

India to become eighth wealthiest place by 2017: Barclays Wealth

'Composition of assets shifting from physical assets to financial assets'

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Mumbai: Barclays Wealth on Wednesday published its report titled Evolving Fortunes, which signals the rise of emerging markets such as India, displacing more developed economies, with China, Brazil and Russia also reaching the top 12 wealthiest countries ranking.

This, according to the report, signals a global shift in the distribution of wealth which will result in the terms "G7" or "developed" as an outmoded categorisation for wealthy economies.

The Household Wealth Index, developed by both Barclays Wealth and the Economic Intelligence Unit (EIU), forecasts that India from its current position of 14 would become the eight largest wealth market by the year 2017.

The index also predicts that the number of dollar-millionaires would increase from the current negligible number to more than four lakh in the coming ten years. India will experience one of the largest absolute increases in the number of dollar-millionaires over the next decade, ahead of nations such as Canada, Spain, Hong Kong and Italy, forecasts the research report. It also stated that the wealth held by high networth Indian households would total to about \$1.7 trillion in 2017.

The factors that will drive India's wealth going forward is inherited wealth, promoter's wealth, contribution from professionals and celebrities, feels Mr Satya Bansal, CEO, Barclays Wealth, India.

The wealthy in India, according to the report, hold more than half of their savings in physical assets such as real estate and gold. The research states that property accounts for around 43 per cent of overall household wealth and up to \$200 billion worth of gold.

"This report reflects a seismic shift in world wealth holdings, with increasing focus on emerging countries like India in the global wealth management industry. We are seeing a cultural change driving attitudes towards wealth in the country.

"Composition of assets of wealthy Indians is increasingly shifting from physical assets to financial assets. We foresee a huge potential in the creation of financial assets, as real estate and gold still account for more than half of the household wealth in our country. With this, comes the need for increasing the focus on financial risks and the tools to manage the same," said Mr Bansal.

Barclays Wealth is expected to start its operations in India by the second half of this year.

Source: The Hindu Business Line, May 7, 2008