

Flashy fashion grows as India's rich flaunt wealth

AFP, New Delhi

In booming India, being rich is not enough. For the moneyed classes, it's increasingly about flaunting their wealth in ways typical of the nouveaux riches in Russia, China or the Middle East.

India's well-heeled used to be more shy about displaying their wealth in the decades after independence from Britain when a tightly-controlled economy and dominant socialist thinking limited the opportunities for showing off.

But many prosperous Indians are embracing conspicuous consumption, turning their backs on the mantra of frugality espoused by independence hero Mahatma Gandhi, the father of the nation who eschewed possessions.

"They have thrown off the parsimonious Gandhian phase when it was considered poor taste to flaunt wealth," says Radha Chadha, co-author of "The Cult of the Luxury Brand" who has studied the affluent in Asian countries.

The biggest sign of changing attitudes to wealth and shopping can be seen in the stampede to India of flashy Western designer brands from Louis Vuitton, Prada, Chanel and Bulgari as well as sports car makers Ferrari and Maserati.

Attend any society event in Mumbai or the capital New Delhi and "it's a brave woman who arrives without a designer handbag", says Chadha, who is also a brand consultant.

In the past, dazzling extravagance was the exclusive domain of India's former feudal leaders who splashed out on bespoke Rolls-Royce cars, diamonds the size of duck eggs, palaces and armies of servants during British rule.



An Indian saleswoman arranges luxury leather goods at the Hidesign showroom in New Delhi.

Later, luxury-seeking consumers had to go mostly to boutiques in five-star hotels. But a shopping mall building boom is bringing to India the sort of air-conditioned high-end retail found commonly elsewhere in Asia.

"People are less inhibited in their spending," said New Delhi furniture designer Raseel Gujral Ansal at an opening show of her creations last month as the city's elite oohed over sofas, chairs, beds and tables.

Even Prime Minister Manmohan Singh has called for the rich to tone down their excesses and to "eschew conspicuous consumption".

But Indian billionaire Azim Premji says the phenomenon is

common in nations like China, Indonesia and Thailand where people are enjoying new wealth. "The first few years, people want to show visibly they are very rich," he said.

He heads one of India's largest outsourcing companies, Wipro, and is renowned for his frugal lifestyle and philanthropy in a field of domestic billionaires whose extravagance frequently makes headlines.

The country's richest man, Mukesh Ambani, moved last year into a billion-dollar, 27-storey skyscraper home in Mumbai with three helipads in a development that towers over nearby slums.

He once gave a \$60-million Airbus jet to his wife as a birthday present.

"People always had money but now they are no longer afraid to reward themselves," said Shreyans Group chief executive Ashish Chordia, an importer for Porsche and other sports cars in India.

Sales of prestige cars such as Mercedes and Ferraris accelerated 80 percent last year, despite punishing 100-percent duties.

"Last year was phenomenal," says BMW India president Andreas Schaaf, referring to sales.

Aston Martin last month joined the list of luxury marques driving into India with plans to sell three models -- the V8 Vantage, priced at \$348,341, the Rapide at \$483,146 and the One-77 at a whopping \$4.5 million.

The Indian luxury market as a whole is forecast to triple to \$15 billion by 2015 from \$4.76 billion at present, according to global consultancy AT Kearney, though it still lags China's which stands at \$9.6 billion.

The number of Indians who have financial assets of over \$1 million, excluding main residences, now stands at 127,000, the 2010 World Wealth Report by Merrill Lynch Capgemini says.

According to a new survey of 160 financial advisors by a private banking arm of Citibank, Indians are the most likely members of the global super rich to spend more on private jets and yachts over the next few years.

At the same time, observers say the new ostentation underscores how the divide between

India's wealthy and its poor is widening.

"It makes me uncomfortable how much people spend on weddings," concedes one New Delhi society wedding organiser, who says families will regularly spend 10 million rupees (\$225,000) on just one event in India's multi-day weddings.

India is home to the world's biggest number of poor people. Some 42 percent of Indians, or 455 million people, live on less than \$1.25 a day, according to the World Bank.

India's statistics on health, infant mortality and malnutrition are worse than those for some countries in sub-Saharan Africa.

Shekhar Gupta, editor of The Indian Express, describes the well-off as "divorced and insulated" from poverty.

"We send our children to private schools, get treatment only in private hospitals, have our own security in gated communities, never need to use public transport," he noted in a column.

At the glitzy Emporio mall in New Delhi, chauffeur-driven Mercedes, BMWs and the occasional Rolls-Royce or Bentley regularly pull up to disgorge wealthy occupants to shop at boutiques where handbags retail for \$2,000 and more.

"I don't take my mother-in-law here -- she's shocked at the prices," said Shaila, a businessman's wife, as she fingered a woven soft-leather Bottega Veneta bag priced at 136,899 rupees (\$3,080) in one of the mall's boutiques.

"I never tell her what I pay for things. She thinks it's a lot if a handbag costs 500 rupees," Shaila said, asking that her last name not be used.

HSBC to go on massive hiring spree in China, Singapore

AFP, Hong Kong

Banking giant HSBC said Tuesday it will employ at least 2,000 extra people in mainland China and Singapore over the next five years, as it seeks to tap the fast-growing Asia Pacific markets.

The Asia-focused British lender plans to hire at least 200 staff in China each year until 2016, and another 1,000 in Singapore during the period, a spokeswoman from HSBC Hong Kong's office told AFP.

"Asia is a very important part of our overall growth strategy," she said, adding "we continue to invest and attract the best talents in Asia to capture the wealth segment in Asia."

The bank, which is headquartered in London, currently has 5,000 employees in mainland China and 3,500 staff in Singapore. The spokeswoman said the hiring plan did not specify in which areas the new employees will be hired.

The massive hiring plan comes after HSBC, which survived the 2008 global financial meltdown without state aid -- unlike many of its rivals -- said last week it would seek to save \$2.5-3.5 billion in costs over two years.

Its new chief executive Stuart Gulliver has said the savings would be ploughed back into fast-growing markets around the world, especially in Asia.



A gas nozzle is used to pump petrol at a station in New York. Three-quarters of the 2,000 people questioned by the travel website in a recent survey think fuel prices will hit \$4.50 per gallon, and 39 percent predict it will reach or exceed \$5.00 per gallon.

Fuel prices will not detour US summer plans

REUTERS LIFE, New York

More Americans are planning to travel this summer but fewer will be making trips by car because of sky-high fuel prices, according to a new survey.

Eighty six percent of people questioned in the poll said they intended to get away, three percent more than last year, and an equal number, about 63 percent, plan to fly or drive.

"Time and time again we see that US travelers are undeterred by outside influences when it comes to summer travel," Karen Drake, senior director of the travel website TripAdvisor, which conducted the poll, said in a statement.

"While rising gas prices will continue to keep Americans mindful of mileage, the vast majority intend to hit the road for leisure trips this summer."

Most Americans expect fuel prices will soar further and fewer will be getting behind the wheel this year to drive to

their holiday destination.

But only five percent said it would detour their summer travel plans completely and 24 percent said the maximum distance for a road trip would be 200 miles.

Three-quarters of the 2,000 people questioned by the travel website think fuel prices will hit \$4.50 per gallon, and 39 percent predict it will reach or exceed \$5.00 per gallon.

For some \$5.00 a gallon is the tipping point for a road trip.

For half of people a city holiday trumped a vacation at the beach, or a visit to a national park or scenic lake. New York City, Boston and Washington, D.C. were the top national destinations.

Americans were also seeking active getaways. A third planned a hiking trip, 22 percent intended to do some water sports and a similar number said they would cycle, which is five percent more than last year.

IMF fracas offers chance for Third World revamp

CHRISTOPHER SWANN

Emerging economies were always going to have a bigger say in the affairs of the International Monetary Fund. Dominique Strauss-Kahn's shocking arrest over the weekend should accelerate that moment. While Europeans have traditionally led the IMF, recruiting a new chief from an emerging economy -- particularly one that's been through the IMF wringer -- could broaden support for the fund among rising powers.

The world's poorer countries have often viewed the IMF as an instrument of US and European economic power. And the tradi-

tional carve-up of leadership -- with a European heading the fund and an American at the World Bank -- effectively proved this to be the case. Developing nations were more often viewed as potential supplicants for IMF largesse than as valued stakeholders. And until relatively recently, emerging market powerhouses had far less voting strength than their economic heft justified.

But the old arguments for entrenching developed world powers in both organizations are antiquated and fail to reflect the new balance of global economic power and the challenges these will pose for the IMF in years to come. Moreover, there are many

strong candidates, with more relevant experience, from developing nations something that might not have been the case in previous years.

True, opening the field to a non-European would create frictions of its own. Any of the BRIC countries would dearly love to see one of their nationals take the top spot. But a squabble among them might help the Europeans hold the post. Their priority should be to work together to break the Old World monopoly on the post.

Compromise candidates could include Turkey's Kemal Dervis, who has sat on both sides of Washington lending decisions. Another

popular option might be South Africa's veteran ex-finance minister Trevor Manuel, who won plaudits as chair of the World Bank's Development Committee.

There are already ominous signs that Europe may dig in its heels. This would be a shame. The voting reforms pushed through by Strauss-Kahn helped to assuage some of the long-standing skepticism toward the IMF. Appointing a new chief from the developing world especially a former fund supplicant holds the best chance of winning over remaining IMF naysayers.

The author is a Reuters Breakingviews columnist. The opinions expressed are his own.

SKorea restarts major bank sell-off

AFP, Seoul

Seoul will this week restart the stalled sale of the government's stake in South Korea's largest financial group, a state agency said Tuesday, in a move that could change the country's banking landscape.

The Public Fund Oversight Committee said it would place advertisements in major newspapers on Wednesday offering the government's 57 percent share in Woori Finance Holdings.

The stake is valued at 6.3 trillion won (\$5.8 billion) according to Woori's current market price.

Woori Finance's subsidiaries include two regional banks and a brokerage unit, and the committee, which oversees government-held shareholdings, said it would push to sell the stake to a single buyer.

Bidders must seek a minimum 30 percent stake and submit letters of intent by June 29.

Woori was established in 2001 as a holding company for several financial firms that had to be publicly bailed out after the 1997-1998 Asian financial crisis.



Models display KDDI's new smartphones at a press preview in Tokyo yesterday. KDDI announced six new models of Android smartphones, which can use free WiFi communication service through some 100,000 KDDI's access points across Japan.