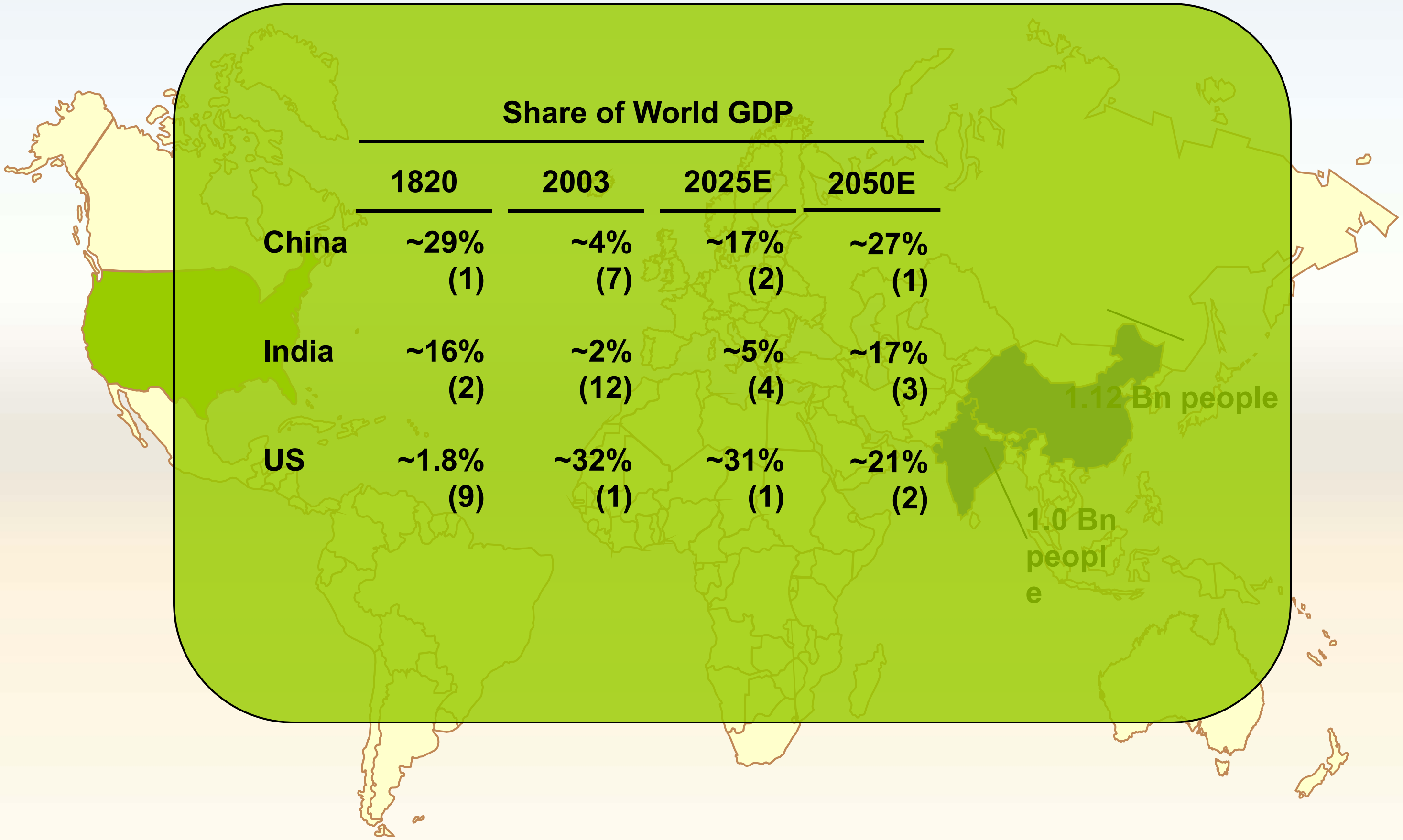
"India, constituted as she is, cannot play a secondary part in the world. She will either count for a great deal or not count at all"

-Jawaharlal Nehru, Indian PM1947-1963

Outline

- India in the last decade
  - Economy
  - India, China, Finland scan
  - Consumers
  - Brands
- India in the next 50 years
- Summary

BACK TO THE FUTURE?



Share of World GDP

	1820	2003	2025E	2050E
China	~29% (1)	~4% (7)	~17% (2)	~27% (1)
India	~16% (2)	~2% (12)	~5% (4)	~17% (3)
US	~1.8% (9)	~32% (1)	~31% (1)	~21% (2)

Note: Figures in bracket indicate GDP world ranking
Source: Angus Maddison's OECD Book "The World Economy – A Millenial Perspective", IMF, Goldman Sachs projections; BCG Analysis

Economy

MACRO ECONOMIC INDICATORS	1996	2006
Nominal GDP (US$ Bn)	386	885
Population (MN)	955	1110
GDP per head ($)	404	770
GDP per head ($ at PPP)	1960	3830

Source: NCAER, SOI; BCG analysis

GDP composition (%age)	1996	2006
Agriculture	29	18
Industry	27	29
Services	43	54

Source: NCAER, SOI; BCG analysis

96 10 years of change 06

India, China, Finland scan

Measure/Indicator	Year	China	India	Finland
Competitiveness	2005	No.18	No.27	No.10
R&D expdtr as % of GDP	2003	1.31%	0.84%	3.44%
Foreign Direct Invt in Bln $s	2004	60.6	5.3	4.6
Market Capitalisation Bln $s	2005	781	553	210
Car ownership per 1000 popl	2003	10	6	434
Education Spending % GDP	2004	NA	4.1%	6.4%
Cost Of Living, (USA = 100)	2005	NA	47	115
Environmental Perf Index	2005	56.2	47.7	87
Corruption Index(10=least)	2005	3.2	2.9	9.6
Advertising spending % GDP	2005	0.52	0.48	0.78
Mobile Phone penetration %	2006	40+	11	96
Televisions per 100 HHolds	2004	46.4	35.1	99.3

Land of snake charmers

IT superpower

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Sell outs

THE BIG TAKE OVER

Coke eyes the Indian cola giant: Parle

Non-Binding Offer At 455p Per Share Of British Giant

Our Bureau

that an offer will be made and further announcements

RIL targets

Buy out

Sensex flirts with 15k. Posco commits $27 b. This Diwali, the firew

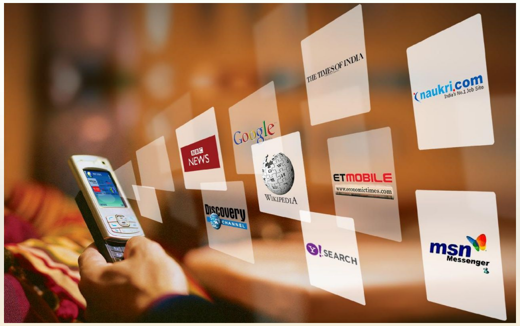
Tata Steel gets Corus nod, way cleared for $9-b deal

A Formal Announcement Is Expected By The Month End

96 10 years of change 06

Communication

Convergence



Commute

Commute with style

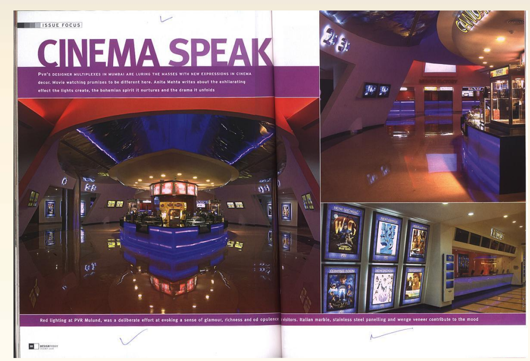
Arranged marriage

Arranged love

jeevansathi.com

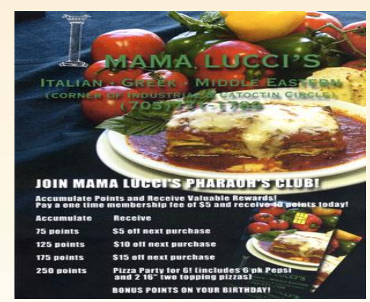
3 hr Movie

Hang out Zone



Traditional food

Hybrid food



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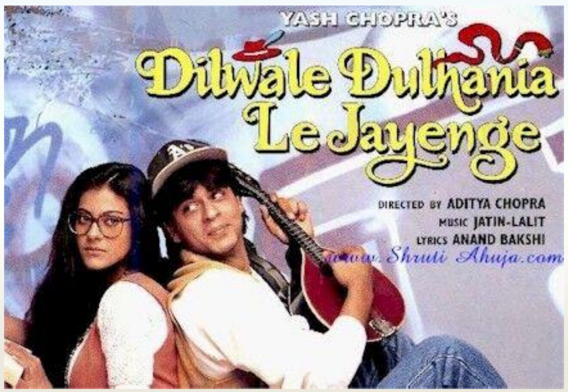
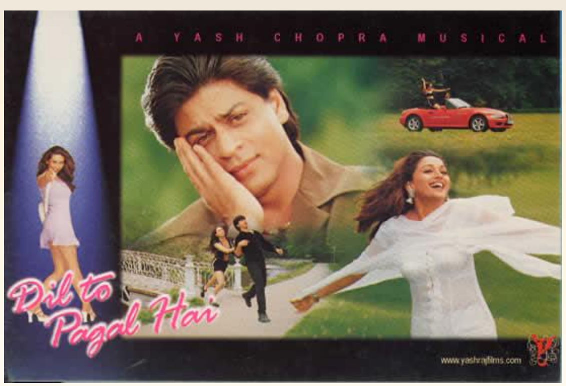
Media explosion

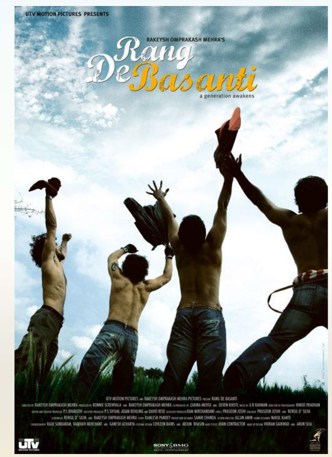
Entertainment journalism

Romantic movies





Movies- pushing boundaries of relationship and social awareness

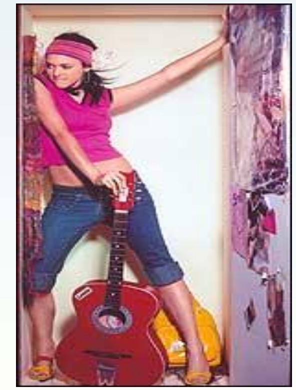


Change Factors

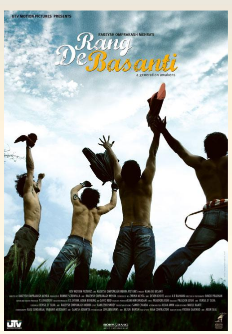
Change Factors

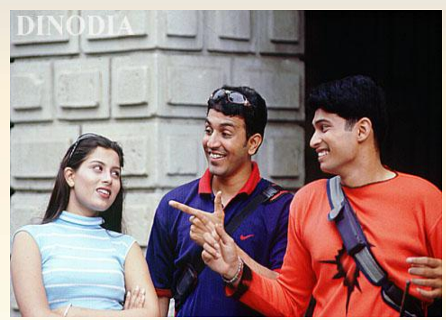
- Good economic growth
- Women’s literacy
- Media explosion
- Liberalisation
- A significant Youth base
- Opening up of the easy finance options for durables
- An enduring democracy

96 *10 years of change* 06



Youth





Career selection

Changing brands

Transaction

Packaging

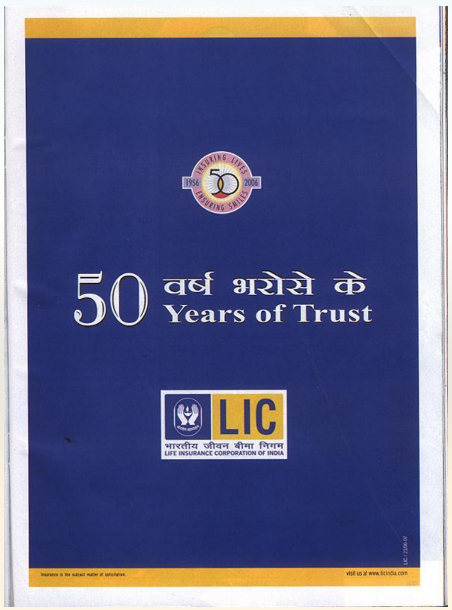

निरमा
वाशिंग पावडर

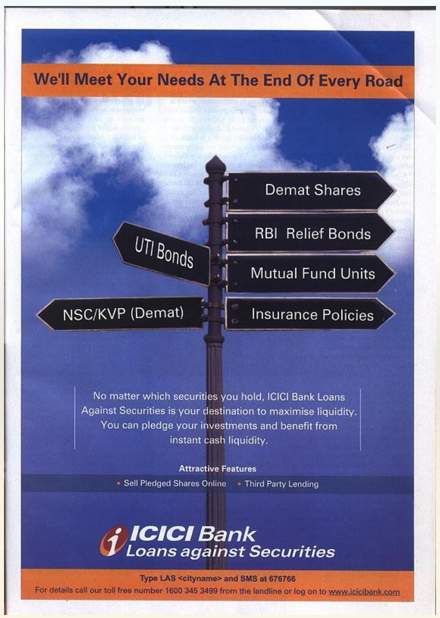

Super
NIRMA


SUNSILK


SUNSILK
ANTI-FLAT
WEIGHTLESS CARE
WITH VISIBLE
VOLUME

Advertisement

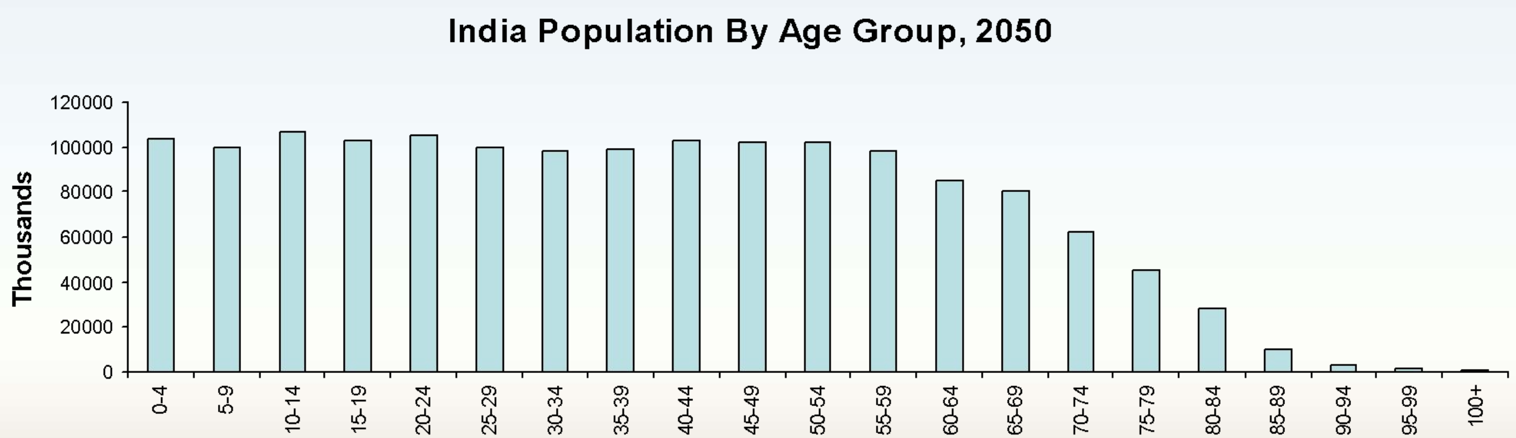


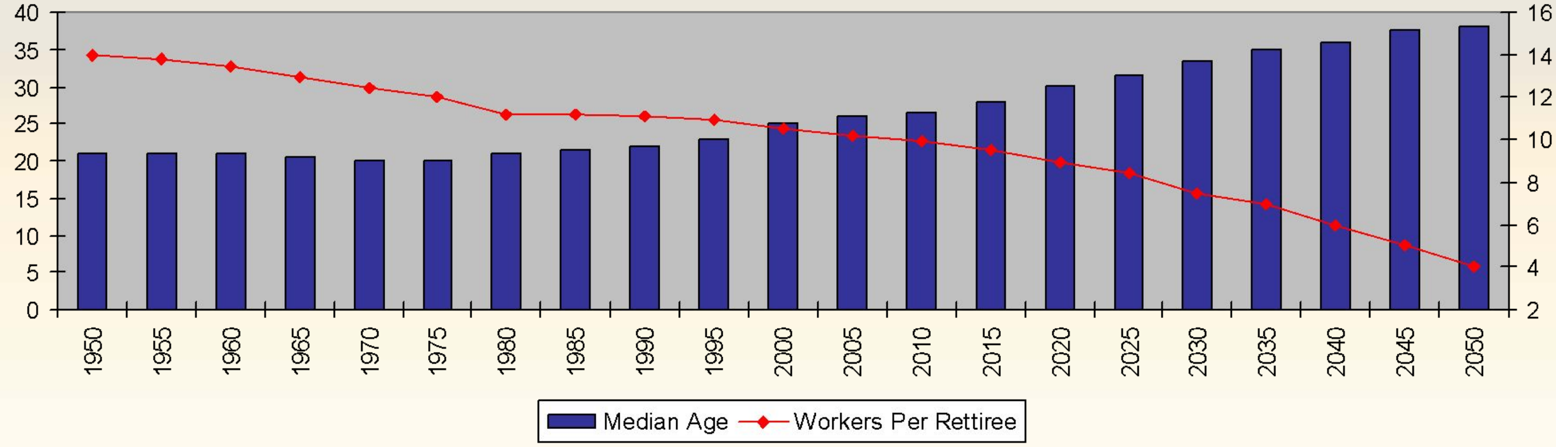


citi financial ICICI Lombard kotak Kotak Mahindra Bank

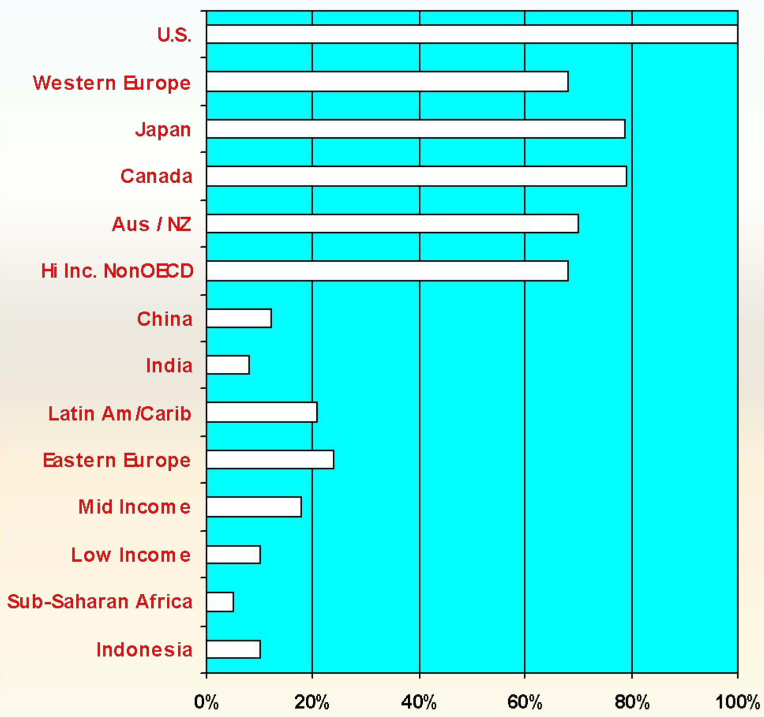
India in the next 50 years

Age Wave India

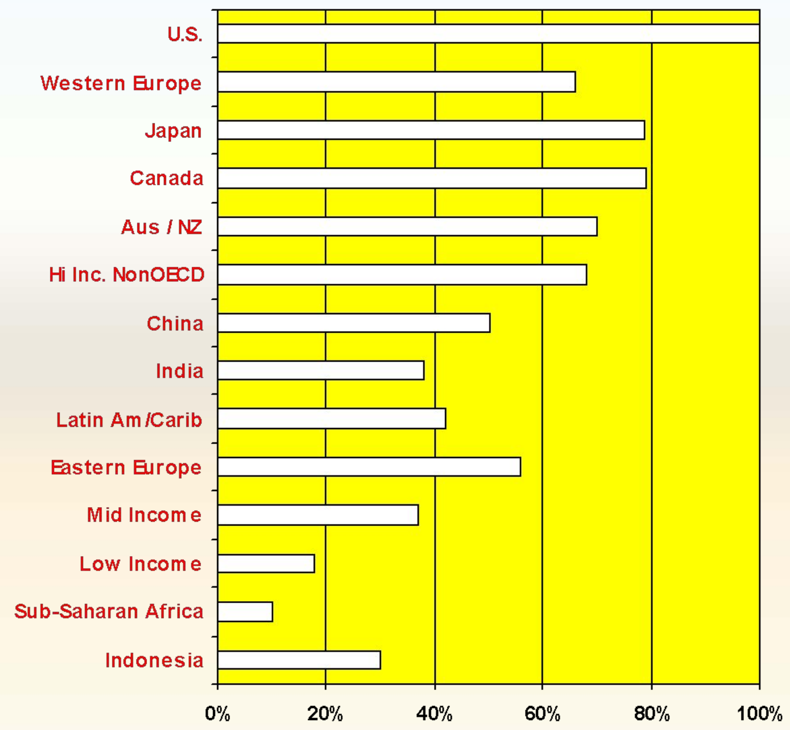




Per Capita Income Relative to US 2000



Per Capita Income Relative to US 2050



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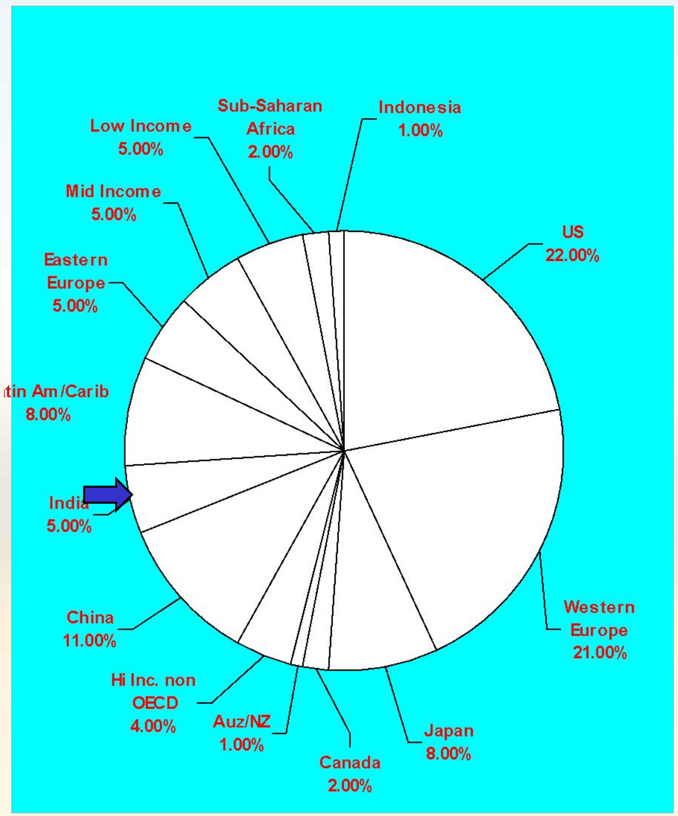
WORLD GDP 2000

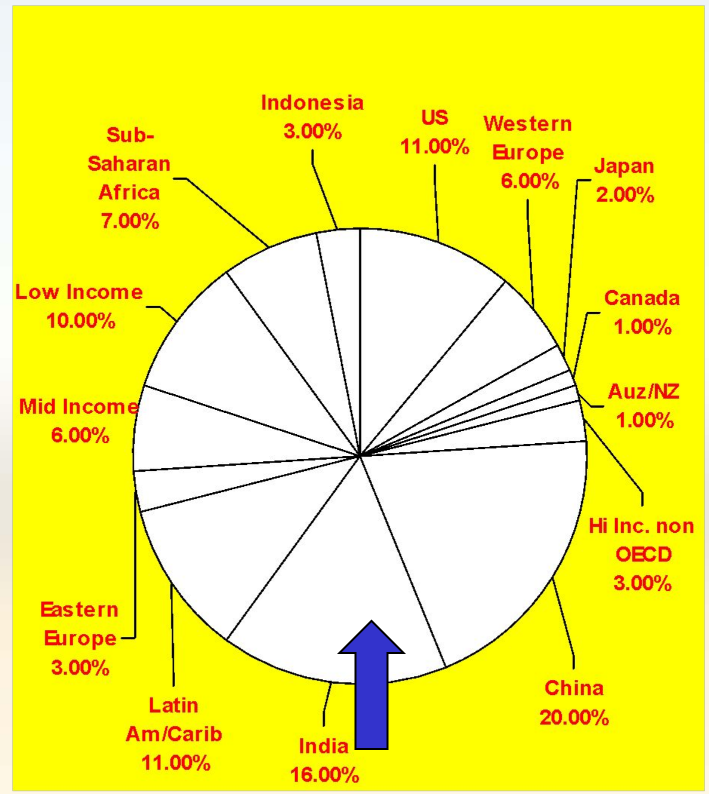
56.4%



44.6%

WORLD GDP 2050

23.1%

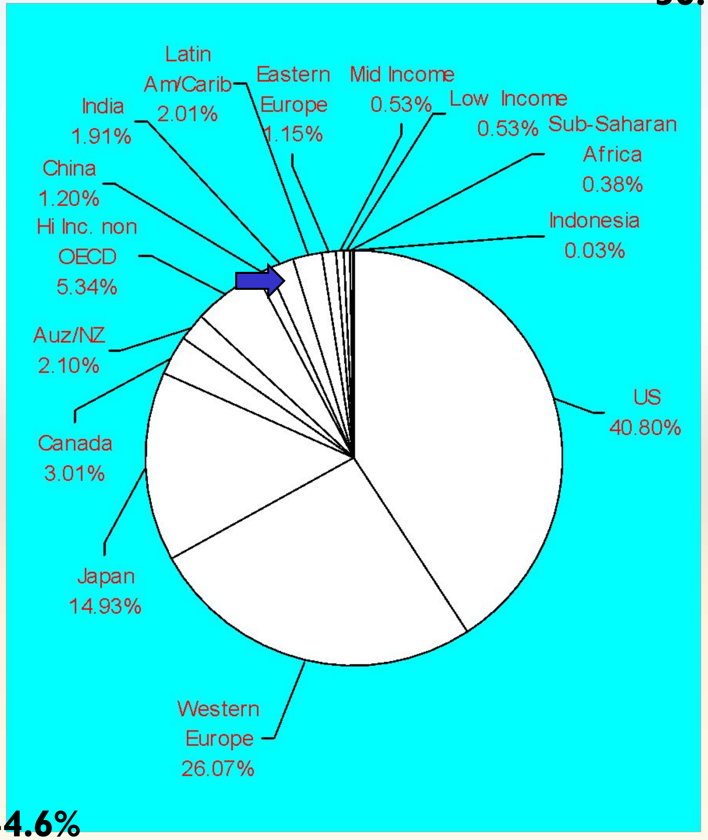


76.9%

Examples of High Income Non-OECD countries : Singapore, Hong-Kong, Israel, Saudi Arabia
Mid income Countries : Turkey, South Africa, Philipines, Iran, Malaysia
Low Income Countries : Pakistan, Bangaladesh, Nigeria
Examples of Eastern Europe : Russia, Poland, Ukraine

Stock Market Capitalization 2000

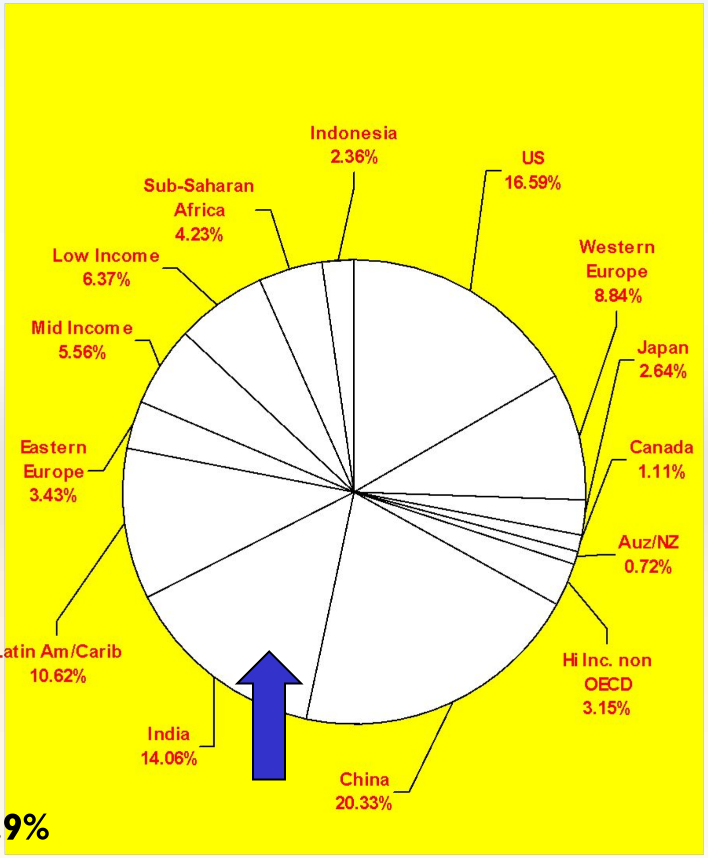
56.4%



44.6%

Stock Market Capitalization 2050

23.1%



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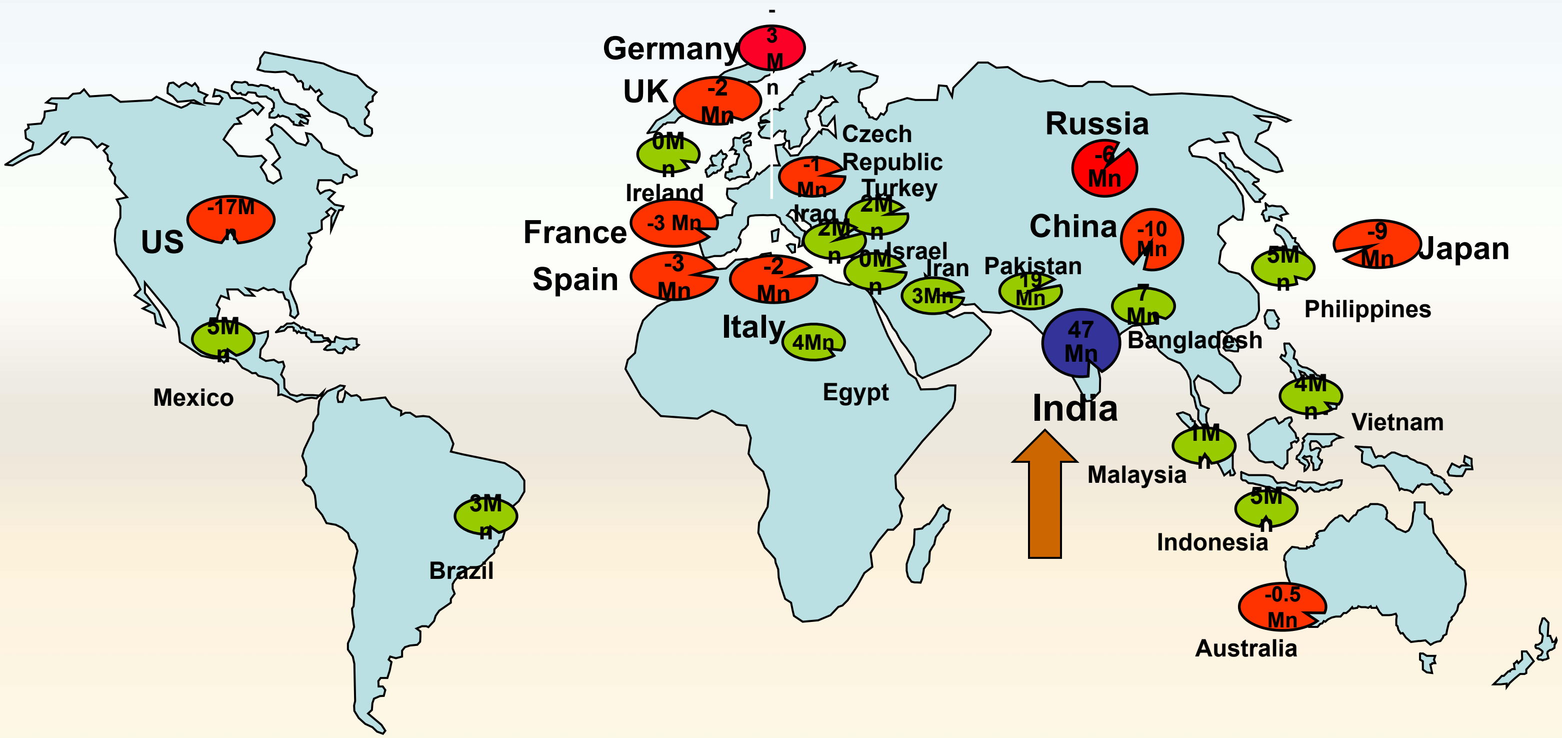
THE WORKFORCE SURPLUS IS LIKELY TO CONTINUE

While Other Countries Face Shortages

Potential surplus population in working age group (2020)

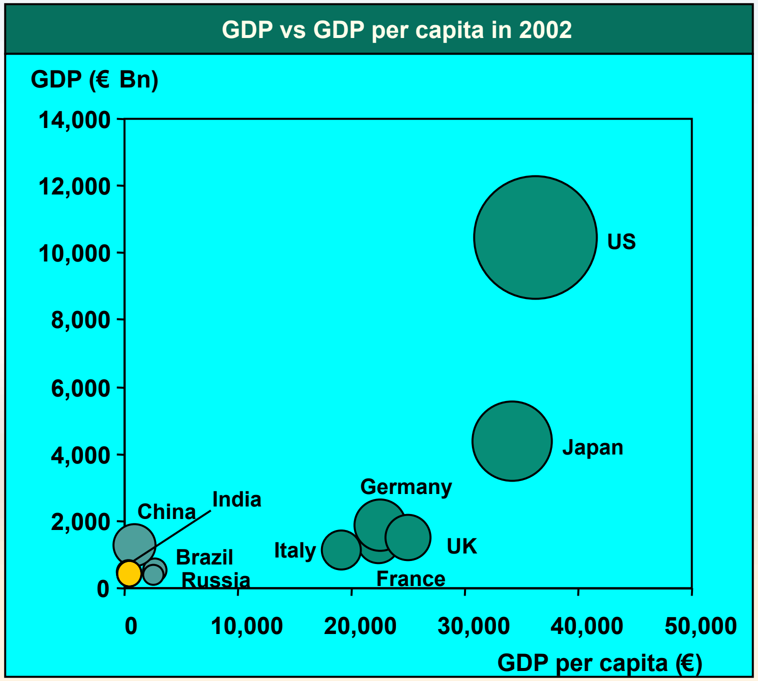


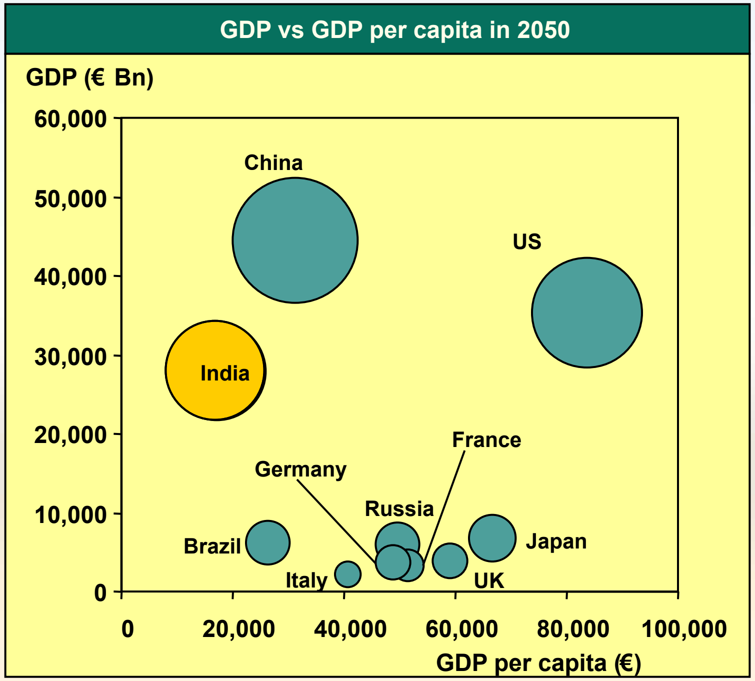
Note: Potential workforce surplus is calculated keeping the ratio of working population (age group 15 – 59) to total population constant and under the assumption that this ratio needs to be broadly constant to support economic growth. Therefore, India will have 47 Million more people in the working age group/total population by 2020 compared to today, while France will have a deficit of 3 Million people in the working age group compared to today.

Source: U.S. Census Bureau; BCG Analysis

INDIA WILL BE A UNIQUE GLOBAL ECONOMIC GIANT

2050: rd Largest GDP, But Low Per Capita Income
3





- India labour cost competitiveness to continue for a long time
- Product and service customisation required to succeed in mass rket
ma

Bubble size corresponds to GDP size

Source: Goldman Sachs Economic Paper # 99; BCG analysis

Summary

- India did not matter, it will establish itself now.
- Exponential change in 10 years.
- Infrastructure is key bottleneck.
- Youth , a big change agent
- This market has scale at a lower value point