

# INDIAN ROOTS, AMERICAN SOIL

ADDING VALUE TO U.S. ECONOMY AND SOCIETY



Confederation of Indian Industry



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# MESSAGE FROM THE DIRECTOR GENERAL



For many Indian companies, international expansion constitutes an integral part of their overall growth strategy today. Through green-field ventures, collaborative partnerships, investments and most significantly, through mergers and acquisitions, Indian companies have experienced robust growth, which forms the bedrock of furthering business ties, fueling economic development and improving the quality of lives globally.

India's increasing integration with the global economy is evident in its burgeoning outflows of Foreign Direct Investment over the past decade. According to the Reserve Bank of India, the United States stands among the top five destinations of Indian investments made overseas. While business cooperation between India and the United States predates India's independence, it was only much after economic liberalization, in mid-1990's, that Indian companies seriously began looking for commercial opportunity in the U.S. In fact, Indian companies are still rather young in the U.S. market, having established operations, on average, only about 18 years ago!

The incredible impact that Indian industry has already started making on the U.S. economy, society and local communities is quite evident. Our companies are today spread across 40 states in America, collectively generating revenues in the billions and saving and creating thousands of jobs. Their R&D spend is on the incline, reflecting a strong focus on innovation and commercialization of products and services. They are also partnering with universities and colleges to create training programs that help prepare the local workforce for high-skilled jobs. Their community engagement does not stop here. Many of the companies are partnering with local non-profit organizations to support a variety of programs and initiatives for the betterment of the community.

In the following pages, you will see that these organizations have truly become "glocal" citizens, spreading Indian Roots on American Soil and actively participating in the communities in which they operate.

Chandrajit Banerjee  
Director General  
Confederation of Indian Industry

## CURRENT MEMBERS OF THE INDIA BUSINESS FORUM:

1. Arch Pharmalabs (USA) Inc.
2. Accentia Healthcare Services Inc.
3. Apollo Health Street
4. Asia TV USA, Ltd
5. Bank of Baroda
6. Birlasoft Inc.
7. Cactus Communications, Inc.
8. Dr. Reddy's Laboratories
9. Essar Americas
10. Exim Bank of India
11. HCL America Inc.
12. ICICI Bank Ltd.
13. Infosys Technologies
14. Infotech Enterprises America Inc.
15. Jubilant Biosys
16. Larsen & Toubro
17. Lupin Pharmaceuticals, Inc.
18. Mahindra USA, Inc.
19. Mahindra Satyam
20. Mindtree Consulting
21. NIIT Technologies Inc.
22. Piramal Critical Care Inc.
23. Ranbaxy Inc.
24. Religare Global Asset Management Inc
25. State Bank of India
26. Riya Travel and Tours Inc.
27. Suzlon Wind Energy Corporation
28. TCS America
29. The TATA Group
30. TATA Communications
31. Zensar Technologies
32. Welspun Tubular LLC
33. Wipro Technologies
34. Wockhardt USA

# INDIAN ROOTS, AMERICAN SOIL

## ADDING VALUE TO U.S. ECONOMY AND SOCIETY

The U.S.-India economic and commercial relationship has grown by leaps and bounds over the past few decades. Since India opened its doors to foreign competition and investment in the 1990s, the economy has soared, and with it, so have opportunities for international businesses looking to enter India's vast untapped market. In addition, shared common values such as democracy, social diversity, as well as enduring people to people contact, has further helped solidify the U.S.-India partnership.



The broad-based U.S.-India Strategic Partnership encompasses five principal pillars: counter terrorism and defense cooperation; energy and climate change; education and development; economics, trade and agriculture; and science and technology, health and innovation. The most crucial facet of this bilateral partnership has always been the business-to-business engagement, which has continued to flourish, even during difficult times.

This truly is the heyday of the business relationship. Two-way trade has crossed the \$100 billion milestone. The U.S. remains one of the top sources of Foreign Direct Investment (FDI) into India, while India has emerged as one of the fastest growing sources of FDI into the United States. In fact, the U.S. ranks among India's top five destinations for overseas investment.

The story of Indian investments in the United States, however, remains untold.

Hundreds of companies of Indian origin currently operate in the United States – these companies have put down roots, invested millions of dollars, and are today an integral part of the economic and social fabric. They actively contribute to the U.S. economy by saving, creating and sustaining jobs. They engage in community-based programs, university partnerships, research & development initiatives, and income-generating activities that while adding value also have the positive consequence of making U.S. companies more competitive in the global market.

These companies operate in a wide range of sectors in the United States, including: manufacturing, healthcare, financial services, information technology, telecommunications, travel and hospitality, media and entertainment, education and energy. Spanning 40 states and the District of Columbia, their investments are geographically dispersed across the length and breadth of the country.

## SURVEY CONDUCTED BY THE CII-INDIA BUSINESS FORUM



The CII India Business Forum, an initiative of the Confederation of Indian Industry (CII), conducted its second, annual survey with 36 companies of Indian origin that have operations across a multitude of sectors in the United States. The survey included members from the CII India Business Forum, in addition to other Indian companies with presence in the U.S.

In the midst of political rhetoric, the real, positive impact being made by these companies with 'Indian Roots' in 'American Soil' often gets downplayed or ignored. The following analysis attempts to dispel some of the misconceptions about Indian investments in the U.S. and the findings in this representative sample shed light on the broad impact of Indian companies and their contributions to the U.S. economy.

Through the India Business Forum, CII seeks to call attention to the role of Indian companies in the United States, while building 'Brand India' through educational outreach, information sharing, and other activities. The forum provides an organized platform for its members to express their views and opinions on issues related to trade, commerce, investment, and more.

# CII-IBF SURVEY:

# AN ANALYSIS OF INDIAN COMPANIES OPERATING IN THE U.S.

The analysis of the survey of Indian companies operating in the United States sheds light on their wide-spread presence across the country and their diversified sector coverage. It also indicates their commitment to making investments and supporting job growth, as well as their engagement in research and development activity, highlighting the myriad ways in which these companies are impacting their local communities.

## PRESENCE ACROSS THE UNITED STATES

While some Indian companies have been present in the United States since the early 1940s, the survey data reveal that a number of them have established operations in the United States rather recently—they seem to be in their teens—on average, about 18 years old. Thus, it is indeed remarkable that in such a short span of time, they have managed to spread their presence across 40 States and the District of Columbia:

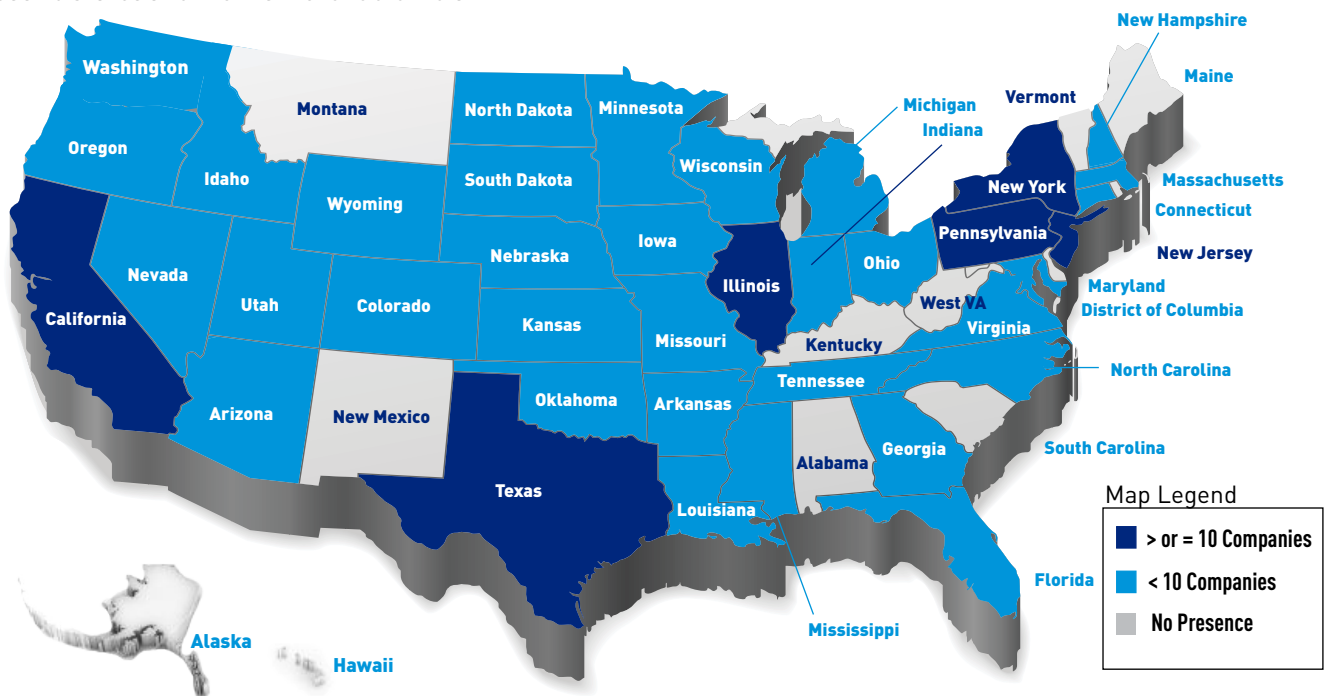


Figure 1: Presence of Indian Companies in the U.S.

It is also evident that 75% of the companies have more than one location in the U.S. Some U.S. states have a markedly larger concentration of Indian companies. For instance, 22 companies are located in New Jersey, 18 in New York, 17 in California, 15 in Texas, 13 in Pennsylvania, and 12 in Illinois. Other U.S. States with a high presence of Indian companies include Georgia, Massachusetts, Florida, and Washington.

## SECTOR COVERAGE

Indian companies in the United States operate in a wide array of sectors, as reflected to the right, Figure 2 illustrates the sector composition of the survey respondents. While Information Technology and Business Process Outsourcing sector comprises the largest section, it is noteworthy that the sectors of Healthcare, Pharmaceuticals and Life Sciences and Manufacturing also occupy a significant piece of the pie.

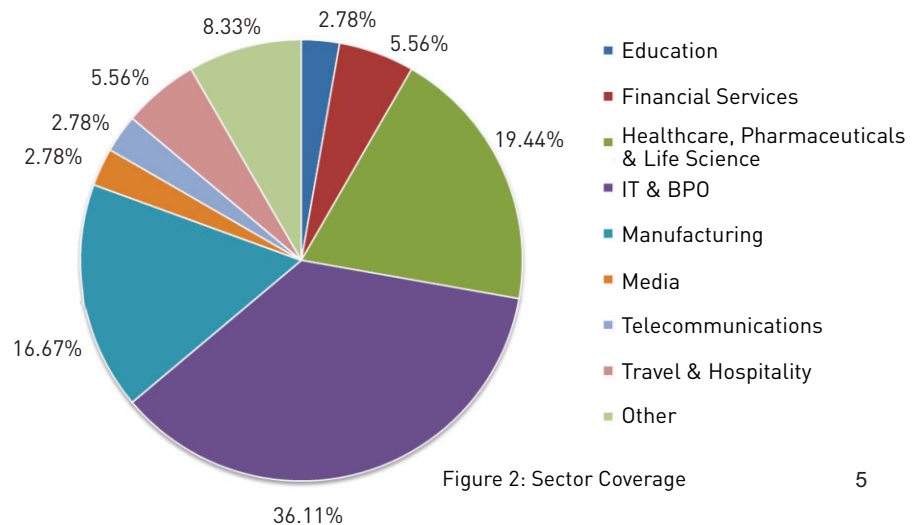


Figure 2: Sector Coverage

## CREATING JOBS IN AMERICA

The companies surveyed employ more than 52,000 workers collectively. The small sample size, while a good representation, is only a fraction of the entire magnitude of employment in absolute numbers, which is generated by Indian companies in the U.S.

More than 70% of the companies have increased their employee count since 2005, indicating the resilience of their operations and hiring efforts even during the economic slowdown. In fact, they enjoy a higher headcount today than in the pre-recession period. Furthermore, in the current state of economic recovery, they expect to create over 3400 additional jobs in 2012.

In the case of Indian firms, the general misconception seems to be that they typically hire only Indian workers for their U.S. operations. However, Figure 3 clearly shows a different reality.

### AVERAGE PERCENT OF LOCAL EMPLOYMENT BY SECTOR

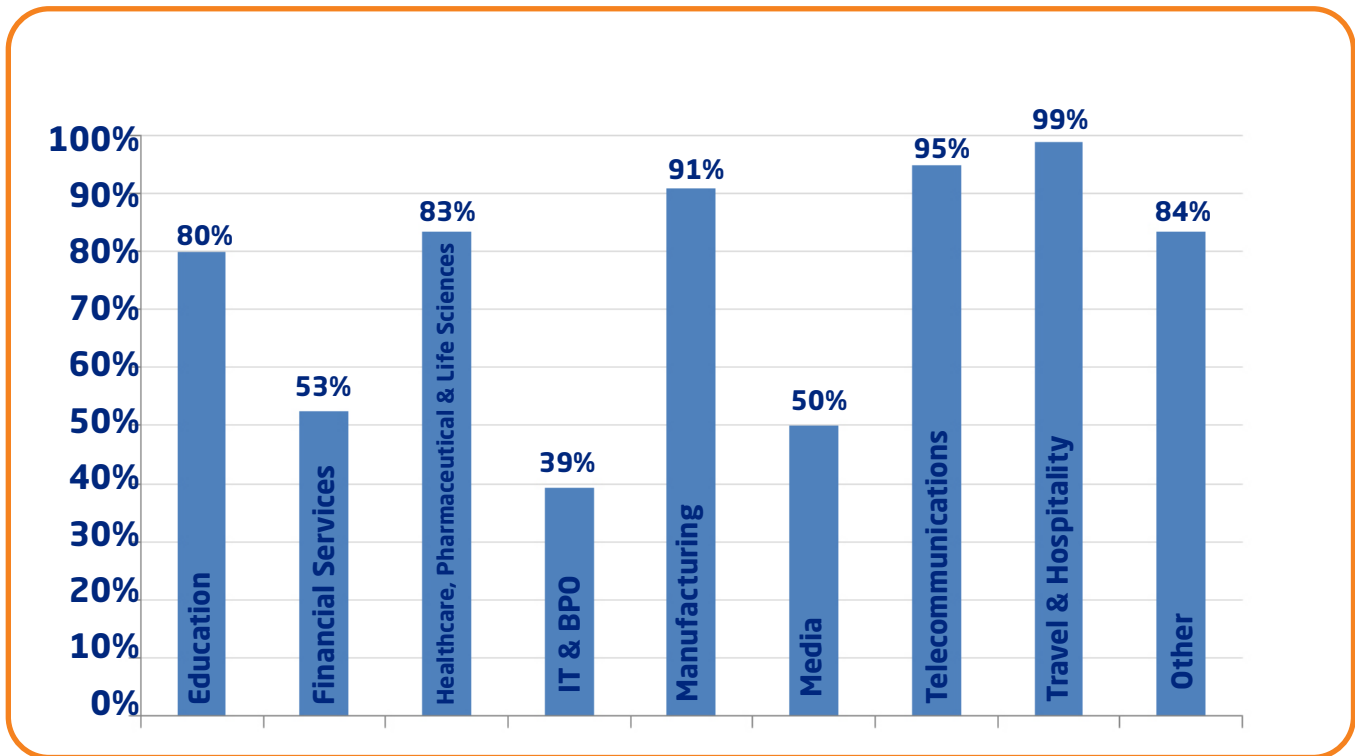


Figure 3: Average Percent of Local Employment by Sector

## LOCAL HIRING

The survey findings reveal that nearly all Indian companies are recruiting best candidates locally. One-third of the companies have hired between 95-100% of their employees from the U.S. Furthermore, the median average of the workforce locally hired is 80% across various sectors.

In particular, the industry sectors of Travel and Hospitality, Telecommunications, Manufacturing, Healthcare, Pharmaceuticals and Life Sciences, and Education lead this charge.

## EXPANDING OPERATIONS THROUGH MERGERS & ACQUISITIONS

Among the numerous contributions, the surveyed companies collectively conducted 72 Mergers and Acquisitions since 2005. They have saved 2121 jobs thus far, and as a direct result of projected M&A deals in 2012, they are likely to create 236 new jobs.

## SUBSIDING UNEMPLOYMENT

The graph to the right indicates the annual rate of unemployment in the U.S. from 2000 until March 2012. While it has certainly come down from its peak at 9.6% in 2000, it is still at record highs. The trend, however, is beginning to improve and Indian companies are playing their part by hiring U.S. citizens and ensuring sustained job growth.

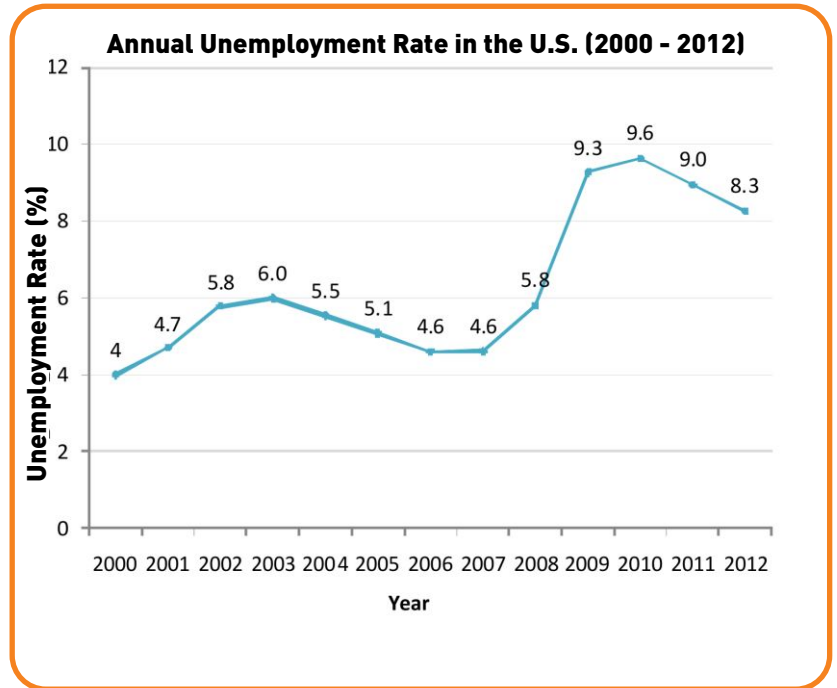


Figure 4: Annual Unemployment Rate in the U.S. (2000 – 2012)  
Source: Bureau of Labor Statistics, U.S. Department of Labor

## Information Technology Services

Since inception, Indian IT industry in the U.S. has contributed to sustained innovation and the competitiveness of the U.S. economy. The surveyed companies in this sector have made investments worth nearly \$1.4 billion ever since their establishment in the United States. Their collective revenues totaled \$18.9 billion and their annual payroll summed up to \$2.2 billion in the last one year alone. They have engaged in 41 M&A transactions since 2005 and saved hundreds of jobs in America.

The Information Technology and Business Process Outsourcing sector relies heavily on the movement of skilled professionals across borders. While a skills shortage in the U.S. may partially explain the higher proportion of Indian workers in their U.S. operations, Indian companies in the recent past have made concerted efforts to step up their operations and increase local hiring.

In fact, since last year's survey, local hiring in the IT sector has quadrupled. This has resulted from an emphasis on particular recruiting initiatives by various companies. Many of them are now partnering with universities in curriculum development, encouraging students to explore education in the Science-Technology-Engineering-Mathematics (STEM) fields, in addition to holding college recruiting drives. A few companies have also launched veteran hiring programs that train and employ ex-military personnel and provide opportunities.

## Bringing Manufacturing Back to the United States

An often overlooked aspect of Indian companies' engagement in the United States is the level of manufacturing activity undertaken locally. Of the companies surveyed, more than 34% have established manufacturing facilities in the U.S. Such units are manufacturing products for a variety of sectors such as agriculture, steel industry, healthcare, pharmaceuticals and life sciences, gems and jewelry, and renewable energy.

These 12 companies have invested over \$820 million in establishing and expanding their manufacturing facilities and collectively employ over 5700 employees. Needless to say, this fact runs contrary to the popular perception about manufacturing jobs in the U.S. being shipped overseas. What does become clear is that wherever companies see value in producing products for the local market, closer to their customer base and closer to the source, they do so.

# CII-IBF SURVEY: AN ANALYSIS OF INDIAN COMPANIES OPERATING IN THE U.S.

## EXPANDING RESEARCH & DEVELOPMENT AND ENCOURAGING INNOVATION

India Inc's expenditure on Research and Development in the U.S. tells a story of growth, innovation and co-creation. Companies from six sectors-Telecommunications,Healthcare, Pharmaceuticals and Life Sciences, Manufacturing, Education, Information Technology, and Media and Broadcasting, undertake R&D activities in the U.S.

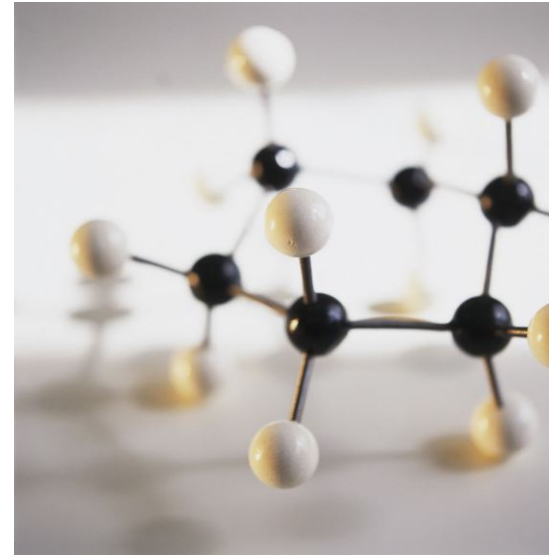
When considering all sectors, almost 31% of the companies are engaged in Research & Development in the U.S., either at their own facilities or through partnerships with universities and other institutions. Projected R&D expenditure for these companies in 2012 alone is estimated to be more than \$75 million. More and more companies are looking at forging alliances with U.S. universities for R&D activity, which in turn helps strengthen corporate-academic partnerships.

The increase in number of companies undertaking R&D is a positive facet of Indian companies' commercial engagement in the United States since it helps promote innovation, which in turns helps companies sustain a competitive edge in the global market. The fact that corporations are engaging in R&D makes it likely that the research underway will actually be transferred to the market through commercialization of products and services.

## Community Engagements

Of particular note in this survey is the involvement of Indian companies in the local communities where they operate. Nearly 65% of the companies engage in Corporate Social Responsibility initiatives through supporting charities, working with academia for curriculum development and through their own initiatives.

They have channeled their resources towards a variety of causes, ranging from monetary contributions to volunteering, and sharing their expertise with non-profit organizations. Many companies have also launched their own initiatives to enhance their participation with relevant issues in the local community.





# COMMUNITY ENGAGEMENTS

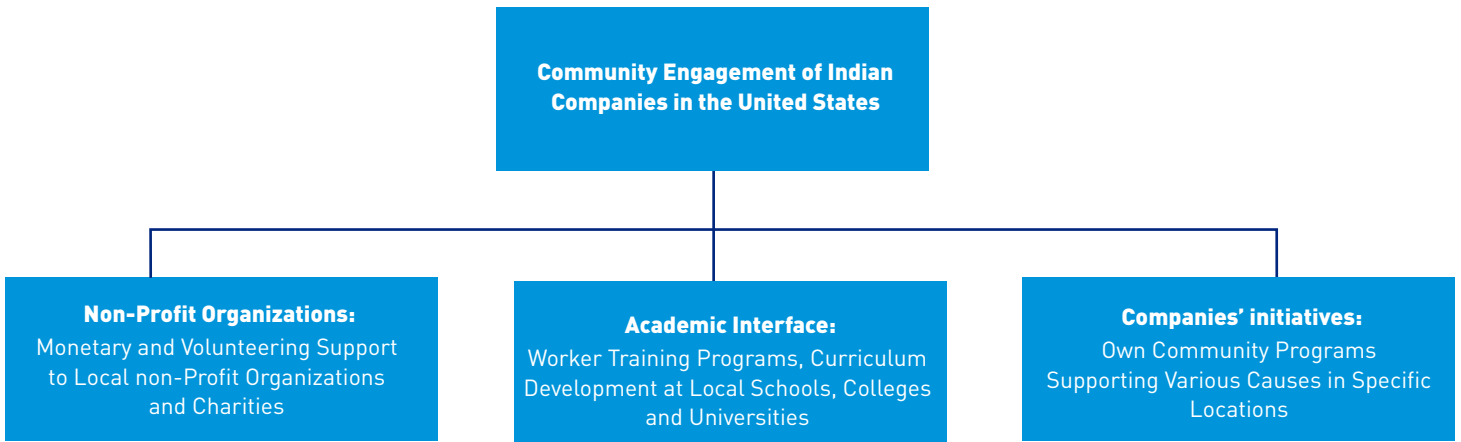


Figure 5: Community Engagements of Indian Companies in the United States



## Non-profit Organizations

Indian companies in the United States support the following non-profit organizations, monetarily or in-kind:



## Engagement with Local U.S. Universities, Colleges and Schools:



- University of California, Berkeley
- Florida Institute of Technology
- University of West Florida
- Georgia Tech
- University of Georgia
- Emory University, Georgia
- Southern Polytechnic State University, Georgia
- Georgia Institute Of Technology
- Georgia State University
- Illinois State University
- Elgin Community College, Illinois
- Massachusetts Institute of Technology (MIT)
- University of Massachusetts Amherst
- North Dakota University
- Oregon State University
- Oregon Institute of Technology
- Luzerne Community College, Pennsylvania
- Stanford University
- Texas Wind Energy Institute
- George Mason University, Virginia
- Marshall Elementary School, Virginia
- Seattle University, Washington
- Seattle Pacific University, Washington
- University of Washington
- University of Washington-Bothell Campus
- University of Washington-Tacoma
- University of Wisconsin

## Individual Programs Launched By Companies

- Corporate scholarship program for women in agriculture in Texas
- Recycling drive for World Environment Day
- Monthly on-site blood donation camps
- Community Service Council provides packaged food to the homeless
- Volunteering at a shelter in New Jersey
- Tall grass Prairie Reconstruction at Herbert Hoover National Historic Site, Iowa
- “Adopt-a-family” program during the holiday season addresses the needs of children and families from low-income households
- EARTH program in the U.S. to reduce the impact of daily operations on the environment



# KEY FINDINGS

## GENERATING EMPLOYMENT:

- One-third of the companies have hired between 95-100% of their employees locally
- Median average of the workforce locally hired is 80%
- 70% of the companies have increased employee count since 2005

## EXPANDING OPERATIONS:

- Indian companies operate in a multitude of sectors in 40 states and Washington D.C.
- Since 2005, Indian companies have conducted 72 Mergers & Acquisitions in the U.S.
- Their collective revenues for 2010-2011 were more than \$23 billion

## ADDING VALUE:

- Almost 31% of the companies are engaged in Research & Development in the U.S.
- One-in-three companies operate manufacturing facilities in the U.S.
- Nearly 65% are engaged in Corporate Social Responsibility initiatives

## LOOKING FORWARD:

- Number of jobs expected to be added in 2012: 3411
- 2012 investments are projected to be nearly \$190 million
- Projected R&D expenditure for 2012 is more than \$75 million



## CONCLUSION

The results of the survey clearly underscore the fact that Indian companies, while being global, operate on a local level. They invest extensively in local economies, and conduct Mergers and Acquisitions, thereby, ramping up operations and saving jobs. They further expand business and create new jobs while investing heavily in training programs to impart necessary skills and develop local talent. Their investments in Research and Development activities are on the upswing—both through their own centers of excellence and innovation as well as through partnerships with local universities. Their community engagements encompass contributions to local non-profit organizations, academic institutions as well as their own Corporate Social Responsibility initiatives.

Therefore, Indian companies in the U.S. are helping stimulate the economy, spur innovation, enhance competitiveness and make a difference to improve the communities around them.



Confederation of Indian Industry

The Confederation of Indian Industry (CII) works to create and sustain an environment conducive to the growth of industry in India, partnering industry and government alike through advisory and consultative processes.

CII is a non-government, not-for-profit, industry led and industry managed organization, playing a proactive role in India's development process. Founded over 117 years ago, it is India's premier business association, with a direct membership of over 7000 organisations from the private as well as public sectors, including SMEs and MNCs, and an indirect membership of over 90,000 companies from around 400 national and regional sectoral associations.

CII catalyses change by working closely with government on policy issues, enhancing efficiency, competitiveness and expanding business opportunities for industry through a range of specialised services and global linkages. It also provides a platform for sectoral consensus building and networking. Major emphasis is laid on projecting a positive image of business, assisting industry to identify and execute corporate citizenship programmes. Partnerships with over 120 NGOs across the country carry forward our initiatives in integrated and inclusive development, which include health, education, livelihood, diversity management, skill development and water, to name a few.

CII has taken up the theme of 'Reviving Economic Growth: Imperative of Reforms and Governance' as its agenda for the year 2012-13.

With 63 offices including 10 Centres of Excellence in India, and 7 overseas offices in Australia, China, France, Singapore, South Africa, UK, and USA, as well as institutional partnerships with 223 counterpart organisations in 90 countries, CII serves as a reference point for Indian industry and the international business community.

CII launched the India Business Forum (IBF) on 23 June 2006 in USA. IBF is a grouping of leading Indian companies that have operations in the US.

The objective of establishing this Forum is:

- To share information on the activities and contributions of Indian industry in the US with key stakeholders in the US economy government and administration.
- To raise business issues and concerns faced by Indian companies with concerned authorities in both US and India
- To promote the activities and ongoing businesses of member companies in the US
- To encourage bilateral trade and investment between US and India
- To Build 'BRAND INDIA'

Members of the Forum have the opportunity to interact regularly with US Administration officials, members at the Capitol Hill, think tank community, academic universities and other policy organizations. It provides an organized platform for members to express and represent their views and opinions on areas of trade, commerce, services and other related issues. In addition, the India Business Forum also provides opportunities for members to meet with the Indian government officials and CII business delegations visiting the U.S. on an organized basis. CII runs similar initiatives in United Kingdom, Singapore, South Africa and China as well.

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