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## **Confidence in economy fuel's India Inc.'s ambition**

**Governance deficit and high food inflation seen as key challenges to the Economy**

**Reforming agriculture and improving transparency in policy implementation key priorities for the Finance Minister to address in Budget 2011**

**Delhi, India, February 28 2011.** India Inc. is confident about the economy and has aggressive growth plans, a [new poll](#) of senior Indian managers conducted by Penn Schoen Berland, in partnership with Bloomberg UTV, to assess what India Inc. see as key challenges and priorities for Budget 2011 reveals that 90% of the CEOs, CFOs, Vice Presidents, Heads of Business Units and General Managers surveyed expect India's current growth rate (7-8%) to continue or for the economy to grow even faster.

India Inc. has aggressive global and local expansion plans, with corresponding hiring plans, even while global recovery continues to move slowly. 68% of Indian managers plan to expand globally, while 74% plan to expand locally – just 2% plan to reduce the scale of their operations.

Of managers who plan to expand, 45% plan to infuse fresh capital locally, 21% plan to acquire companies and 21% plan to seek FDI. India Inc. is generally bullish on investment over the next 12 months, 81% plan to seek new investments over the next 12 months, while only 8% don't plan to seek new investment at all. When it comes to creating jobs and hiring talent over the next year, 67% plan to hire more people, and 34% will enhance compensation/increase salaries; however, 21% will rationalize headcount.

Nevertheless, managers identify a wide range of challenges for the Indian economy that the Finance Minister must address:

- 49% cite corruption & loss to exchequer as a significant challenge
- 35% cite poor governance
- 30% cite food inflation
- 24% cite the poor quality of India's infrastructure
- 15% cite rising subsidies

*"The results clearly show that India Inc. is bullish about the economy and has aggressive expansion plans; however they see 'high food inflation' and the 'governance deficit' as major stumbling blocks and would like the Finance Minister to address these through very specific interventions and present a growth oriented budget."* says **Ashwani Singla, MD & Chief Executive South Asia, Penn Schoen Berland.**

India Inc. believe that the revival of the economy's agriculture and food sector should be top priority for the Finance Minister to address in Budget 2011, 33% support the provision of easy credit to farmers to address the issue. 59% support credit expansion to address the pace of Indian industrial growth, the second most-pressing issue identified. Managers are also keenly concerned for the Finance Minister to address the issues of 'transparency & public accountability' and 'fiscal consolidation & monetary discipline.'

However, respondents are divided on whether coalition politics will allow the Financial Minister to deliver his promised reforms: 25% believe he will be able to deliver, 39% think coalition politics will get in the way, and 36% aren't sure.

### **About the Bloomberg UTV/Penn Schoen Berland Pulse of India Inc. Poll**

127 telephone interviews were conducted in India among CEOs, CFOs, Vice President, Heads of Business Units & General Managers in public or private firms.

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### **About Penn Schoen Berland**

Penn Schoen Berland ([www.psbresearch.in](http://www.psbresearch.in)) is a global communication advisory that specializes in messaging and communication strategy for blue-chip corporate, entertainment and political clients. Rooted in market research, Penn Schoen Berland has over 30 years of experience in generating unique insights about public opinion and providing client actionable ideas that gives them a competitive edge. We call this Winning Knowledge™.

Penn Schoen Berland is a member of Young & Rubicam Brands and WPP. In early 2011, it established its South Asia office headquartered in India.