



KNOWLEDGE PAPERS

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Today India, Tomorrow World - Secular Growth Story

As per the report, Indian companies in the defence sector (in aggregate) are poised for sustained high growth in the next decade and address an annual opportunity that could reach \$41bn in size by FY22 (7x FY14). We believe this will be driven

by both higher domestic and external demand unlike in the past when it was entirely by the former. While higher indigenous content (currently at 30%) in the Indian defence capital spend will be the near term driver, we expect exports (hitherto negligible) to be a key long term factor (offsets to begin with, cost effectiveness driven outsourcing later on). We believe fiscal constraints in developed markets over the next 5-10 years will put defence spending under pressure. With intensifying competition between US and European systems integrators, price pressures are a certainty. Over the past 4-5 years we have seen an explosion in partnerships (JVs and MOUs) between Indian and global players (likely due to relaxation of controls on export of defence technology by the US and other countries and also by lack of choices as China is still on the banned list). These partnerships will exploit 'offset' and 'indigenization' related demand, near term. These would also set the stage for India becoming a critical part of the supply chain of global players for components and sub-assemblies, driving export growth, long term. There is evidence that such a move is already on. We believe India has some of the basic ingredients (large and relatively low cost engineering talent pool, comfort of western nations with India from a geo-political perspective) to deliver on this opportunity but will have to significantly improve on some others (technology, lack of a defence manufacturing ecosystem, etc). Besides, we believe the nature of warfare is becoming more software intensive, which plays into the strength of India with IT Sector Growth and its diversified presence. Post 10-15-year learning curve we expect some Indian companies to move up the value chain to become independent systems integrators across technology-design system integration value chain in their own right or be part of significant consortia.

<http://www.ficci.com/publication-page.asp?spid=20605>



Life Insurance: A Consumers' Perspective

The study titled 'Life Insurance: A Consumers' Perspective' is based on a nationwide survey of over 5000 people, comprising about 4500 policyholders and more than 600 non-policyholders, spread across 30 cities. The study examines why life insurance products need to be sold in India

instead of automatically featuring in the financial savings basket of an average consumer. The survey findings presented in the report highlights the financial savings behaviour of individuals, the importance given by them to life insurance, the purchase process that they went through, the need assessment process carried out by them, perception about adequacy of protection cover that they have, and experience and expectations from the Bancassurance channel as a source of purchase. The survey which covered a major section of Bancassurance customers in the country also identified factors which could induce consumers to purchase life insurance products from banks. The study reveals that while people understand the importance of life insurance, they are not completely aware of the true benefits of the plans which they currently hold. They consider life insurance to be a key instrument primarily to accumulate savings for taking care of future needs like child's marriage, higher education, etc. They also recognize the significance of professional need assessment for choosing suitable insurance products. To help shape their need-based investment, they have shown willingness to spend time and money. Respondents have also displayed an inclination to buy life insurance policies from banks in future after understanding product features and benefits in detail, receiving preferential treatment in services and continued security of their money.

<http://www.ficci.com/publication-page.asp?spid=20643>



FICCI IMS Report on Raising Capital in Healthcare

The Report emphasizes the importance and need for innovative financing models to re-shape India's healthcare sector and provides insights into the emerging areas that have attracted attention from capital providers and will serve

as a reference point and a guide for investments in the sector. It also evaluates the investment activities that have shaped India's healthcare landscape till date and assesses the gaps that are likely to attract future investment attention. Indian healthcare sector offers an unrivalled investment and business opportunity, receiving significant attention from investors, primarily from 'PE and VC', 'government' and 'social' investors. Delivery providers received nearly US\$3.6 billion worth of PE/VC investment between 2006 and 2014. Single specialty formats and co-investment continue to redefine the sector.

Innovation and technology are poised to stimulate future growth in healthcare delivery in emerging areas - operational excellence and supportive policy framework will play a critical role. The share of early phase funding by venture capitalists and angel investors are expected to increase due to growth and expansion of newer models more amenable to VC funding, such as e-health, m-health, home care services, primary healthcare chains, and rehab services. Digital health sector has already raised US\$ 6.9 million venture capital (VC) funds. Additionally, mHealth is likely to be a large value creation opportunity for multiple stakeholders - mobile operators, device vendors, content and application players and healthcare providers - across the world. The huge market opportunity for mHealth makes a strong case for promoting its adoption. Public Private Partnership is emerging as a preferred approach to strengthen public healthcare delivery as the government endeavours to bridge the healthcare funding gap.

<http://www.ficci.com/publication-page.asp?spid=20635>



Healthcare: The neglected GDP driver. Need for a paradigm shift

The Report evaluates the progress of health sector in India in recent years and highlights how a robust healthcare system drives GDP growth in the presence of adequate investments and an encouraging environment by not only acting as a

productivity and employment generator, but also as a magnet to attract foreign exchange earnings and provide opportunities for innovation and entrepreneurship. With Indian healthcare workforce expected to double to 7.4 million in 2022 from 3.6 million in 2013 and the sector's revenue expected to grow by a robust 16 percent CAGR to USD280 billion in 2020 from USD73.92 billion in 2011, Indian healthcare sector has already established itself to be an important contributor to nation's GDP. A paradigm shift in terms of our healthcare policy as well as our approach towards the sector is needed for India's economic growth.

Healthcare is one of the largest employers in India. Investment opportunities in the Indian healthcare sector have increased significantly and the sector is expected to be one of the most attractive investment targets for PE and VC companies. India's healthcare sector has attracted about USD1 billion in hospital assets from domestic and foreign financiers. Increasing investments, growing innovation and entrepreneurship are expected to enhance the size of the healthcare market, thereby increasing the contribution of the healthcare sector to India's GDP. Additionally, medical tourism is growing well and is contributing significantly to the overall growth in the sector.

<http://www.ficci.com/publication-page.asp?spid=20634>



S.M.A.R.T. Policing for Smart Cities

The report "Location based services: Adding another dimension to smart cities" propagates mainstreaming of LBS technology for effective business management and decision-making. The objective of the report is to highlight the potential of location based services in smart cities as well as present LBS applications and few international case studies. The report aims to stir conversations on the possible avenues for leveraging location based services and amalgamating these services in the smart city framework to enhance the quality of life for citizens. It also tried to facilitate decision makers to take cognizance of the existing situation, ponder upon the way forward and explore commercial avenues to improve revenue for city improvement.

<http://www.ficci.com/publication-page.asp?spid=20615>



Productivity in Indian Banking: 2015

The findings of the Knowledge Paper titled 'Inclusive Growth with Disruptive Innovations' are as follows:

* The Indian banking industry has witnessed many disruptive developments in the past one year and is braced to witness more in the coming months.

? The Prime Minister's Jan Dhan Scheme has led to a 27 per cent increase in accounts in a single year, although digital activation of these accounts has been low.

* Internet access is growing at 34 percent per annum and has covered 20 percent of the population. The number of people doing digital banking is growing at 20-25 percent per annum but banking lags online shopping by 2 years.

* The FinTech industry in India is attracting a lot of interest. As many as 35 percent of digital banking customers also use mobile wallets from non-banks. Mobile wallets transactions are growing at 180% and have surpassed transactions through mobile banking.

* Digital Banking customers could reach over 230 million by 2020 if penetration can be advanced by 2 years. They could reach 300 million with payments banks coming in.

* Fifty percent of digital banking customers are keen to try out new payment banks when they are launched later this year.

* Branch based transactions have gone down by 7% and number of transactions per ATM are slowing down. 86% of Banking consumers using internet but not doing online banking are keen to use self-service kiosks.

* BC transactions growing at 40% and BC channel can be viable as BC efficiency improves to 10-15 transactions and can emerge as a powerful distribution channel.

* Bad debts have been a stubborn problem; after many years of decline, NPAs have shown an alarming uptick in retail lending.

* The Reserve Bank of India has had a very supportive stance to spur this innovation in Indian banking. It needs to continue to review which regulatory paradigm is most suitable for the digital context and promote innovations.

<http://www.ficci.com/publication-page.asp?spid=20619>



Assessment of State Implementation of Business Reforms

Government of India in the last one year has been pushing through an agreed set of reforms in the States. Based on the evaluation of the States on agreed recommendations, FICCI-KPMG-The World Bank-DIPP-CII have prepared a report that captures the findings of the evaluation of this unique exercise, and ranks States in terms of their implementation of the 98-point action plan.

This report – "Assessment of State Implementation of Business Reforms" – will act as a scorecard to take stock of what reforms have happened, and to identify the way forward for States. The report highlights the innovations and achievements on individual reforms, so that States can easily identify counterparts who have achieved the reforms, and can reach out to learn directly from their peers.

<http://www.ficci.com/publication-page.asp?spid=20636>



Sell SMART Moving towards a SMARTer consumer market

The knowledge paper on 'SELL SMART – Moving towards a SMARTer Consumer Market' co-authored by FICCI and KPMG was released during the event. The report has incorporated extensive discussions with senior stakeholders of the retail and FMCG sectors and has tried to present an all-encompassing view of the opportunities and issues present before these sectors. Retail and FMCG sectors possess a tremendous growth potential. It is very important that the challenges faced by these sectors are collectively addressed by the industry stakeholders, so as to enable them to maximise the opportunities and at the same time ensure that consumers have access to good quality products that are affordable and are responsibly manufactured. The report is unique and has recommendations for industry and the government.

Clear action plans were suggested. Key among these recommendations is the early passage of the Goods and Service Tax Bill, the Land Acquisition, Rehabilitation and Resettlement Bill, creating strong antidumping laws, utilizing the current regulatory mechanism to ensure a curb on misleading advertisements, and the creation of a Retail policy and a nodal ministry for retail along with granting it an industry status and clarifying the mist around the e-commerce definitions and treatment.

<http://www.ficci.com/publication-page.asp?spid=20617>



Study on Sub-Standard, Spurious/Counterfeit Pesticides in India 2015 - Report

The rising population, Increasing food demand, Shrinking agriculture land and loss of crops due to the attack of pests and diseases have made the crop protection chemicals all the important in today's world.

However there is an increasing concern about the menace of spurious agrochemicals. our study reveals that, non-genuine products worth INR 3,475 Cr. p.a. are sold in the Indian market.

<http://www.ficci.com/publication-page.asp?spid=20641>



Knowledge Paper on Plastics Industry

Plastic industry is making significant contribution to the economic development and growth of various key sectors in the country. However, India observes significant regional diversity in consumption of plastics with Western India accounting for 45%, Northern India for 24% and Southern India for 21%. Bulk of the consumption in Northern India is again from the end use industries such as Auto, packaging (including bulk packaging), plasticulture applications, electronic appliances etc. However, plastic processing in other parts like Rajasthan, Punjab, Haryana, Uttarakhand, J&K and Himachal Pradesh are expected to grow in the coming years, based on increased availability of feedstock and higher focus on manufacturing sectors. Northern India is said to have an inherent disadvantage of being away from ports hence a difficult target for low cost supply of plastics through import. However, this same situation makes the domestic plastic processing more competitive and provides significant opportunity.

Current low levels of per capita consumption (~ 10 Kg) along with increased growth in end use industries could propel the growth of plastics in North India further.

<http://www.ficci.com/publication-page.asp?spid=20607>



Tourism Infrastructure: The Role States Play

In 2014, the Travel & Tourism industry generated INR 484.69 trillion (9% of global GDP) and 27.7 crore jobs (1 in 11 jobs) for the global economy. It has been growing at a higher rate than significant sectors such as automotive, financial services and health care in the past few years.

On lines of the global trend, the Indian Travel & Tourism sector contributed INR 764.25 billion, which is 6.7% of GDP of India, and supported 3.66 crore jobs in 2014. However there is huge potential to increase the share of tourism in India's GDP to the world average figure of 9.5%. India sees the 11th largest tourist inflow in the Asia-Pacific region and the 42nd worldwide, according to India Tourism Statistics 2013. The Indian tourism industry is thriving due to an increase in the number of foreign tourists (annual growth of 7% from 2010-14) to India and greater number of Indians travelling to domestic destinations than before. Domestic sector's contribution to the real growth of tourism industry has increased substantially.

<http://www.ficci.com/publication-page.asp?spid=20610>



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