

What slowdown? For some firms, India's economy is still humming

MUMBAI—India's economic growth may have slowed to a near-decade low, but you wouldn't know it from the pace at which Britain's Costa Coffee and many other consumer-focused companies are expanding.

The chain owned by Whitbread Plc recently opened its 100th India store and plans 100 more over 18 months.

Data due today is expected to confirm another dismal three months for the economy, with June's quarter growth forecast at 5.3 per cent in a Reuters poll, in line with the March quarter and far below the 9 per cent the country aspires to.

But for all the gloom that has enveloped Asia's third-largest economy and little sign that crippling political gridlock will soon ease, plenty of compa-

nies and investors continue to bet on its longer-term prospects, especially in sectors driven by domestic demand.

Many companies still covet India for the qualities that once made it one of the world's hottest investment destinations — namely, its 1.2 billion people and a swelling middle class that keeps longer-term investors keen.

From Ikea and Coca-Cola to Krispy Kreme Doughnuts and local motorcycle-maker Hero MotoCorp, many companies are stepping up investment in the country.

Domestic consumption accounts for about 68 per cent of the economy, insulating it from the worst of the global downturn. In China, consumption accounts for under half of gross domestic product. **REUTERS**