

Australia at risk on slow boat to India

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Is Australia missing the boat on India? While we are excited by China, are we also aware that old bureaucratic India, old cultural India, staid old India with the legacy of the caste system is actually taking off?

The signs of change are everywhere in India, but nowhere more so than in two recent newspaper reports — in a poll commissioned by The Economic Times, Bill Gates has replaced Mahatma Gandhi as the "greatest hero" among the younger generation of India's corporate executives and business students while the front page of The Times of India reported that there were now 10 million mobile phones in New Delhi alone.

Have we missed out? Among our competitors, the City of London is not holding back in building its relationship with this new India — it has declared the whole of next year as "The Year of India" and will match this with business, cultural and political events.

Consider these "big-five" indicators of just how far and how fast "good old India" is going:

- Wipro has acquired Sweden-based Hydoauto Group AB for \$US31 million (\$A41.1 million).
- India is easing bank regulations so that the Reserve Bank of India will open more of the large power projects to external investors.
- The global ACNielsen Consumer Confidence Survey has India at the top of the list by a large margin.
- In three years there will be 1.1 million people each with a liquid wealth of \$US100,000. There are now 83,000 millionaires in India and growing.
- The private equity market attracted \$US2.2 billion last year and is set to reach \$US7 billion in 2010, the year of the New Delhi Commonwealth Games.

While we're talking about bureaucracy (we Aussies tend to think bureaucracy is a premium in India) did you know that one of the biggest turn-offs on travel by wealthy Indians to Australia is our complex visa paper work? Memo to government — Indians are travelling in big numbers and not enough are coming here.

And just in case you think the Commonwealth and cricket will make them look this way, the Indian economic leaders expect China to be their biggest trading partner very soon. India is building average annual growth of GDP of 8 per cent by "looking east" in its own way, powering to be the fourth-largest economy in the world, with more than 300 million in the middle class.

The cumulative wealth of India's affluent sector was \$US203 billion last year, but it will be \$US322 billion by just 2009.

Against this background of radical change, Australia celebrates that one Bollywood film was made here, and it's a good start but these films are released almost daily in India. Yes, Indians know us for education, cricket and the film shot in Melbourne, Salaam Namaste, and we should try to attract more of the producers from Bollywood because films like this are a marketer's dream.

Australian entertainers are pretty well known over there, and while Ricky Ponting might be the best known Australian, Steve Irwin, the "crocodile hunter", was also very big and with 90 cable TV channels, there is room for more productions from Down Under.

A lot of our television production is geared to young audiences, and what is gripping about the new India is young people. In 30 years or so India will have an economy that is still growing with one of the highest (perhaps the highest) proportion of working-age people in its population. India's youth contrasts with Japan, China, the US and Australia, all of which are heading to having lots of old people. So for "young" India, this is not a bubble, this is not a trend, it is sustainable — India will be growing for many decades yet.

Australians with an open mind will find this new India a scene of wonderful contrasts — it is possible today to be in parts of Mumbai, surrounded by squalor, dodging cows and the occasional elephant, and think not much has changed, yet within five minutes be surrounded by gleaming, modern office towers and shiny shopping malls, wondering if this is not really Sydney.

Many complain about airport chaos, crumbling roads and failing power in India, but the signs of change are there: both the Mumbai and New Delhi airports have been privatised and there are plans to double electricity production by 2012. My own experience was that, while neither airport is very attractive, they both seemed to work reasonably well.

India has its own time scale, and you can do things there but it will take longer. Veterans of the Indian business scene tell us that even when all seems to have stalled, things could be happening behind the scenes, so patience is a key. Yet there are times India will move faster than you expect.

A whole range of small and medium enterprises are taking up opportunities in "the new globalisation", which makes collaboration between the smallest of firms possible in any part of the globe.

Some of these include services in clean technology, security, education, and consumer products from the small end of town.

The new trend in trade is "collaboration", finding the niche on the product or services supply chain where you can really add value, rather than doing the whole thing.

There are some "hidden" opportunities for Australian exports to India, and these include training services in the so-called "soft skills", because Indian management graduates are light-on

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in communication, leadership and more. Others are financial services, electronic learning and professional services, though our accountants, engineers and architects are already there.

We could do a lot better on the tourism front, because Indians are travelling in big numbers, but mainly to Europe and South-East Asia, with some feedback to us that many Indians are not sure what to see Down Under, or even whether they will be welcome (plus those pesky visa forms are a mass turn-off).

We can also expect more Indian investment in Australia. Technology companies such as Wipro and Infosys have already invested here, and our resources sector is expecting a new wave of Indian money.

At a political level, we are engaging with this new India. Our Prime Minister visited earlier this year and almost all state premiers have recently been, plus our diplomatic mission in New Delhi is one of the few around the world that is growing. But it is in the level of business dialogue that we are missing out. A structured, well co-ordinated program of business-to-business dialogue would encourage more action from both countries.

The point is, we can't expect to sit back and let it happen. As we look to India, let's remember the words of Albert Einstein, that "imagination is much more important than knowledge".

The next generation of Indian business, cultural and political leaders will add value by thinking creatively, independently and differently — and we Aussies should be there with them.

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By Stephen Manallack

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