

for Affiliates this month in Center research:

Emerging Global Print Markets: India

This month's eReview is based on *Emerging Global Print Markets: A Five-Country Comparative Study* (PICRM-2006-06), by RIT Professors Stan Widrick and Frank Cost. This monograph focuses on the current state and near-term growth trends of the printing industries in five countries with emerging market economies: Brazil, China, India, Mexico and Russia. For the month of November, the printing and publishing industry of India will be discussed.

Introduction

India is the world's second most populous country, and its economy is the twelfth largest. The country has been moving forward with market-oriented economic reforms that began in the late 1980s. Recent reforms include the liberalization of foreign investment and exchange regimes, reductions in tariff and other trade barriers, modernization of the financial sector, and adjustments in government monetary and fiscal policies. In recent years, India has seen robust economic growth and a burgeoning urban middle class. India's large, skilled workforce makes it a popular choice for international companies seeking to outsource work, and Indian firms now have two-thirds of the global market in offshore information technology services. There also has been a manufacturing boom in recent years, which has been driven by the efficient use of technology as opposed to cheap labor.

Despite impressive achievements in recent years, India's economic growth remains constrained by an inadequate infrastructure, multiple levels of bureaucracy, labor market rigidities, and regulatory and foreign investment controls. The recent economic situation is presenting policy challenges, including rapidly rising domestic demand, a widening trade and current account deficit, and inflationary pressures. Moreover, its huge and growing population poses tremendous challenges for social, economic, and environmental development. Continued efforts are needed in addressing infrastructure bottlenecks, alleviating rural poverty, and deepening global integration.

India's economic performance has been impressive in recent years. Increased openness and rising consumer and investor confidence are helping sustain rapid growth. Economic growth remained robust in 2004, with real GDP expanding 8.1%, compared to 7.2% in 2003. Strong performance continued in 2005 with GDP growth estimated at 8.3%, driven by momentum in manufacturing and services as well as strong domestic demand.

Center Spotlight

RIT Industry Education Programs
November & December 2007

RIT provides training in both traditional and digital technologies using world renowned instructors, comprehensive prepress and press labs, and state-of-the-art imaging facilities.

Our programs and services can help your organization make the most profitable use of new technologies, enhance productivity, boost customer satisfaction and produce a healthy bottom line.

Upcoming Industry Education Programs include:

November 13 - 15
Predictable Color Proofing and Printing

November 13 - 16
Printing Process Identification and Image Analysis for Forensic Document Examiners

November 28 - 29
Workflow Management - How to Analyse Build or Repair Your Workflow

December 4 - 6
Web Offset Lithography

For more information on these and other programs, or to register for any of these programs, please visit www.seminars.cias.rit.edu

Economic Overview

Inflation is under control and has hovered at about 4% for the last six years (see Table 1). The general government deficit for fiscal year 2004 was reduced to 7.4% of GDP from 9.0% of GDP in 2003, due to higher revenues and expenditure compression. The reduction of the fiscal deficit helped stabilize public debt at about 86% of GDP.

As a result of the relative stability of governmental economic policy and inflation rates, there has been a sharp increase in external foreign direct investment flows. FDI increased from \$104 billion in 2000 to \$241 billion in 2004.

The Industrial Production Index has increased from 131.9 to 174.7 between 2000 and 2005. This increase in productivity, paired with a stable economic landscape, has resulted in an attractive environment for foreign investment.

Table 1. Macro-economic overview

[click to view image full size](#)

Measure	2000	2001	2002	2003	2004	2005
Total GDP (billions of RS)	20,895	22,720	24,633	27,600	31,055	33,420
Real GDP growth	5.3%	4.1%	4.2%	7.2%	8.1%	8.3%
GDP measured at PPP (billions)	\$2,388	\$2,594	\$2,769	\$3,023	\$3,239	\$3,603
Annual rates of inflation (% growth)	4.01%	3.68%	4.39%	3.81%	3.77%	4.25%
Purchasing Power Parity	8.47	8.57	8.63	8.8	8.99	9.25
Industrial Production Index (1995 = 100)	131.9	135.4	143.2	153.3	165.6	174.7
FDI inflows (billions of RS)	104.2	160.6	167.7	198.9	241.8	
Exports (billions of U.S. dollars)	42.4	43.4	49.3	57.1	71.8	76.2
Imports (billions of U.S. dollars)	66.2	65.9	78.2	95.2	104.1	113.1
Annual lending rates	12.29%	12.08%	11.92%	11.46%	10.92%	--
Gross domestic savings per capita	22%	22%	22%	22%	22%	--
Tax rates on individuals (% ranges)	30%	30%	--	30%	--	--
Tax rates on businesses (% ranges)	40%	--	36%	37%	36%	--
Exchange rates (RS per U.S. dollar)	44.94	47.19	48.61	46.58	45.32	44.14

As of 2005, the average annual income stands at 20,338 Rupees (\$461), with the gross national income per capita increasing from \$460 in 2001 to \$720 in 2005. The average gross annual income has been growing in a pattern that exceeds the inflation rate (see Table 2) over the last five years. Income levels in India have increased over the last six years as the middle class has grown. In 2000, only 10% of households made more than \$2,500. This percentage nearly doubled by 2005 to 19.3% of households. While private consumption as a percentage of GDP decreased from 2001 to 2005, the overall national consumer expenditure levels have increased from \$301.5 billion to \$423 billion, representing a substantial increase of slightly over 40%. Private consumption as a percentage of GDP dropped from 63% in 2001 to 53% in 2005.

Table 2. Market intensity

[click to view image full size](#)

Measure	2001	2002	2003	2004	2005
GNI per capita estimates using PPP (U.S. dollars)	460.0	470	530	630	720
Consumer expenditures (billions of U.S. dollars)	301.5	315.3	349.1	384.9	423.0
Private consumption as a percentage of GDP	62.37%	62.56%	58.92%	55.88%	52.86%

A substantial proportion of exports are concentrated in agriculture (tea, coffee, fish), textile goods, gems and jewelry, engineering

registered Affiliate companies. Articles are also published in the quarterly printed publication *PrintReview*.

Subscriptions

You are receiving this newsletter because you registered as an Affiliate of the Printing Industry Center.

[unsubscribe](#)

Contact the Center

Co-Directors (email):
Frank Cost and Pat Sorce

Communications
Coordinator (email):
Ashley Waltz
(*Web site, publications, general info*)

Mailing Address:
Printing Industry Center
at RIT
College of Imaging Arts
and Sciences
Rochester Institute of
Technology
55 Lomb Memorial Drive
Rochester, NY 14623

Phone: (585) 475-2733
Fax: (585) 475-7279

About the Center

Dedicated to the study of major business environment influences in the printing industry precipitated by new technologies and societal changes, the Printing Industry Center at RIT addresses the concerns of the printing industry through educational outreach and research initiatives.

Support for the Center comes from:

Sloan Foundation
Rochester Institute of
Technology

Adobe
Eastman Kodak Company
Heidelberg
HP
NewPage Corporation
NPES

goods, chemicals, and leather manufactured products. Export partners in 2005 included the U.S. (18.1%), China (8.9%), United Arab Emirates (7.9%), United Kingdom (4.6%), and Hong Kong (4.2%). Many of these exports do not require substantial packaging or printing. While export growth continued, a large increase in both oil and non-oil imports caused the trade deficit to widen. Table 3 shows us that imports from the U.S. were just under \$8 billion in 2005, a substantial increase over 2001. Per capita imports from the U.S. have almost doubled, from \$3.67 per capita in 2001 to \$7.31 in 2005. In 2004, trade only comprised 19% of India's GDP.

Table 3. Market receptivity

[click to view image full size](#)

Measure	2001	2002	2003	2004	2005
Imports from the U.S. (billions of U.S. dollars)	3.76	4.1	4.98	6.11	7.96
Per capita imports from the U.S. (U.S. dollars)	3.67	3.94	4.71	5.69	7.31
Trade as a percentage of GDP	13%	15%	15%	19%	

Commercial Infrastructure

As an indicator of the potential of an economy to support growing business interests in the area, commercial infrastructure details the adoption of communication technologies by the population. Like many of the other countries in this study, the number of landline telephones per capita has grown only modestly over the study period. The overall growth rate from 2001 to 2005 has only been about 20%, moving from 3.75 to 4.51 landlines per 100 inhabitants. This rate is strongly contrasted against cell phone subscription rates, which have posted very strong growth rates over the period. In 2001, only 0.63 cellular subscriptions were active per 100 people, while subscription rates in 2005 stood at 8.16 per 100 people. This reflects the larger global trend towards migration to cellular telephony over traditional landlines. It is important to note that India's commercial infrastructure lags behind the other countries in the study. This can partially be explained by low per capita income levels and the relatively large rural population. Counter to the findings for other countries in the study, India has had steady growth in television sets per 1,000 people. In 2001, there were 673.6 sets per 1,000, and in 2005 the number of sets per 1,000 is reported at 772.2.

The use of personal computers increased from 4.6 million in 2000 to 16.3 million in 2005, which represents an average annual increase in excess of 20%. By 2005, 62.7% of India's households with a PC were online. The number of Internet users continues to grow rapidly. In 2005, 93 million people were categorized as Internet users, up from 5.5 million in 2000. Likewise, support for Internet services is lower than that within other countries in the study, but the growth rates have been stable over the 2001 to 2005 timeframe. At the beginning of the study period, there were 0.6 PCs per 100 people with movements to 1.5 PCs per 100 people. As in China, the number of Internet hosts has been restricted, and therefore has only moved from 81 hosts per million people in 2001 to 133 hosts per million people in 2005.

The Indian Printing Industry

The printing industry in India is one of the biggest and fastest growing sectors. Recent survey data shows that printing industry

revenue growth has consistently outpaced national GDP growth. The country has over 13,000 established printing presses with a capital investment of over \$1.82 billion. According to one estimate, the printing industry in India provides direct employment to 700,000 people and indirect employment to over another 450,000. The U.S. (29.9%) and Europe (30.3%) will be the major players to provide impetus to the growing print industry in India in terms of content outsourcing. An additional benefit to the industry is the belief that Indian publishers' quality of work is recognized internationally.

The Asia-Pacific region poses the largest demand for commercial printing. This demand is due to the large newspaper industries of China, India, and Japan. This region alone accounts for 33.5% of the global market, with a value of \$121.1 billion in 2004, followed by Europe (\$109.8 billion) and the United States at \$108.3 billion.

Industry Characteristics & Performance

India's media industry is undergoing a major metamorphosis as the Internet base is expanding and cable television is becoming increasingly accessible. As a result of this, major newspapers and magazines are now available on-line, but there is no statistical data available to prove its impact on the print industry.

A Morgan Stanley study of the Indian print media industry suggests that growth is due to relaxed governmental policy, allowing the expansion of foreign ownership holdings from zero to 26%. This bold change not only attracted FDI in the print sector, but also saw launch of fresh newspaper editions in the country. Foreign media companies are investing in Indian publishing. The UK's Financial Times acquired a 13.8% stake in the Business Standard, and Henderson Global acquired a 20% stake in the Hindustan Times.

The Indian government's decision to relax FDI investment limits on the Indian magazine sector also attracted key foreign players, such as the merger of BBC Worldwide with the Times of India group. BBC Worldwide currently publishes over 50 magazines, and, according to a Morgan Stanley report, the overall Indian magazine publishing market is worth \$238 million.

The constant progress in newspaper circulation and readership trends has, to an extent, been responsible for the increase of published newspaper titles, book titles, and periodical titles in India.

- Newspaper titles--from 490 in 1999 to 530 in 2004
- Periodical Titles--from 1,500 in 1999 to 1,860 in 2005
- Book Titles--from 15,080 in 1999 to 18,460 in 2004

The growth drivers behind the print media industry in India can be attributed to the following:

- A booming Indian economy, a focus on increased job creation, and significant rises in disposable income.
- Increased income and spending power of households due to the service sector expansion.
- Increased telecommunications and IT network connectivity in rural areas due to technological advancements.
- Open government policies and initiatives leading to

convergence in the information and broadcasting space.

The Indian newspaper and media market is viewed as the “next lucrative investment opportunity” by many UK publishers. The newspaper sales figure has grown by 2.3 million daily copies from 2003, and the reasons for this growing demand are rising literacy and bi-lingualism. For example, according to an Indian national readership survey published in 2005, Dainik Jagran, a Hindi newspaper, has added 6.1 million readers since 2003, and is the largest circulated Hindi daily with 21.1 million readers across India. Dainik Bhaskar occupies the second place, with 17.3 million readers. Eenadu is a regional newspaper, with 11.3 million readers.

By volume, India is potentially one of the biggest book markets in the world. The printing industry has begun speaking to the needs of a new customer: young, professional, English-speaking families with generous disposable incomes. English is the language of business and education in India, and therefore a majority of educational publishing content is in English. Today's Indian consumers are better informed than previous generations on the genres and content of new book titles in the marketplace. Additionally, increasingly market-savvy buyers are requiring quick shipment and delivery of book purchases after order, forcing sellers to improve their distribution channels and strategies.

Industry Trends

Increasing Newspaper and Magazine Consumption

Newspaper circulation rates in India have moved in the opposite direction of the general world trend. Of the five countries examined, India was the second country with an increase in annual daily newspaper circulation between 2000 and 2005, growing from 29.8 million daily copies in 2000 to 33.6 million copies daily in 2005 (see Table 4). (The other country to experience such growth was China.) In 2000, the average per capita readership of newspapers was 11.2 copies per year. By 2005, this figure had increased to 11.7 copies per year. While the increase seems modest, it is significant when compared to the global trend in both developed and developing nations of reduced circulation rates. Additionally, newspapers are often read by multiple individuals within a household. Therefore, it is likely that the number of papers read by an average person per year is underestimated.

Periodical circulation is relatively low considering the population, but is increasing. In 2000, total periodical circulation was reported at 1.39 million, and has increased steadily to 2.13 million by 2005.

Table 4. Newspaper and magazine consumption

[click to view image full size](#)

Measure	2000	2001	2002	2003	2004	2005
Population (millions)	1,009	1,025	1,042	1,058	1,073	1,089
Adult literacy rate (% of population aged 15+)	57.2%	58.0%	58.8%	59.6%	60.3%	61.1%
Annual daily newspaper circulation (million copies)	64.2	59.1	57.8	72.9	76.8	84.0
Annual non-daily newspaper circulation (millions)	62.7	58.7	57.4	69.1	71.8	77.0
Newspaper annual copies per capita	26.5	24.0	23.1	28.5	29.6	31.8
Circulation of periodicals (million copies)	1.394	1.610	1.810	1.976	2.164	2.324
Periodicals annual copies per 1,000 capita	1.39	1.57	1.74	1.87	2.01	2.13
Number of magazine titles published (thousands)	1.542	1.595	1.645	1.673	1.706	1.863
Consumer expenditure on newspapers, magazines, books and stationery (millions of U.S. dollars)	113.44	116.18	127.15	143.08	158.07	174.93

Increasing Paper Production

Another way to gain a perspective on the printing industry is to look at paper production (see Table 5). The annual production of paper and paperboard in 2000 amounted to 3.79 million metric tonnes, which increased to 4.24 million tonnes in 2005. (One metric tonne is equal to 1,000 kilograms, which is about 2,200 pounds.) The production of printing and writing paper is estimated at 1.53 million metric tones in 2005. There was an increase in the production of newsprint from 400 thousand tonnes in 2000 to 831 thousand tonnes in 2005.

Table 5. Paper production

[click to view image full size](#)

Measure	2000	2001	2002	2003	2004	2005
Production of newsprint	400	700	700	700	700	831
Production of paper and paperboard	3,794	4,094	4,105	4,144	4,144	4,239
Production of printing and writing paper	1,530	1,530	1,530	1,530	1,530	1,530

2006 Research Monographs:

To read about this research in detail, download the monograph from: <http://print.rit.edu/pubs/picrm200606.pdf>

Research publications of the Center are available at:
<http://print.rit.edu/research/>

[▶ BACK TO TOP](#)



© 2006-2007 Printing Industry Center at RIT