

Billionaires tend to be highly visible people, but some are more visible than others.

Where are the Indians? The Russians?

By Peter Fuhrman and Michael Schuman

BY THEIR GOVERNMENT'S own estimates, Russian individuals have stashed \$60 billion in foreign bank accounts in the last four years. In the expensive boutiques and jewelry stores of London's New Bond Street, Rome's Via Condotti and Paris' rue du Faubourg St. Honoré, Russians now outnumber Japanese, Arabs and Americans.

In Moscow, office rents are the highest in Europe. Vast private fortunes are being grabbed or even stolen in Russian real estate, oil and gas, gold and diamonds and other natural resources.

Yet our annual listing of world billionaires that begins on page 110 has not a Russian on it.

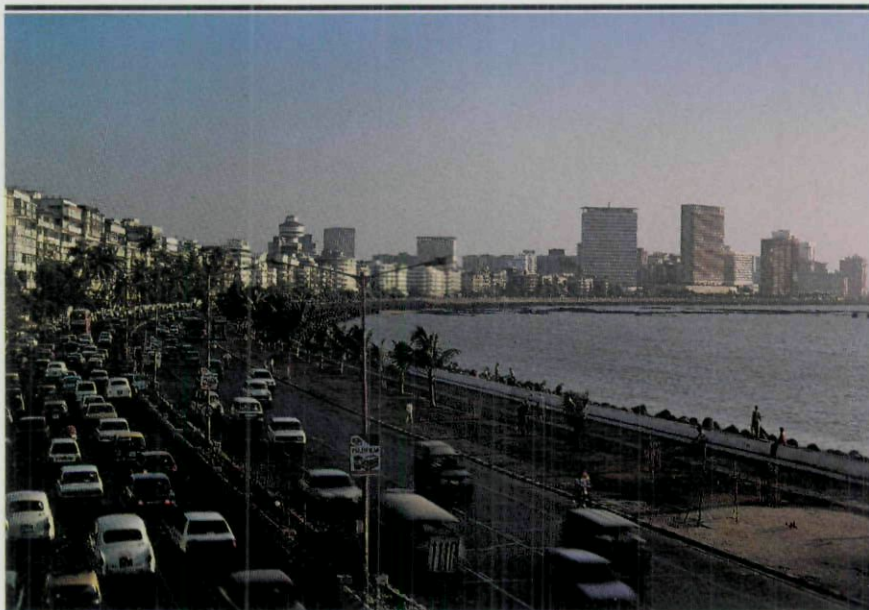
Go east to India. Very big, India, and very rich, too, with nearly 1 billion people whose wealth-creating energies have been released by the radical economic reforms of Narasimha Rao's government. The Bombay Stock Exchange's capitalization now exceeds \$150 billion, up from \$85 billion in 1992. London's *Financial Times* reports that luxury apartments in the city now change hands at \$2 million, rivaling prices in New York, Tokyo, Geneva.

Yet our tables include just 2 Indian billionaires. We know the number is absurdly low. In Indonesia, with about one-fifth India's population, we found ten billion-dollar fortunes.

Why so few Indians?

Why no Russians?

Consider how we calculate. After identifying as many of a suspected billionaire's assets as we can find, we deduct debt and translate what's left from local currencies into U.S. dollars, using the current market ex-



Bustling Bombay

With sky-high real estate prices, where are Bombay's billionaires?

change rates. If the result is \$1 billion or more, the suspect makes the list.

Unfortunately, exchange rates almost never reflect purchasing power in the home country. Go shopping in Tokyo and you'll quickly see that 85 yen doesn't buy what \$1 will buy in New York, even though the exchange rate says \$1 is worth 85 yen. We're saying that a Japanese billionaire is probably not as rich and powerful as an Indian demi-billionaire.

Look at some of India's leading businessmen in this light. Bombay's Ruia brothers—Shashi, 50, and Ravi, 45—have turned their father's tiny trading company into a steelmaking and shipping conglomerate. Their main companies, steelmaker Essar

Gujarat and shipowners/operators Essar Shipping and South India Shipping, make them worth about 11 billion rupees. With the rupee currently trading at about 30 to the dollar, that translates into about \$350 million.

But what is that \$350 million really worth in India? What does it buy? The Futures Group, a Glastonbury, Conn. consulting firm, calculates purchasing power parities for about 80 countries. Based on what \$1 dollar buys in the U.S. and what it buys in India, the consultants figure that \$1 is worth nearly \$5 in India. If we were to use purchasing parity as a measure, the Ruias would be billionaires.

Here are some other Indian business families that would qualify for our rankings based on purchasing power parity:

Rahul Bajaj and his family. They



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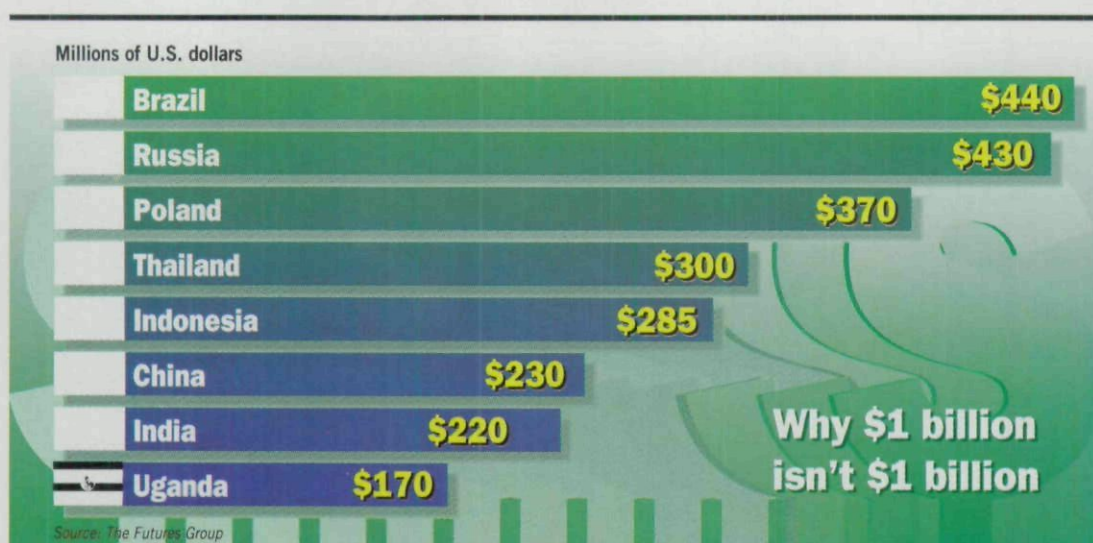
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Chicago Board of Trade

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The dollar cost of the same bundle of goods and services differs among countries. Here is how many dollars people in these eight countries need in order to have the purchasing power equivalent of an American worth \$1 billion.



control Bajaj Auto, India's largest maker of motor scooters, a very hot item among the 150 million middle-class Indians. Based in Pune, south-east of Bombay, the Bajajs are worth about \$500 million on a simplistic exchange rate basis, and \$2.5 billion on a purchasing power basis.

New Delhi's five Modi brothers control Godfrey Phillips India (cigarettes), Modi Olivetti (computers), Modi Xerox (copiers), Modi Luft (airline), Indofil Chemicals, WD Consumer Products (Walt Disney product licensing) and more. Exchange rate net worth: about \$400 million. Purchasing power net worth: \$2 billion.

There's also Bombay's Raheja clan, big in local real estate. Bombay office rents are now around \$145 a square foot annually—higher than Tokyo's. But we can't yet find enough about the Rahejas to figure whether they belong on our lists.

Then there are the old Indian princes, maharajahs, nawabs and the like. Some are back to working for a living, but several of them are rolling in money—property, jewelry, investments. The Jaipur family and the Hyderabad family may well be in the billionaire class.

Another problem: Indian businessmen tend to put assets in the names of their children and grandchildren, their cousins and their uncles and aunts. They also like to stash assets overseas. This doesn't mean the patriarch or the matriarch doesn't call the tune; it just means that the tax collector and bureaucrat are kept confused.

Disclosure is a real nightmare in

Russia. Take Moscow's overheated real estate market. The freehold on most Moscow property is owned by the Moscow City government, which in turn is run as a personal proprietorship by the mayor of Moscow, Yuri Luzhkov.

The mayor is a big player in the property market: he makes land and buildings available at artificially low prices to favored developers. Are there kickbacks involved? How could there not be? We do know that developers kick back money to the Moscow City government, which Luzhkov controls like a personal bank account. Mayor Luzhkov probably controls

Moscow's mayor Yuri Luzhkov probably controls real estate worth more than even Japan's \$9 billion man, Yoshiaki Tsutsumi.

real estate worth more than even Japan's \$9 billion man, Yoshiaki Tsutsumi. Does he own it or just dispose of it all? Who can tell the difference in present-day Russia?

Russian Prime Minister Viktor Chernomyrdin, the former chairman of RAO Gazprom, does not depend upon his official salary to support his family.

How rich is he? Your guess is as good as ours, but consider these facts about his old company, Gazprom. It controls Russia's natural gas reserves, the world's second-largest, and

90,000 miles of pipelines. Last year it sold \$7 billion worth of gas to Western Europe.

We can't find out how many Gazprom shares he owns, but it must be considerable. The company could easily be worth \$50 billion. One of Chernomyrdin's former Cabinet colleagues, former Finance Minister Boris Fedorov, says he is certain that Chernomyrdin owns at least 1% of Gazprom's equity.

Or there's Yevgeny Bychkov. He manages a Russian government organization called Komdragmet that handles the government gold and diamond stockpiles. Three years ago the value of those stockpiled diamonds was about \$8 billion. That stockpile has been dwindling. Rumor has it that it is now down to \$4 billion worth, with only part of the proceeds having flowed into the Russian treasury. Where did the rest go? We don't know, but we do suspect that Bychkov is a rich man.

So, yes, there are more superrich in the world than our current tally of 386 would indicate. You can, if you are so inclined, condemn this proliferation of great fortunes at a time when poverty still persists in most of the world.

Or you can look at the big picture: These fortunes, most of which scarcely existed 20 years ago, are symptoms of a tremendous explosion in the world's wealth, a healthy expansion of industrial and commercial capital that is creating opportunities for the ordinary person on a scale undreamed of in the past.



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