world trade. While India's share increased from 0.9 per cent to 1.2 per cent in merchandise trade, its share in world services trade recorded even higher growth from 2 per cent to 2.7 per cent.

In fact, India's global economic engagement in 2006, covering both merchandise and services trade, was worth US\$ 437 billion, up by a record 72 per cent from a level of US\$ 253 billion in 2004.

- Merchandise exports of the country nearly-doubled to US\$ 124.6 billion in the year ending March 2007, from US\$ 63.84 billion three years ago representing an annual compounded growth of 25 per cent compared to 12.73 per cent in the previous three years.
- In 2006-07, software and services exports grew by 33 per cent to register a revenue of US\$ 31.4 billion. Within exports, IT services grew by 35.5 per cent, ITeS/BPO exports grew by 33.5 per cent and engineering services and products grew by 23 per cent.
- Biotechnology exports increased by a massive 47 per cent to US\$ 1.22 billion during 2006-07.
- Engineering goods exports increased by a robust rate of 36.6 per cent to touch US\$ 23.468 billion.
- Automobile exports grew by an impressive rate of 25.43 per cent, exporting 10.11 million vehicles.

# Foreign Direct Investment



**India continues to be the best place to start a business, says a global services location index by AT Kearney. In another AT Kearney study, India has displaced the US to become the second-most favoured destination for foreign direct investment after China. It has now been named as the top reformer in South Asia in the annual Doing Business Report issued by the International Finance Corporation (IFC).**

- FDI inflows in 2005-06 : US\$ 5.5 billion
- FDI inflows in 2006-07 : US\$ 15.7 billion

**Economic Survey 2006-07 says: There was a strong growth in Foreign Direct Investment (FDI) flows with three quarters of such flows in the form of equity. Capital flows into India remained strong on an overall basis even after gross outflows under FDI with domestic corporates seeking global presence to harness scale, technology and market access advantages through acquisitions overseas.**

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# Capital Inflows



According to the World Bank, India cornered a major portion of US\$ 40.1 billion net capital inflows to South Asia in 2006. India has overtaken the East Asian Tigers — Thailand, Malaysia, Indonesia, the Philippines, Taiwan and South Korea.

The principal sources of FDI between 1991 and March 2007 :

Mauritius, US, UK, The Netherlands, Japan, Germany and Singapore. The principal sectors attracting FDI during this period have been electrical equipment, services, telecommunications, transportation, fuels, chemicals and construction (in that order).



# Foreign Institutional Investors



- The number of foreign institutional investors (FIIs) registered with the Securities and Exchange Board of India (Sebi) has now increased to 1,042 in June 2007. In the beginning of calendar year 2006, the figure was 813.
- As many as 217 new FIIs opened their offices in India during 2006. This is the highest number of registrations by FIIs in a year till date. The previous highest was 209 in 2005.
- Till September 2007, FIIs had pumped in a hefty US\$ 11 billion in equities. Last year, during the same period, the FIIs' exposure to Indian equities was US\$ 7.9 billion.
- The gross FII investments in the country till June from the time they were allowed to invest in the India equity markets stands at US\$ 53.06 billion.
- FIIs have raised their holding in 540 companies out of top 1,000 companies on the Bombay Stock Exchange (BSE) during September-March (2006-07) period.
- Companies that have gained favour with foreign investors are mostly from construction, banking and second-line IT companies among others.

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# Indian Investments Abroad



2006 will be remembered in India's corporate history as a year when Indian companies acquired a number of strategically significant companies across the globe

- 
- Indian outbound deals, which were valued at US\$ 0.7 billion in 2000-01, increased to US\$ 4.3 billion in 2005, and further crossed US\$ 15 billion-mark in 2006.
- The total outbound cross border deals between Jan and May 2007 have been 102 with a value of US\$ 28.19 billion.

The sectors attracting investments by Corporate India include metals, pharmaceuticals, industrial goods, automotive components, beverages, cosmetics and energy in manufacturing; and mobile communications, software and financial services in services, with pharmaceuticals, IT and energy being the prominent ones among these.

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# Major Overseas Acquisitions



SHOPPER	COUNTRY/TARGET	TIME	COST \$ million
<b>IT/Software/BPO</b>			
Megasoft	USA's VisualSoft Technology	Oct-06	40
Saksoft	UK's Acuma	Oct-06	17
Wipro	Singapore's Unza	July-07	246
<b>Healthcare/Pharma</b>			
Dr.Reddy's	Germany's Betapharm Arzneimittel	Feb-06	570.3
Dr.Reddy's	Mexico's API Business of Roche	Nov-05	59
Ranbaxy Labs	Romania's Terapia SA	Mar-06	324
<b>Metals and Mining</b>			
Tata Steel	UK's Corus	Oct-06	800
Essar Steel	UK's 2 Steel mills	Feb-07	100.4
Hindalco	Novelis Inc	Oct-05	600
Ispat Industries	Bulgaria's Finmetal Holdings	Aug-05	300

# Major Overseas Acquisitions



SHOPPER	COUNTRY/TARGET	TIME	COST \$ million
<b>Oil, Gas &amp; Energy</b>			
ONGC Videsh (OVL)	(Brazilian oil fields) Shell Corp	Apr-06	1,400
HPCL	Kenya Petroleum Refinery Ltd	Sept - 05	500
Suzlon Energy	Belgium's Hansen Transmissions	Mar-06	565
HPCL	Kenya Petroleum Refinery Ltd	Sept - 05	500
<b>FMCG Sector</b>			
Tata Tea	USA's Energy Brand Inc	Aug-06	677
Tata Coffee	USA' Eight O'Clock	June-06	220
BILT	Malaysia's Sabah Pulp & paper facility	June-06	209
Apeejay International	UK's Premier Foods Plc	Oct-05	140.5
<b>Chemical/Fertilisers</b>			
Tata Chemicals	UK's Brunner Mond Group Plc	Nov-05	111.2
Tata Chemicals	Morocco's Indo Maroc Phosphore SA	Mar-05	38.0
United Phosphorus	USA's AG value Inc.	Nov-04	35.8
GHCL	Romania's SC Bega Upsom	Dec-05	19.



Sources: Reports of FICCI, PVC, IBEF, MAPE Advisory Group

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# A Natural Business Choice



- **World's 4th largest economy in terms of purchasing power parity, behind only the US, China, Japan.**
- **Fastest growing economy among world's democracies with an annual growth rate of 9.2%.**
- **India is the world's third most investment destination, second only to US and China.**
- **Indians rank first among the countries with highest consumer confidence.**
- **Largest English speaking nation in the world.**
- **World's 2nd most competent pool of senior managers.**
- **World's largest source of engineers.**
- **In the World Competitive yearbook for 2004, India jumped a massive 16 ranks, and stands on the 34<sup>th</sup> position.**

Source: AC Nielsen survey/The Economic Times.



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# Multinationals and their presence in India



## **Automobiles**

Toyota  
Mercedez Benz  
Daewoo  
Ford Motors  
General Motors  
Honda  
Rover

## **Consumer Softs**

Coca Cola  
Kellogg  
McDonalds  
Pepsi

## **Finance**

Cargill  
Morgan Stanley  
Merill Lynch

## **Software**

Microsoft  
Oracle  
Unisys  
Intel

## **Computers**

Apple  
Hewlett Packard  
IBM

## **Services**

Arthur Anderson  
Price Waterhouse Coopers  
McKinsey  
Morgan Stanley

## **Electronics**

ACER  
Fujitsu

## **Watches and Jewellery**

Rosy Blue  
Gold Souk  
Fort Knox

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# International perceptions of India



"India's highly educated workforce, management talent, rule of law, transparency, cultural affinity and regulator environment are more favourable than China's."

**A T Kearney FDI index report**

India is an interesting combination, world-class talent that can speak English and a strong technological expertise.

**Tony Wright, Chairman, Lowe Worldwide**

"The courageous reforms have led to enormous economic growth in India. With a growth rate of over eight percent, India ranks at the top even in this very difficult period globally."

**Gerhard Schroeder Ex -Chancellor Germany**

"The economic dominance of the US is already over. What is emerging is a world economy. India is becoming a powerhouse very fast."

**Peter Drucker Management Guru**

"India's success rate vis-a -vis Britain's in the entrepreneurial scenario is a lot higher. I'm going to go back and work towards this"

**HRH Prince Charles during his recent visit to India**

Our relations with India are stronger than ever, bilateral trade is improving, an increasing number of Indian students are coming to the UK.

**Gordon Brown, Prime Minister of Britain**



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# International perceptions of India



What's struck me is the energy and restless ambition in India. You can actually, tangibly feel the drive...

**Peter Knapp, Executive Creative Director Landor Associates**

India is light years ahead in terms of the market potential and the potential for the company (Boeing) to come together as an enterprise and grow.

**Q.R. Thomas, President Boeing India**

Like people study political science, culture, public health, economics, law and medicine, students in Harvard will now study India as a subject."

**Lawrence Summers, President, Harvard University**

"With the Indian economy showing 8-9 per cent growth over the years, more and more Japanese investors are becoming keen to invest in this emerging market."

**Yoshihiro Hasegawa, Chief Representative Daiwa Securities SMBC Co Ltd**

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# India Rankings – Quick Facts



- **India continues to be the best place to start a business, says a global services location index by AT Kearney.**
- India has displaced US as the second-most favoured destination for foreign direct investment (FDI) in the world after China according to an AT Kearney's FDI Confidence Index.
- **Poised at a phenomenal growth of 500 per cent, the Indian Insurance industry is expected to reach US\$ 60 billion in the next four years.**
- Total premium of the general insurance industry grew 16.48 per cent in 2005-06 to US\$ 4.4 billion from US\$ 3.78 billion a year earlier.
- **India adds about five million telephone subscribers every month. The total number of subscribers is expected to reach 250 million by the end of 2007.**
- India has one of the largest road networks in the world, aggregating 3.34 million kilometers. It comprises 66,590 km of National Highways, 1,28,000 km of State Highways, 4,70,000 km of Major District Roads and about 26,50,000 km of other District and Rural Roads.

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# India Rankings – Quick Facts



- Indian roads carry about 70 per cent of the freight and 85 per cent of the passenger traffic.
- **Indian ports handled cargo of around 570 million tonnes in 2005-06.**
- In 2005-06, the passenger traffic rose by 25-30 per cent and is expected to grow by 25 per cent year-on-year over the next five years. While international and domestic air traffic grew by 35 per cent, cargo witnessed a 12 per cent growth.
- **India is the Sixth largest crude consumer in the world.**
- India is the Ninth largest crude importer in the world.
- **India has the sixth largest refining capacity - 2.56 million barrels per day representing 2.99 per cent of world capacity.**
- Estimated to be a US\$ 350 billion industry, the Indian retail sector is growing at a three-year CAGR of 46.64 per cent.
- **The travel and tourism sector in India is expected to generate a total demand of US\$ 53,544.5 million of economic activity in 2006, accounting for nearly 5.3 per cent of GDP and 5.4 per cent of total employment.**

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# India Rankings Industry – Quick Facts



- International Iron and Steel Institute (IISI) has ranked India as the seventh largest steel producer in the world with an overall production of about 40 million tonnes in 2006.
- **India exports US\$ 6 billion worth of garments.**
- India's gems and jewellery sector contributed to about 15 per cent of India's total merchandise exports during 2005-06.
- **India is the largest consumer of gold jewellery in the world and accounts for about 20 per cent of world consumption.**
- India is the largest diamond cutting and polishing centre in the world.
- **India is the second largest producer of rice and wheat in the world; one of the largest producers of sugar, sugarcane, peanuts, jute, tea and an assortment of spices.**
- The Indian pharmaceutical industry, consistently growing at 9.5 per cent in the last 5 years, could zip at 13.6 per cent between 2006 and 2010 and reach a market size of US\$ 9.48 billion by 2010 from its present level of about US\$ 5.7 billion.
- **Healthcare delivery is one of the largest service-sector industries in India. The country will spend US\$ 45.76 billion on healthcare in the next five years.**
- The Indian IT-ITeS industry has recorded revenues of US\$ 23.6 billion in FY 2005-06.





# CONSUMER INDIA

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# India's Most Obvious Opportunities



The world's largest working population – 402.2 million, make up 36% of the total population of 1124 million.

Of which:

- ◆ Rural - 310.0 million
- ◆ Urban – 92.2 million

India is currently the 12<sup>th</sup> largest consumer market in the world.

By 2025, India will grow into the fifth largest consumer market in the world ahead of countries like Germany and Italy, if she sustains and accelerates economic growth.

Aggregate consumption in India is expected to grow four-fold in real terms during the period, 2006-2025 to touch US\$ 1.73 trillion from US\$ 420.7 billion. Also, by then, the middle class will have grown almost 12 times, from 50 million in 2006 to 583 million in 2025. Over 23 million Indians—more than the population of Australia—will number among the country's wealthiest citizens.

Source: Statistical Outline of India and “Bird of Gold” study by the McKinsey Global Institute (MGI)



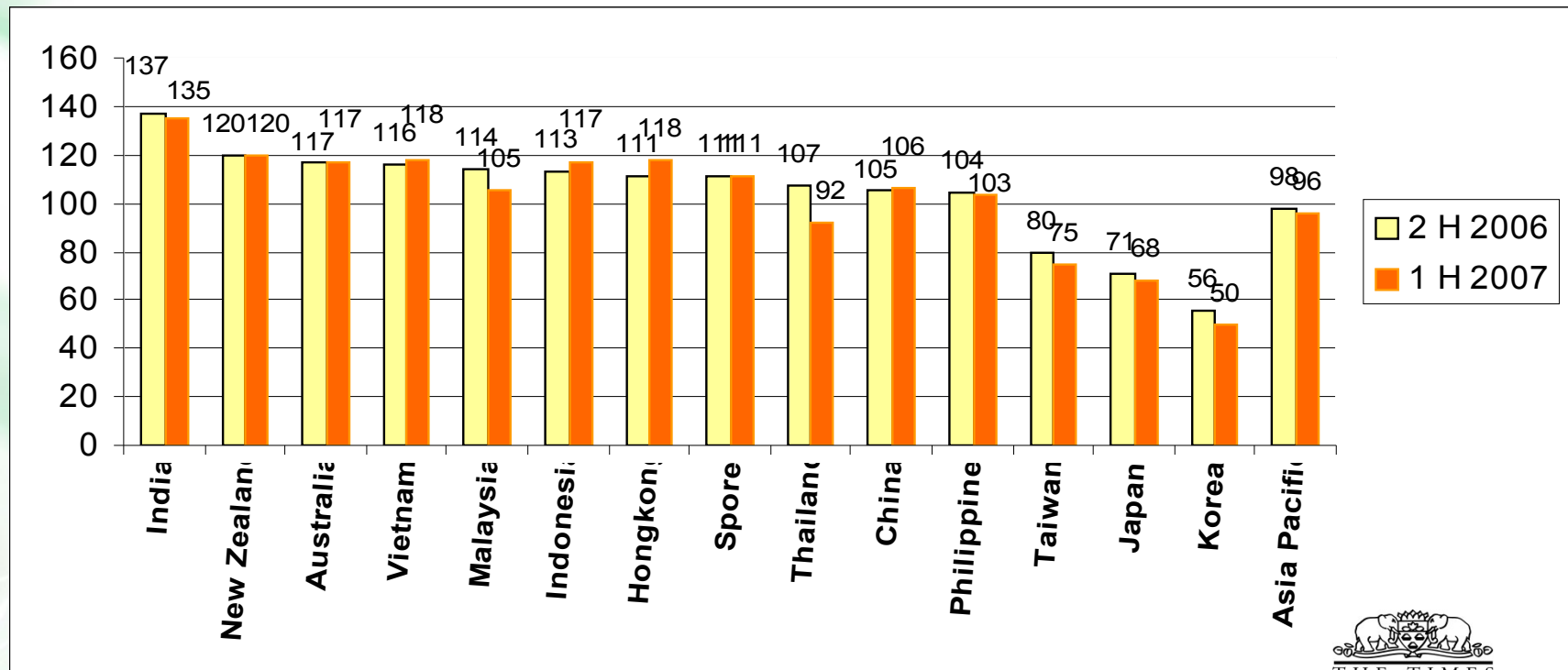
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# Consumer Confidence Index



## Asia Pacific 2006-07

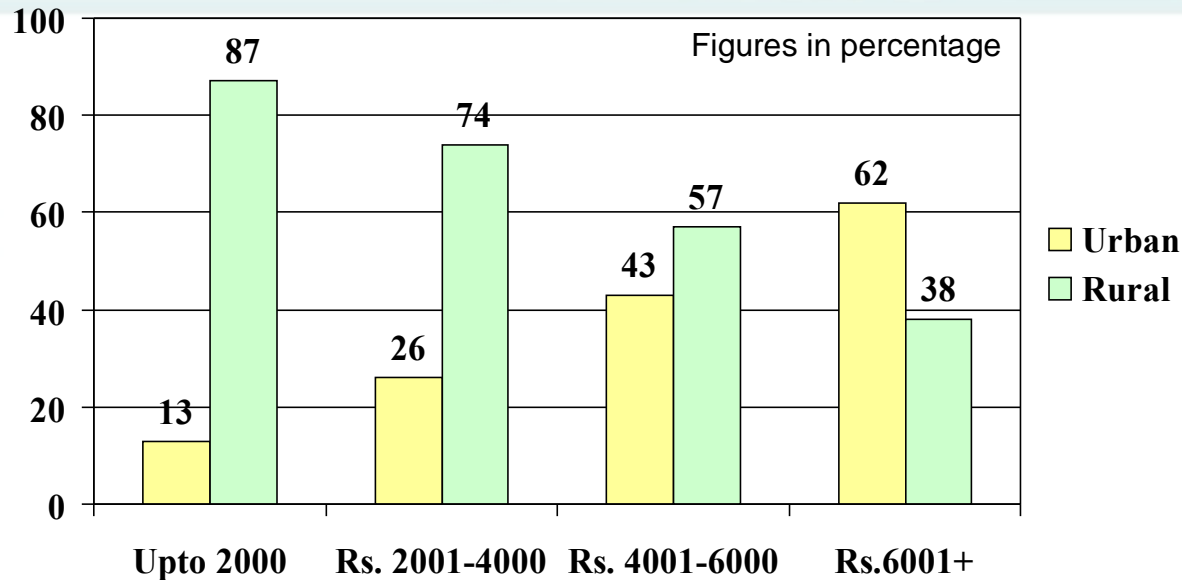
The ACNielsen **Consumer Confidence and Opinions Survey** for the second half of 2006 and the first half of 2007 shows India in the lead of both the 41-nation global survey as well as the 14-country Asia-Pacific study. Though there is a 2 per cent drop in India's consumer confidence index too, at 135 the country still leads the rest of the world for the fifth time in a row.



# Conundrum of India's Middle Class



Urban-Rural Divide by Household Income



## Classification on Consumption

- ◆ NCAER tracks an amazing expansion in the top end of this consumption diamond, particularly in segments classified as 'the very rich' and 'the consuming class'.
- ◆ Together the collective share of the two highest spending segments is projected to rise from 18% in 95 - 96 to 49%, nearly half the population, in 2006-07.
- ◆ The destitute and aspirants range on the other hand will shrink significantly.
- ◆ The climbers & the consuming class will grow fastest - the middle class will speedily expand enough to excite marketers over the next decade.
- ◆ Of the 32.5 million households in the consuming class, approximately 50% are urban.

**Affluent:** Houses with Car / Jeep

**Well Off:** Houses with any or all of these: air conditioners, scooters, motorcycle, washing machine, and refrigerator

Source: NCAER Indian Market Demographics 2002-03



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# Operating Market Environment

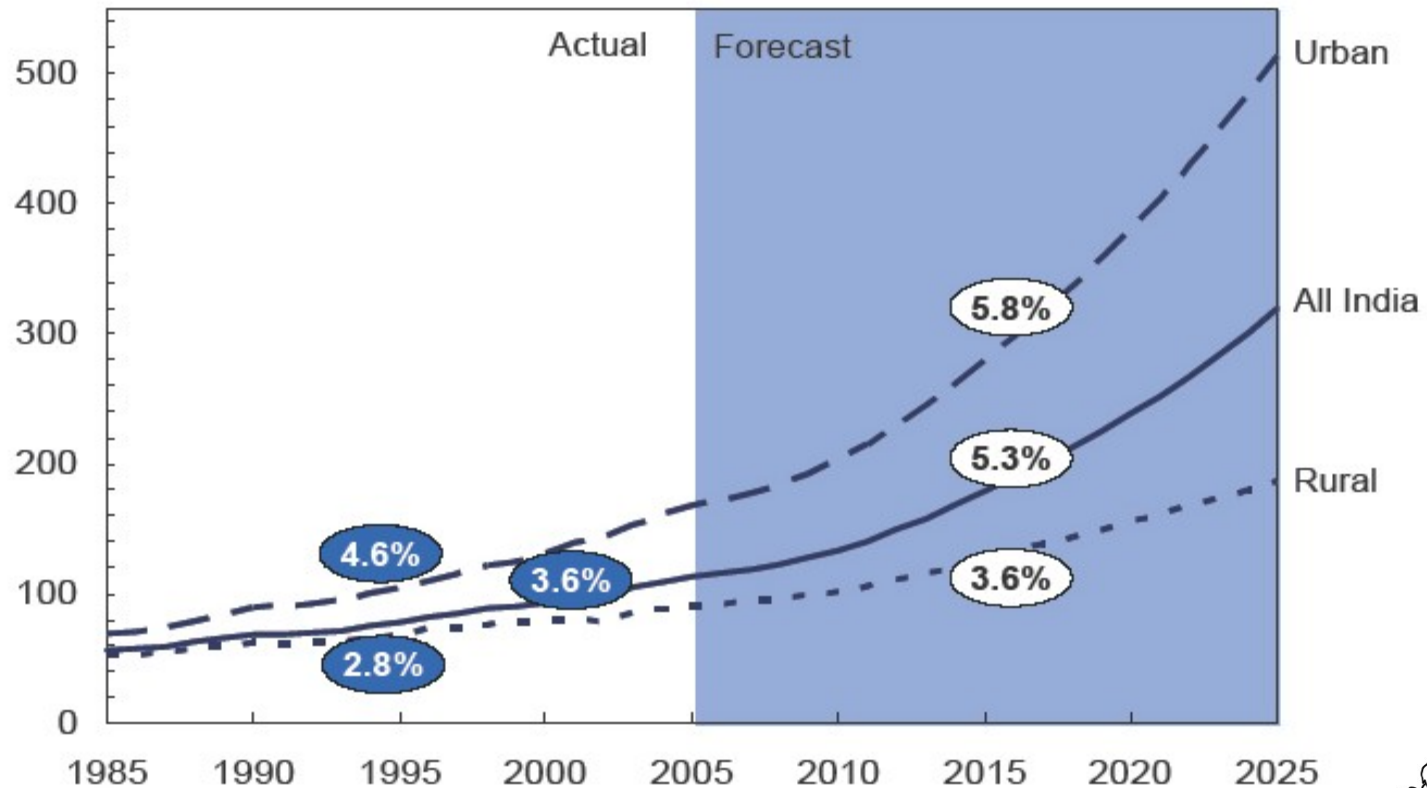


## HOUSEHOLD INCOME GROWTH WILL ACCELERATE ACROSS INDIA

**Average household disposable income**  
thousand, Indian rupees, 2000

**Compound annual growth rates**

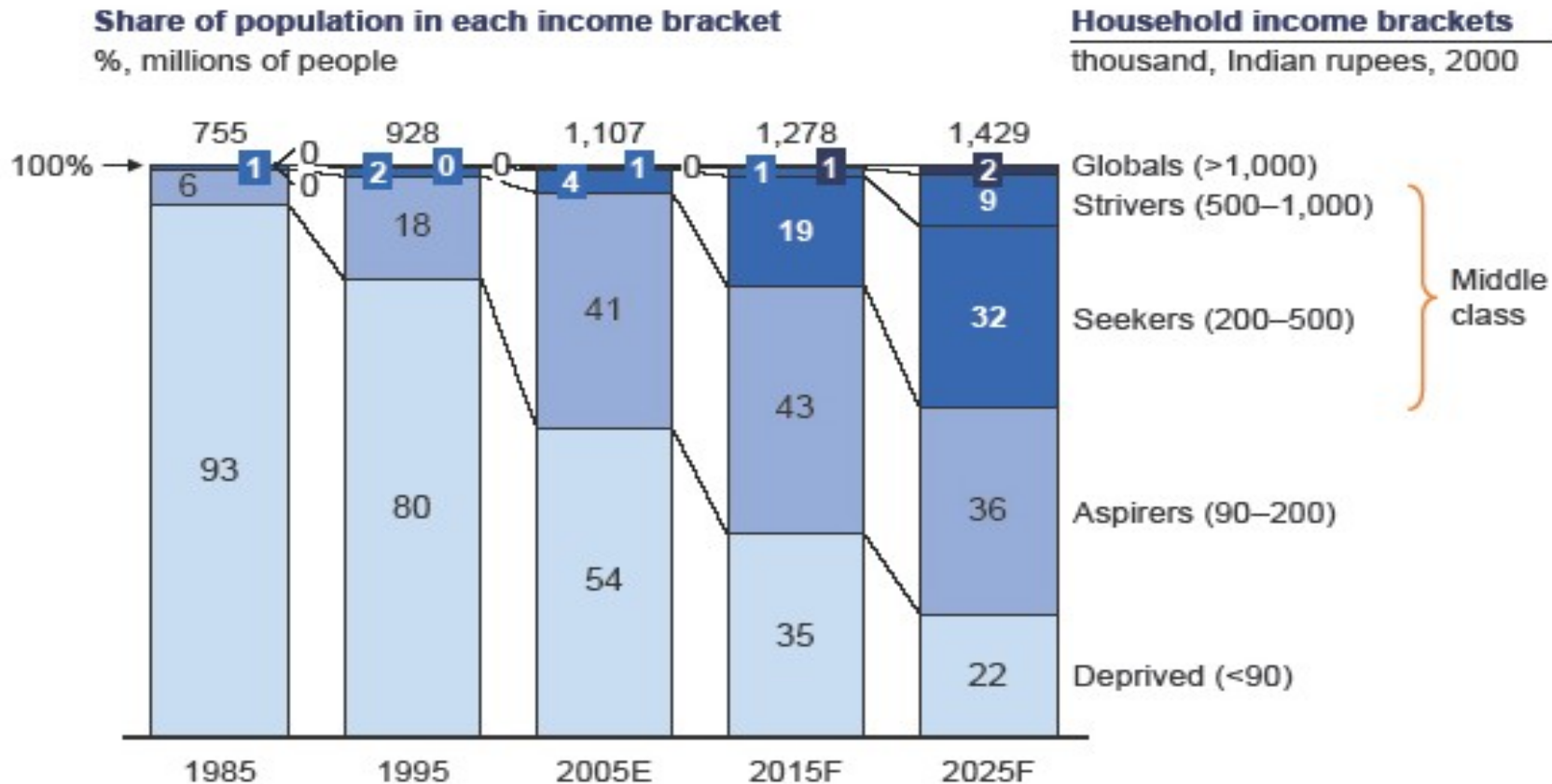
- 1985–2005
- 2005–2025



# Operating Market Environment



## INDIA WILL SEE FURTHER REDUCTION IN POVERTY AND GROWTH OF ITS MIDDLE CLASS



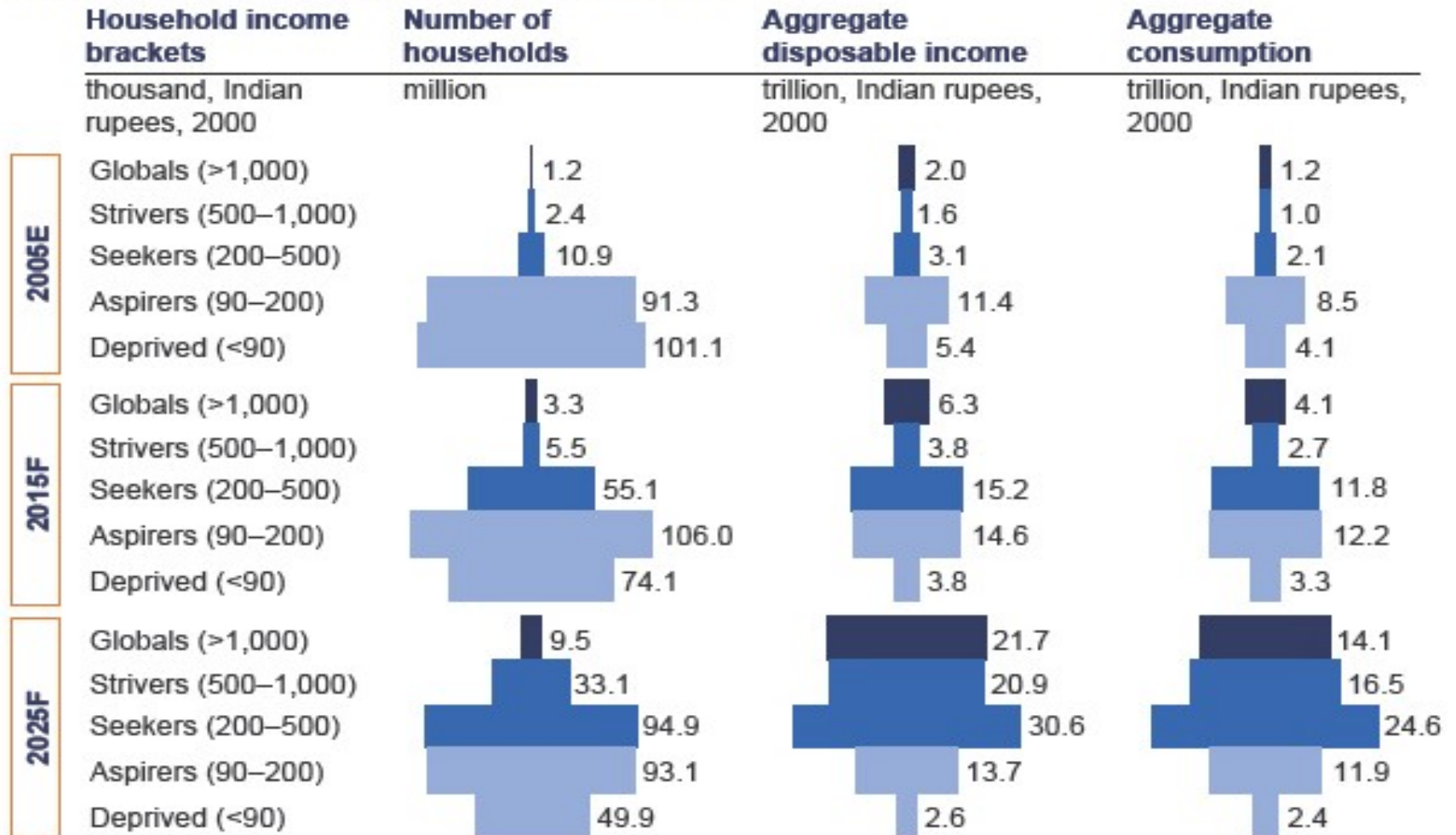
Note: Figures are rounded to the nearest integer and may not add up to 100%.

Source: Mckinsey Global Institute

# Operating Market Environment



## THE SHAPE OF INDIA'S INCOME PYRAMID WILL CHANGE DRAMATICALLY AS INCOMES GROW



Source: Mckinsey Global Institute

# Understanding the Indian Consumer



Important changes have taken place in the life and attitudes of Indian consumers:

- ◆ Income growth
- ◆ Affordability growth
- ◆ The 'Liberalization' children grow up
- ◆ Rural India looks beyond agriculture
- ◆ The rise of the self employed-"I can"
- ◆ The rise of women saying "I can and I will" and emerging as partners in family progress
- ◆ Education and health driven society
- ◆ Pragmatism in consumption and preference for "real value" products and services
- ◆ The demand for 'Entertainment' has risen
- ◆ Consumers are comfortable with borrowing to fund future consumption
- ◆ Comfort with consumption – necessities and luxuries
- ◆ Comfort with technology
- ◆ Enough of a consumption base now exists to create a springboard for more consumption.
- ◆ The Great Indian Consuming Class has arrived and is waiting to be served.
- ◆ In 2006-07, the consuming class will be about 60 million households, or 300 million consumers.
- ◆ According to an AC Nielsen Study, consumers in India are the world's most optimistic about their economy.
- ◆ India ranks highest on consumer optimism and consumer confidence.



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# Youth – India's teen markets



**Youth is no longer a way station between being a dependent of the family and creating one of your own. It is a potent economic and cultural force.**

- ✂ There is a large enough mass of people who have no memory of pre-liberalization India.
- ✂ They have the benefit of financially secure parents and are the first generation to grow up in abundance and prosperity.
- ✂ Though old habits die hard (especially middle class ones) this generation will change many rules of the game.
- ✂ They will make choices based on instincts other than survival - because the survival is more or less assured.
- ✂ The 15-19 year age group is showing above average growth in Urban and Rural Areas.
- ✂ Population in the young age group 0 to 14 years is 65 %.
- ✂ 12 per cent teens work full time/part time jobs
- ✂ Boys earn Rs.2235 as compared to Rs.1264 for girls..
- ✂ 72 % teens get pocket money at a total level, the average pocket money being Rs 244.
- ✂ Today brand identification is a major factor motivating youngsters to buy products.

# The Indian Woman



A study by Research International - “The Millennium Woman” classifies Indian women into four segments:

- ◆ **The well wired:** Young, mostly unmarried, affluent, heavily into eating out, reading, exercising, shopping and body care, with access to print, internet & mobile. Based in western cities and larger towns all over India.
- ◆ **The serial mom:** Older and less affluent than the well-wired segment. Eat out frequently. Read the vernacular press. Have a lot of free time on hand. Essentially based in the South, to some extent in the West
- ◆ **Golden oldies:** Nearly all married women, do not eat out much, mostly based in the smaller towns. High cinema visiting frequency. Heavy radio listenership. Low on the time spent on TV viewing. Low print medium usage. Traditional in outlook.
  - ◆ Essentially based in the North, to some extent in the East.
- ◆ **Devoted caretakers:** Oldest and least affluent segment. Mostly married. Read vernacular print medium. High on TV viewing, low on cinema. Essentially in the South, to some extent also in the East and West. Concentrated more in the smaller towns

# Changing Behavioural Patterns



- ◆ A fast life today – longer working hours, need for more money
- ◆ Lack of time – for society, family, etc
- ◆ Growing individualism, growing distance between people
- ◆ On the positive side, a more exciting life, richer with information and experiences – specially exciting for women
- ◆ On the negative side, more selfishness and more health problems
- ◆ Technology had undoubtedly created a wow effect More facilities:telecom, services, entertainment, conveniences, comforts – making life easier
- ◆ Loan facilities make it easier to access these
- ◆ People were changing, all of them, in one way or another
- ◆ Families independent – and alone; growing individualism
- ◆ Children growing up more aware, smarter, not shy
- ◆ Women more independent – mentioned happily by women, somewhat defensively by men
- ◆ Changes on the work front, caused optimism as well as tension
- ◆ Job opportunities for young men and women are available mainly in metros.
- ◆ Increased competition leading to an attitude of each man for himself

Source: The Economic Intelligence Group



THINK INDIA, THINK TIMES

# The Very Rich



- ◆ There were 70,000 millionaires in India in 2004. By the year 2010 there will be over 1,40,000 millionaires in the country.
- ◆ 25 new Crorepatties (those earning 10 million rupees) are created in India ever day on an average, according to Merrill Lynch. (1crore = 10 million)
- ◆ 300 Indian –Americans have a personal worth of more than \$ 5 million each.
- ◆ 2million Indian's earned over Rs 10 lakh a year in 1995-96. By 2010, about 17 million will be earning that much.
- ◆ According to a study by National Council of Applied Economic Research (NCAER), the number of households with an annual income upwards of Rs 10 million (US \$228,351) has grown by 26 per cent in the period since 1995-96 to almost touch 20,000 in 2001-02.
- ◆ By 2005-06, it will go up by more than two-and-a-half times and by the end of the decade it will cross 1,40,000.
- ◆ In the Rs 5 million (US \$114,180) to Rs 10 million (US \$228,351) bracket, the number of households is expected to increase from 40,000 in 2001-02 to over 100,000 in 2005-06 and further to 250,000 by the end of the decade.
- ◆ Those who earn over Rs 1 million (US \$22,830) a year will grow from 0.2 per cent to 1.7 per cent. And the middle class will rise from 2.8 to as much as 12.8 per cent.
- ◆ The upper income classes are rising faster than the lower-income ones and the lowest income units (with an annual household income below Rs 90,000 (US \$ 2055) are shrinking.

**Source :** Merrill Lynch / NCAER 2002



**THINK INDIA, THINK TIMES**

# High Net Worth Individuals



Another class of consumers is on the rise in India: high net worth individuals (HNI). With the HNI population increasingly spending within the country, the market for luxury goods is estimated to touch US\$ 452 million in coming years.

## Indian pay hikes in 2006 will be the world's second highest.

A study by HR firm **Mercer Human Resources Consulting** says pay rises in India are going to be the world's second highest in 2006.

Another global HR consulting firm Hewitt Associates, projected that Indian workers would take home increases of about 14% as against 8.1 % in China. The increases in pay hikes in India will come mainly in Services, IT rather than from the manufacturing sector.

### Projected pay hikes in percentage

Egypt	12
India	11.3
Indonesia	11.3
China	7.8
USA	3.6

## Reserve Bank Of India allows Indians to spend more overseas

- ◆ Latest RBI regulations permit Indians to remit up to US\$ 100,000 overseas in a current or a capital account.
- ◆ Indian citizens can now invest overseas, or spend on travel, education, property, etc.





# MAJOR CITIES

*India*



**THINK INDIA, THINK TIMES**

# North North-West Skew



## Power of Mumbai and New Delhi

Development remains geographically skewed, as Mumbai & Delhi account for :

- Over 28 million people - almost equal to Canada's population.
- 60% of all domestic traffic.
- 70% of Indian travelers abroad.
- At number 7, the Mumbai-Delhi air corridor is among the world's 10 busiest domestic routes.- UK based Official Airline Guide.
- 55% of India's metro population of Sec A1+ is found in Bombay & Delhi.
- Roughly half the country's "super rich" families, which have an annual income of over 10 millions, live in Mumbai and Delhi.
- Mumbai Delhi & Bangalore are three urban cities that are among the 24 Rising Urban Global Stars.

India



THINK INDIA, THINK TIMES

# New Delhi- Seat of Power



- ✂ Population of New Delhi is 12,791,000.
- ✂ Literacy rate – 82.1%
- ✂ Delhi is the richest city as Delhi has 15% more crorepatitis (people earning more than \$10 millions) than Mumbai.
- ✂ We can also say that 1 in 500 households has an annual household income of over Rs.10 million, the figure is 1 in 800 household for Mumbai.
- ✂ Delhi's average household income is 43% more than Mumbai.
- ✂ But Mumbai has a huge middle class earning below 90,000. (Mumbai -0.8 million household while Delhi is only 0.2 mn household.)
- ✂ Per Capita Income at Rs 27,000 approximately is twice the national average.
- ✂ 40% of all cell phone owners in metros live in Delhi
- ✂ 25% of all home PC owners reside in Delhi
- ✂ Total no. of Cars, Jeeps: 706,000
- ✂ Delhi ranks second in the list of Income Tax contributor at (US\$mn) : 384
- ✂ Turnover on Stock exchanges (US\$ mn) : 20,280
- ✂ There are 5,085 households in Delhi whose earning is more than 10 million.

# Mumbai



- ✂ Mumbai (formerly Bombay) - total population is 18,000,000.
- ✂ 83% of the entire population (16 millions) are literate.
- ✂ Mumbai generates 38% of India's GDP.
- ✂ Per capita Income is over 3 times that of the rest of India.
- ✂ Market Cap of over US\$ 68.32 billion.
- ✂ In a year, Mumbai clears over 170m cheques with a realization of US\$ 1,594 billion
- ✂ Over 68% of Mumbai's work force is in the service sector which accounts for over 64% of the total income generated in the state.
- ✂ Mumbai has 75% of the foreign collaborations with foreign equity and an FDI base of over US\$ 1,635 million.
- ✂ Nearly 80% of all the mutual funds in India are registered in Mumbai.
- ✂ 21% of the national credit disbursement is done in Mumbai.
- ✂ Mumbai is the highest contributor to the government direct tax.
- ✂ Mumbai city pays 40% of India's taxes.
- ✂ According to the CBRE survey, called Global Market Rents, has ranked Mumbai as the most expensive place.

# Ahmedabad



- ✂ **Ahmedabad** is the largest inland industrial center and the second largest industrial center in western India after Mumbai.
- ✂ The textile industry, the mainstay of Ahmedabad since 1861, gave Ahmedabad the title of “Manchester of India”.
- ✂ The textile industry saw a major revival again due to the First World War and the Swadeshi movement led by Mahatma Gandhi during the independence movement. Arvind Mills is one of the largest textile mills in the country.
- ✂ Ahmedabad also has a thriving chemicals and pharmaceuticals industry. Two of the biggest pharmaceutical companies of India - Zydus Cadila and Torrent Pharmaceuticals are located in the city.
- ✂ The city also serves as the corporate headquarters of the Adani Group which is a leading trading and export company of India. The Nirma group of industries running a large number of detergent and chemical industrial units in Gujarat, also has its corporate headquarters in the city.
- ✂ The last few years has seen the rise of the Information Technology industry in Ahmedabad. A Nasscom survey in 2002 on the ‘Super Nine Indian Destinations’ for IT-enabled services (ITES) had ranked Ahmedabad fifth among the top nine most competitive cities in the country.
- ✂ Real estate prices in the city are also booming due to the entry of large retail stores and because of the Sabarmati Riverfront Development Project.

India



THINK INDIA, THINK TIMES

# Pune



- With population of 4 million approximately, Pune ranks among the top 5 cities of India.
- Literacy Rate – 87%.
- It is major hub for the Automobile Industry.
- The emerging IT hub of India.
- Pune is considered as the “Oxford of The East”. as it has the maximum number of higher educational institutes.
- Pune is also known as the “Cultural Capital of Maharashtra”.
- It is the 7th Industrial Metro of India.
- Pune’s closeness to Mumbai, India’s financial capital is one of the important factor that has led to her prosperity.
- Pune has 16,000 millionaires. I.e. People with a taxable income of over Rs 10 lakhs.
- Pune now has 15 per cent of the total High Net Worth Individuals in India.

India



# Bangalore



- ✂ Bangalore's population is 5,687,000.
- ✂ Literacy rate – 85%.
- ✂ Brand name " Bangalore" sells globally.
- ✂ It's India's fourth largest and fastest growing market.
- ✂ Per capita income of US\$ 6460 is the highest for any Indian city.
- ✂ Bangalore rated No 1. by the students and No 2. by professionals as their most preferred city to live and work in. ( Business India Survey )
- ✂ Multinationals open shop in Bangalore every month. No 1 city in India to live in.
- ✂ "Second Silicon Valley", Bangalore accounts for 35 % of India' s software exports.
- ✂ Bangalore is HQ to several several heavy industries such as Hindustan Aeronautics, National Aerospace Lab. Bharat Heavy Electricals, and Hindustan Machine tools.
- ✂ The International Aircraft exhibition – The Aero India show is held here.
- ✂ 12 of 16 companies with SEI CMM level 5 certification in India located in Bangalore.
- ✂ SAP labs in Bangalore to be the biggest in Asia.
- ✂ Private companies also establishing R & D centers eg. John F Welch Technology Center. Manhattan Associates , ABB's global R & D center.
- ✂ Bangalore accounts for 47% or 127 of the approximately 265 biotech companies in India.

# Chennai



- ✂ With an estimated population of 7.06 million Chennai, formerly known as Madras, is the fourth largest metropolitan city in India. The city was established in the 17th century by the British, who developed it into a major urban center and naval base.
- ✂ Chennai is the third largest commercial and industrial centre in India. She has a diversified economic base.
- ✂ Chennai has been rated as the most attractive Indian city for offshoring services according to A T Kearney's Indian City Services Attractiveness Index 2005.
- ✂ The city is now the second largest exporter of IT and IT enabled services in the country behind Bangalore.
- ✂ More recently, Chennai has emerged as an electronic manufacturing hub with multinational corporations like Dell, Nokia, Motorola, Cisco, Samsung, Siemens, Sony-Ericsson, Flextronics and Foxconn setting up electronics and hardware manufacturing plants.
- ✂ Chennai has a market share of around 30% of India's automobile industry and 35% of its auto components industry.
- ✂ Other major manufacturing facilities range from small scale manufacturing to large scale heavy industrial manufacturing, petrochemicals and auto ancillary plants.
- ✂ Chennai is also a textile industry hub and an important centre for banking and finance.
- ✂ Chennai was recently rated as having the highest quality of life among Indian cities ahead of the other three metros and Bangalore, based on the "Location Ranking Survey" conducted by ECA International.

# Kolkata



Kolkata, previously called Calcutta, ranks as the 11th most happening city, according to the CII's ranking of 36 Indian cities.

- ✂ Population – 13,217,000
- ✂ Literacy – 83%
- ✂ In the Nasscom Ranking in ITES / BPO Super 9 Study, Kolkata ranks– Fourth.
- ✂ In a study by the Gartner Group, Kolkata ranked 1 in power availability.
- ✂ Several MNC & large companies like Cognizant Technology Solutions, Schlumberger Sema, Tata Consultancy Services, Pricewaterhouse Coopers / IBM, Siemens & Wipro IT Center (coming up)
- ✂ Banking & Insurance Center: 15 foreign & national banks have offices here and West Bengal has 4500 branches of various banks. The Mint is also located here.
- ✂ Kolkata is also one of the largest insurance centers in the country and home to 29% of the Life Insurance Corporation's agents.
- ✂ Port City: Kolkata has one of India's largest ports in terms of volume.
- ✂ 180 households per million household have a income of more than Rs 10 million.

Source: The Economic Intelligence Group/ India Brand Equity Foundation/ Source: NCAER 2004



# Hyderabad



✂ 5<sup>th</sup> Largest Cosmopolitan City in India. Considered a mini-metro.

- Population of 6.5m with 29% growth over last census (1991).
- Hyderabad - a 'Mecca' for IT companies (Infosys) and IT aspirants.
- MNCs like Google, Microsoft, IBM, Oracle, Genpact etc. have set up shop.
- Hyderabad is home to Internationally known research centres CCMB, CDFD, ICRISAT, NIN, SHANTHA BIOTECHNIC, Dr. Reddy's Laboratories etc.
- Booming Real estate.
- Influx of immigrants on the rise, thus dictating the change in consumerism.
- The mushrooming of malls is indicative of the skew of consumerism .
- 2008 will see the launch of a separate International airport.
- The emphasis is on Education. There are 8 Universities, more than 200 Engineering Colleges. Harvard has set up shop and executive education will commence from 2008.
- Premier institutes like NARAYANA, ASCI, CHAITANYA and T.I.M.E.; IFCAI and ISB have a presence here.

India



# INDIAN INDUSTRY

*India*



THINK INDIA, THINK TIME

# Automobiles



- ❖ The Indian auto industry has grown at an impressive 16.82 per cent over the last year with total sales of vehicles reaching around 10 million vehicles till November 2006 as against 8.5 million in 2005.
- ❖ Spurred by a huge demand from the market, the increase in production is set to improve further driven by a buoyant economy, with increasing purchasing power, new product launches and attractive finance schemes from auto manufacturers and banks.
- ❖ Exports for the fiscal year stood at 39,295 units.
- ❖ Passenger car sales have shown increasing rate of growth at the start of the new fiscal year. For example, Maruti, Honda and General Motors, which account for 60 per cent of the market, jumped 16 per cent in April, 2007 over the same month last year.
- ❖ The number of **rural households** possessing cars or jeeps has grown four times between 1993-94 and 2004-05, according to the 61st survey conducted by the National Sample Survey Organisation (NSSO).
- ❖ In **urban areas**, households possessing cars or jeeps have gone up from 1.2 per cent in 1993-94 to 4.6 per cent in 2004-05. Similarly, motorcycle or scooter owners have increased from 11.6 per cent to 26.0 per cent.

India

# Auto Components



- ❖ The Indian auto component industry is likely to almost double to US\$ 18.7 billion by 2009 and reach about US\$ 40 billion by 2014.
- ❖ Its globally competitive auto component manufacturing sector has been much in demand with global auto majors.
- ❖ A number of them source critical components from India, with engine parts making up nearly a third of all exports:
  - Engine parts (31 per cent)
  - Drive transmission and steering parts (19 per cent)
  - Body and chassis (12 per cent)
  - Suspension and braking parts (12 per cent)
  - Equipment (10 per cent)
  - Electrical parts (9 per cent)
  - Others (7 per cent)

India

# Aviation



- ❖ Revolutionised by liberalisation, the aviation sector in India has been marked by fast-paced change in the past few years.
- ❖ From being a service that few could afford, the sector has now graduated to being a fiercely competitive industry with the presence of a number of private and public airlines and several consumer-oriented offerings.
- ❖ The promise and the potential of the Indian aviation market are awesome. Over 135 aircraft have been added in the last two years alone.
- ❖ By 2010, India's fleet strength will stand at 500-550.
- ❖ During the period April-September, 2006:
  - **international passengers recorded growth of 15.8 per cent.**
  - **domestic passengers recorded growth 44.6 per cent.**
  - **overall growth was 35.5 per cent.**
- ❖ During the same period, international and domestic cargo recorded growth of 13.8 per cent and 8.7 per cent, respectively, resulting in an overall growth of 12.0 per cent.
- ❖ **India is the second largest aviation industry of the world.** The Indian fleet, has expanded from 170 aircraft in May 2005, to 312 units presently.
- ❖ This number will rise to just under 370 by the end of the year. The Centre estimates that India's fleet will reach approximately 500-550 aircraft by the end of 2010.

# Aviation



- ❖ The number of flights has virtually doubled from 6,800 in May 2001 to 13,200 in May 2007.
- ❖ In fact, India is in third place in the Top 10 list of countries with the highest number of additional flights in May this year, behind only China and the US.
- ❖ India's civil **aviation passenger growth, at 20 per cent**, is among the highest in the world. The sector is slated to cruise far ahead of other Asian giants like China or even strong economies like France and Australia.
- ❖ The number of passengers who will be airborne by 2020 is a whopping 400 million.
- ❖ Between April and September 2006, however, amid a flurry of new entrants to the sector, domestic traffic growth accelerated to more than 45 per cent.
- ❖ The Centre for Asia Pacific Aviation (CAPA) predicts that domestic traffic will grow at 25 per cent to 30 per cent a year until 2010 and international traffic growth by 15 per cent, taking the overall market to more than 100 million passengers by the end of the decade.
- ❖ As pointed out by Minister of Civil Aviation, Praful Patel, presently, the number of air travellers is about 0.8 per cent of the population. By the time even 10 per cent of the population begins to fly, India will need about 5,000 aircraft.

India

# Oil and Gas



**Estimated to be a US\$ 110 billion industry, the Indian oil and gas industry is among the largest contributors to the central and state exchequers in India. Its share approximates US\$ 13.58 billion. Most of the country's 19 refineries, barring two, with a capacity to process about 160 million tonnes per year are run by state-run companies.**

- ❖ Recent finds are making oil majors take notice of the potential in prospective basins.
- ❖ The size of the Indian Oil and Gas Industry is estimated at US\$ 110 billion (about 15 per cent of Indian GDP).
- ❖ Contributes to about 64 per cent of gross revenues of Government (both Central and State together) through taxes and duties
- ❖ Contributed US\$ 27 billion to the Government exchequer in 2004-05
- ❖ Contributes to about 45 per cent of India's primary energy consumption
- ❖ Constitutes 30.87 per cent of India's imports in 2005-06
- ❖ Accounts for 11.21 per cent of India's exports in 2005-06
- ❖ India is the Sixth largest crude consumer in the world
- ❖ India is the Ninth largest crude importer in the world
- ❖ India's has the sixth largest refining capacity - 2.56 million barrels per day representing 2.99 per cent of world capacity

# India : The World's Refiner



The cost effectiveness of refining in India is drawing many global players here. This is because India is logistically well placed for refineries. Besides being a major market for crude oil and petroleum products, it adjoins major demand centers such as China. Also, crude oil from West Asia can easily be brought to refineries in India.

- ❖ In May, Steel magnate L N Mittal was allowed to pick up 49 per cent stake in Hindustan Petroleum Corporation (HPCL) refinery in Bathinda.
- ❖ Several others moving in, who are also looking to tie up with Indian refiners. They include Saudi Aramco, world's largest oil producer, Cairn Energy, ExxonMobil, Petrobras, Shell, and China Petro (CNPC).

**To become a major global fuel exporter, the Indian government plans to expand refining capacity.**

- ❖ Indian Oil Corp (IOC) plans to spend US\$ 13.8 billion over the next five years on expanding its refining capacity from 60.2 million tonnes per annum of crude oil to 76.7 million tonnes.
- ❖ ONGC plans to invest more than US\$ 16.5 billion in the refining business over the next four to five years to scale its refining capacity up to 45.5 million tonnes by 2009-10.
- ❖ Bharat Petroleum Corp Ltd (BPCL) has lined up US\$ 492.8 million at the 7.5-million-tonne-per-annum Kochi refinery.
- ❖ HPCL is looking for a strategic partner for the US\$ 4.43 billion expansion of its Vishakhapatnam refining complex to 300,000 barrels per day by August 2010.
- ❖ RPL is setting up a US\$ 6 billion greenfield petroleum refinery and polypropylene plant at Jamnagar, Gujarat, with a capacity of 580,000bpd.

# Overseas Investments in Oil & Gas



- ❖ India has 20 per cent participation in Russia's Sakhalin I and has 20 % participatory interest in that country's national company, Rosneft.
- ❖ Oil India (OIL) has acquired its first overseas oil field at Libya. It has become the first Indian public sector unit (PSU) to set foot on Libyan soil.
- ❖ India is poised to make inroads into the hydrocarbon sector in the Caspian region as Kazakhstan has offered ONGC Videsh a choice of one block for exploration.
- ❖ Indian Oil Corporation (IOC) has lined up close to US\$1.5 billion as its share of the total investment of US\$5.7 billion in a stream of integrated LNG projects captioned "exploration to gas sales" in Iran.
- ❖ Petroleum Minister Mani Shankar Aiyer said recently that the government is working on increasing the country's investment potential to US\$250 billion. "The world has been startled to discover that the investment potential of our tiny oil corporation ONGC Videsh Limited is US\$25 billion," he said.

India

# Banking



**First, Standard and Poor's upgraded India's sovereign credit ratings. Next, the Boston Consulting Group (BCG), in a report on opportunities for foreign banks, confirmed that with more than US\$ 180 billion in long-term fixed deposits in banks and low penetration in the pension market, the opportunity for sustained double-digit growth is attractive.**

**Obviously, expectations of foreign investors and multinational companies seeking to take advantage of the huge growth opportunities in India have risen.**

According to the Economic Survey of 2006-07 :

❖ The increasing trend in gross domestic savings as a proportion of GDP observed since 2001-02 has continued with the savings ratio rising from 26.4 per cent in 2002-03 to 29.7 per cent in 2003-04, 31.1 per cent in 2004-05 and 32.4 per cent in 2005-06.

❖ As the savings rate has gone up, *private final consumption expenditure (PFCE)*, at current prices as a proportion of GDP, has shown a declining trend particularly from 2001-02. PFCE as a proportion of GDP declined from 63.1 per cent in 2002-03 to 62.1 per cent in 2003-04, 60.0 per cent in 2004-05, and further to 58.7 per cent in 2005-06.

❖ This decline has also been accompanied by substantial changes in the consumption basket in terms of the shares of different commodity groups. In PFCE, the share of food, beverages and tobacco came down from 43.3 per cent in 2002-03 to 39.4 per cent in 2005-06. The other major item of importance, namely, transport and communication, as a proportion of PFCE, rose from 15.8 per cent in 2002-03 to 19.1 per cent in 2004-05.

India

# Banking



**According to the Annual Statement on Monetary Policy for the year 2007-08 released by the Reserve Bank of India (RBI), the Indian economy has witnessed robust growth during 2006-07 for the fourth year in succession.**

- ❖ The Central Statistical Organisation (CSO) estimates that the real Gross Domestic Product (GDP) growth has accelerated from 9.0 per cent in 2005-06 to 9.2 per cent in 2006-07.
- ❖ The CSO's estimates for 2005-06 places Gross Domestic Savings (GDS) above 32 per cent of GDP and Gross Domestic Investment (GDI) close to 34 per cent..
- ❖ Industrial output grew by 11.5 per cent in 2006-07 helped by robust exports and the fastest growth in manufacturing in 10 years.
- ❖ The strong growth has put pressure on prices and annual inflation, measured by the wholesale price index, hit a two-year high of 6.69 per cent in January 2007.
- ❖ The RBI has raised short-term lending rates twice between January and June 2007, by a quarter of a percentage point each time to 7.75 per cent -- the highest level in more than four years -- to cool loan growth and tame inflation..
- ❖ With buoyancy in credit growth and corresponding shortfall in deposit accretion, the credit to deposit ratio in the banking sector has shot up from 65 per cent in January 2006 to 74 per cent in January 2007. To bridge the widening gap between incremental credit disbursal and deposit accretion, banks increased their benchmark prime lending rates.
- ❖ The RBI has attributed the high demand for non-food credit to the higher than expected economic growth in the manufacturing sector. In addition, the incremental disbursements to commercial real estate (which grew by 95 per cent year on year basis in the first half of 2007), home loans (which grew by 38 per cent YoY) and capital market related activities (which grew by 39 per cent YoY) were higher than credit to industry and to agriculture.

# Financial Services



**Bolstered by the continuing rally of the rupee against the US dollar (reflected in the accumulation of over US\$ 200 billion foreign exchange reserves), India joins the elite club of 12 countries which have a trillion dollar economy.**

- ❖ The continuing appetite and growing strength of the rupee could lead to a new, lower sovereign benchmark. This in turn will not only help the exchequer raise cheap funds, but also help Indian companies raise debt at lower interest rates.
- ❖ Also, with an increase in India's sovereign credit rating to investment grade (BBB-) from speculative grade (BB+), by global rating agency Standard & Poor's in January 2007, the country has become attractive to a range of global investors. This is likely to enable the government to raise debt at highly competitive rates.
- ❖ Reflecting India's emergence as a popular investment destination, the World Bank's Global Development Finance (GDF) 2007 reports India cornering a major portion of US\$ 40.1 billion net capital inflows to South Asia in 2006. India also became the world's eighth largest market for mergers and acquisitions in the first quarter of 2007.
- ❖ Thanks to the current rupee appreciation, many Indian companies, whose external loans have matured in the last three months, would be a happier lot today. Back of the envelope calculations indicate that these companies would have saved almost US \$ 9.77 million on account of the rising rupee which has reduced their payout liability. Some of the companies that will get to ride the rupee hike bonanza include Convergys, Cargill India, Nicholas Piramal and Watson Wyatt among others.

India

# Stock markets



**While the value of total business conducted at the Bombay Stock Exchange has crossed the US\$ 200 billion milestone, the National Stock Exchange is set to record an annual turnover of well above US\$ 400 billion for the first time in its history in FY07.**

- ❖ The government has approved the purchase of 6 per cent stake in the National Stock Exchange by Morgan Stanley, Citigroup and private equity firm Actis.
- ❖ US-based Depository Trust & Clearing Corporation (DTCC) is planning to pick up 5 per cent stake in the Bombay Stock Exchange.
- ❖ Foreign institutional investors (FIIs) continue to be bullish on India. They have pumped in a hefty US\$ 6 billion in equities to date in calendar 2007.
- ❖ The general market buoyancy and the rupee appreciation have resulted in taking the number of US\$ 1 billion m-cap stocks to 149, which account for 81 per cent of m-cap of BSE.
- ❖ The number of companies with over US\$ 20 billion m-cap rose to 8.
- ❖ The value of participatory notes in the stock market grew 70 per cent in just one year between January 2006 and January 2007, accounting for over one-third of total foreign portfolio investments in the Indian stock markets, according to government estimates.

# Information Technology



India has emerged as the fastest growing IT hub in the world, its growth dominated by IT software and services such as Custom Application Development and Maintenance (CADM), System Integration, IT Consulting, Application Management, Infrastructure Management Services, Software testing, Service-oriented architecture and Web services.

The information technology industry has grown its revenues ten-fold in the past decade from US\$ 4.8 billion in 1997-98 to US\$ 47.8 billion in 2006-07, according to Nasscom.

- ❖ The Indian IT-ITeS industry recorded US\$ 39.6 Bn revenues in 2006-07, up 31 per cent. Projected growth - 27 per cent.
- ❖ Nasscom has projected a revenue of US\$ 49-50 billion in 2007-08 at a growth rate of 24-27 per cent.
- ❖ The global IT-ITES industry, is growing at about 10 per cent a year.
- ❖ In 2006-07, software and services exports grew by 33 per cent to register a revenue of US\$ 31.4 billion.
- ❖ The domestic segment grew by 23 per cent to US\$ 8.2 billion.
- ❖ Within exports, IT services touched US\$ 18 billion, a growth of 35.5 per cent.

India

# Information Technology



- ❖ The IT industry's contribution to GDP rose from 1.2 per cent in 1999-2000 to an estimated 4.8 per cent in 2005-06.
- ❖ A majority of the companies in India have already aligned their internal processes and practices to international standards such as ISO, CMM, and Six Sigma. This has helped establish India as a credible sourcing destination.
- ❖ As of December 2006, over 400 Indian companies have acquired quality certifications with 82 companies certified at SEI CMM Level 5 - higher than any other country in the world.
- ❖ TCS, Infosys and Wipro maintained their position as the top 3 exporters in the Nasscom Top 20 IT software and services exporters rankings.
- ❖ The value of Infosys brand went up by 38 per cent to be worth US\$ 7.68 billion in 2006-07.
- ❖ Expected to generate exports worth US\$ 60-75 billion in 2010, the IT-ITeS sectors will contribute US\$ 115 billion to the economy from allied sectors as well.
- ❖ The industry is expected to create about 11 million jobs (directly and indirectly) over the next three years.

India

# Telecommunication



One of the fastest growing sectors in the country, telecommunications has been zooming up the growth curve at a feverish pace in the past few years. The year 2007 saw India achieve the distinction of having the world's lowest call rates (2-3 US cents), the fastest growth in the number of subscribers (15.31 million in 4 months), the fastest sale of a million mobile phones (1 week), the world's cheapest mobile handset (US\$ 17.2) and the world's most affordable colour phone (US\$ 27.42).

- ❖ Indian telecommunication firms added **5.19 million** new subscribers in April 2007, taking the total **user base** above **212.02 million**. The country's telecom sector will see investments up to US\$ 25 billion over the next five years, projects global consultancy firm Ernst & Young.
- ❖ Wireless service providers continued to dominate user growth by adding 5.15 million subscribers in April, while 40,000 new fixed-line users signed up.
- ❖ At 500 minutes a month, India has the highest monthly 'minutes of usage' (MOU) per subscriber in the Asia-Pacific region.
- ❖ India is emerging as a forerunner in using the cell phone as a tool to access the Internet, with one in every 11 people logging on to the web across the world through mobiles turning out to be an Indian.
- ❖ Handset production in India is over **51 million units in 2007**. This is the highest growth in the Asia-Pacific region, according to technology research firm Gartner.
- ❖ India produced nearly **31 million mobile phones in 2006** worth about US\$ 5 billion. The production of handsets is set to increase by 68 per cent in units and 65 per cent in value terms in 2007. By 2011, production volumes are expected to reach nearly 95 million units at a compound annual growth rate (CAGR) of 25 per cent.
- ❖ The retail market for mobile phones -- handsets, accessories and airtime -- is over US\$ 15.6 billion and growing at the rate of 15-20 per cent.

# Telecommunication



- ❖ Massive infrastructure needs in India might provide a potential private equity role. A recent study by telecom regulator Telecom Regulatory Authority of India (TRAI) has estimated that the country will need about 350,000 telecom towers by 2010, as against 125,000 in 2007.
- ❖ With a CAGR of 46 per cent, India has emerged as the fastest growing market in the data centre-structured cabling market in the Asia Pacific region, according to Access Markets International (AMI) Partners, a US-based consultancy agency. The data centre structured cabling market is expected to grow from US\$ 19 million in 2005 to US\$ 125 million in 2010. The overall structure cabling market is expected to grow from US\$ 127 million in 2005 to US\$ 345 million by 2010 at a CAGR of 22 per cent.
- ❖ In May 2007, Indian GSM mobile phone service providers signed up 5.1 million customers, taking total users to 130.6 million, the Cellular Operators' Association of India said.
- ❖ The combined revenue of all operators from their mobile businesses would more than double to US\$ 33.1 billion by 2010, from about US\$ 12.8 billion in 2006.
- ❖ The total revenue of all telecom operators is also set to nearly double to US\$ 43.6 billion in four years, from US\$ 22.5 billion in 2006.
- ❖ The revenue share of mobile business would rise to 76 per cent in the same period, from 57 per cent currently. India, which is adding over six million mobile subscribers every month, has surpassed Russia to become the third largest mobile market in the world after China and the US.
- ❖ The total mobile subscriber base in the country is likely to reach 425 million by March 2010 with Bharti Airtel (GSM) and Reliance (CDMA and GSM) emerging as the top two mobile operators in terms of number of subscribers.

# Media & Entertainment



- ❖ The Indian Media and Entertainment sector is poised to enter a golden era. One of the largest markets in the world, the industry is seeing strong growth and has the potential to garner US\$ 200 billion by 2015.
- ❖ The eighth PricewaterhouseCoopers Global Entertainment and Media Outlook has ranked India as the fastest growing market in the world for spends in entertainment and media in the next five years.
- ❖ India will be one of the key drivers in pushing the global entertainment and media industry to US\$ 2 trillion by 2011. With a compound annual growth rate (CAGR) of 18.5 per cent, the Indian entertainment and media industry is the fastest growing in the Asia-Pacific, says the study.
- ❖ Another report by PricewaterhouseCoopers shows that revenues across the Indian media and entertainment segment grew by 20 per cent in 2006 to US\$ 9.71 billion and the country's overall advertising spending grew by 23 per cent to US\$ 3.62 billion.
- ❖ International media giants are all vying for a stake in the segment. In the last three years, US\$ 88 million of foreign direct investment (FDI) has flowed into the sector and in 2006, 13 FDI proposals were approved by the Government.
- ❖ The sector's growth is being propelled by a number of factors such as the corporatisation of the film industry, a booming television sector, a fast growing radio sector, a growing market for print products and other technological changes. India is ready to embrace and grow along with the changes the industry is undergoing globally.

India



# Media & Entertainment



- ❖ The **Indian film industry** is one of the largest in the world -- producing 1041 films, annually. It is currently worth about US\$ 1.8 billion and is expected to grow at a CAGR of 16 per cent for the next 5 years to reach US\$ 3.8 billion in 2011.
- ❖ Bollywood, the Hindi film industry, which commands a 40 per cent share of the Indian film market, is gaining a global audience. Regional films too are making an impact.
- ❖ A number of factors are bringing about the change. For one, new technologies like DVDs and the Internet are ensuring that viewership is not confined to specific areas. The country has over five million home video and DVD subscribers and current penetration levels are expected to grow 31 per cent, according to the 2006 PwC report.
- ❖ A spurt in the number of multiplexes in the country has changed the entire complexion of Indian films -- their budgets, the way they are made and the audiences they are made for.
- ❖ The corporatisation of the film industry has also enabled it to discover new revenue streams.
- ❖ Showcasing international films dubbed in local Indian languages has helped the dubbing industry grow at 25-30 per cent over the last five years and international films are now reaching out to wider audiences.
- ❖ This is having a ripple effect -- driving growth in film merchandising and music sales. Merchandising for "Spiderman 2," which was dubbed in Hindi, collected over US\$ 2 million in India in its first weekend, the highest ever for a Hollywood film!

India



# Pharmaceuticals



**In 2007, the Indian pharmaceutical industry looks ahead at a colourful horizon, what with contract research and clinical trials businesses taking wing, and the new patent regime opening new avenues for players in the country.**

- ❖ Globally the Indian pharmaceutical industry ranks 4th in terms of volume (with an 8 per cent share in global sales) and 13th in terms of value (with a share of 1 per cent in global sales).
- ❖ A highly organised sector, the Indian pharmaceutical industry is estimated to be worth US\$ 4.5 billion, growing at over 9 per cent annually.
- ❖ Indian pharmaceutical companies produce about 20 per cent to 22 per cent of the world's generic drugs in value terms.
- ❖ Overall, the industry is expected to grow at an average annual rate of about 15 to 20 per cent between 2005 and 2010.
- ❖ According to the Economic Survey 2006-07, the pharmaceutical sector's value of output grew more than tenfold from US\$ 1.1 billion in 1990 to over US\$ 12.4 billion during 2005-06. This was the result of her knowledge skills, growing enterprises, low costs, improved quality and buoyant demand (both domestic and international),
- ❖ Indian pharmaceutical companies now supply almost all the country's demand for formulations and nearly 70 per cent of demand for bulk drugs.
- ❖ India is also one of the top five Active Pharmaceutical Ingredients producers (with a share of about 6.5 per cent) and has the world's third largest manufacturing industry valued at US\$ 2 billion. There are about 34 foreign drug companies engaged in the Indian pharmaceutical industry and among them are 15 of the 20 largest pharmaceutical companies in the world.

# Pharmaceuticals



- ❖ Exports constitute nearly 40 per cent of the production. The value of exports was over US\$ 4.7 billion in 2005-06,
- ❖ The industry ranks 17th in terms of export value of bulk actives and dosage.
- ❖ It comprises large, medium and small-scale operators out of which some 300 companies together account for nearly 90 per cent of the domestic market, while the rest is accounted for by a large number of small companies which total about 9000 units.

Growing consistently at 9.5 per cent in the last 5 years, the Indian pharmaceutical industry could zip at 13.6 per cent between 2006 and 2010 and reach a market size of US\$ 9.48 billion by 2010 from its present level of about US\$ 5.7 billion. A fresh chapter began with the signing of General Agreement on Tariffs and Trade in January 2005 with which India began recognising global patents. Soon after, the Indian pharma market became a sought after destination for foreign players.

India



# Real Estate



The real estate story in India is growing bigger by the day. Industry experts believe that Indian real estate has huge demand potential in almost every sector -- especially commercial, residential and retail.

- ❖ Growth in commercial office space requirement is led by the burgeoning outsourcing and information technology (IT) industry. By 2010, the IT sector alone is expected to require 150 million sq.ft. of space across major cities.
- ❖ It is estimated that in the residential sector there is a housing shortage of 19.4 million units out of which 6.7 million are in urban India.
- ❖ The increase in purchasing power and exposure to organised retail formats has redefined the consumption pattern. As a result, retail projects have been mushrooming across even B-grade cities.
- ❖ The retail market is expected to grow at around 35 per cent. Industry observers feel that this growth is facilitated by favourable demographics, increasing purchasing power, existence of customer-friendly banks and housing finance companies, professionalism in real estate and reforms initiated by the Government to attract global investors

India



# Real Estate



## Foreign Collaborations:

- ❖ In mid-2007, **Morgan Stanley** closed a deal worth about US\$ 150 million with Oberoi Constructions in Mumbai.
- ❖ The **Nakheel Group** in Dubai entered into a US\$ 10 billion deal with DLF for residential projects in Tier I and II cities.
- ❖ This was followed by three financial institutions -- **Khaleej Finance and Investment** (KFI) from Bahrain,
- ❖ **Kuwait Investment Company (KIC)** and **Kuwait Finance House** (KFH) – from the Middle East promoting a US\$ 200 million fund for investing in India.

Called the 'Indian Private Equity Fund', it targets activities with controlled risks in growing sectors like real estate. Close on its heels, **California Public Employees' Retirement System** entered India, investing US\$ 100 million in a US\$ 400-million real estate fund promoted by IL&FS. **Ascendas**, Asia's leading business space provider is launching the first property trust of Indian assets worth US\$ 500 million in Singapore in July 2007 with the renowned real estate developer Embassy Group.

India



# Real Estate



## Global majors in Indian real estate

Policy changes introduced by the Government in February 2005 allowed 100 per cent foreign investments in construction projects with fast-track approvals. But the real attraction for foreign investors is potential investment returns of 25 per cent and more in Indian projects that might be hard to come by in the US and in Western Europe today.

A report by property consultants Jones Lang LaSalle estimates that US\$ 10 billion foreign investment will be injected into the Indian real estate sector in the next 12-18 months.

International companies include:

- ❖ Ayala of the Philippines
- ❖ Signature from Dubai
- ❖ Och-Ziff Capital
- ❖ EurlIndia and Old Lane
- ❖ On the cards is sizeable FDI inflow from Malaysia, followed by the UK, US, Israel and Singapore.

Nearly two dozen US funds are already here raising US\$ 3.5 billion for investments in Indian realty. Those raising the funds include Wall Street powerhouses such as:

- ❖ Blackstone Group (US\$ 1 billion)
- ❖ Goldman Sachs (US\$ 1 billion),
- ❖ Citigroup Property Investors (US\$ 125 million),
- ❖ Morgan Stanley (US\$ 70 million)
- ❖ GE Commercial Finance Real Estate (US\$ 63 million).
- ❖ JP Morgan,
- ❖ Warburg Pincus,
- ❖ Merrill Lynch,
- ❖ Lehman Brothers,
- ❖ Warren Buffett's Berkshire Hathaway,
- ❖ Colony Capital
- ❖ Starwood Capital.

# Retail



**India has topped the AT Kearney's annual Global Retail Development Index (GRDI) for the third consecutive year, maintaining its position as the most attractive market for retail investment.**

**Driven by changing lifestyles, strong income growth and favourable demographic patterns, Indian retail is expanding at a rapid pace. The country may have 600 new shopping centres by 2010. Mall space, from a meagre one million square feet in 2002, is expected to touch 40 million square feet by end-2007 and an estimated 60 million square feet by end-2008.**

- ❖ The Indian retail market -- one of India's fastest growing industries -- is expected to grow from US\$ 350 billion to US\$ 427 billion by 2010.
- ❖ According to Euromonitor International, the Indian Retail market will grow in value terms by a total of 39.6 per cent between 2006 and 2011, averaging growth of almost 7 per cent a year.
- ❖ Modern retail accounts for about 4 per cent of the total retail market in India. This share is expected to increase to about 15 -20 per cent with the entry of a number of corporates into the segment.
- ❖ Modern retail formats have grown by 25-30 per cent in India in the last year and could be worth US\$ 175-200 billion by 2016.
- ❖ Retailers in India are the most aggressive in Asia in expanding their businesses, thus creating a huge demand for real estate. Their preferred means of expansion is to increase the number of outlets in a city, revealed the Jones Lang LaSalle

India

# Retail



## Food retail

Food dominates the shopping basket in India. The US\$ 6.1 billion Indian foods industry, which forms 44 per cent of the entire FMCG sales, is growing at 9 per cent and has set the growth agenda for modern trade formats.

The prospect for growth of the branded segment is huge, as nearly 60 per cent of the average Indian grocery basket still comprises non-branded items.

Of the 12 million retail outlets (largest in the world), over 5 million sell food and related products.

Some of the large players in this market are :

- ❖ Kishore Biyani's Food Bazaar
- ❖ Mukesh Ambani's Reliance Fresh
- ❖ Godrej Agrovet
- ❖ The Aditya Birla Group
- ❖ The Tata Group

India



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# Tourism



**It is boom time for India's Tourism and Hospitality sector. Driven by a surge in business traveller arrivals and a soaring interest in the country, India has emerged as a leading tourist destination. The world's leading travel and tourism journal, "Conde Nast Traveller", ranked India amongst top 4 preferred holiday destinations in the world.**

- ❖ Foreign tourist arrivals which were 3.92 million in 2005 rose to 4.43 million in 2006 showing an increase of 13 per cent.
- ❖ During the first five months of 2007, the number of foreign tourist arrivals was 2.02 million, representing a growth rate of 12 per cent over the corresponding period last year.
- ❖ Foreign exchange earnings from tourism also showed a phenomenal growth from US\$ 5.73 billion in 2005 to US\$ 6.56 billion in 2006, achieving an increase of 14.6 per cent.
- ❖ Foreign exchange earnings showed a growth rate of 17.4 per cent over the period Jan-May 2007, earning US\$ 3.07 billion as against US\$ 2.61 billion previous year.
- ❖ India's share in world arrivals which was just 0.37 per cent in 2001 rose to be 0.53 per cent in 2006.
- ❖ The importance of tourism for the Indian economy is evident from the fact that it contributed to 5.9 per cent of the Gross Domestic Product and provided employment to 41.8 million people.
- ❖ Also, the cumulative FDI into the hotel and tourism sector from 1991 to March 2007 has been US\$ 517.83 million, representing 1.18 per cent of the total FDI in to the country.

# Tourism



## Government initiatives

**To unlock the huge potential in this sector, the Government has taken various initiatives for the development of this sector.**

- ❖ Launch of Incredible India campaign to promote tourism both in domestic and international markets.
- ❖ 102 rural tourism infrastructure projects have been sanctioned to spread tourism and socio economic benefits to identified rural sites having tourism potential.
- ❖ The Ministry of Tourism brought out guidelines for classification of apartment hotels, time share resorts and guest houses. It also sanctioned capital subsidy for 43 budget category hotels and interest subsidy for 86 budget category hotels.
- ❖ Recognition of spare rooms available with various house owners by classifying these facilities as “Incredible India Bed and Break fast Establishments”, under ‘Gold’ or ‘Silver’ category.
- ❖ A new category of visa, "Medical Visa" ('M'-Visa), has been introduced which can be given for specific purpose to foreign tourists coming into India.
- ❖ Guidelines have been formulated by Department of AYUSH prescribing minimum requirements for Ayurveda and Panchkarma Centres.
- ❖ The Government is planning to infuse equity capital of over US\$ 55.5 million for reviving Ashok Hotel, Samrat Hotel and Hotel Janpath in New Delhi.

# Outbound Tourism



- ❖ The total number of Indian outbound travellers in 2006 - 8.3 million.
- ❖ The Business Traveler (including Corporate Incentive Travel) comprise 50% of the total.
- ❖ A little less than 50 % will travel for leisure purposes.
- ❖ The rest will fall under the categories like students, immigrants, etc.
- ❖ WTO predicts that Indian outbound traffic will grow to 50 million tourists by the year 2020.
- ❖ Indians travelling abroad spent 1.4 billion US\$ in 1999 which has grown to 7.5 billion in 2006.
- ❖ Government of India has eased foreign exchange restrictions in the last 4 years. RBI regulations w.e.f. April 2007 permits Indians to remit up to US\$ 100,000 overseas in a current or a capital account.
- ❖ This means Indian citizens can invest overseas, park this money in an overseas account or simply spend it when they travel abroad.

Source: The Times of India April 10, 2007/SOTC Report / Pacific Asia Travel Association/ AC Nielsen Survey for the Tax-Free World Assocn. - TOI April 25, 2007

India

# Education



**Be it nanotechnology, entrepreneurship, energy, life sciences, information technology, healthcare, pharmaceuticals, agriculture or the environment, India has created quite a buzz among foreign universities in the US, according to Charles Rutledge, VP, Research, at the US-based Purdue University. The number of Indian students studying in the US is far higher than those from any other nation.**

**Indian higher education enjoys a credible reputation globally; The number of foreign students enrolled in various Indian institutions has seen over three-folds rise, up from 6,988 in 2000 to 25,947 in 2006. Interestingly the biggest jump in the number has come from the students of USA. There has been a 53% increase in 2006.**

## **Government proposals**

- ❖ The Government backs 100 per cent foreign direct investment (FDI) in higher education in all institutions.
- ❖ On the cards are 20 new Indian Institutes of Information Technology in more states in the public-private partnership mode.
- ❖ At a time when there is a global talent crunch for quality engineers, this will benefit students and employers.
- ❖ Plans to set up 65 polytechnic colleges during the XIth Plan period at an investment of US\$ 178 mn.
- ❖ It also plans to set up two new Indian Institutes of Science Education and Research (IISERs) in Bhopal and Thiruvananthapuram and two new Schools of Planning and Architecture in Vijayawada and Bhopal.
- ❖ Plans to upgrade the infrastructure in 185 existing polytechnics in the Special Focussed Districts over five years.

# Education



- ❖ Academics now means big business and Foreign institutes are entering into partnerships with Indian institutes or companies:
- ❖ Wharton Business School at the University of Pennsylvania, for non-executive MBA and executive MBA programmes.
- ❖ The Cambridge University of UK is declaring Bhagat Phool Singh Mahila Vishwavidyalaya in Sonipat district as its sub-centre for certification in English language proficiency thus making this northern India's first women's university as the first sub centre in the country.
- ❖ The University of Oxford and the Confederation of Indian Industry (CII) are set up an India business centre which will be the first of its kind to be located in Oxford and in India.
- ❖ London- based Royal Institution of Chartered Surveyors (RICS) is exploring partnerships with Indian universities and B-schools to offer RICS-accredited courses in India.
- ❖ XLRI, Jamshedpur, has signed a memorandum of understanding (MoU) with Bordeaux Business School, France, to promote international relations in the area of management.
- ❖ Under this partnership XLRI is exploring student exchange, faculty exchange, joint research projects as well as degree programs with a host of international business schools.
- ❖ Leading American university, Georgia Tech University, is opening its campus in Hyderabad.
- ❖ The College of Agri-business Management (CABM), Uttaranchal, is in advanced talks with the University of Illinois to offer a dual MBA programme in agri-business management from the next academic year.
- ❖ IIM-Lucknow is in advanced talks with the University of Tennessee, University of South Carolina, and Purdue University in the US to sign up for a possible collaboration in areas like faculty and student exchange and research projects.



# INDIA AND OTHER POWERS

*India*



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# India and USA



**Trade and commerce have always played a significant part in the rapidly expanding multi-faceted bilateral relations between India and US. With each passing day, there are new Indian business houses opening up shop in the US or vice versa.**

- From a modest US\$ 5.6 billion in 1990, the bilateral trade in merchandise goods has increased to US\$ 31.92 billion in 2006 representing an impressive 470 per cent growth in a span of 16 years.
- Over the last five years, U.S. exports to India have more than doubled, helping to create better-paying jobs in the United States.
- India's merchandise exports to the US grew at 16.07 per cent from US\$ 18.80 billion in 2005 to US\$ 21.83 billion in 2006.
- US exports of merchandise to India increased from US\$ 7.99 billion in 2005 to US\$ 10.09 billion in 2006, an increase of 26.31 per cent.
- US brands have always been household names in India. An aggressive market in India is now enabling the reverse. As India-US trade relations continue to look cheerful, many Indian brands are creating their own space in the American mind.
- TCS employs about 10,000 people in the US handling technology services for several Fortune 500 companies.
- Mahindra & Mahindra has emerged as a well-known tractor brand in the US. It is now planning to launch the Scorpio in the US sports utility vehicle market.
- Indian food brands and fast moving consumer goods (FMCGs) are now increasingly finding prime shelf-space in the retail chains of the US and Europe.
- These include Cobra Beer, Bikanervala Foods, MTR Foods' ready-to-eat food stuff, ITC's Kitchens of India and Satnam Overseas' Basmati rice.



# Indian Companies on the Nasdaq



Infosys is one of the three Indian companies listed on the NASDAQ, apart from Rediff and Sify. The list of Indian companies listed on the New York Stock Exchange (NYSE) is growing, and fast:

- Tata Motors
- Videsh Sanchar Nigam Ltd.
- Mahanagar Telephone Nigam Ltd.
- Dr. Reddy's Laboratories
- HDFC Bank
- ICICI Bank
- Satyam Computers
- Wipro Technologies

*India*



THINK INDIA, THINK TIME

# India and China



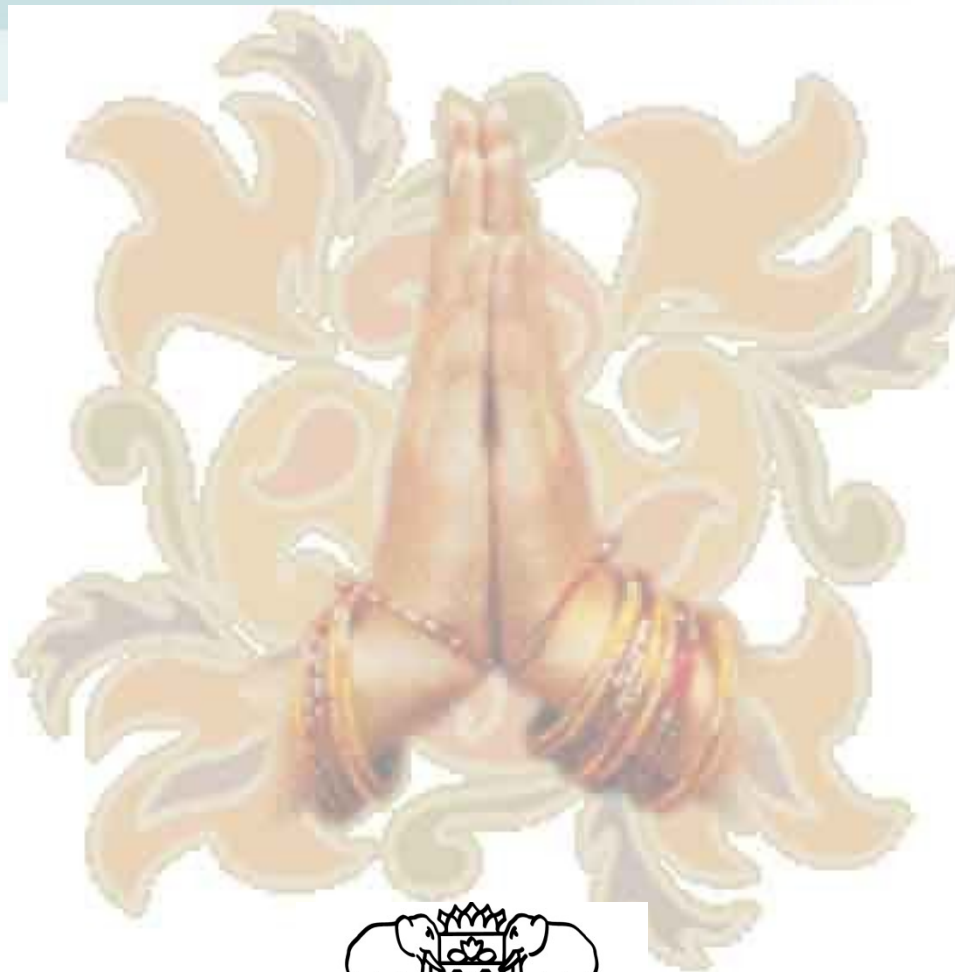
**Engines of growth China and India continue to expand with positive implications for the global economy. Significantly, while China and India complement each other in many ways, they also compete with each other in many areas. As India's Finance Minister rightly said, "India has often been compared with China...I invite comparison with China."**

- ✂ **Rating** agency Standard & poor (S&P) has included 8 Indian companies in its annual 'Global Challengers List' of 300 firms, while only 4 Chinese firms were included in the list.
- ✂ India has ousted Taiwan from the second place in the **Asia-Pacific private equity rankings** with PE deals worth US\$ 2,433 million in the first half of 2007, according to Thomson Financial. China has been ranked fifth with deals worth US\$ 678.7 million.
- ✂ Indian companies account for 10.5 per cent of the total **syndicated loans** by BRIC nations, with borrowings of about US\$ 8.28 billion till June 2007. This is higher than China's 7.9 per cent or over US\$ 6 billion.
- ✂ More than 100 Chinese **pharmaceutical** manufacturers have lined up major India expansion plans via joint ventures, strategic alliances, research collaborations and wholly-owned subsidiaries.
- ✂ China's **automobiles** market is double that of India, India leads in terms of exports: China's auto exports -- 340,000 units in 2006 -- were less than half of India's total vehicle export tally of 970,620 units (including two and three wheelers).
- ✂ India and China have signed a memorandum of understanding (MoU) allowing **oil and gas** companies of the two countries to engage in mutually beneficial cooperation in acquiring hydrocarbon assets in third world countries without undercutting each other.
- ✂ The Asia-Pacific region is set for a technology boom with China and India leading the pack in terms of **information technology**: China is expected to account for 32 per cent of the region's technology market in 2007, India makes up 23 per cent, according to International Data Corp.

# India and China



- India and China have emerged as the preferred destinations for global **retail** majors increasingly looking to spread their businesses across the world according to a report titled, '2007 Global Powers of Retailing' by international consultancy firm Deloitte Touche Tohmatsu.
- India and China's **jewellery** market will grow to equal the US market by 2015: in the global scenario, China has 8.9 per cent market share and India 8.3 per cent.
- Driven by high trading volumes for equities and good presence of global banking and financial services firms, Mumbai has secured a place in **the world's top ten financial flow hubs** list, beating Hong Kong and Beijing in China, according to a survey compiled by Mastercard Worldwide.
- Despite massive Government support and huge visibility on the global arena, China's software offshoring market has not taken off as expected and still has a long way to become a potential alternative to India, technology research firm Forrester said in a report released in May 2007.
- GSM operators in India serve 300 per cent more subscribers per mega hertz (MHz) than operators in China, a criterion that reflects growth of a **telecom** network. Using the same benchmark period of 12 years of existence, Indian GSM operators served 3.36 million subscribers per Mhz by December 2006, while China had served 0.85 million subscribers by December 1999. China had introduced mobile services seven years before India.
- India topped the global chart for total amount raised through **American depository receipts (ADRs)** beating China and Taiwan. In 2006, India raised funds worth US\$ 2.09 billion while China collected US\$ 2.18 billion and Taiwan US\$ 1.47 billion through this route.



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