



## INDIA



An information  
exchange session



## QUICKFACTS – Physical distance

- American Airlines Direct Flight
- Chicago to Delhi
- 7.5 thousand miles
- 16 hrs.



## QUICK FACTS – People & Religion

- One Billion people - 2nd most populous country (Seventh largest in Area).
- Birth place of Hinduism, Buddhism, Jainism and Sikhism.
- Second largest population of Muslims in the World.



## QUICK FACTS – Civilization

- One of the oldest civilizations (if not The oldest) dating back to 3200 BC with first permanent settlements probably starting 9000 years ago.

Source BBC



## QUICK FACTS – Economy

- Fourth Largest Economy
- GDP - \$3.7 Trillion (PPP)
- Third largest being Japan – \$3.9 Trillion

*2005 Estimates, Source: CIA World Fact Book*



## QUICK FACTS – Misc.

- Universal Voting Rights
- Zero Long Term Capital Gains Tax on listed equity & 10% Short Term Capital Gains Tax
- Highest Income Tax Bracket – 30%
- No Estate Taxes
- No transfer taxes on gifts to immediate relatives



## The Stock Market Story

### Annualized Returns (Feb 96 – Feb 06)

	DJIA	BSE Sensex in Rupees	BSE Sensex in USD
Last 10 years	7.20%	11.49%	8.89%
Last 3 years	0.70%	46.72%	50.27%
Last year	39.31%	54.46%	51.99%



## The GDP – a comparison

	India	China	USA
GDP (USD)	736 Bn	1833 Bn	12770 Bn
Real Growth	7.1%	9.2%	3.5%
Services Contribution	51.4%	32.5%	78.3%
Per Capita (PPP)	\$3,400	\$6,200	\$41,800

2005 Estimates, Source: CIA World Fact Book



## External Economy – Export of Services

- USD 76 Bn Exports *(2005 Estimates CIA World Fact Book)*
- Growth well over 20% *(last 3 years Economic Survey 05-06)*
- Software Exports USD 17 Bn\*
- Growth 41.8%\*

*\*Source: Dun & Bradstreet Survey*



## Debt

- India's external debt as on 31.12.05 USD 119.2 Billion
- Fiscal Deficit estimated for 05-06 3.8% - USD 33 Billion
- Total Govt. Liabilities 05-06 USD 482 Billion



## Demographics - 2005

	India	China	USA
Population	1 Bn	1.3 Bn	0.3 Bn
Age group			
0 -14	31%	21%	21%
15 - 64	64%	71%	67%
Over 64	5%	8%	12%

2005 Estimates, Source: CIA World Fact Book



## Project that into Year 2025...

	India	China	USA
Population	1.36 Bn	1.45 Bn	0.42 Bn
Age Group			
0-14	24.6%	18.4%	19.7%
Under 25	40.8%	24.4%	32.3%
15-64	67.7%	68%	59.8%
Over 64	7.9%	13.6%	20.7%

Source: US Census Bureau



## Education

- 48.7 million graduates and above
- 19.3 million post graduates *(India Science Report, NCAER)*
- 25 Lakh fresh graduates every year  
*(education4india.com)*
- Indian Students are the largest foreign enrollments in the US Universities. *(Business Line Nov. 8, 2005)*



## The Services Advantage

The 2005 Global Services Location Index					
Rank	Country	Financial structure	People & skills availability	Business environment	Total score
1	India	3.47	2.14	1.26	6.87
2	China	3.21	1.76	1.17	6.14
3	Malaysia	2.95	1.12	2.00	6.07
4	Philippines	3.58	1.16	1.05	5.78
5	Singapore	1.62	1.44	2.67	5.73
6	Thailand	3.27	0.94	1.51	5.72
7	Czech Republic	2.57	1.12	1.90	5.58
8	Chile	2.73	0.97	1.87	5.58
9	Canada	1.10	2.03	2.40	5.52
10	Brazil	2.91	1.36	1.23	5.50

Source: AT Kearney



## Estimated Capital Inflows during 2005

- Foreign Direct Investments – USD 5 Bn
- Foreign Institutional Investments – USD 10 Bn
- Over 800 Foreign Institutional Investors registered with the regulator



## Alternative routes to invest

	DIRECT	FII	FII Subaccount	PNs
<b>Instruments</b>	Listed Securities & Mutual Funds	Listed securities	Listed securities	Listed securities
<b>Setup time</b>	Nominal	3 to 30 days	Nominal	Nominal
<b>Setup costs</b>		SEBI fees: \$5000	SEBI fees: \$1000 + Sponsoring fees	Legal costs: \$3000 - \$6000
<b>Brokerage + custodial charges</b>	30bps	30bps	30bps + Sponsoring charges	50 bps
<b>Typical Ticket size</b>	NA	\$50 million	\$5-10 million	\$20-30 million
<b>Related Int.</b>	Brokers	Broad Based Institutions	Not many	International Investment Banks
<b>Available to</b>	Persons of Indian Origin	Corporate Bodies	Non-Indians	Non-Indians



## Real Estate

- 100% FDI in Real Estate (*townships, housing, built-up infrastructure and construction-development projects e.g. commercial premises, hotels, resorts, educational institutions, recreational facilities*)
- 3 years lock in
- No sale of undeveloped plots
- \$5 to 10 million minimum capitalisation
- Minimum 50,000 sq.ft



## The Nuclear Pact – March 06

- Historical.
- Boost to US nuclear energy industry.
- Indication of a higher level of mutual trust.



## Intermingling of two cultures

- 1.6 million Indians live in United States
- Out of 463,000 who became naturalized American citizens in 1993, India contributed the second largest (29,800) only next to Mexico (56,100)

*(US Census Bureau – Facts for features, June 05)*

- Number of Americans Living in India 15,369 out of 3.8 million living abroad

*Private Americans (non-govt.posting)*

*(Source: Bureau of Consular affairs, July 1999)*



## The Little Prince

“And now here is my secret, a very simple secret: It is only with the heart that one can see rightly; what is essential is invisible to the eye.” - Antoine de Saint Exupéry in The Little Prince



**NAMASTE**



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