



Tune into CNBC on January 30, 2010 at 8:30 pm to watch Mr. Anand Mahindra participate in a special WEF debate from Davos.

On the sidelines of the WEF Summit at Davos, Mr. Anand Mahindra spoke to BBC. The transcript of the story is given below.

Davos 2010: The West accepts India and China as equals

By Tim Weber
Business editor, BBC News website, in Davos

Once again, China and India are high on the agenda at the World Economic Forum.



India has gone a remarkable transformation over the past few decades

But something is different. Once they were seen as promising markets - China as workbench and India as services provider - for Western companies. The past 18 months have changed all that.

At long last, both countries - and other emerging markets like Brazil - are being accepted as true equals.

What a difference a global financial crisis can make.

'China-centric world'



In previous years, Chinese and Indian executives tended to display a prickly nationalism. Speaking to them, I always had the feeling that they tried to prove their importance. Not anymore.

"Post-meltdown, post-recession, there's a positively different expectation of India," says Anand Mahindra, managing director of automotive group Mahindra and Mahindra. The power shift is raising expectations.

“ There's no choice, you have to build your operations in these high-growth areas ”

Sir Martin Sorrell, WPP

"India wants to be part of the spec sheet. Are we there when the terms are being set for any major global issue?" asks Mr Mahindra.

In one of the meeting rooms here in Davos, a wall is dominated by a stylised map of the world. It's a look from high above the south pole. Latin America, Africa and Asia loom large.

The US and Western Europe look rather puny. And the UK is a mere speck on the wall.

Once, "the United States could export its recession around the world," says Stephen King, the group chief economist of HSBC bank.

This crisis is different. Emerging economies, especially China and India, managed to avoid the worst of the contagion.

It's "not perfect decoupling," says Mr King, but over the long-term the crisis has sown the seeds for a move towards a "China-centric world rather than a US centric world".

New trading bloc

Stuart Gulliver, executive director at HSBC, sees a new economic bloc emerging that would sideline the US and Western Europe - stretching from China, Asia Pacific, the Middle East and Africa to Latin America.



As a bloc, these countries have "a lot of investable

capital, huge commodity wealth, huge production capital and huge demand".

It's an area of emerging countries with so much domestic demand that a crisis in the West may cause it to stutter, but not to grind to a halt, argues Mr Gulliver.

Mr King points to the last three months of 2009, when China's economy (and its exports) rebounded, even when US consumer demand did not.

The crisis has tipped the power balance.

This makes emerging economies a great place to invest, say private-equity investors like David Rubenstein of the Carlyle Group.



Shanghai is now one of the financial centres of the East

Sir Martin Sorrell, chief executive of advertising group WPP, says that if you're running a global company, "there's no choice, you have to build your operations in these high-growth areas."

China versus India?

But it is here, he says, where China has the edge.

"Without infrastructure it won't work. And that's the big difference between India and China."

Speak to any corporate boss from India, and they will admit that infrastructure problems - and bureaucracy - are holding the country back.

Take Priya Hiranandani-Vandrevala, the chief executive of Hirco, India's largest residential property developer.

Her company builds homes for the emerging middle classes - developments of 10,000 units for 50,000 people - schools, hospitals and sewage plants included. Getting such a project built can take eight to 12 years, she says, and requires a lot of work.



India's infrastructure is "frightfully underdeveloped," she says, and it is little surprise that "India has the third-lowest cement demand per capita in the world".

But her industry also demonstrates how India's economy is changing.

When the recession struck, the Indian real estate market "completely shut down for three to five months at the beginning of 2009," she says.

Then demand picked up sharply again - driven not by buyers working for Western companies but by truly domestic demand.

After all, according to Rajat Gupta of consulting firm McKinsey, India has the potential for the largest middle class in the world.

India is a country that is turning "one billion people into one billion consumers," says Manvinder Banga, the president of Unilever's global food and personal care division. It will be these consumers, that will truly shift the world's economic power balance. Maybe not this decade.

But if Davos is any guide, it won't take much longer.

<http://news.bbc.co.uk/2/hi/business/8486094.stm>