

Recession Proof Industries that We can Trust on

Written by Faiz Askari, Editor-Technology, Small Enterprise India.com
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With global recession blues still lurking in the business scenario, and the way business is being done - everybody is talking of slow down in business. Still, in India, there are few segments which will grow in this adverse situation. We are presenting our perspective in this direction.

Food - The Sunrise Sector

Well, it goes without saying that no one can survive without basic food material like milk, cereals, vegetables, drinking water etc. Hence we should remember that no matter what happens on global bourses, food processing companies in India will not be affected much and rather will earn profits by increasing the price points at usual intervals.

To elaborate on this, according to Ministry of Food Processing Industry (MFPI), the food processing industry in India was seeing growth even as the world was facing economic recession. According to the minister, the industry is presently growing at 14 per cent against six to seven per cent growth in 2003–04. The Indian food market is estimated at over US\$ 182 billion and accounts for about two thirds of the total Indian retail market. Further, the retail food sector in India is likely to grow from around US\$ 70 billion in 2008 to US\$ 150 billion by 2025. So Food and food processing can be one segment to closely watch out for the SMEs or the SMBs.

PSU Banks - Banking on Stability

While private sector might resort to cutting jobs due to global slowdown, the public sector undertaking (PSU) banks have gained greater confidence due to job safety and security. A report "Opportunities in Indian Banking Sector", by market research company, RNCOS,

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forecasts that the Indian banking sector will grow at a healthy compound annual growth rate (CAGR) of around 23.3 per cent till 2011.

Education - Enlighting Always

As education is considered as the basic necessity and in India it is seen as a long term investment by parents and with respect to the demand still there is a huge supply gap. To study in foreign universities among the Indian youth is still quite common. This leads to an opportunity for foreign education institutions to target India provided vast young population willing to join. Huge government as well as private investment is likely to flow into the Indian educational system. D E Shaw, a US\$ 36 billion, global private equity firm is planning to invest around US\$ 200 million in the Indian education sector.

Railways - Always on the Go

With the aviation sector getting affected badly and resulting in sharp rise in the air ticket rates, the frequent travellers will prefer railways to cut the cost of travelling and this will result in increased traffic in railways and long queues at railway booking counters. The freight traffic of Indian Railways has continued to grow in the last few years, even at a slow pace, indicating only marginal impact of the global recession on the Indian economy.

The railways registered 13.87 per cent growth in revenue to Rs 57,863.90 crore in the first nine months ended December 31, 2008. While total earnings from freight increased by 14.53 per cent at Rs 39,085.22 crore during the period, passenger revenue earnings were up 11.81 per cent at Rs 16,242.44 crore. The railways have enhanced freight revenue by increasing its axle loading, improving customer services and adopting an innovative pricing strategy.

Telecom - Connecting the Country

Good news or bad news, people will not stop to communicate with each other due to global crises rather it has been seen that it will increase much particularly with mobile communication. With cheap cell phones available in the Indian market and cheaper call rates, the sector has

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become the necessity and primary need of everyday life.

Telecom sector, according to industry estimates, year 2008 started with a subscriber base of 228 million and we have closed the 500 million subscribersubscriber mark. The telecom industry expects to add at least another 90 million subscribers in 2009 despite of recession. More so, 3G and a possibility of moving towards 4G will increase spend and even more glitter in this segment.

Media and Entertainment

In current bad times, people are losing jobs and getting enough time to watch TV, they will seek entertainment at home and hence there is a strong case that advertising revenues will increase for the commercial channels. Also businesses like production of religious texts and religious materials, religious channels will do well. The TRP of religious channels will increase compare to the other entertaining/commercial channels.

According to a report published by the Federation of Indian Chambers of Commerce and Industry (FICCI), the Indian M&E industry is expected to grow at a compound annual growth rate (CAGR) of 18 per cent to reach US\$ 23.81 billion by 2012. According to the PWC report, the television industry was worth US\$ 5. 48 billion in 2007, recording a growth of 18 per centage of over 2006. It is further likely to grow by 22 per cent over the next five years and be worth US\$ 12. 34 billion by 2012.

IT - Enablement is the Key

Sources say that Indian IT sector will grow 30 to 40 per cent next year. And on the other side to survive in current slowdown, industries have to decrease the cost and for that they will resort to customised IT solutions which will further boost up the software solution demand.

India is fast becoming a hot destination for outsourced e-publishing work. As per a Confederation of Indian Industry (CII) report, the industry is growing at an annual rate of 35 per cent and India's outsourcing opportunities in the value-added and core services such as copy editing, project management, indexing, media services and content deployment will help make the publishing BPO industry worth US\$ 1.46 billion by 2010.

Health Care - Taking Care

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India in case of health care facilities still lacks the adequate supply. In health care sector also there is huge gap between demand and supply at all the levels of society. Healthcare, which is a US\$ 35 billion industry in India, is expected to reach over US\$ 75 billion by 2012 and US\$ 150 billion by 2017. The healthcare industry is interestingly poised as it strives to emerge as a global hub due to the distinct advantages it enjoys in clinical excellence and low costs.