

# ***Want to burgeon your business? Try India***

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By Dr. Aravind Chinchure

The global economy has remained under pressure for almost a decade now. Yet, amidst a decade long of uncertain and slower growth, India has topped the global economy outlook in the recent Reuters poll of 500 economists.<sup>1</sup> The survey has further revealed India as one of the few exceptions in emerging markets that have a stable outlook. Therefore, India is likely to maintain a faster growth rate than China over the next few years.

Moreover, it also continues to be one of the fastest growing economies and, quite possibly, would become the world's 3<sup>rd</sup> largest economy in the next two decades. India is a bright spot in an otherwise darkening global economy. It is emerging as a favoured global destination for companies to realise long-term growth in the years to come.

The question though is – compared to other geographies like North America, Europe, and Japan, what makes India an attractive location for investment by global companies?

## **The Indian market**

India offers multi-billion to trillion dollars in the new market opportunity to companies with its rising aspiring middle class and resource-poor people. The

number of the emerging middle class in India is projected to increase from 470 million in 2010 to 570 million by 2021. This increment is expected to cross the \$1 trillion market.<sup>2</sup>

There are around 2.6 billion resource-poor people in the world who subsist on an income of less than US \$2 a day and a majority of these live in Asia and Africa. These resource-poor people lack basic needs like health, education, agriculture, housing, energy, clean water and other services.

The companies are thus offered opportunities to develop innovative solutions to meet the needs of the resource-poor people, which is an untapped market. Also, Make in India, Smart Cities, Digital India, and other initiatives from the government provide significant opportunities for global companies to develop new products and solutions.

McKinsey published a report in December 2014 containing a list of 12 technologies relevant to India that are expected to create an economic impact of *\$550 billion to \$1 trillion per year by 2025*. India offers a unique opportunity for companies to serve the 700 million unserved people and the ambitious plans of the government to scale up the infrastructure.

To succeed, companies need to build strong capabilities in developing innovative models to cater to the needs of the emerging middle class and resource-poor people. For this, companies have to be closer to the Indian consumers. They have to leverage Indian talent to develop the products and solutions that are relevant to the needs of the local market.

### **The Indian talent**

India offers human talent with a proven ability to produce world-class products and services. Its huge talent base with skills and knowledge in several areas of technology makes it attractive for companies to develop next-generation disruptive technologies for the Indian and other emerging markets.

A recent study by Raghunath Mashelkar and Aravind Chinchure revealed that several global companies have successfully managed to utilise the Indian talent to develop new products and solutions for the Indian and global markets.<sup>1</sup> Indian entities of multinational companies leverage Indian talent for the creation of intellectual properties.

The table below shows significant contribution of Indian entities of multinational companies in terms of US granted patents to their parent companies.

<b>Companies</b>	<b>% of US Granted Patents from Indian Entity MNC to the overall Global Contribution in2013</b>
<b>Novell</b>	28%
<b>Symantec</b>	24%
<b>Adobe</b>	15%
<b>GE</b>	12%
<b>Honeywell</b>	11%
<b>Oracle</b>	10%
<b>Texas Instruments</b>	9%

Image Source: Raghunath Mashelkar & Aravind Chinchure, India Now – Business & Economy, Vol. 3, Issue 3, (2016)

### **Setting a technological foothold**

The primary source of talent in India comes from its higher education system: one of the largest in the world with over 750 universities and 36,000 colleges with lakhs of students opting science and engineering every year.

The establishment of the five new IITs (Indian Institute of Technology) takes the count of the IITs to 23. Moreover, the recently established eight IISERs (Indian Institutes of Science Education and Research) will expand the talent pool on basic sciences. There is also a proposition to create 20 world-class universities from the existing universities in India.



India's economic growth is being fueled by the nation's efforts to strengthen its scientific and technological base. | Photo Courtesy- Baishaya

There is a general perception that the Indian scientific research doesn't rank high compared to other countries in the world. The Nature Index, which tracks the research papers published in 68 internationally recognised journals, ranks India at a respectable 13th position worldwide in their recent study. India has consistently improved its position in the Nature Index over the last three years and currently finds itself ahead of countries such as the Netherlands, Taiwan, Russia and Brazil despite a low investment in R&D.<sup>2</sup>

### **Innovation sandbox for the world**

Companies are setting up bases in India to deepen their knowledge and understand smart pathways to succeed in emerging countries by making India as an innovation sandbox for the world.

Reportedly, there were 1,165 R&D centres established by 928 multinational companies by the end of 2015, with a total workforce of 323,000 scientists and engineers.<sup>[3]</sup> Companies are setting up bases in India to deepen their knowledge and understand smart pathways to succeed in emerging countries by making India as an innovation sandbox for the world.

Several companies such as GE, Samsung, LG, Renault, Unilever have succeeded in developing and offering their innovative solutions in India and then taking the same solutions to other global markets. Companies can apply the Indian model of innovation in the form of new products, solutions and radical business models to other markets to achieve growth.

For companies with global aspirations, India becomes far more promising than developed markets for its size of the market, talent pool, future economic growth and demonstrated ability to innovate and create intellectual capital for companies.

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