

The Central Bank of India's more accommodative monetary policy along with solid domestic demand should support M&A and IPO activity in the next two to three years. But the government's disappointing progress on reforming the economy and liberalizing foreign direct investment will lead to lower-than-expected inbound M&A activity, which will peak in 2018 and 2019 at modest levels compared to similarly sized emerging markets.

M&A AND IPO TRANSACTIONS							
	2014	2015	2016	2017f	2018f	2019f	2020f
TOTAL M&A TRANSACTIONS (US\$B)	17.7	23.4	17.5	28.5	42.2	49.3	38.8
% of Global M&A transactions	0.7	0.7	0.6	1.1	1.4	1.8	1.7
Domestic (US\$B)	6.1	12.8	7.2	14.7	19.6	22.6	17.2
Cross-border, inbound (US\$B)	11.6	10.6	10.3	13.8	22.5	26.8	21.6
TOTAL VOLUME OF M&A TRANSACTIONS (Number of deals)	684	813	553	786	893	916	715
Domestic (Number of deals)	417	507	358	507	536	542	413
Cross-border, inbound (Number of deals)	267	306	195	279	357	374	302
TOTAL IPO TRANSACTIONS (US\$M)	292.3	2,083.1	4,042.2	5,803.9	3,905.8	4,756.1	3,779.7
% Global IPO transactions	0.1	1.0	3.0	3.4	1.4	1.7	2.0
Domestic (US\$M)	292.3	2,083.1	3,982.8	5,803.9	3,905.9	4,756.1	3,779.7
Cross-border (US\$M)	0.0	0.0	59.5	0.0	0.0	0.0	0.0

FORECAST FOR THE ECONOMY							
	2014	2015	2016	2017f	2018f	2019f	2020f
MACROECONOMIC DRIVERS							
Real GDP growth (% yoy)	7.0	7.2	7.1	6.7	7.2	6.9	6.7
CPI (% yoy)	6.6	4.9	5.1	5.1	5.4	5.2	5.0
Merchandise trade (% of GDP)	40	33	29	28	27	25	25
FINANCIAL DRIVERS							
10-year government bond yield (%)	8.6	7.8	7.3	6.4	6.7	6.7	6.6
Equity prices (LCU, end of year % change)	29.9	-5.0	-0.2	6.3	9.0	4.9	-9.4
Stock market capitalization (US\$B)	1,558	1,516	1,447	1,547	1,722	1,823	1,671

KEY DRIVER SUMMARY (AVERAGE 2015-2020)

	India	Global
GDP growth (% annual)	7.0	2.6
Stock market capitalization (% of GDP)	61	98
Money supply (% of GDP)	20	124
Trade (% of GDP)	27	42
Ease of doing business (World Bank)	54	62
Legal structure (Fraser Institute)	5.3	6.4
Freedom to trade (Fraser Institute)	6.1	7.3

TRANSACTION ATTRACTIVENESS INDICATOR*

GDP per capita
Freedom to trade
Money supply
Business regulation
Size of stock market
Legal structure
Openness to trade
Ease of doing business
Government effectiveness
Sovereign credit risk

OVERALL
SCORE
2.1

0 1 2 3 4 5 6 7 8 9 10

*The Transaction Attractiveness Indicator is an overall score calculated using a weighted average of the 10 factors included in the chart above. The score reflects the attractiveness of a country's current environment for M&A and IPO activity on a scale from 0 to 10. It's based on past transactional activity in that country and data on key economic, financial and regulatory factors that drive M&A and IPO activity. Because many of these factors change slowly over time, a country's current score is a strong indicator of whether it will have the right features to attract transactional activity in the future.