



Cashing In on India's Boom

How Americans Can Get Rich, Too

By LIZ BOROD WRIGHT

March 3, 2006 — - President Bush might have skipped the Taj Mahal during his first presidential visit to India, but he sure wasn't going to miss the country's other main attraction: its booming market.

Today, when visiting the southern city of Hyderabad, one of India's premier centers of technology, Bush paid homage to the country's growing business sophistication by stopping by the Indian School of Business, an unusual institution created through a collaboration of top corporations and two of America's best business schools, the University of Pennsylvania's Wharton School of Business and Northwestern's Kellogg Graduate School of Management.

Calling India a "wonderful trade opportunity," Bush told the ISB students that although it has been painful for U.S. workers who have lost jobs to India, American companies stand to sell lots of goods and services to the 300 million members of India's growing middle class.

But you don't have to be a corporation to cash in on India's boom. Individual Americans, too, can find themselves lifted by the wave of prosperity if they play India's exploding market the right way.

"Invest in U.S. companies that are taking advantage of cost savings, companies such as GE, Citicorp and American Express," says Jagmohan Raju, a marketing professor at Wharton and executive director of the Wharton co-sponsorship with ISB, "as well as those that can capitalize on the growing market in India -- Motorola and Nokia are selling mobile phones at a very rapid rate."

It also makes sense to invest directly in Indian companies. As the purchasing power of India's middle class grows, the car and two-wheeler markets have heated up, says Raju, who points to automobile manufacturers, such as Maruti and Tata Motors, and bike makers, such as Hero Honda and Bajaj Auto, as hot investments. Retailing and education and microfinance are also good sectors for American investors, according to Raju.

Kaushik Basu, a professor of international studies and economics at Cornell University, recommends the infamous back-office outsourcing as "the best sector" for Americans to invest in and for entrepreneurs who want to start businesses in India.

"One specific sector that I think will see big growth is the production of books, from copyediting and proofreading to typesetting and binding," Basu says. "Given India's large English-speaking population and growing skills in manufacturing, this is a natural sector for growth."

But buying shares in companies listed on stock exchanges is the simplest way to get in the game.

"As individuals, the best way to invest in India is through the stock market," says Usha C.V. Haley, director of the Global Business Center at the University of New Haven and author of "Strategic Management in the Asia Pacific: Harnessing Regional and Organizational Change for Competitive Advantage." "All emerging markets are fraught with risk, and information on their companies is both at a premium and unreliable. India is no different."

Basu agrees, saying "the best option is to invest in Indian stocks and shares."

"The equity market in India has boomed, and though the sharpness of the rise may now abate, there will be handsome gains to be made here for some years to come, given India's huge capital needs," Basu adds.

Many Indian companies, such as Tata Motors, Infosys and Wipro, are even listed on American stock exchanges. But it's not difficult to buy stocks through foreign exchanges, including the main Indian stock index, Sensex, which hit record highs in February.

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