

India

Political shifts and implications for business

Elections 2014

- Largest democracy in the world: over 800 million had ballot in 2014 elections
 - Nearly USD 5 billion spent, second only to US 2012 elections (USD 7 billion)
- First majority government since 1984
- Free of compulsions of “coalition politics”
- Narendra Modi, 15th Indian PM contested on issues of economic development, decisive action and anti-corruption sentiment

Elections 2014

- Chief Minister of Gujarat state in India since 2001, emphasis on infrastructure and development, friendly to investment and business
 - E.g. TATA Nano plant moved from West Bengal to Gujarat
- Promises “red carpet” over “red tape” and a reforms agenda driving economic growth
- Election of majority and reform-oriented government greeted with high market and industry sentiment

Snapshot India

- Indian equities markets have seen foreign institutional investors (FII) net inflow of US\$ 30 billion in 2014
- FIIs have helped in pushing up the benchmark BSE sensex by over 20 per cent in the first six months of the year.
- According to a latest report by PricewaterhouseCoopers (PwC), India is all set to become the world's third largest economy (absolute terms) by the year 2030.
- Six qualified institutional placements (QIPs) launched in India during April-June 2014 raised US\$ 2.01 billion compared with US\$ 201.9 million raised in the same quarter in 2013.

Snapshot India

- Venture capital (VC) investments in India surged during the first half of 2014, reflecting optimism about India's entrepreneurial ecosystem.
- Investments in startups grew nearly 40 per cent as compared with the same period in 2013, according to data released by Ernst & Young (EY).
- Sovereign wealth funds (SWFs) and overseas pension funds plan to invest in India, driven by likelihood of economic recovery under a new stable government.
 - At least three sovereign funds from West Asia have invested over US\$ 5 billion in the past eight months.

Snapshot India

- US\$ 1.2 trillion investment planned for the infrastructure sector in the 12th Five-Year Plan
- India made its entry into the club of the top 15 ultra-high-net-worth households (more than US\$ 100 million in private financial wealth) in 2013 obtaining the 13th rank with 284 such households.
- India holds a 6.4 percent share of global gross domestic product (GDP) on purchasing power parity (PPP) basis and presently is the third biggest economy in the world in terms of PPP, according to a World Bank report.

Snapshot India

- The total value of India's listed companies to cross US\$ 1.5 trillion over 12 months as India enters the top 10 club of countries by market capitalisation.
- India could become the world's seventh biggest nation in terms of private wealth, with a 150 per cent increase in total, from US\$ 2 trillion in 2013 to US\$ 5 trillion by 2018, as per a recent study by the Boston Consulting Group (BCG).

Snapshot India

- Gross domestic product (GDP) is expected to grow at 5.4–5.9 per cent in FY15.
- India has the second fastest growing services sector with compound annual growth rate (CAGR) of 9 per cent.
- Foreign exchange reserves grew to US\$ 304.2 billion by March 2014 from US\$ 292 billion at the end of March 2013.
- Fiscal deficit for 2013–14 has been contained at Rs 508,149 crore (US\$ 85.01 billion) (provisional) – 4.5 per cent of the GDP (4.9 per cent in 2012–13).

Snapshot India

- 88,537 megawatt (MW) power capacity is planned to be added over the next five years.
- US\$ 1 trillion investment is required in infrastructure in the next five years.
- The agriculture and allied sectors achieved a growth of 4.7 per cent in 2013–14 against its long-term average of around 3 per cent (between 1999–2000 and 2012–13).
- Proportion of working age population to increase from 58 per cent in 2001 to over 64 per cent in 2021, half the population is under 25 and 700 million are below 30 years old

Focus Areas

- Infrastructure
- Oil and gas
- IT
- Auto
- Construction
- Defence manufacturing

Modi government: First Four Months

- May 2014 - Established a Special Investigative Team to probe black money stashed outside the country
- Jun 2014 - Pushed through a 14% increase in average railway ticket prices.
- Late Jun 2014 - Launched a USD 100 billion bank along with other members of the BRICS nations, to fund infrastructure products
- Jul 2014 - The Cabinet Committee on Economic Affairs (CCEA) approved the raising of the Foreign Direct Investment cap in insurance from 26% to 49%, FDI in defence to 49%, and FDI in railway infrastructure to 100%.

Modi government: First four months

- Late Jul 2014 - Creation of real estate and infrastructure investment trusts which will open up new finance for cash-strapped developers.
- Aug 2014 - Japan commits USD 35 billion to India over the next 5 years for developmental projects
- Sep 2014 - Doubled minimum export prices for onion from USD 150 to USD 300 in an effort to persuade local producers to concentrate on domestic markets. Onion prices fall 40% in three months.

Modi government: First Four Months

- Mid-Sep 2014 - Persons of Indian Origin (PIO) cardholders will get lifetime Indian visas; American tourists will be given visa on arrival.
- Late-Sep 2014 - US-India Business Council members committed to invest over \$41 billion in India over three years