



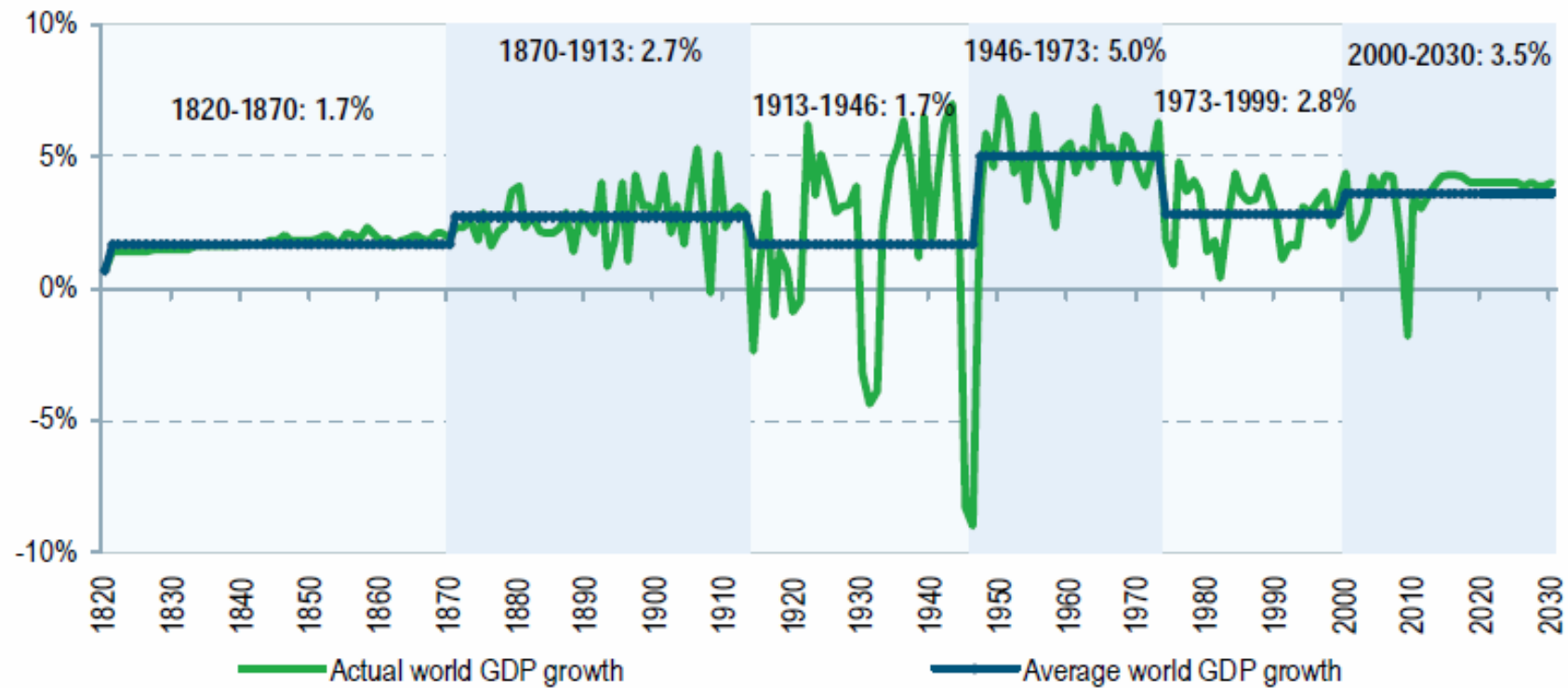
Market Access Issues in India

Baron Dilip Mehta

December 9, 2010



Super Cycle for the next 20 years??



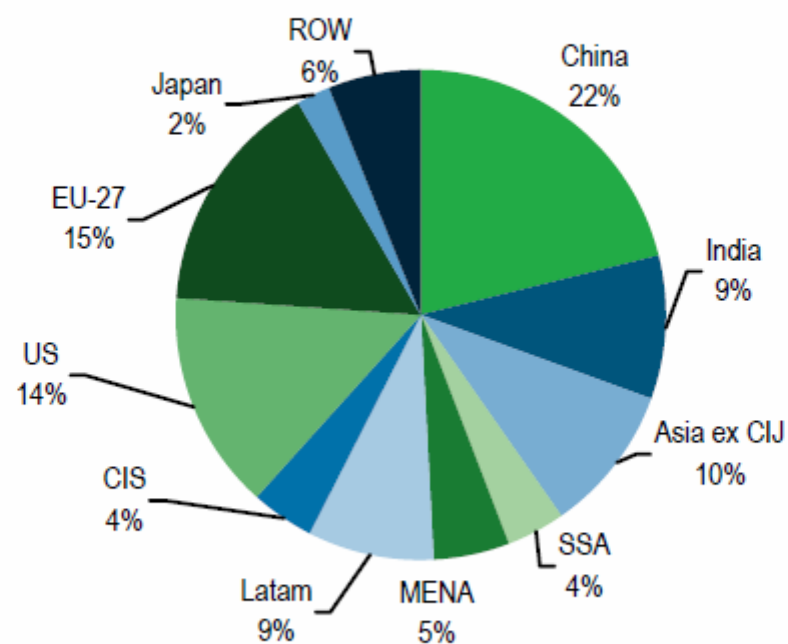
Sources: Angus Maddison, IMF, Standard Chartered Research



Primary growth drivers will be China and India

Chart 6: Two-thirds of global growth to 2030 will come from EMs

% of total (based on real 2009 prices and dollars)



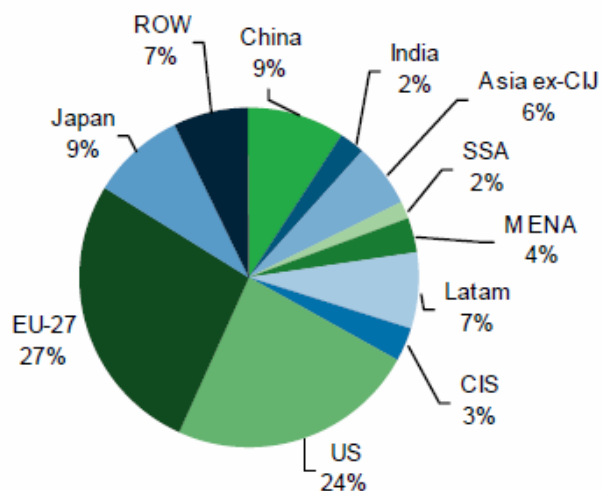
Sources: IMF, Standard Chartered Research



5-fold Growth in Global GDP growth over 20 years

Chart 3: Nominal global GDP 2010, USD 62trn

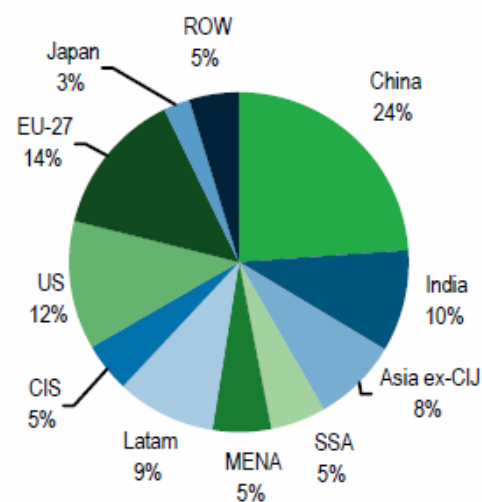
% of global



Sources: IMF, Standard Chartered Research

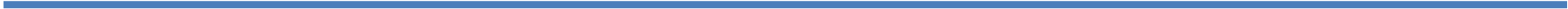
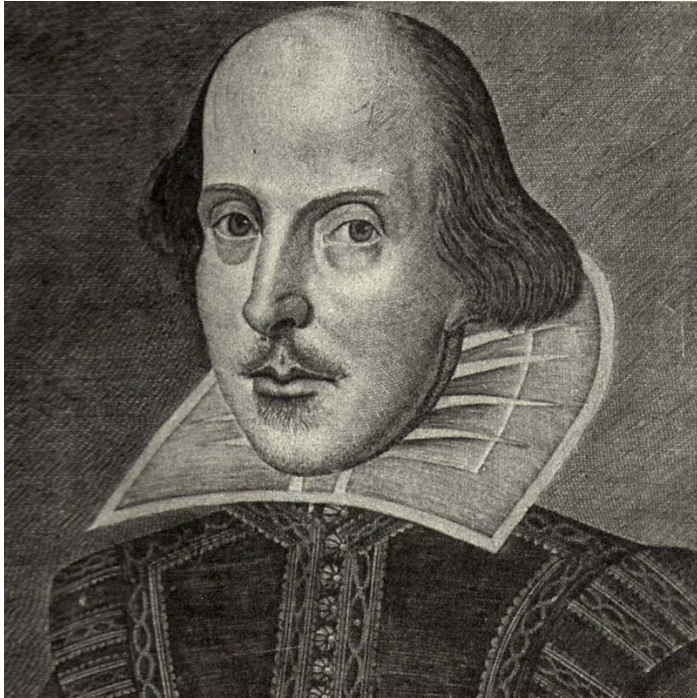
Chart 4: Nominal global GDP 2030, USD 308trn

% of global



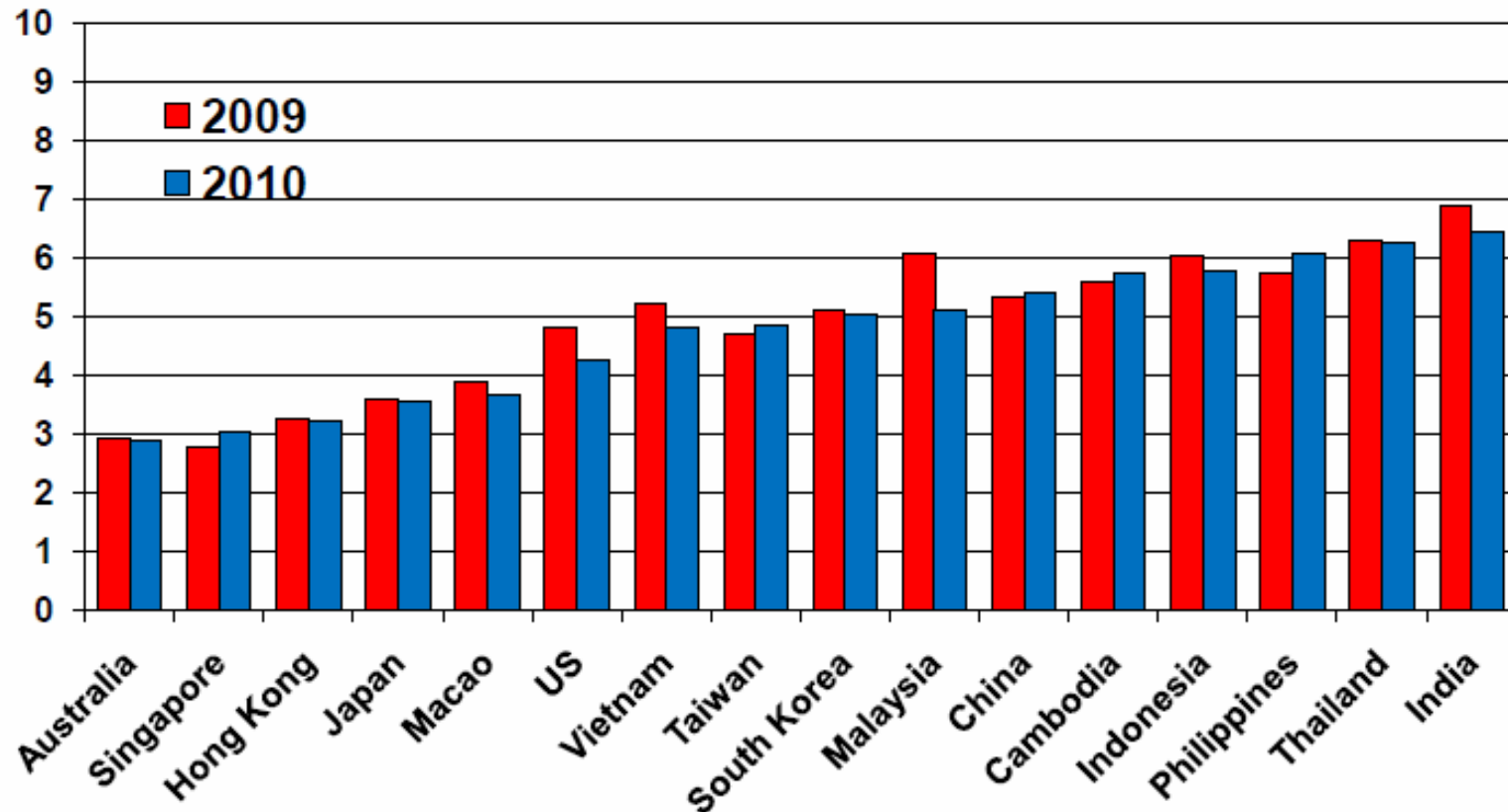
Sources: IMF, Standard Chartered Research

Not “To Be or Not to Be” but
“Have to Be” but there are Challenges





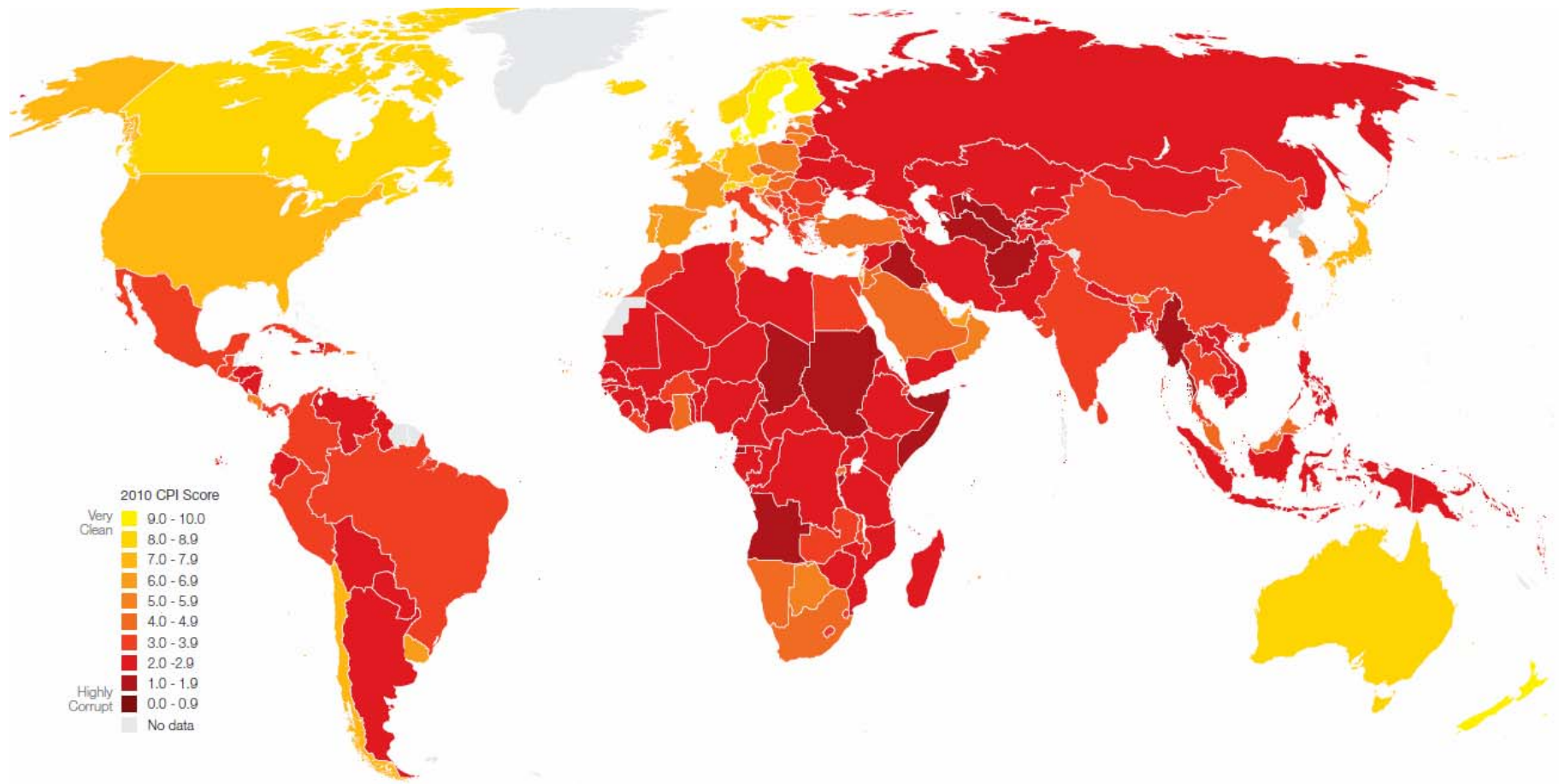
India has one of the worst bureaucracy in Asia



Grades are scaled from zero to 10, with zero representing the best situation possible and 10 the worst.

Source : Political & Economic Risk Consultancy Ltd

India 87th out of 178 countries on Corruption Perceptions Index 2010



Source : Transparency International

High population density without infrastructure can cause conflict and environmental issues



Largest cities in the world ranked by population density (1 to 125)

Rank	City / Urban area	Country	Population	Land area (in sqKm)	Density (people per sqKm)
1	Mumbai	India ★	14,350,000	484	29,650
2	Kolkata	India ★	12,700,000	531	23,900
3	Karachi	Pakistan	9,800,000	518	18,900
4	Lagos	Nigeria	13,400,000	738	18,150
5	Shenzhen	China	8,000,000	466	17,150
6	Seoul/Incheon	South Korea	17,500,000	1,049	16,700
7	Taipei	Taiwan	5,700,000	376	15,200
8	Chennai	India ★	5,950,000	414	14,350
9	Bogota	Colombia	7,000,000	518	13,500
10	Shanghai	China	10,000,000	746	13,400

High population and high growth is a “toxic” combination



Population and Environment – Water & Sanitation Challenges



- Water is a basic necessity, however supplies are a challenge
 - Asian Development Bank indicated that no Indian cities have uninterrupted supply (avg. 4.3 hours in top 20 cities)
 - World Bank indicates that no city has performance standards that even compare to international standards
- Sanitation
 - Inadequate treatment facilities
 - Most people depend on on-site sanitation facilities
 - According to UN India has more mobile phones than toilets
- Average investment in water and sanitation of USD 5 per person per annum

Challenges = Opportunities

Judicial and logistical complexities can be frustrating



- Judicial system – Fair but nerve wracking delays!
 - 31 million pending cases
 - 320 years to clear all cases
 - Logistical complexity caused by
 - Multiple government layers (central, state, municipal)
 - Multiple collection agencies octroi, entry/purchase taxes etc.
-



Democracy – “Slow” but Steady

- “Cost” of Democracy – Ensuring that everyone has a say
 - Resulting in Slow decision making process
 - Land acquisition – a herculean task (SEZ policy, Tata Nano etc.)
 - Environmental Clearance – Mumbai airport
 - Perceived lack of a coordinated policy
 - Policy changes take time – but can be more permanent
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Conclusions

- Challenges are similar to what any developing country goes through in its lifecycle, and India is a young country
 - Indian “laissez faire” attitude is changing and development is a key (e.g. Bihar and Gujarat)
 - New generation is less tolerant to systemic inefficiencies and some of the challenges will subside as they take control
 - Many challenges are also some of the greatest opportunities for European businesses with long term strategy
 - However hope cannot be a strategy and any steps taken by the Indian government to tackle these challenges will ultimately benefit the Indian people
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Thank You



Long Live friendship
between
Europe and India
