Austin Journal of Business Administration and Management

Open Access

Austin Publishing Group

Review Article

The Prospective Indian Business as if now in 2024: A Critical Evaluation of Current Indian Business Aspects

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Received: September 30, 2024; **Accepted:** October 21, 2024; **Published:** October 28, 2024

Abstract

India has scale and immense economic potential. But it should be approached carefully, looking out for feasible conduits, and leveraging the right pathways to growth. India is Number One. The South Asian country has surpassed China to become the world's most populous country, according to UN population projections announced in April 2023. This news marked a major milestone in world history. According to the UN projections, India's population is now over 1.4bn and is projected to continue to grow for several decades. With 68% of India's population between the working ages of 15 to 64 years old, the country has an abundant labour supply and potential for economic growth. That potential is further upside over an already large base. According to the IMF, India has the fifth largest share of the world's nominal GDP, with its US$3.74tn economy. In terms of GDP based on purchasing power parity (a more stable measure of value), India holds the third largest share of the world's GDP. Despite recent turbulence in the global economic, financial, and political landscapes, India has demonstrated its resilience with a forecasted growth rate of 5.9% in 2023. So why isn't everyone already lined up to invest in this growing nation? The short answer is that certain challenges complicate matters for foreign businesses wanting to enter or expand in India. For instance, recent protectionist policies may hold back international business opportunities.

Research Objectives: *The research aims to highlight the journey of change in Indian business aspects from past to present and to find answers to the following questions;*

a) *What and where was the Indian business in past?*

b) *what was the role of economic reforms in making Indian business better?*

c) *How do the entrance of foreign companies in the Indian market impact the Indian business?*

d) What factors make India a better business place in 2024?

e) *What varied Indian industrial sectors have to offer as business opportunities?*

Research Methodology

The research design is descriptive in nature. Secondary data sources have been tapped efficiently and effectively. This study typically takes the form study of secondary data available on stepwise Growth of Indian Economy & Consumption. To understand and conclude the major factors contributing towards the growth of Indian trade industry, I have gone through a number of reports and papers. This has the advantages of providing very rich information and avoiding the influence of others on the opinion of any one individual.

Keywords Indian aspects of Business and Management; Business Policies in India; Developing Markets in India

Introduction

Some of the early explorations of business behaviour in India were triggered by the interest in explaining the economic backwardness of India (see Tripathi, 2004, for some examples of these works) [2]. Many of these works coalesced their arguments around the two dominant themes of "cultural determinism" and "imperialist exploitation", and had not made significant efforts to develop more holistic explanations, that went beyond these themes. Though not addressing the question of economic backwardness directly, many other works emerged later which tended to support either of these explanations. Examples of such studies would include treatises dealing with castes and tribes in India, studies on growth of certain industries, or those pertaining to industrial organisations such as a managing agency system. Empirical support of some sort was provided to these studies by biographies, autobiographies, or souvenir volumes of firms, which expectedly lacked in academic rigour [2]. Just as in the U.S, the emergence of business management education in India

Citation: Kumar S. The Prospective Indian Business as if now in 2024: A Critical Evaluation of Current Indian Business Aspects. Austin J Bus Adm Manage. 2024; 8(3): 1078.

had a role to play in the furtherance of business history research in India. The early support came from the then newly established Indian Institute of Management Ahmedabad (IIMA), followed by works of professional historians. These included publications on firm histories or careers of business leaders, community related studies, approaches to business strategies, integrated views of business behaviour and interface between business and society. The increasing realisation by big business of the need to present a positive image of itself to the society at large also helped to sustain interest in business history [2]. The socio-political environment in which Indian business is embedded has witnessed a few path breaking changes during this period. The first few decades after independence saw Indian business rooting itself in the newly independent and aspiring nation. This was followed by a couple of decades of government led development with a prominent role for the public sector. The globalisation and liberalisation trends of the 90s and beyond have brought in their wake significant changes in the composition and functioning of business organisations. Such a dynamic and fast paced transformation of the socio-political environment has very interesting lessons to offer both for business organisations and to society as whole [1]. A renewed effort to document, understand, and assimilate business history becomes a pressing need and a worthwhile endeavour. It is encouraging to note that there have been increasing attempts all round to develop a broader appreciation of business history in India. For instance, some leading business houses and corporations e the Tatas, Aditya Birla Group, Godrej, State Bank of India and Bank of India, to name a few e have set up archives to preserve materials of historical significance and make them available to all those interested. Some of these archives are even being digitised and made available in electronic form [3]. There are also recent instances of companies and institutions supporting oral history projects to 'narrate' their history [4]. Also, books have been published recently that seek to document the evolution of institutions that are linked to Indian business such as the Indian Institutes of Management at Ahmedabad and Kolkata [5,6]. The process of privatisation in India is linked with the economic reforms launched in 1991. This opening up of some industry segments would energise the private sector and lead to the entry of new firms. In light of India's importance on the international scene, numerous researchers have focused their attention on this country since 1991 in order to determine how its emergence as an economic power will affect foreign investors who want to start up a business there. India has experienced high economic growth rates since the opening up of its economy to global market forces. The package of reforms covered different areas. Thus, there were reforms in industrial policy, the public sector, the financial market and in trade and exchange rate management. The most significant reform was the "New Industrial Policy" that abolished the licensing system, and removed restrictions on investment in companies [7-9]. The Government retained control of only a small group of strategic industries, as well as a few other industries in a small sector. The liberalisation went hand in hand with a complete reordering of foreign investment policy [7]. India after 2020 is a vastly different country compared to the one during the start of the millennium. It is one of the largest consumer economies in the world, with dozens of billion-dollar startups that are global in their ambitions. This is primarily affected by the change in politics and policy, digitization and diplomacy, in sports and arts. Moreover, its millennial population has a strong English education ready

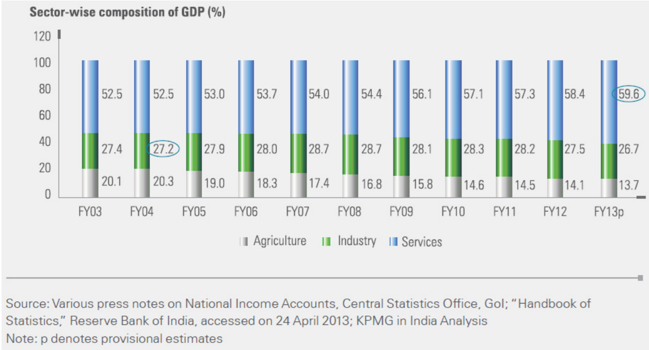


Figure 1: Sector-wise composition of GDP.

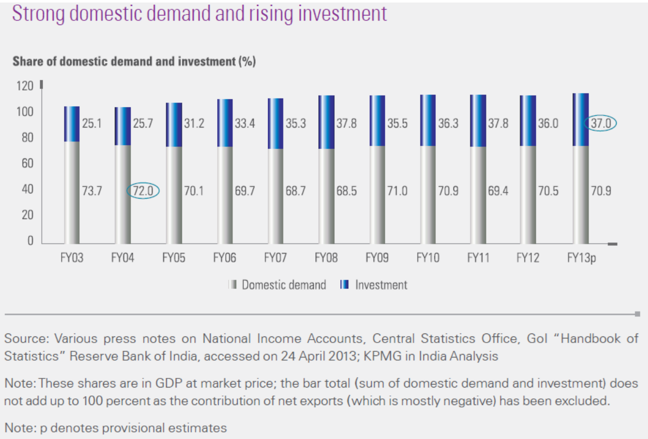


Figure 2: Share of domestic demand and investment.

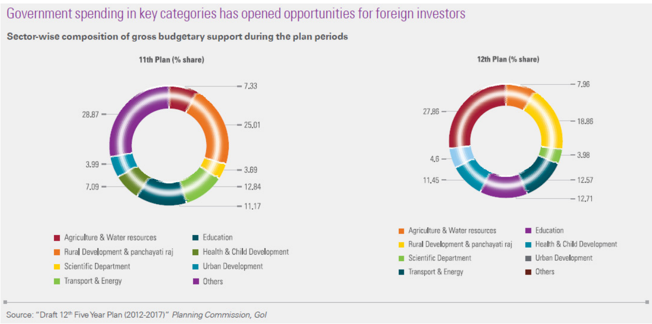


Figure 3: Opportunities for foreign investors.

to be integrated into the global value chain. It is certain that India has changed remarkably in the last two decades and will continue to do so. Indian diaspora has proven their mettle by rising through global multinational companies such as Google, Microsoft, Adobe, etc. Moreover, Indian startups such as Ola, Oyo, and Byju are increasing their global footprint creating products and services for global consumers. In addition, there has been organic growth in the international presence of various prestigious Indian companies such as Tata Consultancy Services that now employs more than 400,00 people in 46 countries. These expansions and acquisitions have helped the world understand the culture of corporate India that embodies the global best practices in the top Indian companies. India has also got its own Silicon Valley, Bangalore, recognized as the hotbed for tech talent. In addition, Indian companies are transitioning from family-owned businesses to professionally managed businesses creating more transparency for investors.

The Great Indian History of Business

Caste/region/language—or religion-based business communities—prevailed for centuries in India before the advent of colonial rule. The colonists catalysed disruptions in traditional trading patterns, as well as shifted economic power to colonial masters. British rule led to the considerable decline of old family firms and, in turn, introduced new methods of banking, managing agencies, and chambers of commerce that fluidly connected the Indian subcontinent to the global economic order. The new players in business were both foreign and local. Traditional business communities like Sindhis and Chettiars [10] reorganized their operational structures and mechanisms, and others worked with the British as mediators and administrators (*dobash*: interpreters, *banians:* traders and middlemen), and also invested in trade and commerce. Expansion of internal markets and profitable Chinese trade, particularly in cotton and later opium, led to the flourishing of Indian business and the emergence of the Indian private business class by the beginning of the twentieth century. Joint family ownership and hereditary business continued, and many prominent names emerged. The Birlas, for example, who belonged to the traditional business caste from Rajasthan, started as opium and jute traders in Calcutta (Kolkata) and later invested in the jute, cotton, sugar, chemical, paper, and insurance sectors. Some other names also emerged from the non-traditional business castes, such as the Kirloskars, who had Maharashtrian brahmin lineage. They were one of the earliest to venture into engineering industries in India, producing pumps, compressors, electric motors, transformers, etc. The big business groups of Bombay (now Mumbai) formed powerful pressure groups in the 1920s and 1930s, with many of them lobbying in support of the Indian National Congress and the national movement against the British rule over India. The post-Independence era (post-1947) presented a new political climate for Indian business. There was growing antipathy toward capitalistic freedom (often synonymized with colonialism) and private enterprise that was fuelled by the "socialistic" mindset of Nehru, the first Indian prime minister. He favoured government control of the economy, structured economic planning, and the dominance of the public sector, but allowed a mixed economic model without eradicating the private sector. With the regulatory acts of 1951 and 1956, the government could determine location of industries, quantities, production, price, and distribution of products. Thus began the era of the "license raj" for the next fifty years, where control by the government set the dominant narrative of Indian business. Nehru was inspired by the Soviet model and economic practices of Communist China. Yet Indian business groups were not totally demotivated, as they were left undisturbed in areas of consumer products in a huge domestic market. The politically influential owners of private big businesses worked and invested in developing mutually supportive relationships between government and bureaucracy that sometimes included "insider information" that could cause owners to invest or refrain from particular business endeavors. Regulations became more severe during Indira Gandhi's (Nehru's daughter) governments (1966–1977, 1980–1984). She nationalized major banks (1969), and introduced restrictive trade acts (1969) and foreign exchange regulations (1973). In her governments, the number of foreign firms rapidly declined, public-sector undertakings expanded, and fewer private businesses were created than in earlier post-Independence governments. With

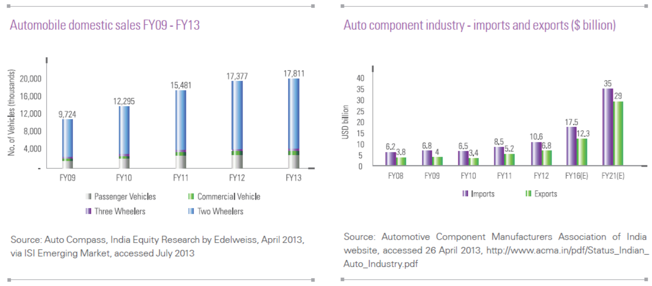


Figure 4: Automobile domestic sales.

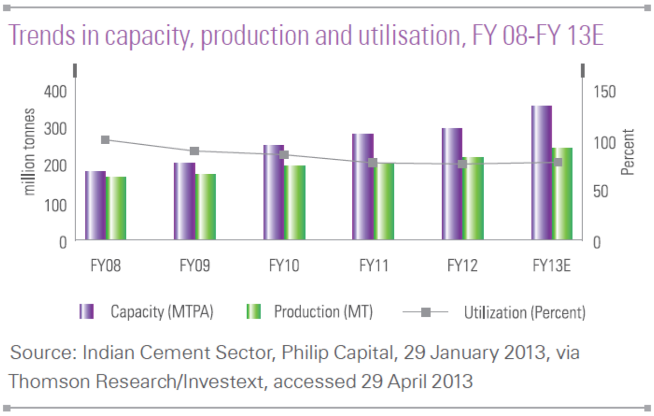


Figure 5: Cement production & utilization.

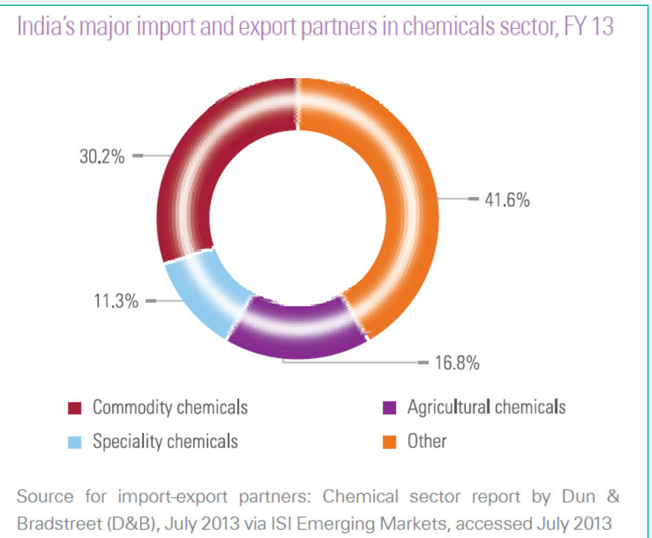
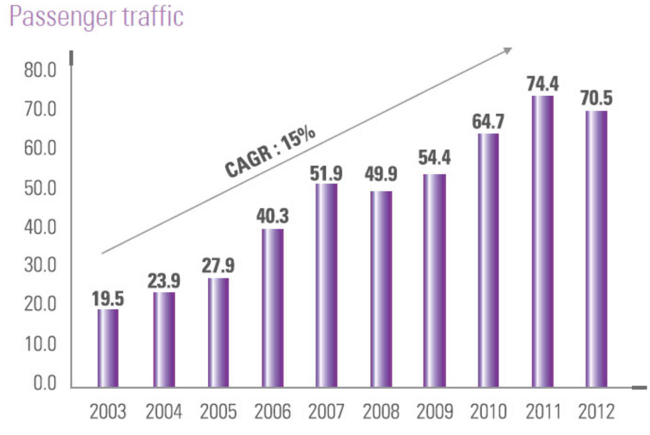


Figure 6: Chemical Import & Export.

some exceptions, Indian big business did not suffer too badly during the "license raj" period. There were advantages of the large domestic market, freedom from foreign domination and market controls, the acquisition of retreating foreign companies, and opportunities for floating new ventures. Many indigenous business houses acquired flourishing, mostly British expatriate companies as the owners made hasty retreat with the political and economic changes. Also emerging were new names who started from scratch and flourished, like that of Dhirubhai Ambani, founder of Reliance Industries, who started in the textile sector but later ventured into petrochemicals, communications, and many diverse sectors. However, consumers suffered badly because of few product choices in the market, as did the development of the spirit of enterprise and innovation, along with the quality of products offered with no incentive to invest in research and development. There were very few opportunities and little motivation for new players and new kinds of businesses, and the choicest occupations for the middle class remained those in "service," particularly "safe and secure" government service.

Economic Reforms and the Re-emergence of Entrepreneurship

Rajiv Gandhi, who assumed the office of prime minister in 1984, nourished visions of creating technological changes in India. There was already growing disillusionment with the public sector, lesser apathy toward the private sector, and a greater realization of the necessity of economic reforms. However, not much changed in the 1980s except in the telecommunications sector, which was transformed by the Centre for Development of Telematics (C-DOT) under the visionary technocrat Sam Pitroda and his team of software professionals. The major turnaround took place with the assumption of office of PM Narasimha Rao in 1991 after the untimely death of Rajiv Gandhi. Rao had the advantage of moving beyond the burden of the Gandhis' socialistic legacy. Much as there was an ideological acceptability of the necessity of reforms, it was actually triggered by the country's acute current account deficit in 1990. At one point, India's foreign exchange reserves fell to a cash equivalent of two weeks' imports. Rao appointed Dr. Manmohan Singh, a Cambridge-trained economist, who succeeded Rao (2004–2014) as his finance minister, to the surprise of many. The Rao–Singh team created history and reversed the country's fortunes. The new industrial deregulation, delicensing, and export-oriented policies did away with the "license raj" and opened new horizons for private enterprises. Tariffs on intermediate goods were reduced, encouraging exports, and banking sector and stock market reforms were initiated. Economic growth rates catapulted to 9 percent between 2003 and 2007, later moderated to 5.6 percent (2012) and 8 percent (2015–2016). The reforms changed the Indian business environment completely. Many first-generation entrepreneurs took progressive steps away from traditional caste-based lineages. They were largely driven by opportunities of entrepreneurship, the increased benefits accrued from their individual educations, and the potential of technology dramatically improving business operations. Economic liberalization facilitated the process by linking this progression with globalization. Indian businessmen had to rethink and reorganize their business models to be competitive with the rest of the world and to confront the foreign companies making inroads into the Indian market. Family-run firms restructured and consolidated their businesses, closed down unprofitable units, cleaned their balance sheets, and/or diversified into new areas. Such was the case with B. Ramalinga Raju, who moved away from his family business of construction and cotton spinning to set up Satyam Computers in 1992. The importance of enhancing professionalism was emphasized, especially with a new and educated (many abroad) generation of family businesses ownership. These first-generation entrepreneurs were mostly driven to technology-based sectors like IT and telecom. The new sectors that flourished were pharmaceuticals, automobiles, and communications technology-based industries (information technology, telecommunications, etc.). The groundwork had been laid in the 1980s, but 1990s liberalization mobilized their takeoff on a different scale and magnitude. Among pharmaceutical companies,



Source: World Bank

Figure 7: Passenger traffic at Indian airports.

Source: The IT-BPM Sector in India - Strategic Review 2013," NASSCOM,

Figure 8: IT-BPM sector in India.

Source: Images Retail

Figure 9: Retail formats in India.

Lupin Laboratories, Sun Phamaceutical Industries, and Dr. Reddy's Laboratories were incorporated in 1980, 1983, and 1984, respectively. Similarly, Wipro by Azim Premji, Shiv Nadar's Hindustan Computers, Tata Consultancy Services (TCS–Tata Group), and Infosys by Narayan Murthy all had their origins in the 1980s, and a majority of these leaders were also first-generation entrepreneurs. Market liberalization led to an influx of foreign investors who were quick to realize the market potential and cheap labor advantages of India. In the field of automobiles, one of the earliest entrants was the South Korean firm Daewoo Motors in a fifty-fifty Joint Venture (JV) with DCM Toyota. Others such as Hyundai, Mitsubishi, Honda, General Motors, Ford, and Mercedes-Benz soon followed, injecting technical and manufacturing skills into the sector. It forced the indigenous carmakers to launch new and modernized models, like Tata Motors did with Indica and Tata Safari (SUV model). Indian consumers began to be exposed to different choices, and market competition led to greater affordability. Passenger cars were no longer considered luxury items by the expanding and consumption-hungry rising middle class, thus bringing about profound social changes in India. With the allowance of private investments into the traditional public sector, industries like telecommunications, electronic media, and civil aviation benefited greatly. The revolution in the telecom sector was reflected in the spectacular growth of cellular phone services. Big domestic players got involved—Aditya Birla Group (Idea), Tatas (Tata Indicom), and Ambanis (Reliance Communications)—forming JVs with the likes of Ericson, Motorola, Nokia, and Hutchinson. One of the most popular market brands was that of Sunil Mittal's Bharti Telecom (later Bharti Airtel). They expanded their network and JVs much beyond India. The changes in the telecom sector resulted in the transformation of Indians across regions, classes, and language barriers, introducing a new world of connectivity and knowledge generation. India is the second-largest communications market in the world, with a subscriber base of around 1.2 billion as of December 2018 (IBEF). The health care sector also went through remarkable changes, particularly in the post-2000 period. With the induction of technology and research and development into the sector, it became more lucrative for large-scale private-sector participants to invest into chains of big hospitals with state-of-the-art facilities and necessary human resources. The private sector now accounts for about 74 percent of India's total health care expenditure and is expected to reach US $280 billion by 2020. [12] Apollo, Narayan Hrudayalaya, and Fortis are some of the big names. Telemedicine is also an emerging trend, and many business groups are making investments in it. Apart from catering to the rising income groups and general health awareness in Indians, they also catalyzed the rising trend of "medical tourism" for incoming patients from abroad, who are attracted by the quality of healthcare at competitive costs.

Foreign Companies that Operate in India

Public-private partnerships accelerate economic development through the application of technology while simultaneously opening new markets and developing new products and services. Dunn and Yamashita [13] explain the experience of Hewlett-Pachard to choose Kuppam as one of its first "i-communities" initiatives. Lastly, Kale and Anand [14] highlight how regulatory liberalisation of the business environment in India has played a big role in driving changes: market reduction in the formation of new joint-ventures between multinationals and local companies, and many earlier joint-ventures are increasingly being terminated. Welge [15] endeavoured to identify the characteristics of German subsidiaries located in India. The way they are run is characterised by highly centralised general, but not operational, decision-making process, and the following explicative coordination factors: subsidiary size, corporate strategy, ownership pattern and cultural conditions. Anand and Delios [16] examine the

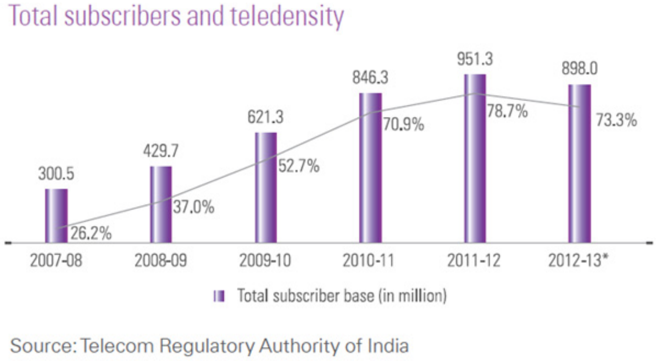


Figure 10: Tele-Subscribers in India.

differences between direct investments made by Japanese companies in China and India. In China, the subsidiaries are more integrated with the network of international subsidiaries as a part of the multinationals global strategy and encourage the use of new technologies and expatriate managers. On the other hand, the subsidiaries in India are more independent and employ fewer expatriates. Vachani [18] studied variables that explain differences between American and British companies, as well as other European multinationals, in India, through an examination of how subsidiaries operate and the tendency for foreign ownership. The results show that American subsidiaries are found to retain a smaller share of their foreign ownership over time than British and other European multinationals, which keep a higher proportion. There are eight variables which explain the differences between companies: ties between host and home countries, foreign ownership preferences typical of home country multinationals, receipt of benefits, size of investment, capital intensity, marketing experience, export performance, and technology level. One of the articles studied the impact of investments from the US and Japan on the exports of the Indian manufacturing sector [17]. At industrial-level analysis, only US investments have a positive and significant effect on the export intensity of industries in the non-traditional export sector, while at firm level, US firms have larger spillover effects on the exports of domestic firms. Ramaswamy and Li [19] evaluated the role of foreign ownership on self-interested strategizing behaviour of organisational managers in India. Pruthi, Wright and Lockett [20] focused on comparing foreign companies and Indian companies. They studied the behaviour of venture capital firms, and concluded that foreign venture capital firms were significantly more likely than domestic venture capital firms to be involved at the strategic level, while the latter were significantly more active at the operational level.

India a better business place in 2024

India is among the world's fastest growing economies (after China) having recorded a decadal growth rate of 7.8 percent during FY 03-FY 12. It embarked on this high growth trajectory during the 10th Five Year Plan with a growth rate of more than 8 percent in FY 04 and reached a peak of 9.6 percent in FY 07. The growth in the 11th Five Year Plan also made several headlines for being the highest five-year plan growth ever in India. Prime Minister Modi's government assumed power in 2014. Since then, the Indian economy has undergone many structural reforms that have strengthened its macroeconomic fundamentals. These reforms have led to India emerging as the fastest-growing economy among G20 economies. In 2023-24, as per current estimates, it is estimated to have grown 7.3 per cent on top of the 9.1 per cent (FY22) and 7.2 per cent (FY23) in the previous two years, and the economy is generating jobs. This impressive postpandemic recovery has seen the urban unemployment rate decline to 6.6 per cent. Since May 2023, the number of net new subscribers to EPFO in the age group 18-25 years has consistently exceeded 55 per cent of the total net new EPF subscribers. The government has extended the Pradhan Mantri Gharib Kalyan Anna Yojana for 80 crore citizens for five more years until December 2028 (https://dea.gov.in/Jan 2024).

Increased Contribution of Service Sector

In the past decade, the GDP of India witnessed a shift in its composition in favour of services. The contribution of services increased from 52.5 percent in FY 04 to a staggering 59.6 percent in FY 13. The shift has been mainly the result of a strong and robust services sector. The services sector has also attracted the highest FI inflow, accounting for more than 19 percent of total FDI inflows between April 2000 and June 2013. Furthermore, the surge of the service sector has been integral to the paradigm shift regarding India being perceived as a pioneer in knowledge and technology-oriented services in the global community which displaced the agriculture sector reducing its share from 20.3 percent in FY04 to 13.7 percent in FY13. The service sector with high share in GDP is trade, hotels, transport and communication. In FY13, it accounted for a share of 27.8 percent in GDP and 46.7 percent in services.

High Share of Domestic Consumption and Investment

The Indian economy has been a primarily domestic driven economy which can be gauged from the high share of domestic demand (private and government consumption expenditure) in the country's GDP. Though the share has marginally declined from 72.0 percent in FY 04 to 70.9 percent in FY 13, it continues to remain substantially high. Positively, this has insulated the Indian economy from global slowdown to some extent. On the other hand, the share of investment has risen from 25.7 percent in FY 04 to 37.0 percent in FY 13. This strengthens the prospects of India's long-term growth.

Increased Government Support

The 12th Five Year Plan aims at introducing crucial reforms, greater participation of the private sector, expansion of infrastructure, increased urbanisation, higher literacy and enhancement of managerial and labour skills among others. The priority sectors identified in the plan cater to objectives of higher employment, better technology, strategic security and competitive advantage in sectors such as textiles, handicrafts, gems and jewellery, IT hardware and electronics, aerospace, telecom, automotive and pharmaceuticals. The gross budgetary support in the 12th Five Year Plan is projected to more than double to $ 656 billion from $ 350 billion in the 11th Five Year Plan. In order to boost economic growth and overall investor sentiment, the GoI announced several measures in 2013. Some of these measures include gradual reduction in subsidies on gasoline, high speed diesel and LPG (cooking gas) cylinders to reduce the fiscal deficit and align product prices to the market; disinvestment in PSUs to boost government revenues; formation of a Cabinet Committee on Investment to expedite clearance of projects with an investment of more than $ 183.8 million; relaxed FDI limits in the aviation, broadcasting, insurance, pension and retail sectors to improve access to advanced technology and generate employment besides facilitating increased FI; etc. Further, the Prime Minister of India has formed a Project Monitoring Group to track large investments both in public and private sector projects. This has been done in order to expedite the commissioning of these projects.

Expanding Infrastructure

India's infrastructure has been continually improving as reflected in the following instances;

✓ The domestic telecom sector is the second largest in the world, after China. The country's wireless and wireline subscriber base stood at 867.8 million and 30.2 million, respectively, as at the end of March 2013 (TRAI Report, 2013).

✓ The installed electricity capacity increased by 12 percent y-o-y to 223,343.6 MW as at the end of March 2013 (CEA Monthly Review March 2013).

✓ The capacity of refineries stood at 215 MT as at April 2013 (*Petroleum Planning and Analysis Cell)*.

✓ Many other infrastructure facilities in other sectors such as railways, airways and ports are also either being constructed or revamped to support higher capacity.

Indian Industrial Sectors in The New Era 2024

Automotive

Sector Overview

- The automobile sector, one of the major industrial sectors of India, is considered to be the 'sunrise' sector after liberalisation in the early 1990s.
- As of April 2013, India was the sixth-largest vehicle manufacturer worldwide (The Economic Times, 10 April 2013).
- The total production stood at 20.3 billion vehicles in FY 12. Of these, two wheelers, passenger vehicles, three wheelers and commercial vehicles accounted for 76.0 percent, 15.0 percent, 4.0 percent and 4.0 percent, respectively (SIAM).
- In FY 13, total domestic sales were 17.8 million vehicles growing at a CAGR of 16.3 percent during FY 09-13.
- Automobile exports increased by 25.4 percent to 2.9 million vehicles in FY 12.
- According to the Automotive Mission Plan 2006-16, it is estimated that the total turnover of the industry will be around $ 122-159 billion by 2016 (Automotive Mission Plan 2006-2016).

Demand Drivers

- India's automotive sector is well-positioned for growth, where demand is driven by both domestic and global factors.
- A range of domestic factors, such as growing economy and disposable income, growing working age population, changing customer preference, easy availability of finance options and a shrinking replacement cycle are driving the growth in India.
- The GoI has taken steps to establish India as an auto manufacturing hub. Some of these include automatic approval for foreign equity investment of up to 100 percent, no minimum

investment criteria and tax rebates on R&D expenditure.

• The Indian auto component industry, driven by robust demand from OEMs and the growing replacement market, is poised to grow at a CAGR of 11 percent during FY 12-FY 21(ACMA).

Key Trends

• From April 2000 to June 2013, the sector reported cumulative FDI equity inflows of $ 8.8 billion, 4.0 percent of the total inflows during the same period (DIPP).

• The range of models operating in the Indian market has grown manifold, driven by the imperatives of customer demand, evolving emission, safety regulations and improvements in technology. The pace of new product introduction has also quickened.

• The number of CNG-operated vehicles increased at a CAGR of 28 percent during FY 11 - FY 14. Furthermore, the plans to increase CNG distribution from 30 cities in 2009 to 250 cities by 2018 are expected to boost their growth (IBEF, March 2013).

• Many OEMs, such as Tata Motors, Honda, Hyundai, M&M and Maruti Suzuki, have a planned investment of approximately $ 3.1 billion over the next three years in production and R&D.

• The sector is expected to witness an improvement in its EBITDA margin and net profit in near future despite challenges, such as currency volatility, lower operating leverage and continuing competition.

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• Innovation is expected to continue as a focus area for the Indian automobile companies especially in engine technology and alternative fuels. Tata Nano has opened up the potentially large ultra low-cost car segment [30].

• Many of the automobile manufacturers have started providing customised finance to customers through NBFCs — both captive as well as through association with third-party NBFCs. Many of the individual/ corporate buyers also prefer to take cars on operating lease instead of buying them.

Biotechnology

Sector Overview

• India's biotechnology sector is estimated to be worth $ 5.9 billion in FY 13 and forecasted to reach $ 11.6 billion by 2017.

• The bio-pharmaceutical sector accounts for a major portion of earnings within the sector-followed by bio agriculture and other bio-services segments.

• Bio-industrial and bio-informatics are other important sub-segments within the biotech industry.

• The industry is expected to grow significantly to $ 11.6 billion by 2017 at a CAGR of approximately 23 percent [31].

Demand Drivers

• There is a strong growth in export demand for biotech products resulting in increased traction in the sector.

• Demand for bio-similars has given the much-required thrust to the biotech sector.

• Increased healthcare expenditure due to rising disposable personal income is another driving factor for the industry.

Key Trends

• Pharmaceutical companies have started focusing on the bio-pharma segment.

• A number of global biotech firms have set up base in India and have well-structured expansion plans in place. Lonza, the global leader in the production and support of pharmaceutical and biotech products, is planning to set up a manufacturing base in India at an investment of $ 150 million in Hyderabad (Lonza- Company website).

• Increasing investments by MNCs reflect their renewed interest in the Indian market. The drugs and pharmaceuticals sector attracted FDI worth $ 11.3 billion from April 2000 to June 2013 (DIPP).

Cement

Sector Overview

• After China, India is the second largest producer of cement globally with an installed capacity of more than 350 MT per annum [34].

• The cement sector in India is highly regional due to high transportation costs and inherent features of the product.

• The sector comprises 167 large cement plants which constitute about 95 percent of the total installed capacity while the remainder is constituted by the mini-cement plants.

• The sector is divided into five geographical regions — South, North, East, West and Central. Each of these regions has a significant limestone cluster and acts as a major production centre of cement.

• The sector is expected to add about 80 MTPA of additional capacity in the next two years.

• The sector's production increased at a CAGR of 7.8 percent during FY 03-FY 13 to reach 236 MT in FY 13 of which 3 MT was exported [34].

Demand Drivers

• Increasing urbanisation, rising income levels, easy availability of credit and higher employment rates have contributed to the demand for housing which constitutes about 60 percent of the total cement consumption in India.

• Strong government thrust on infrastructure sector, which accounts for about 25 percent of the total consumption of cement, is expected to fuel the demand for cement.

• Improved demand for commercial real estate and rebound in tourism have also contributed to increased construction.

• There has been an increased emphasis on establishing SEZs with about 119 new SEZs being notified [35].

Key Trends

• The cement sector received a FDI inflow of $ 2.7 billion (or 1.3 percent of the total FDI inflow) from April 2000 to June 2013.

• The national average cement prices rose from about $ 3 per 50 kg bag in FY 05 to about $ 5.5 per 50 kg bag in FY 13. In the near future, prices are expected to stabilise due to the stabilisation of coal and diesel prices (a major cost for cement producers), excessive supply (currently the demand lags supply by 100 MTPA) and sector focus on setting up captive thermal power plants to reduce energy costs.

• The cement industry is using superior technology to produce eco-friendly cement by utilising solid waste. About 93 percent of the total cement industry is based on the modern dry process technology.

Chemicals

Sector Overview

• The chemicals industry in India includes basic chemicals and chemical products, petrochemicals, agrochemicals, dyes, paints and varnishes, synthetic fibers and industrial gases [36].

• India's chemicals sector is estimated to be $ 21.5 billion in FY 13. By FY 16, the overall chemical sector in India is expected to reach $ 25.8 billion.

• The industry grew at a CAGR of 5.4 percent during FY 09-FY 13.

• In terms of volume of production of chemicals, India is positioned as the third-largest producer in Asia, next to China and Japan, and the 6th largest worldwide.

Demand Drivers

• Supportive government policies and the domestic environment including 100 percent FDI under the automatic route, has supported the growth of the sector.

• Rapid urbanisation leads to an increasing demand for construction chemicals (such as concrete admixtures) in India as well as globally.

• Demand for specialty chemicals is expected to rise due to growing population and rapid industrialisation.

• Manufacturing of most chemical products is delicensed, except for hazardous chemicals and a few special drugs under the obligations as per international conventions.

Key Trends

• Cumulative FDI inflow in the chemical industry from April 2000 to June 2013 was $ 8.9 billion.

• The total value of chemical imports to India in FY 13 was $ 17.8 billion and exports during the same period reached $ 11.9 billion with organic chemicals being the largest class of chemicals that is being traded.

• Several chemical companies either have set up or are in the process of setting up global R&D centres in India to take advantage of the domestic market size of the chemical industry, the skilled workforce and engineering capabilities.

Civil Aviation

Sector Overview

• Air cargo serves as a vital link between domestic and international markets. While the total volume of air cargo traffic currently constitutes about 1 percent of total trade, it accounts for close to 29 percent of total trade value.

Demand Drivers

• Rising local demand, improved international connectivity and resulting consolidation activity, as well as an expanding cargo-handling infrastructure are the key drivers of increased freight handling at Tier-II airports.

• Cargo-related congestion at several airports could result in increased investments at dedicated air cargo terminals.

Key Trends

• From April 2000 to June 2013, the total FDI in air transport, including air freight, was $ 456.8 million, representing 0.23 percent of the total FDI investment in India during this period.

• With the privatisation of the airports, the percentage contribution of private investments for the development of airport infrastructure has multiplied 2.2 times, from 34.4 percent ($ 5.1 billion) during the 10th Five Year Plan to 74.1 percent ($ 9.2 billion) during the 12th Five Year Plan.

• Against a CAGR of 10.5 percent at metropolitan (Tier-I) hubs between 2006 and 2011 — when volumes increased from 1.3 MMT to 2.1 MMT — the Tier-II (non-metropolitan) hubs witnessed increased growth of 14.5 percent during the same period, with volumes increasing from 0.13 MMT to 0.26 MMT.

• Investment in airport infrastructure has grown substantially. For instance, investment in the 11th Five Year Plan, witnessed a rise of 424 percent over the 10th Five Year Plan. Similarly, the 12th Five Year Plan outlines as increase of 86 percent over the 11th Five Year Plan allocation.

Food Processing

Sector Overview

• India's food processing sector is estimated to reach $ 64.3 billion in FY 13, growing at the rate of 6.7 percent y-o-y [37].

Demand Drivers

• Increasing disposable income, urbanisation and a growing awareness of ingredients are driving growth in the packaged food market, leading to the increased consumption of items such as functional foods.

• Per capita consumption and spending on 'higher order' food items such as meat, fruits and vegetables have been growing.

• Organised retail is expected to grow at a CAGR of 26.4 percent during 2011-16, and is likely to continue to benefit the sector by:

– Improving the supply chain infrastructure at the backend.

– Improving off-takes of food through improved visibility, activations and merchandising at the front end.

Key Trends

• The cumulative FDI inflow in the food processing industry from April 2000 to June 2013 was $ 1.9 billion.

• Companies involved in food processing and manufacturing are increasingly moving up the value chain, while retailers are establishing linkages with food processors. This integration is likely to lead to improved food quality and supply chain efficiency.

• An increasing contribution from India's private sector (to around 80 percent of the investments in the agriculture from around 50 percent in FY 81) has led to significant improvements on several fronts, such as irrigation techniques and hybrid seeds.

Gems and Jewellery Sector

Sector Overview

• The Indian Gems and Jewellery market is highly fragmented across the value chain. There are an estimated 250,000 small and large shops, 28,000 processing units, 6,000 offices and 3.4 million workers in the industry.

• The size of the Gems and Jewellery industry, which includes both domestic and export trades, stood at $ 89.7 billion in 2012.

• The industry is heavily dependent on imports and exports, and is thus prone to foreign exchange risks.

Demand Drivers

• Gold and diamond jewellery holds significant historical and religious importance in India and is thus an intrinsic part of Indian culture. India is the biggest consumer of gold jewellery. The demand for gold and diamond jewellery is primarily driven by weddings and festivals.

• India has witnessed an upsurge in the number of working women over the past few years. This has resulted in an increase in the purchasing power of working women, which in turn is driving demand for jewellery.

• Aggressive marketing and promotion by major diamond retailers in the organised sector has increased the awareness for diamonds in the Indian market.

• Lower cost of production, driven by a pool of cheap and highly skilled labour, drives export demands in the sector.

• Favourable Government policies and the advent of financing schemes for consumers are further driving the demand in the sector.

Key Trends

• Branded jewellery is gaining traction with the emergence of large players in the Indian market.

• With a share of close to 60 percent, India dominates the world in the diamond polishing and cutting business.

• Exports of gems and jewellery from India have grown at a CAGR of 15.34 percent during the period FY 02– FY 13. In FY 13, the sector recorded exports of $ 39.1 billion.

Healthcare

Sector Overview

• The Indian healthcare industry, which comprises hospitals, medical infrastructure, medical devices, clinical trials, outsourcing, telemedicine, health insurance and medical equipment is estimated to be worth $ 90.1 billion by 2013 and is expected to be $ 280 billion in 2020.

• Overall healthcare spending in India is estimated at $ 103 billion, with the private sector accounting for 68 percent of overall healthcare spending.

Demand Drivers

• India's large growing and ageing population is a major driver for demand in the healthcare sector. The percent of the population aged 65 and over will increase from 4.3 percent to 6.3 percent from 2000 to 2020.

• An increasing awareness among the population with respect to healthcare is another driver, owing to the increasing media penetration.

• With changing demographics and lifestyle patterns, the chronic segments, such as cardiovascular, antidiabetic, neurology and psychiatry, have been growing at a faster pace than acute segments. These diseases require long -term treatment and management.

• The Government's increased funding and impetus to PPPs is creating the much-required environment for healthcare to thrive in India.

Key Trends

• With an existing 40 percent CAGR, the medical tourism sector in India could rise to $ 2.4 billion by 2015. India currently serves more than 850,000 foreign patients every year.

• The Indian health insurance market represents one

• of the fastest growing and second largest non-life insurance segments in the country and is expected to grow at a CAGR of over 25 percent during the time period FY 10-FY 14. This would also fuel consolidation in the sector.

• The healthcare sector has witnessed the increased interest of PEq investors.

Insurance

Sector Overview

• The last two decades have witnessed the insurance sector evolve from a public sector monopoly to one characterised by the entry of many private and foreign players.

• The sector is regulated by the IRDA.

• Although private sector players have increased their market share, public sector players still dominate.

• As at February 2013, there were 24 life insurance companies, 27 non-life insurance companies and one reinsurance company (General Reinsurance Corporation of India) operating in India.

• The life insurance sector's first year premium increased at a CAGR of 19.1 percent from $ 4.1 billion in FY 04 to $ 19.7 billion in FY 13.

• The non-life insurance sector witnessed a steady growth with its gross written premiums increasing at a CAGR of 16.0 percent from $ 3.4 billion in FY 04 to $ 12.7 billion in FY 13.

Demand Drivers

• Growing middle class and increasing working population, rising household savings, increasing purchasing power and increasing financial literacy.

• Low insurance penetration.

• Awareness of personal financial security, underpenetrated market, increasing product understanding and segment-based product development.

• Increasing demand for better healthcare, fast progress in medical technology, launch of new innovative products and the emergence of new distribution channels.

• Export of software, petroleum products, chemical and textile goods have created opportunities for marine cargo and aviation insurance.

Key Trends

• Major foreign insurers and domestic players have entered the Indian life insurance market to capitalise on the opportunities. Most domestic private players operate as a joint venture with foreign insurers.

• Besides agency workforce, players have employed a variety of distribution channels, such as bancassurance, direct selling agents, brokers and online distribution, to increase market penetration.

• Though regulatory changes had an impact on the commission and expense structure of some distributors, resulting in a slowdown, it helped protect investors' interests and ensure long-term growth of the sector.

Information Technology- Business Process Outsourcing Sector

Sector Overview

• The Indian IT-BPO industry is estimated to reach revenues of $ 108 billion in FY 13, with the IT software and services sector (excluding hardware) accounting for $ 95 billion of the revenues.

• The sector provides direct employment to nearly three million people, while indirect job creation is estimated at 9.5 million.

• As a proportion of national GDP, the sector's revenues have grown from 1.2 percent in FY 98 to nearly 8 percent in FY 13.

• The IT services segment reached export revenues of $ 43.9 billion; the BPO sector reached revenues of $ 17.8 billion with the rest of the industry accounting for $ 14.1 billion in revenues.

Demand Drivers

• The continuing global economic recovery has boosted demand for IT-BPO services. The global sourcing market also grew to $ 124-130 billion, a growth of 9 percent over 2011.

• The GoI has emerged as a key adopter of IT-BPO services over the past couple of years. Indian businesses have also ramped up their investments in the sector.

• Emerging verticals such as Healthcare, Utilities, Government, and Retail are showing an increase in IT budgets as well as the percentage of work outsourced.

Key Trends

• New technology trends like cloud, social media and mobility are driving the next wave of innovation in the IT-BPO sector. They have also led to new opportunities for service providers.

• The IT-BPO sector has been consistently attracting FDI since the economic reforms of 1991. During the period 2007-12, the sector accounted for an FDI of $ 5.12 billion.

• Export revenues (excluding hardware) are estimated to gross $ 75.8 billion in FY 13, growing by 10.2 percent over FY 12. Its share of total Indian exports (merchandise plus services) increased from less than 4 percent in FY 98 to about 23-25 percent in FY 13.

Media & Entertainment

Sector Overview

• The Indian M&E industry is estimated to grow by 11.8 percent year-on-year in 2013 to $ 16.9 billion1 and further grow at a CAGR of 15.2 percent to reach $ 30.5 billion by 2017;

– The Television continues to be the dominant segment and estimated to witness 13.4 percent year on-year growth by 2013 to reach $ 7.7 billion.

– The Films sector is estimated to grow by 8.9 percent to reach $ 2.3 billion by 2013.

– The Music sector is estimated to witness a 9.4 percent increase in 2013.

– The Radio sector is expected to grow at a CAGR of 18 percent over the period 2012-2017.

– Strong growth has been observed in new media sectors, animation/ visual effects.

Demand Drivers

• There is a growing overseas demand for quality Indian animation/visual effects work at an affordable price.

• With digitisation likely to provide greater clarity in terms of TRPs, VoD services, and a greater number of movie channels, the demand for all genres of films on cable and satellite platforms is expected to increase.

• Niche content, such as lifestyle videos, educational videos and classic series, continues to grow in the home video segment.

Key Trends

• With better access and through cheaper and smarter devices, audiences (especially youth) are consuming more content and are becoming increasingly engaged. Going forward, improved uptake of 3G connections and the beginnings of the 4G rollout are expected to spur further growth.

• Although new media co-exists as an additional and growing distribution platform, India still remains a growth market for 'traditional' media.

• The digitisation of distribution infrastructure in TV is also expected to improve broadcast economics.

• Key media players (TV and films primarily) are focusing on selectively expanding their presence in regional markets that are witnessing higher rates of advertising revenue growth.

• Anticipated regulatory developments in 2013, such as the continued cable DAS rollout, Phase 3 licensing for Radio, and 4G rollout, are expected to spur growth in the medium term.

Metals & Mining

Sector Overview

• India produces 89 minerals, which include four fuel, ten metallic, 48 non-metallic, three atomic and 24 minor minerals (including building and other materials).

• The mining sector accounts for around 2.2 percent of India's GDP.

• The total value of mineral production including minor

• minerals but excluding atomic minerals in FY 12 and FY 13 was about $ 49.0 billion and $ 43.1 billion, respectively.

• The value of minerals and ores exported during FY 12 was $ 36.6 billion and the value of minerals and ores imported during FY 12 was $ 197 billion.

Demand Drivers

• For the 12th Five Year Plan, the GoI expects an investment of $ 1,000 billion in the infrastructure sector (such as roads and bridges) which would drive the demand for minerals such as iron ore.

• The GoI has huge plans for coal-based power generation capacity additions that are likely to boost the coal demand.

• Strong growth in the Indian automobile sector is to drive demand for both steel and aluminium.

Key Trends

• The cumulative FDI in the metallurgical industries and mining sector has been estimated at $ 1 billion and $ 7.6 billion, respectively, between April 2000 and June 2013.

• R&D spending is increasing in the industry, as players are focusing on improving technology to produce better grade products and reduce costs.

• India's mining sector is highly fragmented, with a large number of small and inefficient mines. Almost 95 percent of operating mines in India produce only about 50 percent of the country's mineral output.

• Increased infrastructure developments, such as roads, highways and ports, lead to an improved connectivity between mines and end-users, facilitating the evacuation of mined ores at a lower cost and higher capacity.

Retail

Sector Overview

• The Indian retail sector is expected to grow at a CAGR of 19.7 percent to reach $ 869 billion by 2015, from $ 450 billion in 2012.

• The organised retail segment which constitutes about 8 percent of the overall retail sector, is expected to grow at a CAGR of 26.4 percent during 2012-2015.

Demand Drivers

• According to the NCAER, the Indian middle-class population is expected to reach 267 million in FY 16, witnessing a growth of 67 percent over 2011-16.

• Easy credit availability with privileges like quick and speedy loans, loans over phones and increasing use of plastic money (credit cards) are factors that have facilitated easy payments, thus driving organised retail sales in India.

• Increasing disposable income, urbanisation and growing aspirations are likely to act as key consumption catalysts leading to retail sector growth in India.

Key Trends

• Consumers are increasingly looking for convenience and a superior shopping experience. Furthermore, increasing exposure to western consumption trends and growing media penetration have driven brand consciousness among Indian consumers.

• Organised retail formats in India are evolving fast to cater to the changing needs of the Indian consumers. Value formats such as hypermarkets are gaining popularity, and this trend is likely to continue in the near future.

• Indian retailers have been increasingly introducing private labels in categories such as food and grocery. Private labels are gaining acceptability among consumers due to their 'value-quality' proposition and profitability to retailers compared to other branded products.

• Online retailing in India is likely to continue growing at a healthy rate in the near future, with demand growth coming from metropolitan areas as well as smaller cities. While in Tier-II and III cities, online retail addresses the demand arising due to the absence of physical stores and brands, in metropolitan areas, it increasingly offers a convenient shopping option to consumers.

Textiles

Sector Overview

• The Indian textile market is expected to reach $ 115 billion in 2011, of which 65 percent was contributed by domestic consumption.

• The industry contributed nearly 14 percent to India's industrial production, 4 percent to the GDP, and 27 percent to the nation's total export earnings in 2012.

• The industry is the second-largest provider of employment after agriculture.

• The Indian textile industry is globally recognised with many distinctions.

• With about 12 percent share in the global production of textile fibers and yarn, India was the world's second largest producer of textiles and garments in 2012.

• In 2012, India accounted for about 24 percent (48.7 million spindles) of the global spindle capacity and the highest looms capacity accounting for about 61 percent of the world's total capacities in 2012.

• The total exports of textile and apparel sector grew to $ 33.2 billion in FY 12 from $ 17.6 billion in FY 06, a CAGR of 11.2 percent.

Demand Drivers

• There has been robust demand both from domestic and export markets;

– Favourable demographical changes, rising disposable incomes and a growing middle class are driving domestic demand for textiles in India.

– The shift of production focus toward Asian countries is driving demand from export markets.

• 100 percent FDI (automatic route) and free trade with countries in the ASEAN encourages international trade.

• Government schemes such as the SITP and the TUFS facilitate setting up textile parks with world class infrastructure.

Key Trends

• India has a strong raw material production base and a vast pool of cheap labour that helps meet the incremental demand of the textile industry.

• Domestic players are exploring opportunities to set up integrated textile units in India in partnership with international brands.

• Technical textiles, which have emerged as one of the fastest growing segments of the textile industry, are likely to grow to $ 31 billion by 2020, implying a CAGR of ten percent during 2010–2020.

• With FDI allowed under the automatic route for the spinning, weaving, processing, garments and knitting sectors, the industry has attracted FDI worth $ 1.3 billion, during the April 2000 - June 2013.

Telecommunication

Sector Overview

• The Indian telecommunication sector has witnessed an astounding growth during the last decade, mainly on account of a rapid uptake of mobile services.

• The mobile subscriber base has grown at a CAGR of 44.3 percent during the March 2003–February 2013 period to reach approximately 862 million as at February 2013.

• Revenue from mobile services grew by 26.4 percent to reach $ 22.9 billion during the 2012.

• Moreover, by the end of 2013, the mobile subscriber base is expected to grow to about 890 million3 and mobile services revenue is expected to grow to $ 22.0 billion.

• However, despite this robust growth, tele-density remains low at 72.9 percent. A large part of the country's population, primarily in the rural areas, still does not have access to quality telecommunications services, which in turn is a significant opportunity for growth.

Demand Drivers

• There has been more clarity on the competition landscape and regulatory front. The decision on pricing and allocation mechanisms of spectrum and charging one-time license fees has empowered the players to make informed decisions and formulate strategies for long-term growth.

• The growing per capita disposable income level in India presents a significant opportunity to telecommunication operators to proliferate telecommunication services in rural parts of the country. This, coupled with a growing population and low mobile tariffs, could drive minute consumption in the near future.

• The availability of low-priced handsets has propelled the adoption of wireless services across the country. Moreover, the price of entry-level smart phones has dropped from approximately $ 329 to $ 74 within the last two years.5 Furthermore, the emergence of domestic and Chinese handset makers — with feature rich and low-priced products — is expected to give a major thrust to the adoption of smartphones and data services in India.

• In the face of stagnating voice revenues, operators in India are betting big on non-voice services to fuel their growth engines. The contribution of non-voice services to total revenues has grown 3.2 percentage points during the last two years to reach about 17.6 percent in 2012,6 and is expected to touch 51 percent by 2015.

Key Trends

• In line with the global trend, the broadband revolution in India is expected to play a significant role in driving the GDP growth. According to World Bank estimates, every ten percent increase in broadband penetration can stimulate GDP per capita by as much as 1.38 percent for a developing economy.

• Rapid adoption of mobile services has led to a new generation of digital revolution. Now, about 60 percent of the connected population in India accesses Internet via mobile networks.

• Indian Telecom operators are expanding across the world; Bharti Airtel acquired the African arm of the Kuwait based Zain Telecom for $ 10.7 billion to give it a presence in 17 African countries. In 2013, the company acquired the Uganda based Warid Telecom to further expand its presence in East Africa.

Results & Findings

The findings in research conducted are summarized below in answers to the questions as research objectives;

a) **What and Where was the Indian Business in Past?**

Answer: The invasion of British rule first and then Chinese trade in the pre-independence era changed the way and forms of the traditional caste-based business structure in India. Post-independence after the year 1947 the business in Indian market struggled but some of the entities like Reliance were still able to emerge and opened the doors and showed way to others. These structural constraints [43] included the following: -

• Difficulties in making quick decisions on project proposals affected the ease of doing business. This resulted in considerable project delays and insufficient complementary investments.

• Ill-targeted subsidies cramped the fiscal space for public investment and distorted the allocation of resources.

• Low manufacturing base, especially of capital goods, and low-value addition in manufacturing.

• The presence of a large informal sector and inadequate labour absorption in the formal sector.

• Low agricultural productivity is attributable to a range of factors, including the significant presence of intermediaries in the different tiers of marketing, shortage of storage and processing infrastructure, inter-state movement of agricultural produce, etc.

b) **What Was the Role of Economic Reforms in Making Indian Business Better?**

Answer: The reforms taken by GOI in 1980 – 1990 where the first to open doors for the private sectors especially in the telecom sector. The Rao-Singh duo played a vital role in the upliftment of Indian economy thus giving birth to a new generation of entrepreneurs. And further liberalization in reforms opened doors for foreign and Indian companies' collaborations giving birth to a new range of industrial sectors more of the private groups in it. Besides the structural reforms across various sectors, the government's emphasis on developing public digital infrastructure during the last few years has also been a game changer in enhancing the economic potential of individuals and businesses. Digitalisation directly helped to increase private consumption, both during the pre- and post-pandemic phases. With the onset of the pandemic, the Aarogya Setu and CoWin apps proved to be game changers, helping to track and contain the spread of the virus and facilitating the vaccination of many people in a short period. This boosted consumption by enabling an early reopening of the economy. During the pandemic, when mobility was restricted, there was a pronounced shift in virtual healthcare visits, digital payments, and the acceleration of egrocery shopping. Digital payment systems like Unified Payments Interface (UPI), which has one of the largest platforms in the world, have aided the growth of e-commerce. The Global Payments Report 2023 projects e-commerce in India to register a CAGR of 16 per cent between 2022 and 2026, mainly driven by ease provided by UPI [42].

c) **How Do the Entrance of Foreign Companies in the Indian Market Impact the Indian Business?**

Answer: Entrance of foreign companies took place during the liberalization of reforms in India majorly led by the then Finance Minister who later became Prime Minister Dr. Manmohan Singh. It accelerated Indian economy with the application of technology which simultaneously resulted in opening new markets. Foreign companies are still strategically ahead of domestic companies in their own Indian market.

d) **What Factors Make India a Better Business Place in 2024?**

Answer: The word 'resilience' is defined in the Cambridge dictionary as "the ability of a substance to return to its usual shape after being bent, stretched, or pressed." In recent years, if there is one major economy in the world that displayed that quality beyond any reasonable doubt, it is India. After the pandemic-induced contraction in FY21, the Indian economy recorded two years of above-7 per cent growth and looks set to repeat it for the third year in FY24. In the first half of the current financial year, the economy has grown 7.6 per cent in real terms compared to the first half of FY23. Barring unforeseen global developments and based on historical patterns of growth in the second half, the overall growth rate for the year may even exceed the Reserve Bank of India (RBI) projection of 7 per cent. The National Statistical Office, in its First Advance Estimates, has estimated India's real GDP to grow at 7.3 per cent in FY24, higher than the forecast made by various national and international agencies (https://dea.gov.in/Jan 2024). Over the past decade, India has witnessed a notable transformation in its employment landscape, marked by several positive trends contributing to economic growth and social development. This evolution results from various factors, including economic reforms, technological advancements, and an emphasis on skill development. The slew of structural reforms promoting ease of doing business remains crucial for productive employment generation in the current decade.

e) **What varied Indian industrial sectors have to offer as business opportunities?**

Answer: The business opportunities in various Indian industrial sectors are listed in table 1 below;

Industrial Sectors	Business Opportunities
Automotive	• India has a vast untapped automotive market offering tremendous opportunities for foreign automotive companies. Illustratively, India has a vehicle penetration of just 11 cars and 32 two-wheelers per thousand persons. This along with a growing per capita income, growing middle class, rising urbanisation etc. offers immense opportunity. • Low wages, proximity to many Asian markets and low shipment costs make India a sourcing hub and a manufacturing base for major OEMs. • There are also many opportunities in energy efficient and environmentally friendly vehicles as the demand for these vehicles is rising in India due to rising fuel prices and environmental concerns. • The rural market demand is expected to grow significantly due to an increase in disposable income. This provides an opportunity for players to increase their penetration levels. • There is a huge potential for luxury cars. The market for luxury cars is estimated to increase at a CAGR of 25 percent during 2012-20 to reach 150,000 units by 2020. Within the luxury car segment, the demand for luxury SUVs and luxury sedans is growing even faster ("Automobiles," IBEF, August 2013).

Biotechnology	• The global bio-similars market is expected to grow to $ 10 billion by 2015. India is in a good position to leverage this opportunity (FICCI Analysis – Biotech sector, 2010). • CRAMS in the field of biological products (vaccines, serums, and other biologically derived products) is likely to gain traction in the coming years and is likely to be a significant opportunity for Indian players. • India offers a suitable population for clinical trials because of its diverse gene pool. Many global pharmaceutical companies have considered India for their clinical trials. • India has the potential to become a major producer of transgenic rice and several GM or engineered vegetables. • There is opportunity in functional genomics, proteomics and molecule design simulation.
Cement	• The infrastructure spending during the 12th Five Year Plan (2012-17) is expected to be $ 1.02 trillion as compared to the $ 514 billion planned during the 11th Five Year Plan (2007-2012). • There is a housing shortage of about 18.8 million units and 43.7 million units in urban and rural areas, respectively. • Commercial real estate demand from the IT and ITeS sector, organised retailing, shopping malls, and multiplexes will increase with a growing population and present an opportunity for cement companies (http://planningcommission.nic.in).
Chemicals	• To boost the sector, the government is setting up port-based chemical parks in existing and new SEZs to encourage clustering, provide infrastructure and enable tax concessions. • An increasing demand for chemicals in the domestic and foreign markets provides several growth opportunities for the industry which is possible through investment in R&D to develop new and eco-friendly innovations in this sector. • The increasing demand-supply gap in the urea production is expected to provide fertilizer companies an opportunity to boost their production and meet the surplus demand. By FY 15, the demand and supply are expected to be 31.4 million tonnes and 24.6 MT, respectively. • The growing construction/infrastructure industry has led to a rise in demand for construction chemicals. • Increased use of plastic in packaging, construction and automotives and replacement of metal and glass. • The government is continuously reducing the list of reserved chemical items for production in the small-scale sector, thereby facilitating greater investment in technology up-gradation and modernisation.
Civil Aviation	• Increased trade activity, especially that of physical goods, between India and the Asia-Pacific region and the relocation of trade epicentres to China, Southeast Asia and Africa could open up new opportunities for air cargo in India. • The demand for time-definite service, which is best guaranteed by air, is expected to rise. • PPP based Greenfield/Brownfield projects related to development and management of airports and related infrastructure offer attractive opportunities. The overall growing market will create opportunities in MRO, ground handling, airport modernisation, air traffic management solutions, etc. • The currently implemented policy guidelines on allowing foreign carriers to take equity in Indian airlines would open up a plethora of investment opportunities.
Food Processing	• Rapid development of modern retail spaces in Tier-II and Tier-III cities offer a great opportunity to branded jewellery players to expand their footprint beyond the metropolitan areas. • Indian retailers are collaborating with international brands to offer a broader product portfolio and innovative designs to their customers. • In addition, jewellers are collaborating with fashion designers to introduce an element of uniqueness and exclusivity to otherwise traditional Indian jewellery. • The Government has set up SEZs and jewellery parks to promote investment in the sector.
Healthcare	• The Government is increasingly focusing on Universal Health Coverage. This translates into increased funding and more incentives for private players in the country. • With the thrust being on PPP models, private players may find a number of opportunities to invest in state initiatives. Various hospitals have collaborated with their respective State Governments in the areas of telemedicine and emergency care. • In the last few years, innovative models of delivery such as day-care centres, single specialty chains, telemedicine, ayurvedic and wellness care have emerged to address issues of accessibility, affordability and assurance on quality of care. These light asset models have not only lured PEq investors but have been proven to be scalable and feasible.
Insurance	• The foreign equity cap is proposed to be raised to 49 percent as provided in the Insurance Laws (Amendment) Bill, 2008 against 26 percent currently, estimated to result in additional investment of $ 5.5 billion over the next five years by foreign joint venture partners. This will facilitate growth of distribution business and strengthen the risk framework. • IRDA is in the process of finalising norms for IPOs for insurance companies, which could be a milestone in the future growth of the sector. • The insurance industry is all set to see some level of consolidation. New rules from IRDA on M&A will be paramount in shaping the future of the industry. • Low penetration ratios present a huge opportunity for foreign insurers to increase business in India.
Information Technology-Business Process Outsourcing Sector	• The GoI planned outlay for the IT sector has reached $ 5 billion for FY 13. Investments in the 'Aadhaar' project, modernisation of the Department of Posts and other key projects are expected to drive demand for IT. • The GoI's recent move to promote the semiconductor industry, including incentives for the wafer fab manufacturing facilities, is expected to boost investment in this key area. • India's largest IT firms have large expansion plans over the next couple of years. These include opening new delivery centres and investing in key technologies. • For US and Europe based companies looking to optimise costs, India provides multiple opportunities in the Shared Services space. • The advent of cloud computing and mobility has increased the opportunities for product development in the country, primarily in the form of mobile apps. • Increased spending on education and healthcare during the next 5 Year Plan is also expected to drive IT spending, thus providing attractive opportunities for IT-BPO vendors.

Media & Entertainment	• Relaxed FDI limit in Direct to home, teleports and cable networks (Multiple Systems Operators and upgrading networks) to 74 percent is likely to support ongoing digitisation activities. • Increased consumption of music/radio/video on-the-go via mobiles and in cars provides opportunities for real time mobile and location-based advertising. • Indian channels have also been aggressively increasing their presence across international markets, especially in the Middle East and Africa. General entertainment channels like Zee TV, SET, Star Plus and Colors are available in approximately 169, 77, 70 and 50 countries, respectively. • Cable digitisation is expected to create significant opportunities for content providers, such as existing channels investing in content, and upgrading content quality. Digitisation could also provide an opportunity for subscription-based niche content leading to additional revenue gains. • The rise of regional channels has also given a boost to the regional industry as it presents more opportunities for cable and satellite monetisation. • Proliferation of 3G connections, advent of 4G technology, increasing affordability of smarter devices and growing internet penetration are driving digital consumption of content.
Metals & Mining	• India is rich in mineral resources with an estimated untapped metal reserve potential of approximately 82 billion tonnes, leading to opportunities for new mining capacity additions in iron ore, bauxite, coal and gold. • In the FY 14 budget, the GoI has announced the PPP model in coal mining with Coal India Limited. This would allow the entry of private players in the coal sector. A panel has been formed under the Chairmanship of the Coal Secretary to deliberate the different modes of PPP route. • By 2020, the metals and mining sector in India has the potential to contribute around $ 150 billion to the GDP, create new employment for 2.3 million people and contribute 40 billion to the government revenues.
Retail	• Foreign retailers have been permitted to operate in cities with population of less than one million, subject to one time approval of state government. • International retailers to invest a minimum 50 percent of the first tranche of $ 100 million in back-end infrastructure. Subsequent investment in the same can be made by the multi-brand retailers only if the business requires it. • Micro, small and medium enterprises: Definition revised to ease mandatory sourcing norms. MSMEs to have maximum investment in plant and machinery of $ 2 million (excluding depreciation in first three years). An entity will remain an MSME even if it outgrows the investment definition of $ 2 million during the course of its relationship with the retailer provided it's the 'first time engagement with the retailer'. This will enable international retailers to continue with the MSME for its sourcing requirements. As per the new mandate, sourcing from agricultural and farmer co-operatives is also allowed to meet the aforementioned clause. • The revised liberal FDI Policy (which allows 100 percent FDI in single-brand retail and 51 percent in multi-brand retail) provides an opportunity to foreign players to partner with the existing Indian players and leverage their existing presence as a platform to grow in the country. • Growth for categories such as FMCG is increasingly coming from rural rather than urban areas. Also, consumption patterns reveal that small-town consumers are increasingly spending more on categories such as electronic goods and high-end personal care items. • India offers price competitiveness through low-cost production and raw material procurement in several sectors such as food processing. As a result, many global retailers are stepping up sourcing operations in India.
Textiles	• In 2012, the men's segment was the largest contributor (42 percent share) to the apparel sales in India. However, in future, contribution from kids' apparel segment is expected to grow faster than other segments. • Initiatives such as the TUFS and SITP are likely to add impetus to the development of the sector. • The Working Group for the 11th Five Year Plan (2007- 2012) estimated the technical textiles market to grow from $ 5.3 billion in FY07 to $ 10.6 billion in FY 12. The GoI is establishing Centres of Excellence around specific textile sectors to foster research-driven growth. • The current manufacturing capacities cannot suffice for the growth in demand. Hence, capital investments in textile machineries are expected to increase to enhance production.
Telecommunication	• Basic and cellular services: FDI cap increased to 100 percent from 74 percent (approval for 49 percent FDI through automatic route and beyond it through FIPB). This is expected to increase global operators' interest. At the same time quality of services is likely to improve. • With urban markets getting saturated in terms of voice, it is imperative for operators in India to push for greater voice penetration in rural markets. In rural parts of India, tele-density stands at about 41 percent, presenting a large untapped market to be catered to. • India's total fixed broadband subscriber base stands at about 15 million as at February 2013, in addition to just 7.5 million9 high speed wireless data cards.10 This makes India one of the laggards in terms of broadband penetration. However, with significant investments in the NOFN by the GoI, operators can tap into the opportunity to provide the last mile connectivity to millions of unconnected households in India. • The growth in data traffic, launch of 4G and need to enhance rural penetration have resulted in a substantial increase in demand for telecom equipment — a large proportion of which is currently being imported. Additionally, India is the second largest device market with over 221 million handsets sold in 2012.11 The market for mobile devices is further expected to grow to over 280 million shipments by 2014.12 Hence, reduction in the cost of mobile devices through local manufacturing would be a key enabler for bringing the next round of growth. • Mobile-equipment manufacturers will also find India to be a lucrative destination. With the increasing roll-out of 3G and 4G networks, demand for next generation telecommunication equipment will increase significantly. Having a manufacturing base in India will help these players in reducing costs, as well as being closer to their customers.

Conclusion

Thanks to the liberalisation of 1991 which ushered in its spectacular economic progress over the last 20 years. It can be concluded that although the range and diversity of issues treated make it extremely difficult to establish any general conclusion, also to be highlighted several characteristics which are present in different aspects of Indian companies: a greater preference for bureaucratic structures than in developed countries; the key role of culture in performance; and that culture, ownership control and trust need to be carefully considered in any endeavour to establish a joint-venture with an Indian company. Diverse factors have contributed to India's high economic growth such as growth of the services sector, dependence on domestic consumption, higher investment, growing infrastructure, and a reform focused government, among others. India is among the world's fastest growing economies (after China) having recorded a decadal growth rate of 7.8 percent during FY 03-FY 12. It embarked on this high growth trajectory during the 10th Five Year Plan with a growth rate of more than 8 percent in FY 04 and reached a peak of 9.6 percent in FY 07. Foreign direct investments into India is likely to gather momentum in 2024 as healthy macroeconomic numbers, better industrial output as well as attractive PLI schemes will attract more overseas players amid geopolitical headwinds and tighter interest rate relIndustry and Internal Trade (DPIIT) Secretary Rajesh Kumar Singh said the government reviews FDI policy on an ongoing basis and makes changes from time to time after having extensive consultations with stakeholders. According to him, Production Linked Incentive (PLI) schemes for sectors like pharma, food processing, and medical appliances have started yielding fruits and are attracting foreign investors [41].

Research Limitations

Based on factors like changing lifestyle, increase in purchasing power, digital connectivity which tend to possess a vital impact on economy and trade of any nation the macroeconomic variations cannot be predicted very accurately.

Future Scope

A potential avenue of research would be to undertake an in-depth study of foreign companies in India, their influence on local companies, and how they can help Indian companies break into foreign markets. Another line of research would be to compare similarities and differences between India and other Asian countries.

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