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Guest blog: Six reasons to invest in India

Our guest blogger's checklist for why you need to look at the subcontinent

By: Alex Alagappan | From: [BUSINESS without BORDERS](#) | Date: Thursday, February 17th, 2011

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Guest blogger Alex Alagappan is a partner with [Rmagine](#), a Toronto market-entry strategy consultancy. He also puckishly styles himself "Chief Big Rain." Alex writes in an equally whimsical manner but his message about why your business needs to consider investing in India is very serious and unusually well reasoned.

Here's one reason why you should expand your business to India. Just one. Actually, it's six reasons wrapped into one simple reason why your business must venture out to India.

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Whether you are in the business of laying roads or eggs, you know the fundamental reason why a business succeeds: it is the consumer or the user. And Indian consumers are the one reason why any business needs to enter India. Examine the six qualities that make the Indian consumer base unique.

Consumer demographics: India has 10 times as many consumers, as Canada—300 million reasonably well-to-do consumers. They're young: 65% below 35; 60% are of working age. There are 42 cities with more than one million in population. A huge, young, vital, urban India awaits.

Low consumption levels in any category, compared to North America. Is your glass half full or half empty? Today, a business owner, irrespective of whether he is into waste-management or warehousing, would ache for markets that promise robust growths for the next couple of decades.

Affluence is spreading. By 2025, says a McKinsey study, middle-income Indians will number 400 million more than today's U.S. population. Wallet-conscious doesn't matter? Affluents will be 24 million strong—Australia's population today. Yoyos to yachts, welcome.

Aspirational: India is youthful and increasingly urbanized and educated. Her attitude to consuming and experiencing new things is going through quantum shifts, leading to double-digit growth in everything from food to fashion.

Cheap labour, but not just the low-skilled guy-flipping-burgers kind—it's also research analysts. Investment in human resources in India is far more manageable. Consider the average annual cost of an engineer in India: \$8,000! In North America you couldn't get a burger flipper for half a year at that price. The same applies to raw material and components that a business needs. This is a major advantage, whether you produce auto parts or agro-products.

Skills and talent: It's the cherry-on-top: knowledge workers bring all this to every business. Fortune 500 companies are setting up R&D hubs in India. As Peter Hall, the chief economist for Export Development Canada has observed, India will add 100 million new workers every decade. English-speaking, smart, educated knowledge workers for whatever your business would need to grow—whether it's recycling or retail.

So, spa, school or solar, it is time you explored India. Export to India? Produce in India? Or tap Asia and Africa from India? That's the promise that the subcontinent holds for your business. It's time you moved from "why" to "how."