

THINK BUSINESS THINK INDIA



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Indian Economy Overview

- Indian economy-growth rate in excess of 9 per cent for the last 3 years.
- India-Second fastest growing economy.
- IMF-Predicted India is likely to grow at 7.8 per cent in 2008, and 6.3 per cent in 2009.
- To achieve 7 per cent growth, the Govt announced an US\$ 6.46 billion fiscal stimulus package.

Indian Economy Overview

Contd.

- SEBI-Indian stocks would be the first to bounce back.
- Crisil-India's retail securitisation market is better placed than the US
- Companies from developed economies have shown confidence in India's economic future and are interested in growing their business in the country

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Indian Economy Overview

Contd.

- After US-India civil nuclear deal, India will now be partnering several countries for nuclear fuel technology projects.
- In 2008, the rural market has grown at an impressive rate of 25 per cent compared to the 7–10 per cent growth rate of the urban consumer retail market.

Indian Economy Overview

Contd.

- 13% annual growth in retail sector from US\$ 322 Billion in 2006-07 to US\$ 590 Billion in 2011-12
- Evalueserve – India to emerge as next global hub for innovation with R & D expenditure to be 2% of GDP by 2012

Indian Economy Overview

Contd.

- Venture Capitalised firms have started investing in technology firms focussed in rural areas.
- Firms like Avishkaar India Micro Venture Capital Fund, Acumen Fund, and Rural Innovations Network (RIN) are focussing on rural markets.
- India has been rated forth most attractive investment destination by E & Y's survey.



Advantage INDIA

- The World Fact Book – India is youngest among BRIC & has largest working – age population in the world.
- World's second largest arable land making it one of largest food producer
- Largest producer of milk, sugarcane & tea and second largest producer of rice, fruit and vegetables.

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Advantage INDIA Contd.

- Largest number of listed companies & third largest investor base in the world.
- Largest Network of bank branches in the World.
- McKinsey Global Institute - India's consumer market will be the world's fifth largest (from twelfth) in the world by 2025.



Buying into the Indian Dream

- 120 new foreign institutional investors have registered in India post global financial crisis.
- 358 new sub-accounts were registered.
- Foreign direct investment (FDI) in India from April-January 2009 increased by 65 per cent to US\$ 23.89 billion, due to the inflows into construction, real estate, services, computer hardware and software firms.

Buying into the Indian Dream

Contd.

- The central bank pumped in more money into the banking system
- Repo rate was also brought down gradually to 4.75 per cent from 9 per cent last year.
- Total foreign investment inflow during the first half of 2008-09 was US\$ 13.8 billion in September 2008.
- India's forex totalled to US\$ 252.98 billion in the first week of April, 2009

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Government Initiatives

- Govt. – Simplified FDI and render caps on FDI redundant.
- Equity investments coming through majority ownership and control would be taken as fully domestic equity.
- Extensive re-organisation of company finances across many sectors would be seen and companies would now be subject to further dividend distribution tax of 15 per cent, including surcharges.

Government Initiatives

Contd.

- DIPP and the Finance Ministry are planning to remove the cap on FDI in single-brand retail and permit up to 100 per cent foreign investments as against the 51 per cent currently.
- Removal of the incentive cap in wind energy which is restricted to projects up to 49 MW presently.
- RBI will now permit FDI up to 49 per cent in credit information companies with voting rights up to 10 per cent.

Growth Initiatives by SEBI

- FIs can now invest in equity and debt in any ratio they seem fit.
- SEBI has simplified the registration norms for FIs and sub-accounts .
- Institutional investors—including FIs and their sub-accounts—have been allowed to undertake short-selling, lending and borrowing of Indian securities from February 1, 2008.

Growth Initiatives by SEBI

Contd.

- Allowed foreign individuals, corporates and other investors such as hedge funds to register directly as foreign institutional investors.
- FII investment limit in Govt Securities increased to US\$ 5 Billion from US\$ 3.2 Billion earlier.

Some Investment Highlights

- HSBC Bank Mauritius Ltd bought over 51,000 shares of Intellivisions Software for US\$ 144.94 billion.
- Goldman Sachs picked up an 8.16 per cent stake in New Delhi Television Ltd (NDTV) and a minority stake in Sterling & Wilson Pvt. Ltd.
- Morgan Stanley Mauritius acquired a huge stake in Infrastructure Development Finance Corp (IDFC) from Goldman Sachs in March 2009 for US\$ 11.61 million.
- Private equity firm Blackstone has taken up a 26 per cent stake in MTAR Technologies for US\$ 65 million.

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Conclusion:

The Indian growth story has continued despite the Satyam non-governance issue and the global economic slowdown. It has attracted global majors like CLSA, HSBC, Citigroup, Crown Capital, Fidelity, Goldman Sachs, Morgan Stanley, UBS, T Rowe Price International Capital International and ABN Amro among others to enter the Indian financial market.

Thank You

For any further information, please contact at

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