

ROBUST ECONOMY



The fastest growing free-market democracy registered a growth rate of 8.2 per cent in 2004/05. JP Morgan has revised its 2005/06 forecast to 8.0 per cent; UBS to 7.9 per cent and Morgan Stanley to 7.3 per cent.

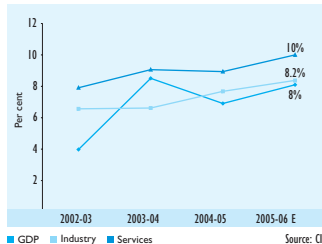
India is on a high growth trajectory.

Growing Market

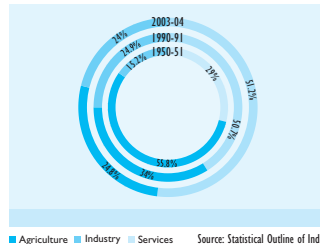
According to Goldman Sachs, among Brazil, Russia, India and China, India will grow the fastest over the next 30 to 50 years by leveraging its demographic advantages and through continued development. At its present rates of growth, the burgeoning market in the country "would be adding nearly one France every three and a half years and one Australia every year".



Sustained Growth



GDP: Sectoral Distribution



BusinessWeek



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"Through the wisdom of its government leaders and the entrepreneurship of its private sector, India has risen to become a major force in the global economy."

John Chambers, President & CEO
Cisco Systems Inc

THE RISE OF INDIA

And what
it means
for the global
economy

This historic BusinessWeek cover story drew the world's attention to an opportunity called India.

BY MANJEET KRIPALANI
AND PETE ENGARDIO (P. 42)

According to a Manpower Employment Outlook survey for the first quarter of 2006, India leads other countries with a positive overall net employment outlook of +27 per cent.

Disposable incomes have multiplied five times between 1995 and 2005. This has led to consumption levels increasing three-fold.

Today, India's growing 400 million strong middle class is driving demand, competition and productivity like never before.

Attractive Investment Destination

A diversified natural resource base, sound economic fundamentals and talented human resources make India an investment destination with an assured potential for attractive returns. **15 years of reforms in India have accomplished a lot.**

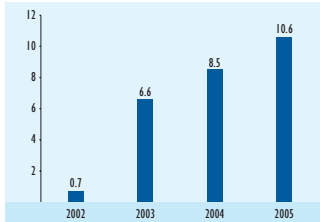
A solid foundation for growth is now in place: the programme of renewal, backed by successive governments, has increased the country's foreign reserves to an enviable US\$ 143 billion. **A growth rates of 10 per cent is within reach.**

The amount of foreign direct investment coming into the country has grown from about US\$ 100 million in the early 1990s to about US\$ 5.5 billion today.

According to WTTC's exclusive TSA Research:

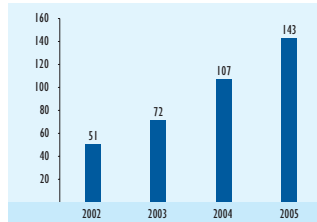
- India is one of the fastest growing tourism economies in the world today. It is estimated to grow at 8.8 per cent over the next 10 years.

Foreign Institutional Investment (US\$ billion)



Source: CMI

Comfortable Foreign Exchange Reserves (US\$ billion)




Source: CMI



"The question for CEOs the world over is no longer 'should my company go to India' but rather 'can my company afford not to be in India'."

Kamal Nath
Minister of Commerce & Industry, India



India's civil aviation sector is booming. A slew of carriers has hit the domestic market, driven by ever-increasing consumer demand and abetted by changing lifestyles.

- By 2014, the travel and tourism economy is expected to generate US\$ 90.4 billion of total demand and nearly 28 million jobs.

Foreign tourist arrivals grew by 13 per cent in 2005 at 3.9 million, up from 3.5 million in the previous year. This was also accompanied by a 20 per cent increase in foreign exchange earnings from foreign tourists at US\$ 5.7 billion up from US\$ 4.8 billion.

India Inc raised a total of US\$ 32.14 billion in 2005, up 50 per cent over the US\$ 21.31 billion raised in 2004. At least US\$ 17.8 billion (56 per cent) of the money raised last year was foreign money, according to Bloomberg data.

India now has eight competing carriers and is the world's second-largest commercial-aircraft market. On-time performance and service levels have risen dramatically and fares have dropped. **Passenger traffic is expected to grow by 20 per cent annually over the next five years.**

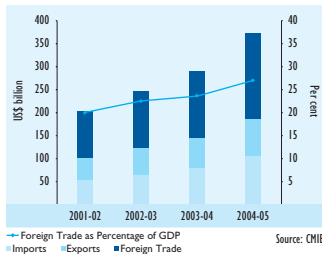
In the automotive sector, deregulation-sparked competition has led to rapid all round growth. **Total annual car sales have increased from around 150,000 in 1991 to more than 1,000,000 today, while employment has trebled in the industry.**

Extensive reforms have also affected India's capital markets, corporate and individual tax regimes, and judiciary.

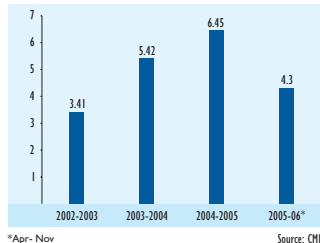
Capital controls have been eased; equity pricing liberalised; and a regulatory authority (the Securities and Exchange Board of India) created. These measures have been instrumental in bringing the country's money markets at par with

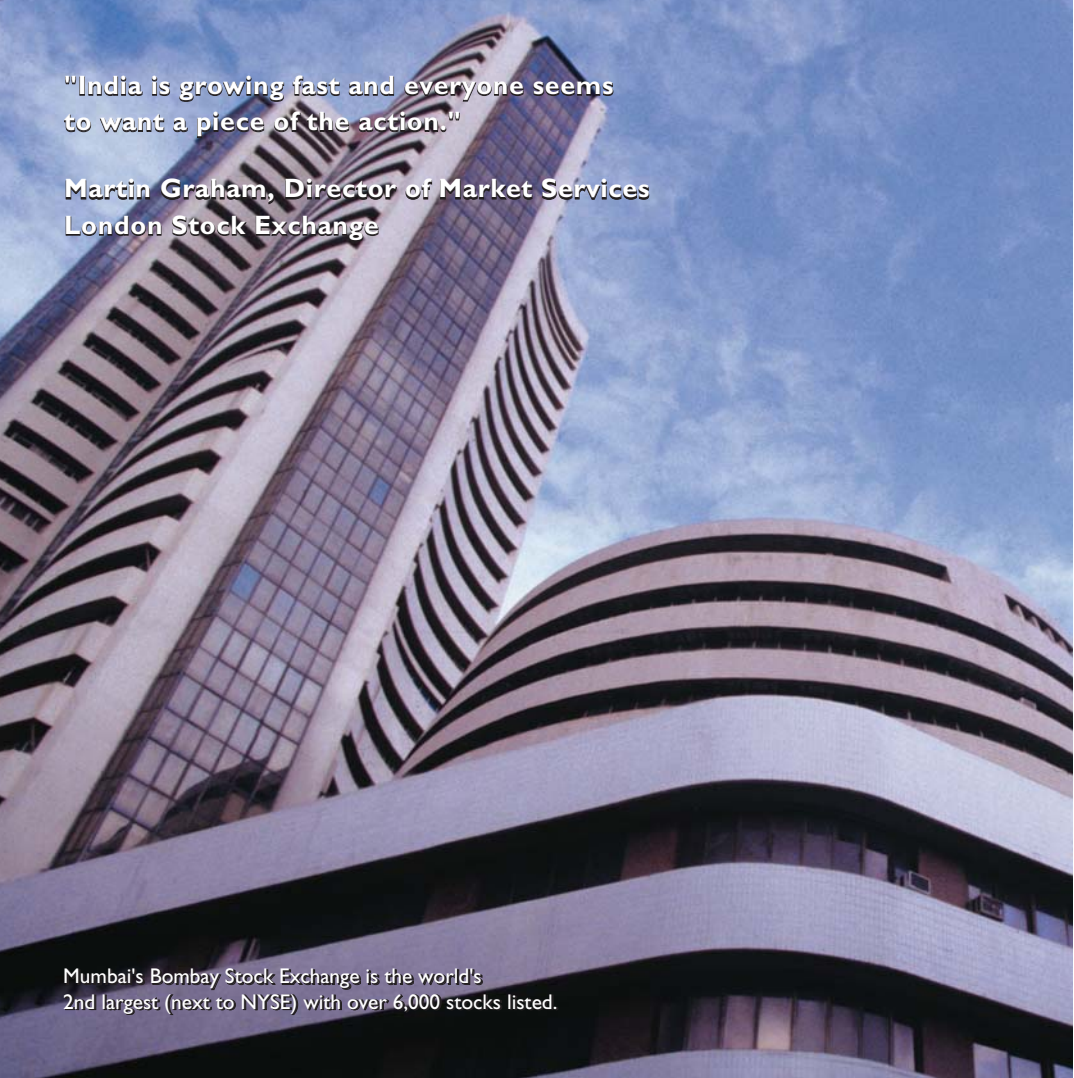


Exports, Imports & Foreign Trade



Inflation Under Control (Wholesale Price Index)





"India is growing fast and everyone seems to want a piece of the action."

**Martin Graham, Director of Market Services
London Stock Exchange**

Mumbai's Bombay Stock Exchange is the world's
2nd largest (next to NYSE) with over 6,000 stocks listed.

those in the developed world. The BSE 500 and Sensex yielded returns of 34 per cent and 41 per cent, respectively, over '05

Foreign investors can easily move funds in and out of India.

Individual and corporate income taxes have been reduced to levels in line with those in the rest of Asia.

Judicial reform has empowered citizens, giving them an effective tool to fight, for example, corruption, human-rights violations, and environmental degradation.

Spurred by declining interest rates, consumer lending has increased by more than 30 per cent a year. Residential construction and consumer durables are seeing healthy growth.

Adoption of the standard VAT rate has, on an average, facilitated a 12 per cent increase in tax collections for the second quarter of 2005.

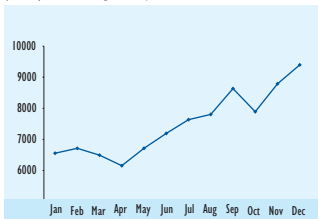
The Electricity Act of 2003 aims to provide businesses with uninterrupted, low-cost power.

These efforts have made India the world's fastest growing free market democracy and the most attractive democracy for global investors.



2005 Stock Market Performance

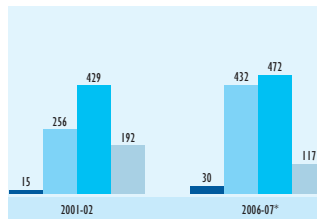
(Bombay Stock Exchange Sensex)



Source: CII

Growing Consuming Class


(in million)



■ Very rich (above US\$ 7420) ■ Consuming class (US\$ 1650 - US\$ 7420)
■ Climbers (US\$ 825 - US\$ 1650) ■ Aspirants (US\$ 580 - US\$ 825)

* Estimated

Source: CII



"India has natural and multiple advantages over countries like China, or other Asian or Latin American countries that are emerging as outsourcing hubs. Its extraordinary quality of human resource and domain knowledge puts it in an advantageous position."

**Bruce Chizen, President
& CEO, Adobe Systems Inc.**

India's youthfulness - 350 million of its citizens are under the age of 15 - will ensure that its workforce will expand for decades, giving it a unique competitive advantage.