

INDIA CHALO



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It is the glue of India which does not break.



India has fast emerged as the destination for the global investor. The country offers many opportunities largely driven by huge domestic consumption and domestic demand. It is a market with over 1.1 billion people and the third largest economy (on a PPP basis) and a middle class with over 300 million consumers. India adds an 'Australia' every year and with GDP growth over 9% in 2007, this economy is flourishing.

India Chalo is a book about India and its opportunities, written with a lot of passion and color. It makes for an easy read due to the many wonderful stories and characters, some real and some make believe, that tell their story. It is their story, the story of new India with many facts and cartoons thrown in that make this book extremely difficult to put down.



Dedicated

to

all the dreamers in India and the world.

May all your dreams come true.



A dozen reasons why you should look at India now

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Introduction

“YESTERDAY IS GONE.
TOMORROW HAS NOT YET COME.
WE HAVE ONLY TODAY.
LET US BEGIN.”

– Mother Teresa

I finished my lunch at the Belvedere in Mumbai and rushed out to catch a flight back to Delhi. I reached the airport in about one hour and Suresh, the driver, told me we had made it in good time. As I boarded a brand new Kingfisher Airbus A320, I could not help but notice the clean and awesome decor and, of course, the strikingly gorgeous crew. The exhaustion had got to me and I passed out in the comfort of my seat and in my sleep I remember a very vivid flashback...

It was back in 1986 and I had boarded an airplane from New Delhi to New York with a stopover in Heathrow on my way to business school in America. I was excited and happy at



the anticipation of my arrival in America. I dreamt of the numerous opportunities that awaited me and I was on my way to achieving the 'American Dream' even before I had landed on American soil.

I now reflect and remember that for those of us who managed to get into a business school in the United States, we were the chosen few and thought of ourselves as being extremely lucky. Having just graduated from St. Stephen's College at the University of Delhi, it was obviously another step in achieving my goal of corporate nirvana. The opportunities for some of us being BA Pass were few and far between. The US was a huge attraction and opportunity that many of us desired.

I felt a light tap on my arm and was awakened by the crew who asked me to fasten my seat belt as we were about to encounter some turbulence. Since I was awake I found it difficult to go back to sleep and decided to engage in conversation with my neighbor, Mr. Aditya Sadhna.

Aditya had gone to a local school in Pune and then graduated with a degree in commerce from HR College in Mumbai. After having taken his GMAT, he had been accepted at the Wharton School and Columbia University but had decided to go to the Indian Institute of Management (IIM) Calcutta. He then turned down an opportunity to work for a global investment bank in Hong Kong. He now runs his own business which is an online social and matrimonial network. He is looking to take his company public by the 3rd quarter of 2008.

Gone are the days when Mummy and Daddy found matches for Bunty and Babli. The Internet has arrived. The days of the arranged marriage are gone. Incidentally India is now the fourth largest market in the world for Internet usage. The Indian Internet population is expected to grow to 100 million users by 2009.



"Get him a single."



As we landed at New Delhi airport I speculated that, in my days, I could never imagine anyone turning down an opportunity to go to an Ivy League Business School and an offer to work for a global investment bank. Times have changed, the Indian Entrepreneur has arrived, India has changed.

Nowadays I am on road shows, trying to convince investors, generally foreign, why they should be looking at India - that is, if they are not already looking at it. This requires me to travel to the US, from coast to coast, to Europe, and all over the Middle East. The beauty of this experience, which is enriching and fun, has been the many questions I am asked. Among them is “Why India?”

The questions have been many but the answers are the same and are driven by the same underlying themes. I thought to put these thoughts together in a book which I can share with everyone.

I am not an analyst, accountant or economist. These thoughts have been pulled together with the help of many friends and colleagues whose support is much appreciated.

These days I spend most of my time on airplanes, darting between cities in India. I notice an appreciable change; actually a revolution. I am blessed to have seen it in my lifetime. This book is a compilation of my experiences and thoughts gathered on these many trips and collated by my many colleagues and friends, most of whom I work with on a daily basis. I would like to especially thank Godly Abraham, Michael Baer, Rey Delante, Dominic

De Sousa, Nadeem Hood, Anita Ladegaard-Pedersen, Paddy Markandan, Paul McNamara, Kunal Rakshit, Alok Sama, Deepak Shahdadpuri, Rajeev Thakore and Rahul Verghese. Also Navneet Sharma, Prabodh Hamilton and Janki Dalal at TSEIPL, without whose help this book would not be possible.

I am extremely grateful to Anshuman Goenka and Sushmita De for their very insightful comments and feedback. Also a vote of thanks to Jasmin Treimer for her uncanny ability to smile and still cope with the many numerous changes and edits all along the way.

I was inspired by Mom and Dad who live back home in India, and have been for many years wanting their grandchildren along with us to return to India. This book is as much for them as for you.

Also a very heartfelt thanks to Piyali, my wife, who put up with me during my writing efforts which interfered with her efforts at redoing our home. Her input on the final product was extremely valuable and made this project full of fun.

The efforts of my daughter Oona who helped with the edits and her brother Uday, who along with her threatened to do the cartoons for the book are also much appreciated. This eventually led me to Vivek Thakkar, who was a pleasure to work with. This book without his cartoons would lack character and be incomplete.

Thank you all!





It's the economy, stupid!

IF WE ONLY HAVE GREAT COMPANIES,
WE WILL MERELY HAVE A
PROSPEROUS SOCIETY, NOT A GREAT
ONE. ECONOMIC GROWTH AND
POWER ARE THE MEANS, NOT THE
DEFINITION, OF A GREAT NATION.

– Jim Collins

At an executive program at Harvard Business School (HBS) back in February 2006, I remember Professor Vietor talking about the India opportunity. As we discussed the HBS case study of 2003, “India on the move”, many scoffed. But I knew that India’s time had come. You do not have to go to Harvard or to their Executive Education program to see that if you had invested in India or the Indian markets (SENSEX) since February 1, 2006, you would have made about 105% by December 31, 2007.

The SENSEX, which is a popularly used barometer to measure the Indian markets, closed at 9,859 on February 1, 2006. On



December 31, 2007 the SENSEX closed at 20,286. Alternatively if you had invested in the SENSEX when Professor Vietor's report was first published in June 2003, you would have made 538% by December 31, 2007.

That was about investing in the Bombay Stock Exchange (BSE) and its index the SENSEX. Though actually the National Stock Exchange of India (NSE), also a Bombay based exchange, is the largest in India. It is also the third largest in the world by the volume of its transactions.

There are many exchanges in the country but the NSE and BSE are the most important where the vast majority of transactions are done. In July 2007 the NSE had a total market capitalization in excess of \$1 trillion and that made it the second biggest stock market in South Asia when measured by market capitalization, just behind the BSE. It is also interesting to note that the NSE is larger than any other exchange in India in trading volume. It is also the largest in the world when measured in value for individual stock future trades, whereas the BSE is the world's largest in terms of number of listed companies – as of October 2007 there were 7,683 listed stocks.

Let's assume you had invested \$100,000 in Reliance Industries (the company with the largest retail shareholder base in India) on July 1, 2003, your investment would be worth approximately \$828,000 by December 31, 2007.

No one really pays attention to the opportunities that knock once in a lifetime as they are just little voices in the head. I remember