

# India by the Numbers

India: Asia's economic powerhouse

October 2017



India's growth prospects have brightened considerably, particularly with the steady progress that Prime Minister Narendra Modi has made with reforms. The economy is in better shape than before – inflation is benign, interest rates accommodative, and fiscal consolidation remains on track. Furthermore, the country's immense growth potential is undiminished. Coupled with a huge domestic market, a more streamlined taxation system and expanding middle class, India's longer-term opportunities look attractive.

## Rapidly growing economy, robust fundamentals



With projected gross domestic product (GDP) of **US\$19.5 trillion**, India is poised to become the world's third-largest economy by 2030, behind China and the U.S.

Source: PwC The long view: how will the global economic order change by 2050, February 2017. For illustrative purposes only.

Prime Minister Modi and Reserve Bank of India (RBI) Governor Urjit Patel offer **compelling leadership**.

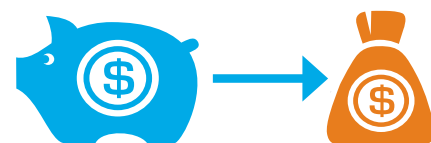


**Narendra Modi**



**Urjit Patel**

Modi has made steady progress with reforms needed to boost growth while Patel is building on his predecessor's success at maintaining the RBI's credibility, controlling inflation and stabilizing the rupee.



India's new goods and services tax (**GST**) regime is a long-term positive for the country.

The national sales tax reduces prices for most mass-consumption products and makes it much easier to do business between states. These efficiencies could translate into cost savings for our companies.

Source: CLSA, June 2017. For illustrative purposes only.

Global market volatility is likely to continue amid widespread economic uncertainty. We believe India is better placed to withstand temporary outflows than most other emerging markets.

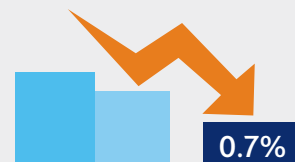


**1** India's foreign exchange reserves are at **US\$393 billion**<sup>1</sup>

Source: <sup>1</sup>Reserve Bank of India corporate website, August 23, 2017; <sup>2</sup>Dept. of Industrial Policy and Promotion, August 2017; <sup>3</sup>Reserve Bank of India, June 15, 2017. For illustrative purposes only.



**2** Foreign investors poured **US\$10.4 billion** (net) into India's equity markets in 2017 June-quarter alone<sup>2</sup>



**3** The current account deficit fell to **0.7%** of GDP in Financial Year 2016/2017<sup>3</sup>

## Huge domestic market, rising middle class wealth

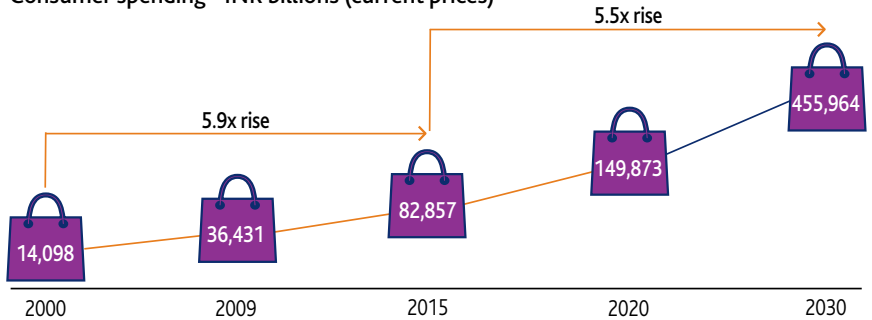
India will have the **world's largest workforce by 2030**, reinforcing its long-term growth potential.

Source: International Monetary Fund (IMF), March 2015.



### Consumption in India to continue growing significantly

Consumer spending - INR billions (current prices)



Source: KPMG, Federation of Indian Chambers of Commerce and Industry, September 2015. INR=Indian rupees. For illustrative purposes only.

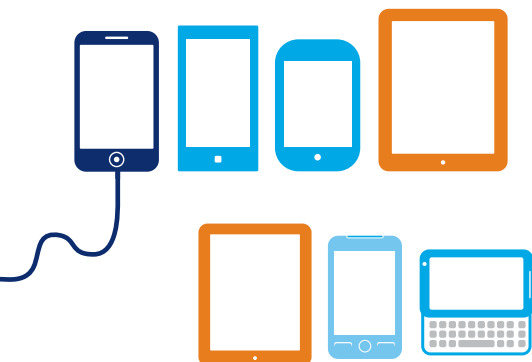
India's fast-moving consumer goods (FMCG) industry will be worth an estimated **US\$110.4 billion** by 2020.

Consumer companies that stand to gain from increased personal spending include a leading maker of personal/home care and food & beverage products, as well as a homegrown personal care products-maker.



Source: Indian Brand Equity Foundation, July 2017. For illustrative purposes only.

## Increasingly connected



Smartphone shipments to India rose to record levels in the third quarter of 2016, up 17.5% from the previous three months to **32.3 million units**.<sup>4</sup>

Demand for low-cost mobile handsets and new technologies (3G/4G) is likely to accelerate data traffic to among the fastest-growing in the world.

<sup>4</sup>Source: IDC Press Release, November 15, 2016. For illustrative purposes only.

## Infrastructure boost

Modi's government is looking to spend more than US\$32 billion to upgrade the nation's rickety infrastructure in fiscal year 2016- 2017.<sup>5</sup>

<sup>5</sup> Source: Union Budget Speech, February 2016. For illustrative purposes only.



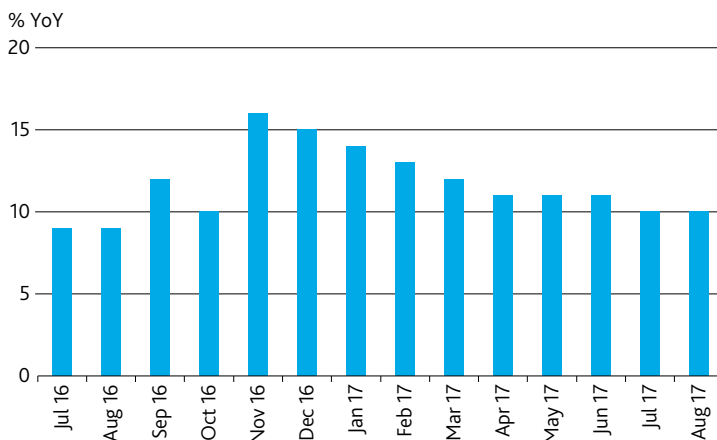
Cement companies stand to gain from a recovery in utilization rates over the next five years, amid a pickup in construction activity.

## Banking on success

Modi's surprise move last year to demonetize existing 500- and 1,000-rupee notes aimed to target corruption, widen the tax net and bring more of the informal economy into the official fold over the long term.

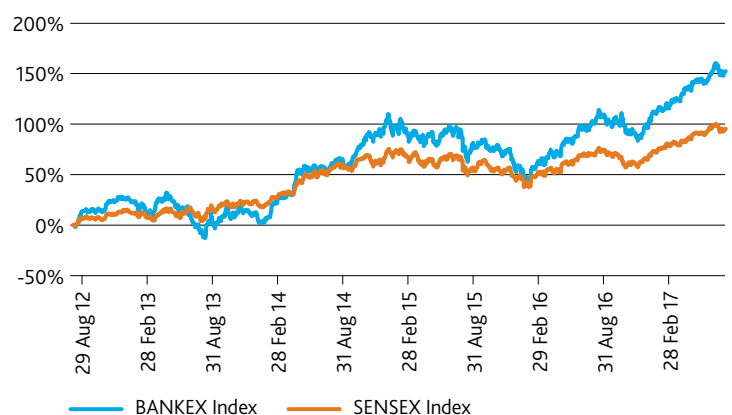
Already, lenders are benefiting from the demonetization exercise, which has moved cash from under mattresses into bank accounts and other financial assets.

### Impressive deposit growth



Source: RBI, CLSA, August 31, 2017. For illustrative purposes only.

### Banks outperform SENSEX



Source: Bloomberg, August 28, 2017. The S&P Bombay Stock Exchange (BSE) BANKEX Index comprises constituents of the S&P BSE 500 that are classified as part of the banks sector. The SENSEX Index is comprised of 30 well-established and financially sound companies listed on BSE. **PAST PERFORMANCE IS NOT AN INDICATION OF FUTURE RESULTS.** For illustrative purposes only.

## A stock-picker's market

**BSE**

World's largest stock exchange

> 5,800 listed companies

Market  
Capitalization  
US\$2.39  
trillion

With over **5,800 listed companies**, having a combined market capitalization of **US\$2.39 trillion**, as of August 2017, the BSE is the world's largest stock exchange by number of listed members.

Source: BSE corporate website, August 2017. For illustrative purposes only.

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