



## **Report of the Wolfsberg Think Tank "The New Climate for Business Opportunities in India Today" led by Ratan Tata, Chairman of The Tata Group, Mumbai, India, at Wolfsberg on 19 March 2004**

1. The participants at the Think Tank were delighted with the event as a whole. After Mr Tata's brief introductory remarks, he responded to a series of questions first by Mr Bernhard Imhasly (the NZZ India Correspondent) and then from the other participants. The discussion, which was off-the-record, covered everything from the national economy, foreign investment, political and monetary risks, export competitiveness, the fiscal deficit, healthy external account, infrastructure, comparison with China, and the sustainability of growth in the IT outsourcing market which has been so important for India.
2. The Tata Group is India's oldest industrial conglomerate (founded in 1868) and controls 2.5% of the Indian economy. It founded the first airline company, and funded the country's original scientific institute, the Tata Institute of Fundamental Research (and so can be considered to be at least one of the key reasons for India's membership of the nuclear and space clubs, not to mention being now the IT powerhouse of the world). The Group also has a record as one of the most transparent, uncorrupt, philanthropic and socially-responsible companies in the entire developing world. Currently, the Tata Group is active in everything from software to steel, and from tourism to trucks and tea.
3. Tata Iron & Steel is one of the world's five lowest-cost producers of steel worldwide (even cheaper than the Chinese), selling special steels to Toyota, Hyundai and other MNCs.
4. While Ranbaxy (one of India's top pharma companies) bought RPG Aventis in France to gain product licenses and market share, and while Bharat Forge bought Cardan Peddinghaus in Germany to add capacity and become one of the largest forge businesses in the world, Mr Tata encouraged Tata Motors to try to develop a small car entirely by themselves - only the exterior design is Italian. The Indica car was developed for \$350 million - in Europe or the US, it would have been at least thrice as expensive. There were initial teething problems when the car was launched, but the redesigned and retooled version, launched in 2001, became one of the biggest sellers in the small-car segment in India, selling 64k Indicas in the 12 months to end-March 2002 - an increase of 46% from the previous year. Since then, Tata Motors has introduced the Indigo car and bought Daewoo Commercial Vehicle Co Ltd in Korea. Rover Group (UK) is scheduled to import 20K cars made in India by Tata Motors, which expects to sell nearly \$3billion worth of trucks and cars in this FY (ending March 2004).
5. In 1991, Ratan Tata became Chairman of the group, which then consisted of more than 80 companies - with not even a common logo to tie them together! He has persuaded the group's fiefdoms to work much more closely together, eliminated tens of thousands of jobs, rolled back benefits, and encouraged innovation, specially by the young. In 2003, the price of Tata Motors and Tata Iron & Steel, both TRIPLED, in spite of a difficult start to their new initiative to enter the Telecoms business.

6. The Tata Group's is active in financial services through the following companies:

- Tata Finance, which focuses on loans to customers for buying commercial vehicles, cars and motorcycles.
- Tata-AIG General Insurance, which offers a complete range of insurance solutions ranging from motor vehicle, homeowners, personal accident, travel, energy, marine, property and casualty to several specialised financial lines of insurance.
- Tata-AIG Life Insurance, which offers a broad array of life insurance products to individuals as well as groups. For groups, the company offers life products. For individuals, the company offers term products, endowment products and money-back products.
- Tata Investment Corporation, which invests in shares, debentures and other securities - principally for the promotion of projects with new Indian entrepreneurs and foreign collaborators.
- Tata Share Registry, which acts as Registrar and share-transfer agent for equity, debt and fixed deposits, but also operates payroll and employee trust-fund administration and management, Web-enabled applications that add value and improve services to employees, an E-HRMS software package, record and document management services, and transaction processing.
- Tata TD Asset Management, which operates the Tata Mutual Fund, including equity / debt / balanced options that offer low to high risk, linked with moderate to high returns, for short- and long-term investments.
- Tata TD Waterhouse Securities which offers its clients a range of investment options, including mutual funds, debt and fixed-income instruments, equity, IPOs, and structured investment options - as well as depository services to its clients.

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