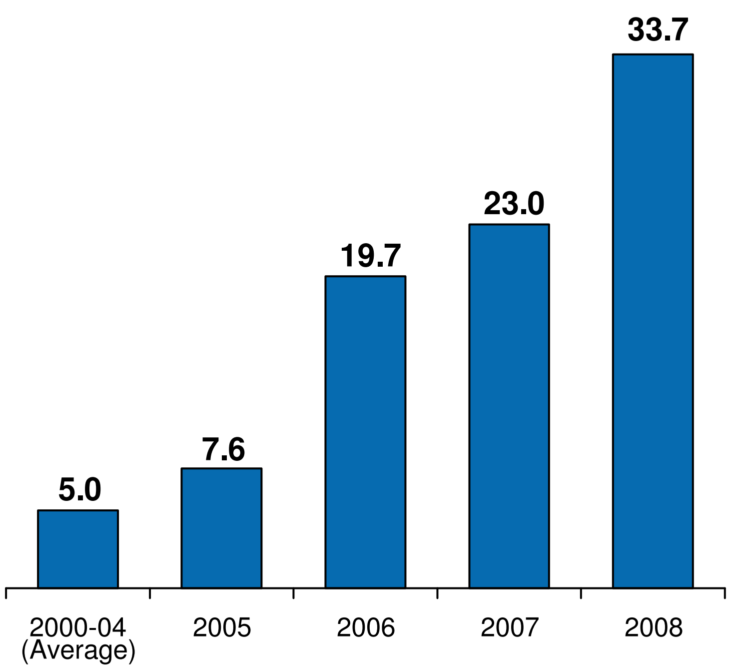
Delhi, April 24th 2009

Foreign Direct Investment in India

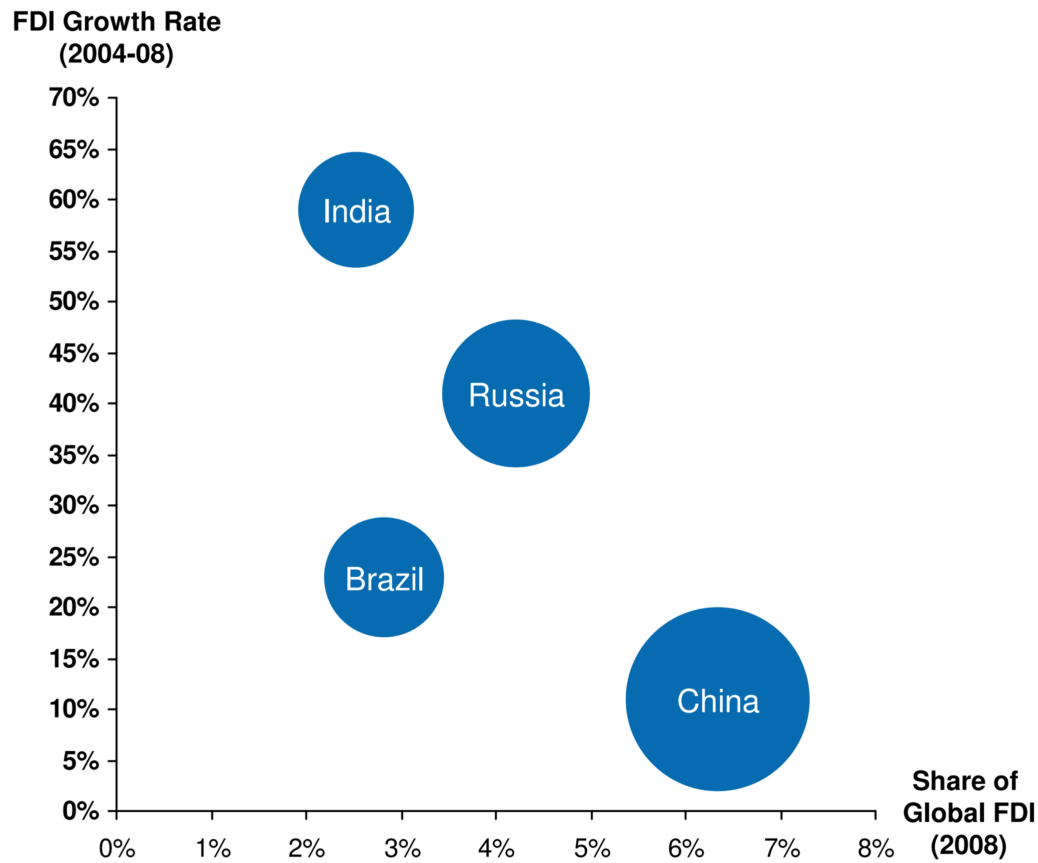
An AMCHAM and Booz & Company Study

Rapid FDI growth in India from 2005 onwards

FDI in India
(US$ Bn)

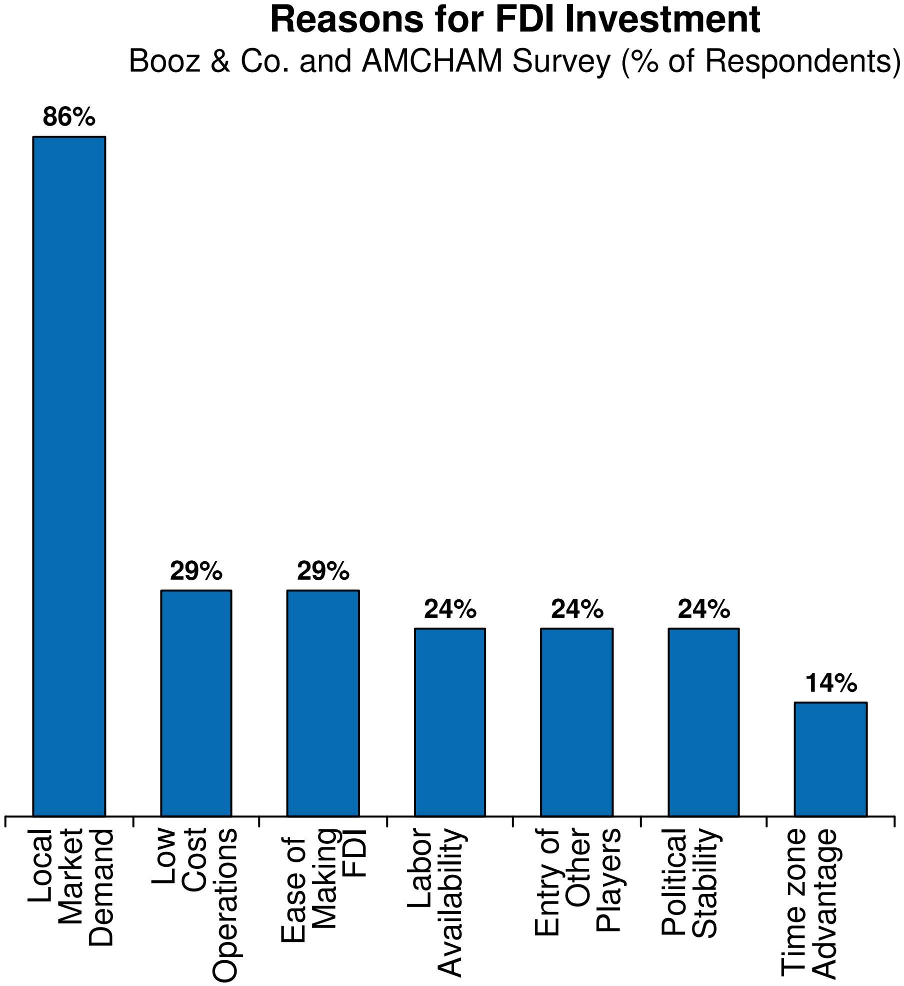


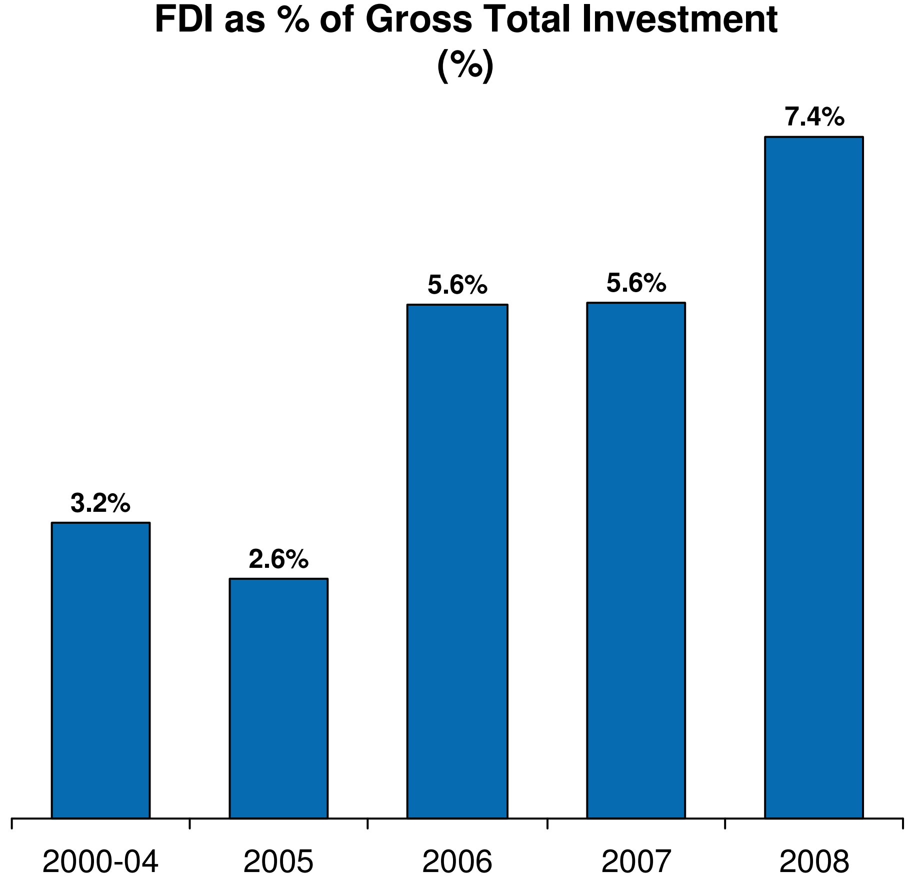
Global comparison of FDI
(%)



Source: World Investment Report, IHS Global Insight, CIA, DIPP, Ministry of Finance, World Economic Forum, Media Reports, Booz & Company Analysis

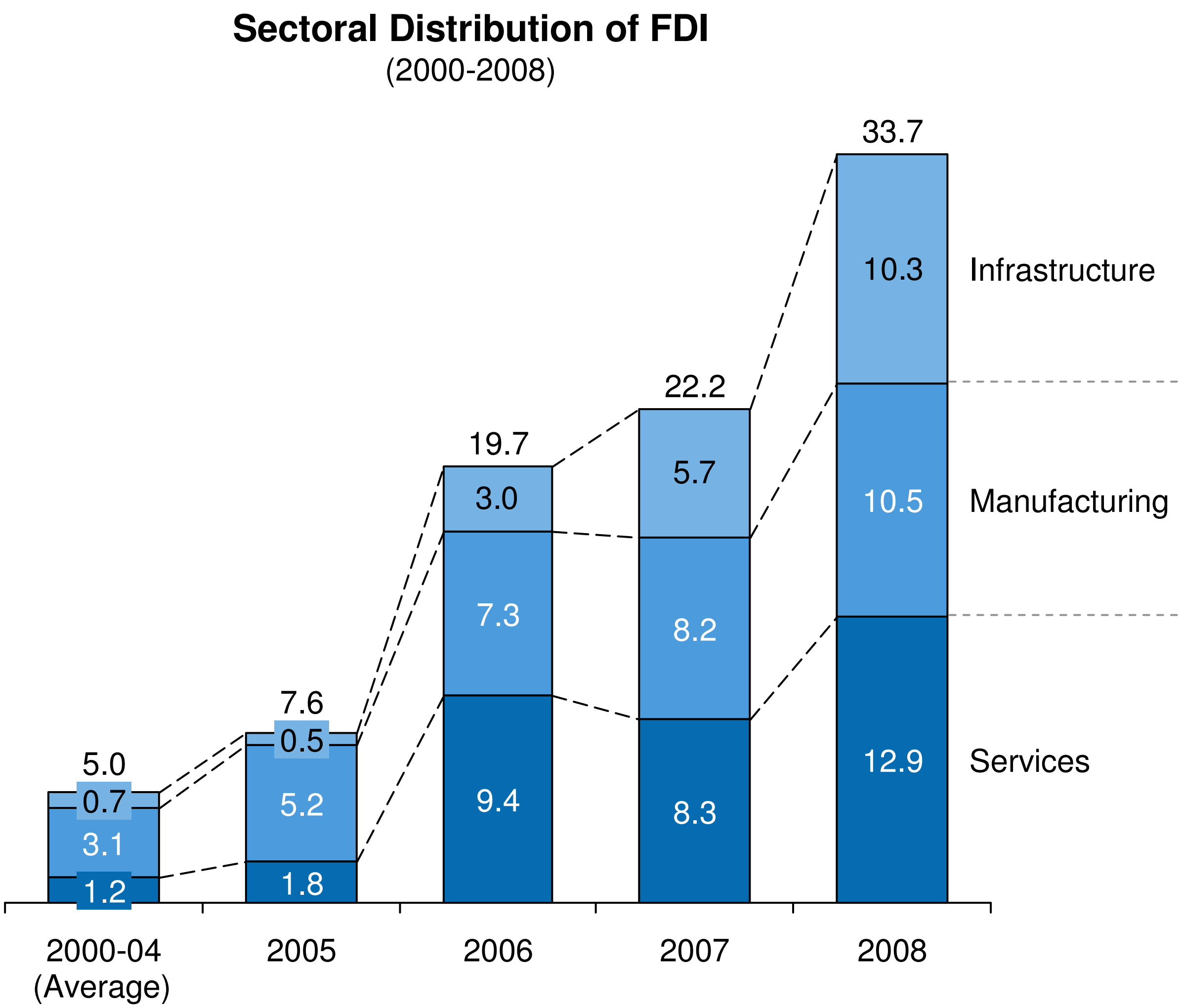
FDI growth in line with overall investment growth - local market demand key driver





Source: Booz & Company and AMCHAM Survey; DIPP: Global Insight; Booz & Company analysis

Growth has been driven by the services sector



Key Industries Included

Infrastructure:
- Housing and Real Estate
- Construction Activities
- Petroleum and Natural Gas
- Power
- Ports
- Rail
- Air Transport and Freight

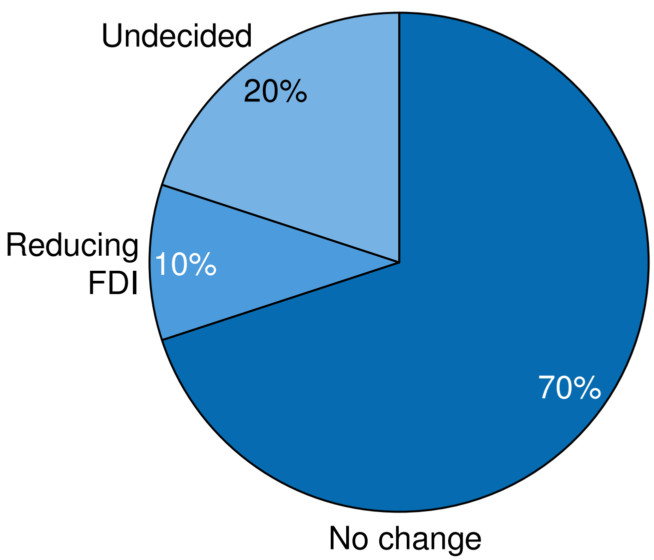
Manufacturing:
- Computer S/W and H/W
- Automobile
- Metallurgical
- Chemicals
- Electrical Equipment
- Drugs and Pharma
- Paper & Pulp

Services:
- ITES / BPO / KPO
- Telecommunications
- Trading
- Information and Broadcasting
- Hotel and Tourism
- Consultancy
- Hospital and Diagnostic

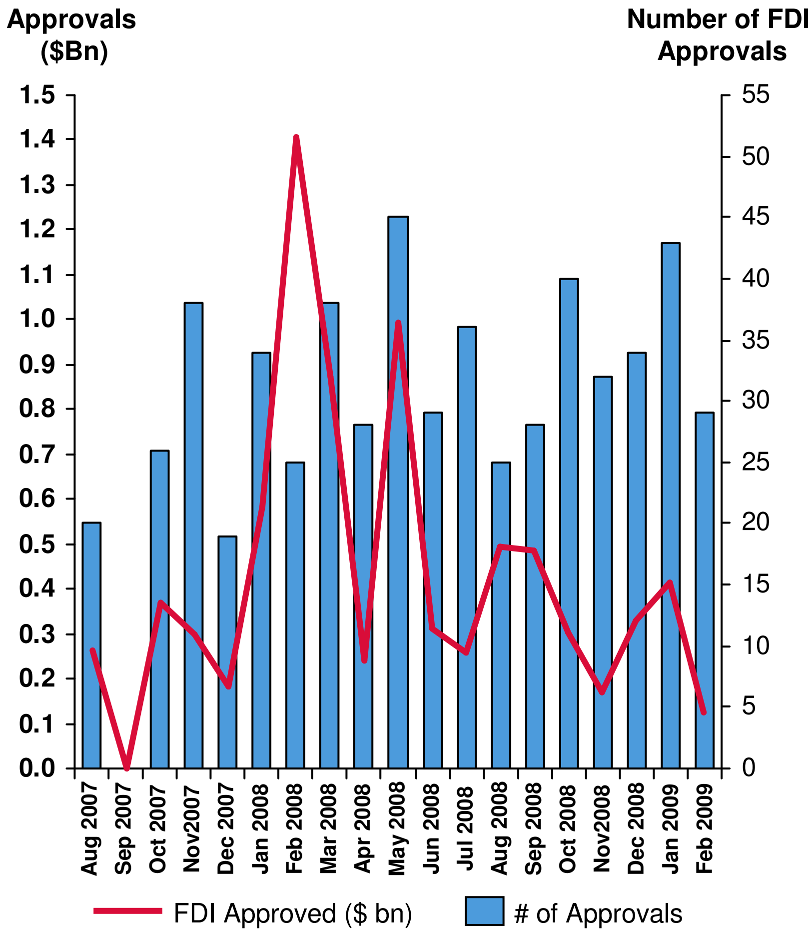
Source: DIPP: Booz & Company analysis

Limited FDI impact in the short-run

Short-Term FDI Expectation
Booz & Co. and AMCHAM Survey



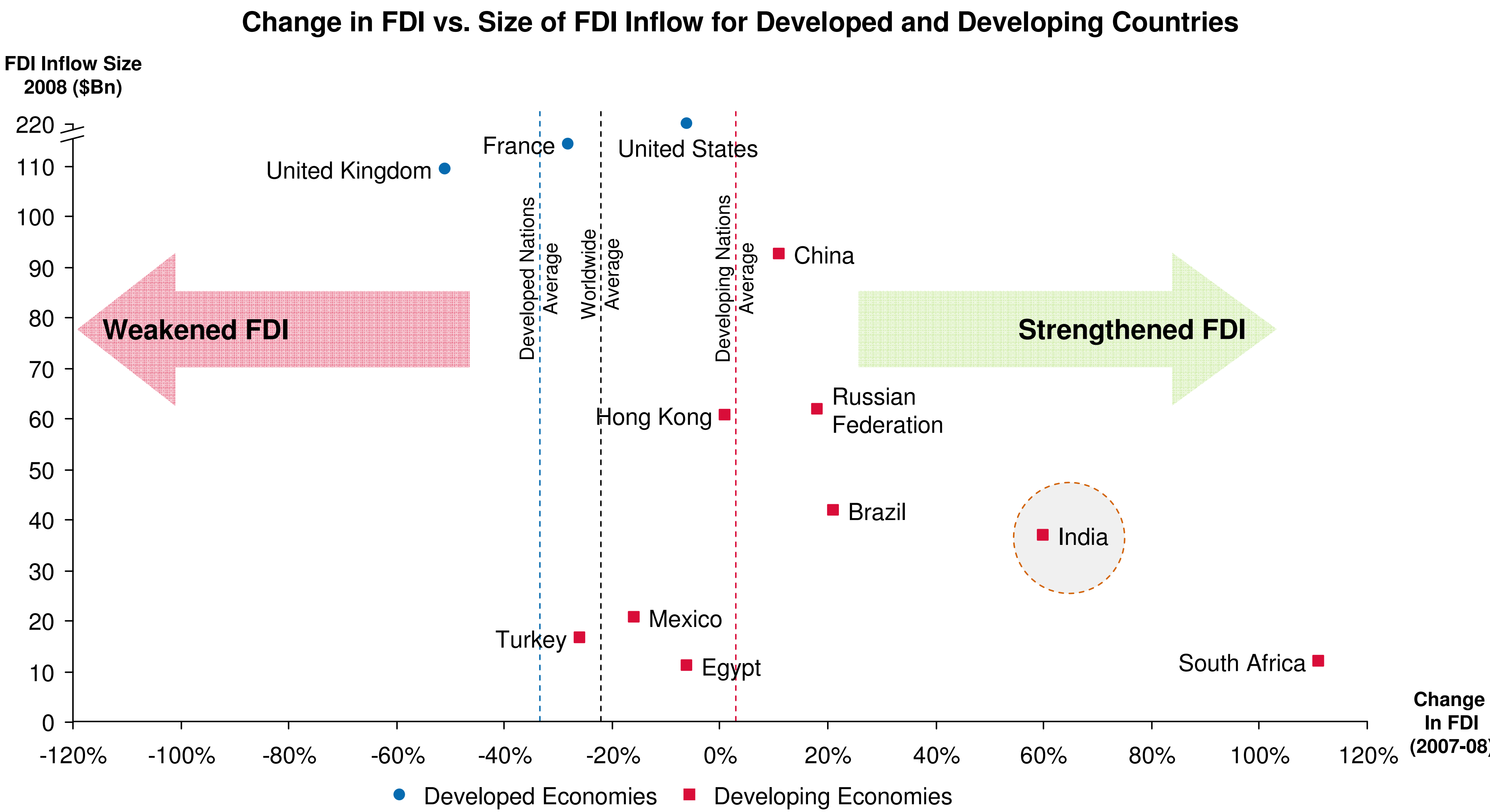
Monthly India FDI Approvals
(Jan 2007 to Feb 2009)



- Commitment continues
- "Re-profiling" of flows
- Environmental uncertainty

Source: Booz & Company and AMCHAM Survey; Booz & Company analysis

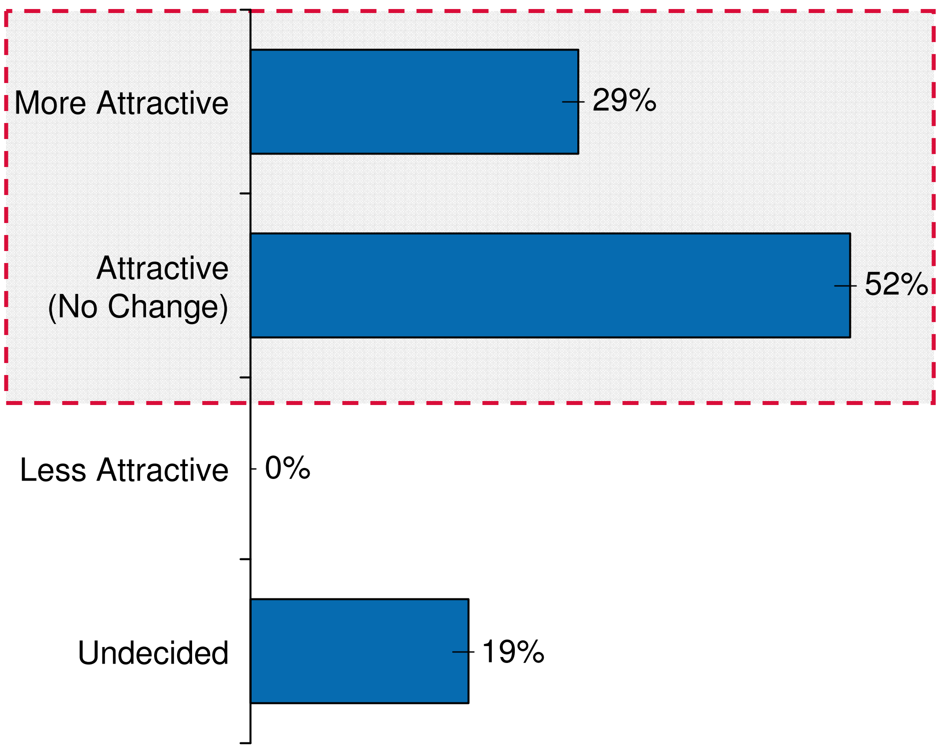
In-fact India is a relative gainer in global FDI share



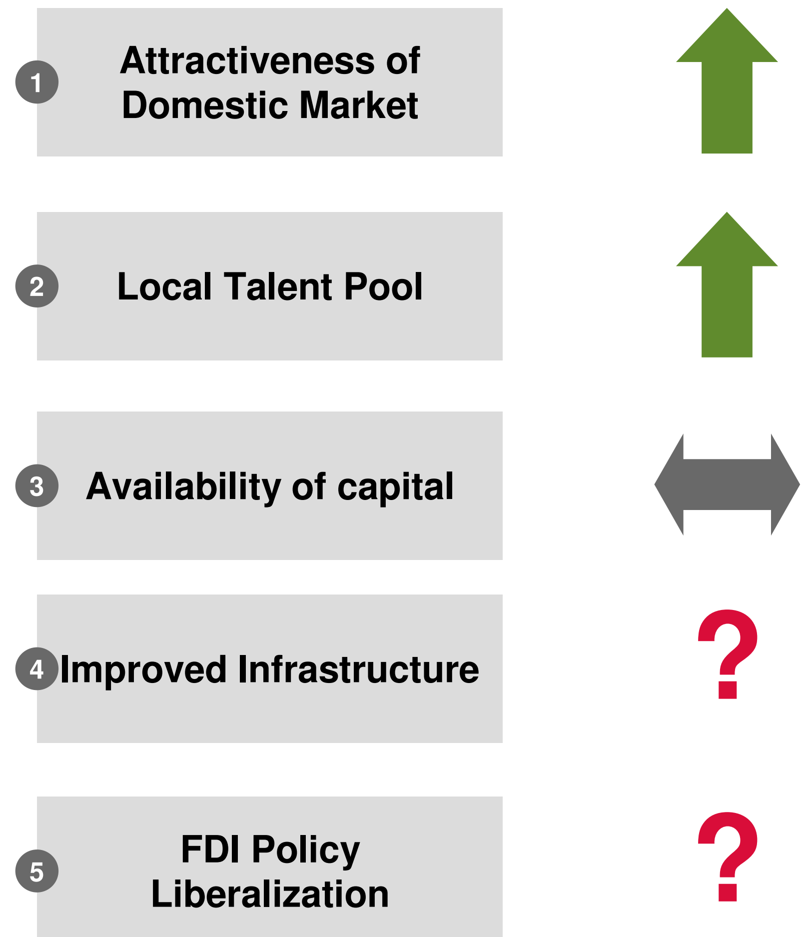
Source: Global Insight, Booz & Company analysis

In the long-term, continued positive outlook

Long-term Outlook on FDI into India
Based on Booz & Co. and AMCHAM Survey



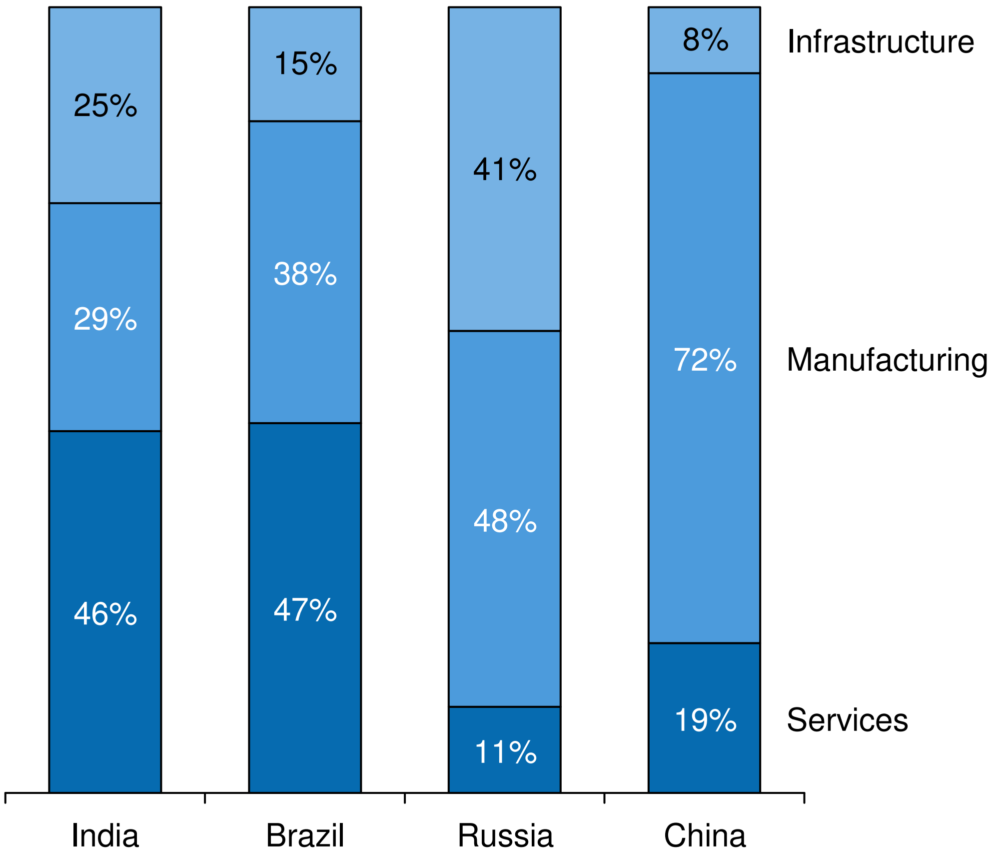
Long-term Drivers



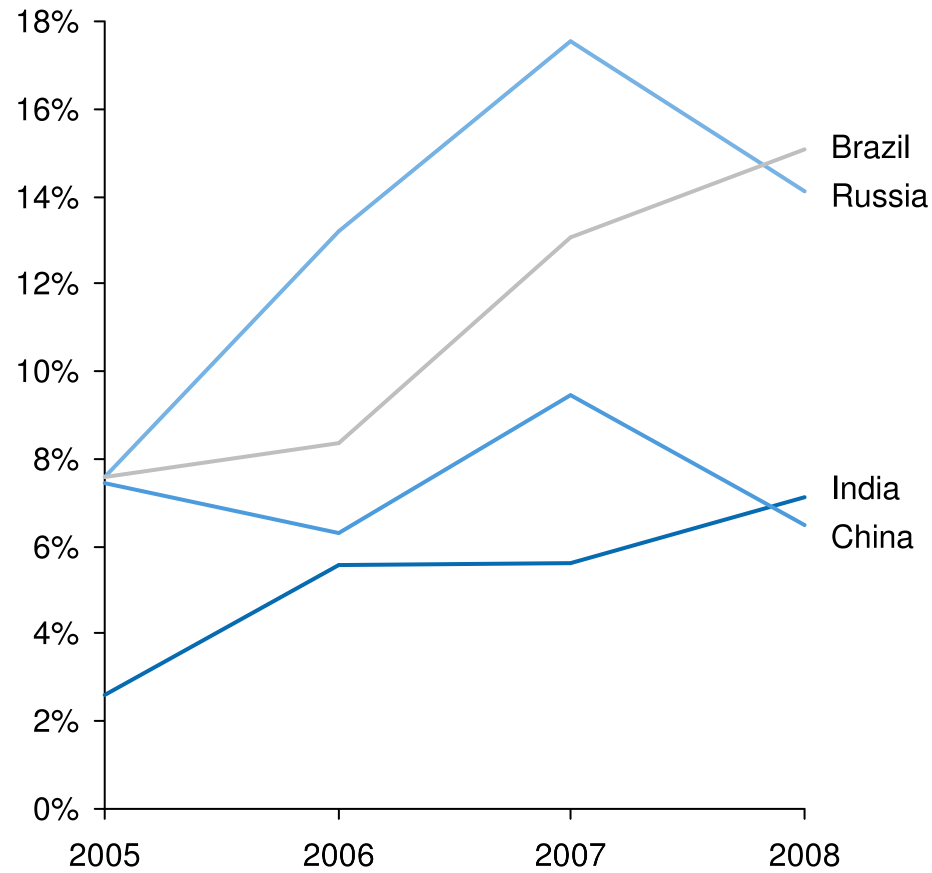
Source: Booz & Company and AMCHAM Survey; Booz & Company analysis

India's opportunity

Sectoral[1] Comparison of FDI Investment
(Various Years from 2000-2008[2])



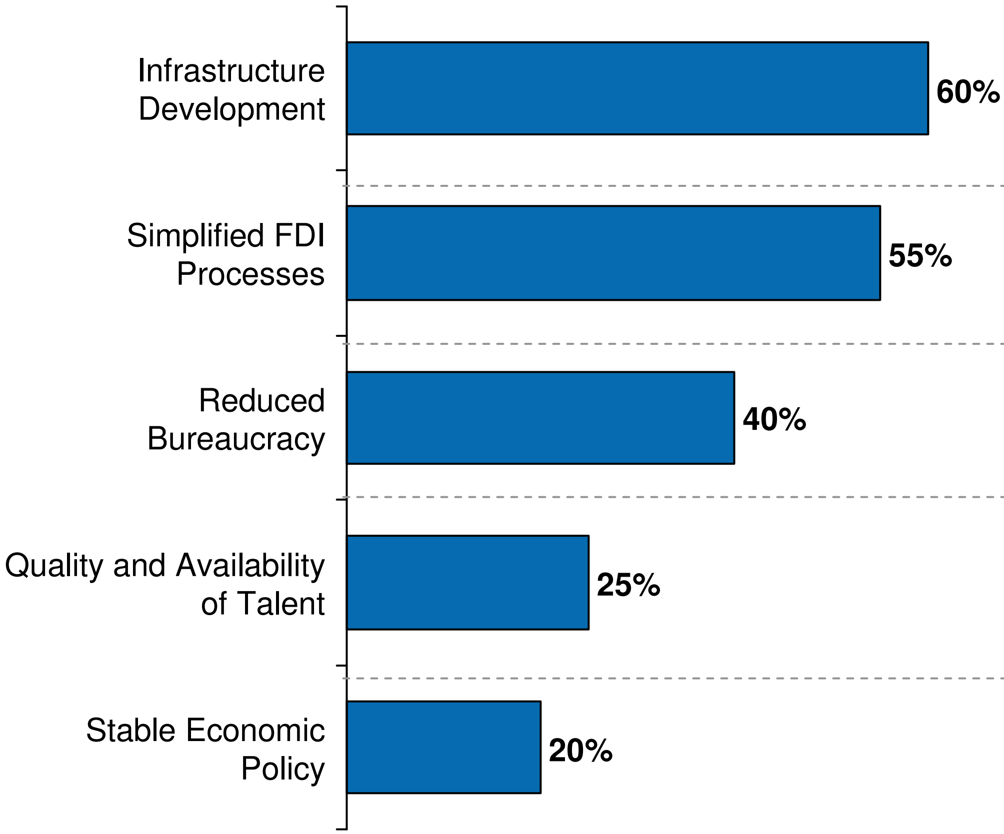
FDI as % of Gross Investment
(%)



1) Multiple sectors reported by DIPP Have been combined together into the three higher level sectors
2) Same year data not available across countries, so representative years used from 2000 to 2008; India data is Jan 2008 to Sep 2008
Source: Respective Central / Reserve Bank Statistical Databases, Research Reports, UNCTAD, Booz & Company Analysis

Seizing the opportunity

Top 5 Drivers for FDI Improvement in India
(% of Total Respondents Identifying Initiative within Top 5)



Key Concerns Highlighted by AMCHAM Members
(Quotes from Interviews)

- *It is hard to find economical raw materials for our manufacturing plant due to lack of proper roads*
- *The telecom sector cannot grow without further investing significantly in infrastructure development*

- *It is not clear where we can and where we cannot invest - the government needs to create clear guidelines for FDI investment*

- *To get funds for manufacturing we used the automatic route, but to set up the plant we needed approvals for starting building construction, final building audit, manufacturing permit…*

- *Educated employees are available but there is a serious lack of "employable talent"*
- *Labor laws are antiquated and have not changed for the last 50 years…focus is not on improving productivity*

- *Doing business in different states is like doing business in 30 different countries*

Source: Booz & Company and AMCHAM Survey; Booz & Company analysis