

Opportunities and Challenges



UNDERSTANDING THE ECONOMIC ENVIRONMENT

MCRHRDI

AMIR ULLAH KHAN

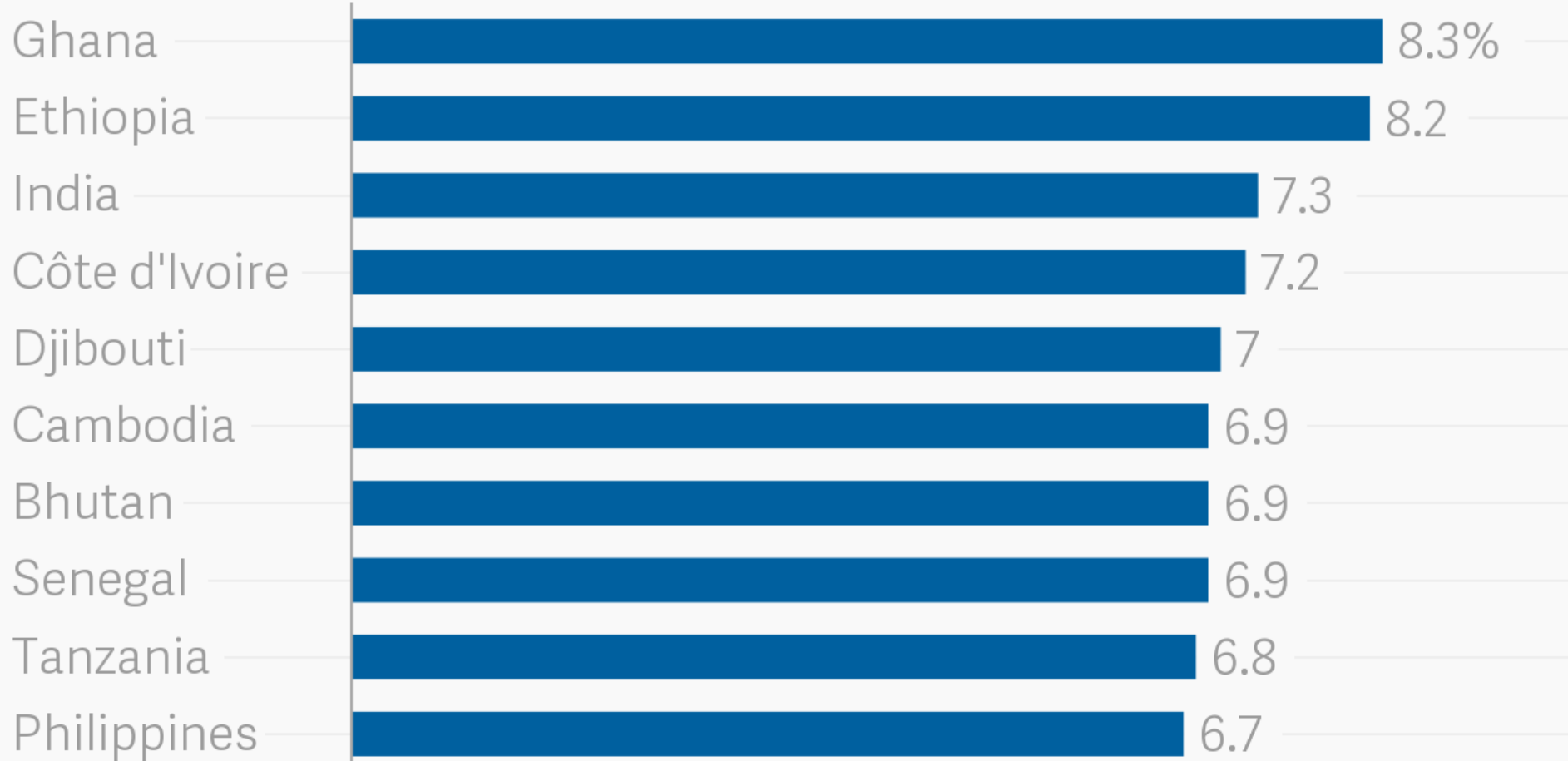
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Growth

The top 10 fastest growing economies in 2018

Real GDP growth at market prices



Fast paced growth



- Fastest growing economy 2016
- Cote De Ivore
- FDI record high
- Pharmaceuticals, Software
- Health sector
- Infrastructure
- Opening up to FDI
- Ease of doing Business
- <https://tradingeconomics.com/india/indicators>

Indicators – Leading and lagging



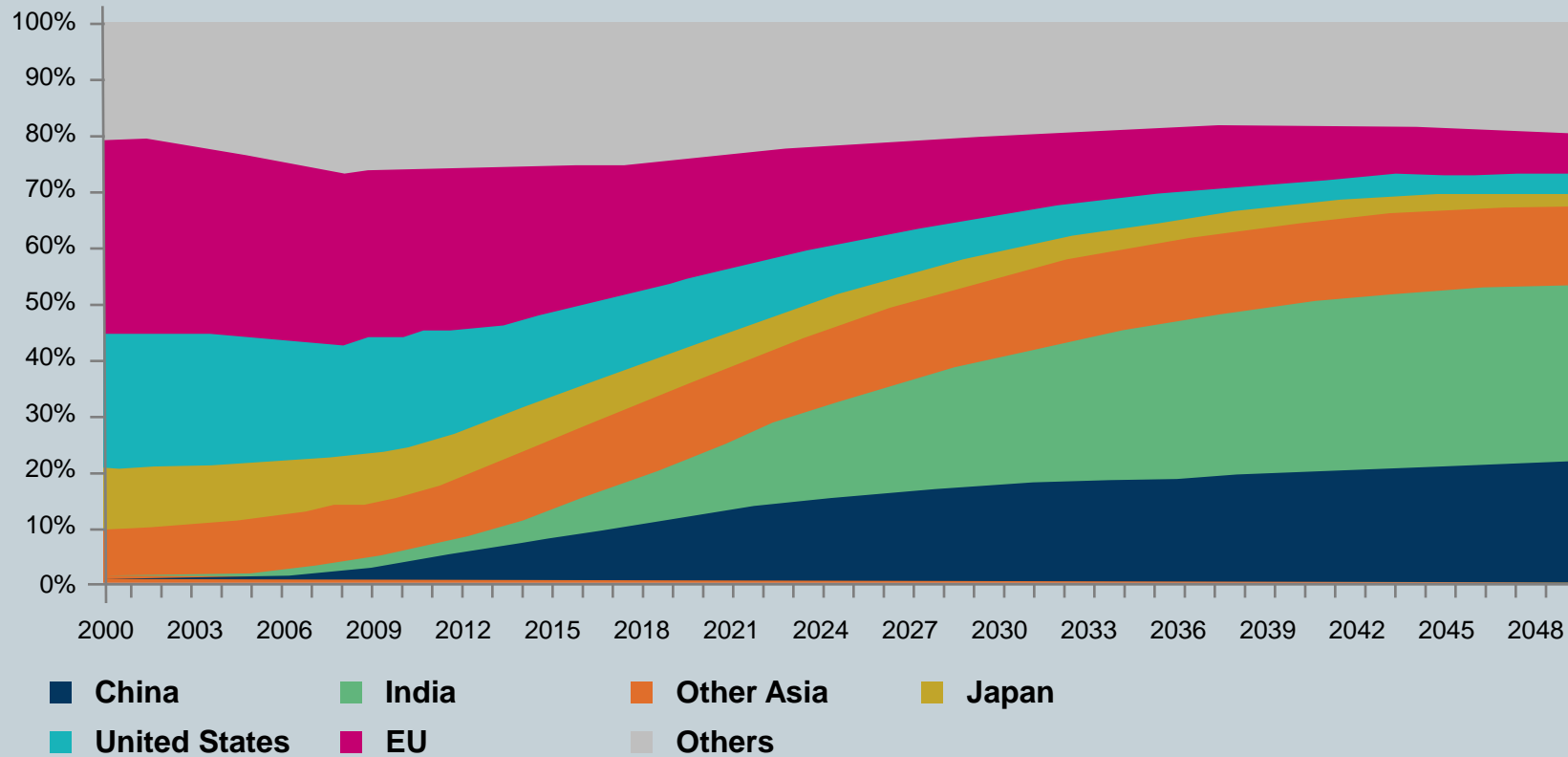
- Gross Domestic Product (GDP)
- Income and Wages. ...
- Unemployment Rate. ...
- Consumer Price Index (Inflation) ...
- Currency Strength. ...
- Interest Rates. ...
- Corporate Profits. ...
- Balance of Trade.

Why is India important?

Middle Class market - Brookings' projection



Shares of Global Middle Class Consumption, 2000-2050



Changes



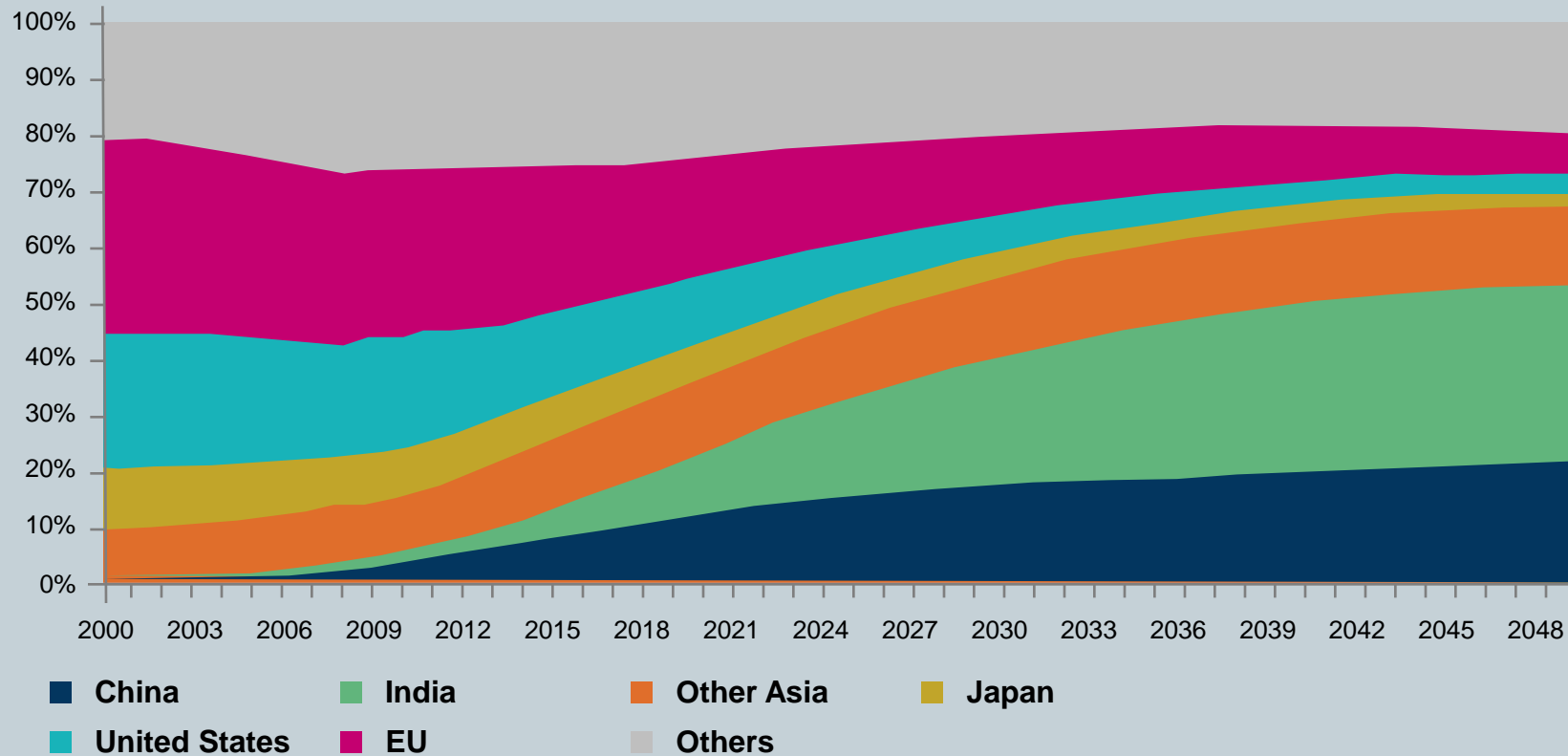
- Per capita income
 - ✓ 1970 – Rs 8091
 - ✓ 1990 – Rs 11535
 - ✓ 2009 – Rs 60000
- Hoho savings
 - 4371 crores
 - 105000 crores
 - 12 lakh crores
- FDI – 0.13 b in 1991 to 30 b in 2010

Why is India important?

Middle Class market - Brookings' projection

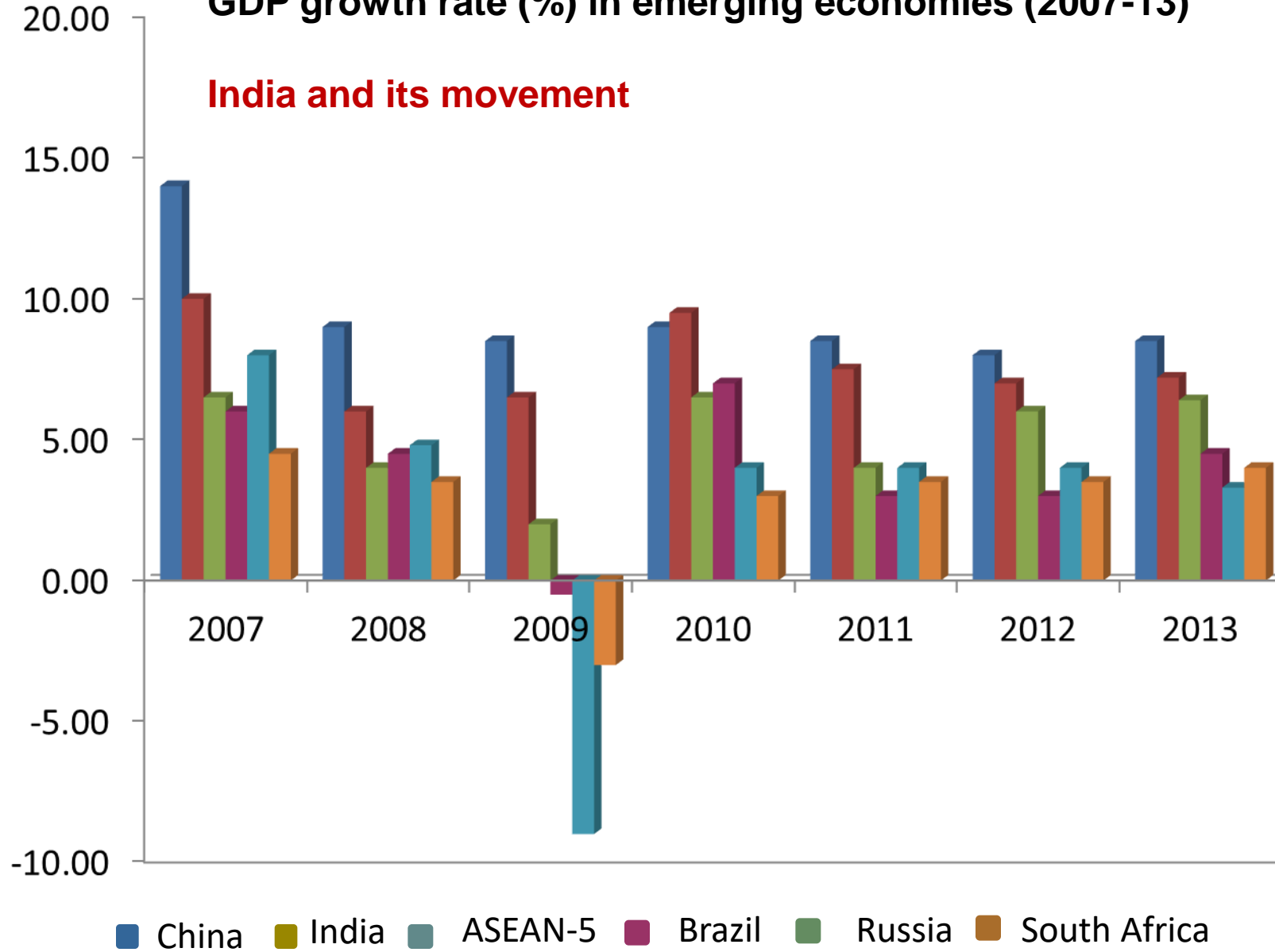


Shares of Global Middle Class Consumption, 2000-2050



GDP growth rate (%) in emerging economies (2007-13)

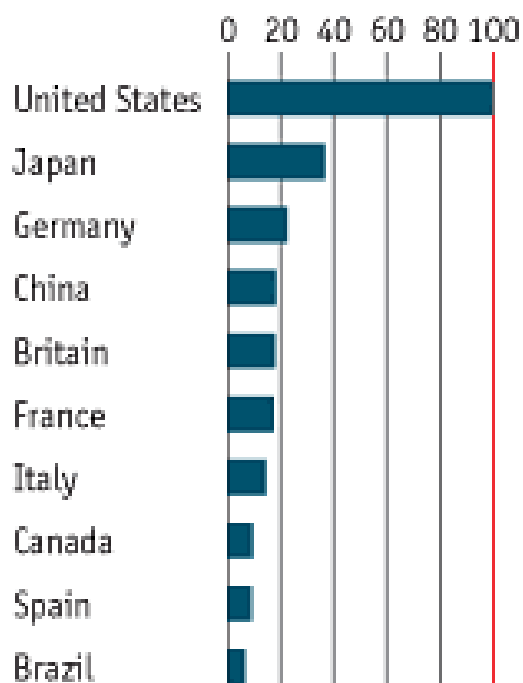
India and its movement



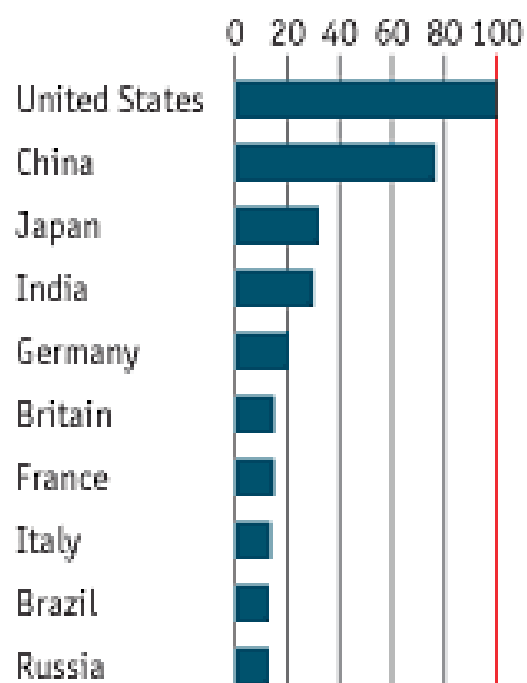
2040 vision

World's ten biggest economies, United States=100

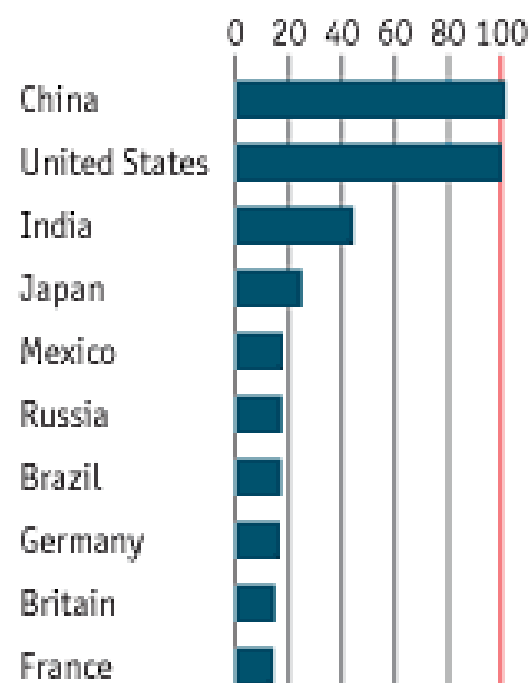
GDP (market exchange rates) 2005



GDP (PPP) 2005



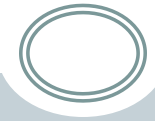
GDP* forecast 2040



Sources: IMF; Goldman Sachs

* Market exchange rates

Growth and Challenges



SECTORS

INDIA'S TOP 20 COMPANIES BY MARKET CAPITALISATION

1990

Tata Steel
ITC
Tata Motors
Century Textiles
Hindustan Unilever
Mafatlal
Reliance Industries
Grasim
G S F C
ACC
SIV Industries
Colgate-Palmolive
Hindalco
Bajaj Holdings
Saurashtra Cement
Uniphos Enterprises
Bombay Dyeing
JCT
Larsen & Toubro
Nestle India

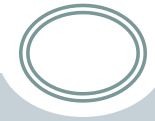
2000

Wipro
Hindustan Unilever
Infosys Technologies
Reliance
ITC
O N G C
HCL Technologies
Pentamedia Graphics
Zee Entertainment
M T N L
I O C L
St Bk of India
H F C L
Satyam Computer
Tata Communications
Ranbaxy Labs.
H D F C
Cipla
NIIT
Nirma

2010

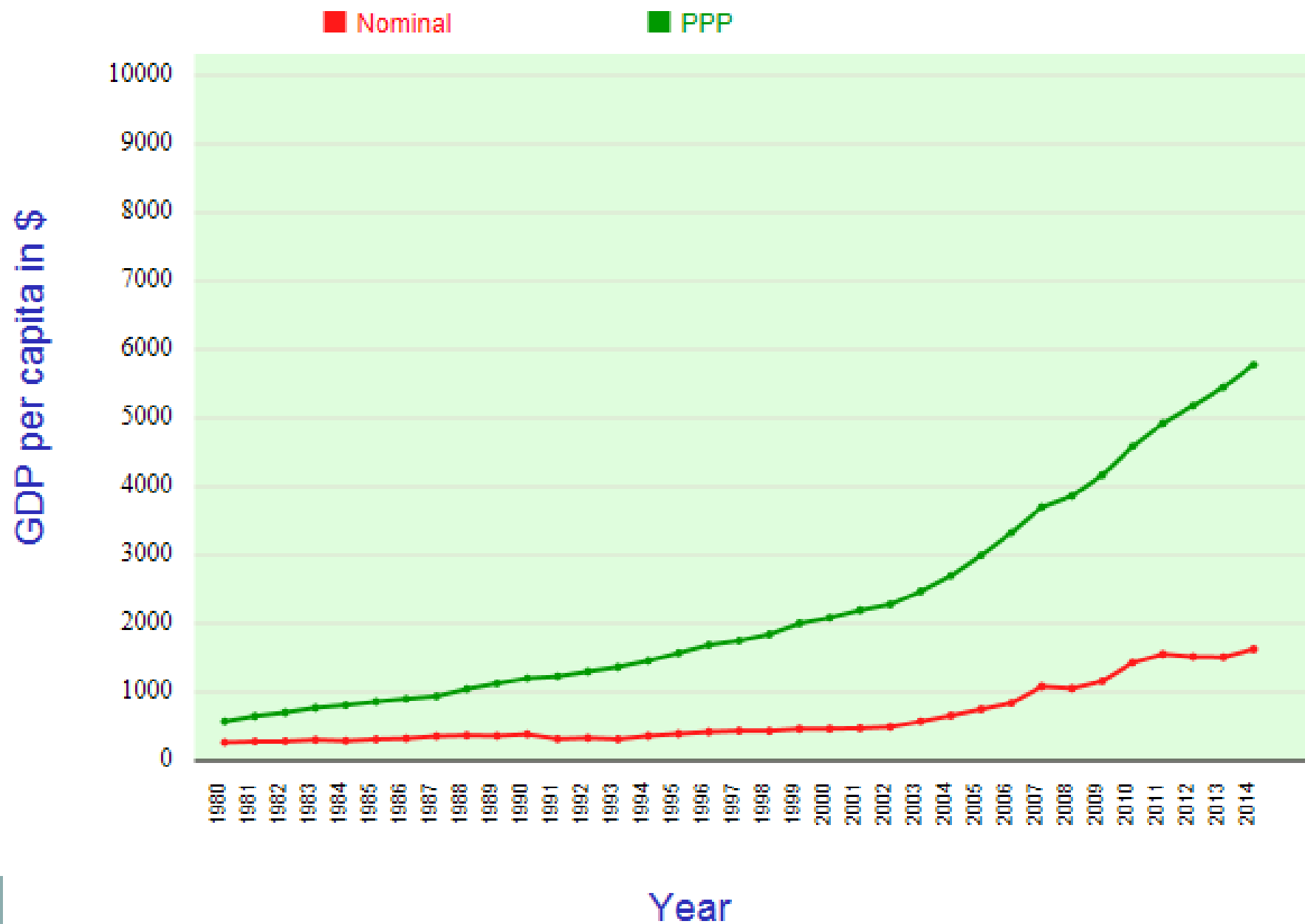
Reliance Industries
ONGC
TCS
Coal India
Infosys Technologies
SBI
NTPC
Bharti Airtel
ITC
ICICI Bank
Larsen & Toubro
Wipro
MMTC
BHEL
NMDC
HDFC Bank
HDFC
Indian Oil Corp
Tata Motors
SAIL

Growth and Challenges

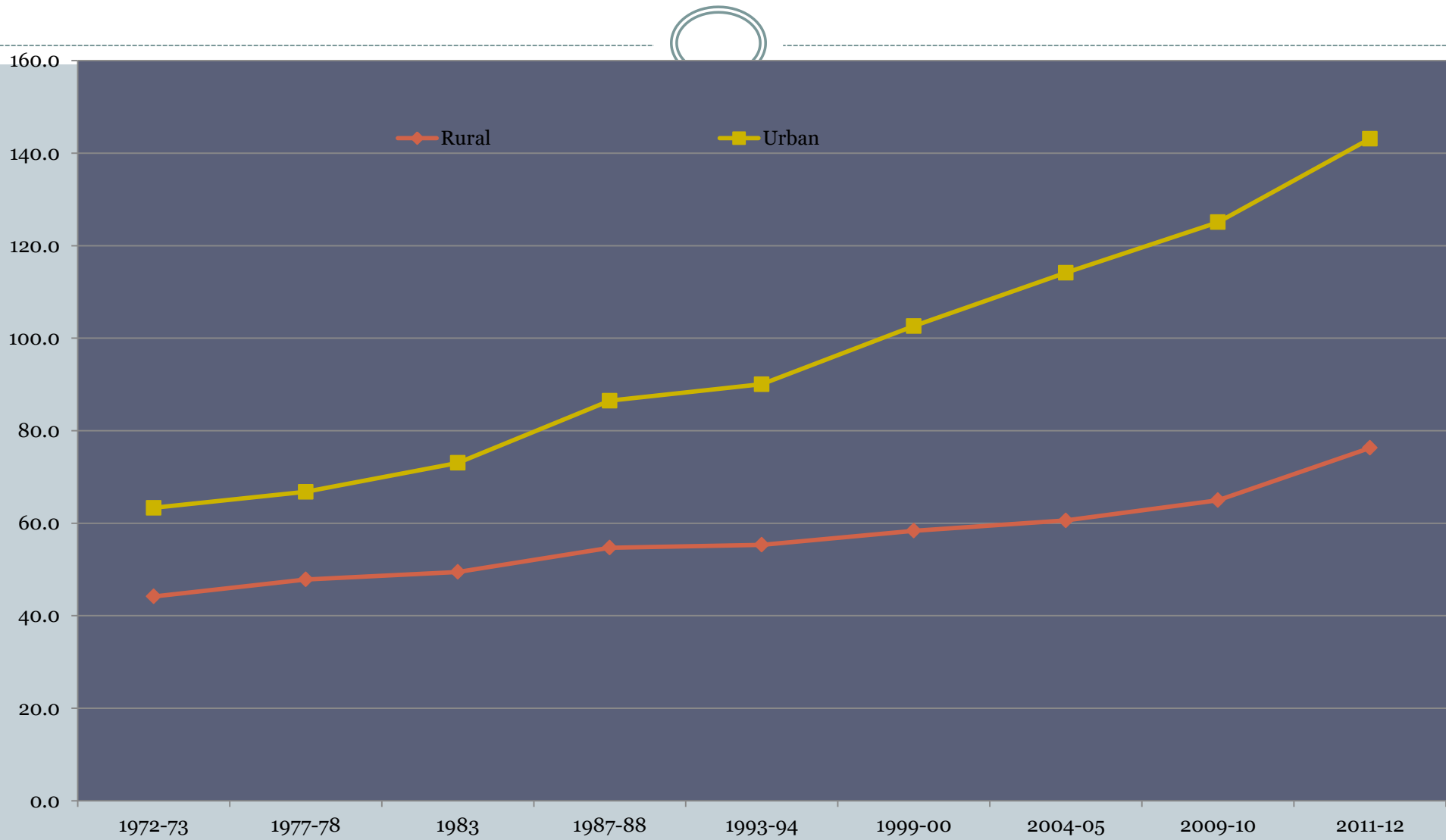


INEQUALITY

GDP Capita of India (1980-2014)

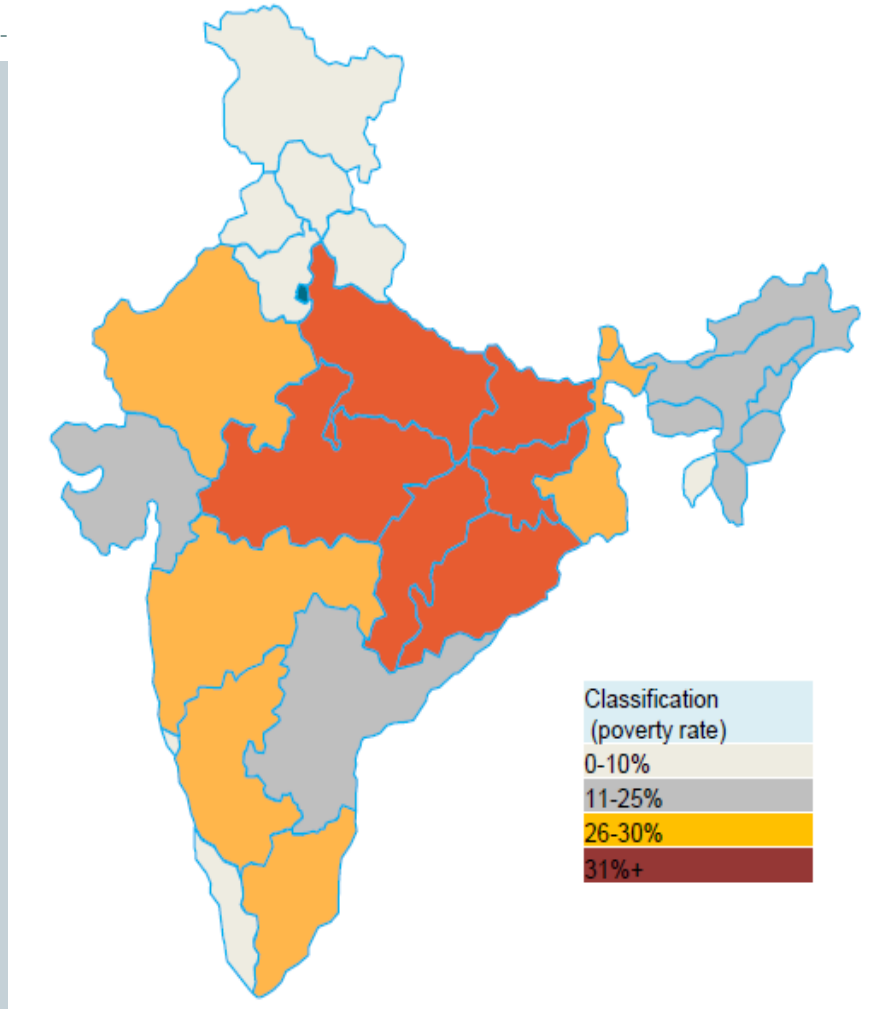


Consumption (Rs.) 1972-73 to 2011-12



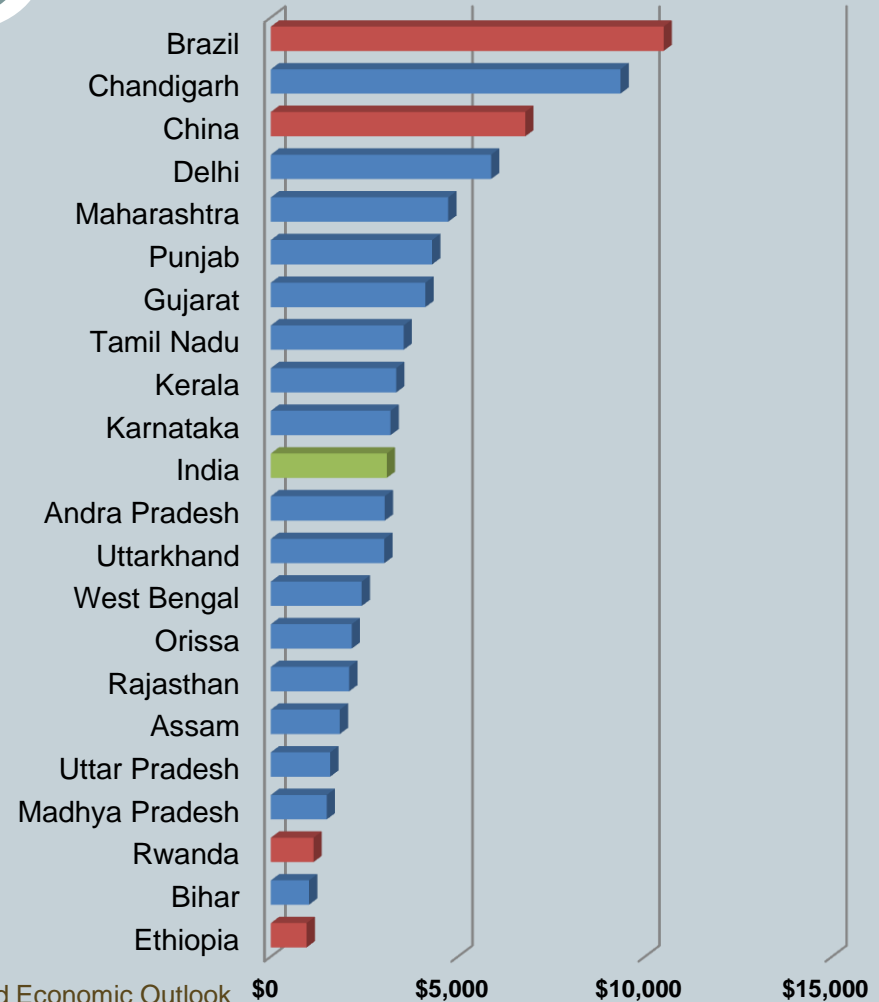
Poverty and inequality

Concentration of poverty in states



Source: Planning Commission, Data Tables; Economist Intelligence Unit; IMF, World Economic Outlook

Per capita incomes – a comparative lens on 'pattern'



Growth and Challenges

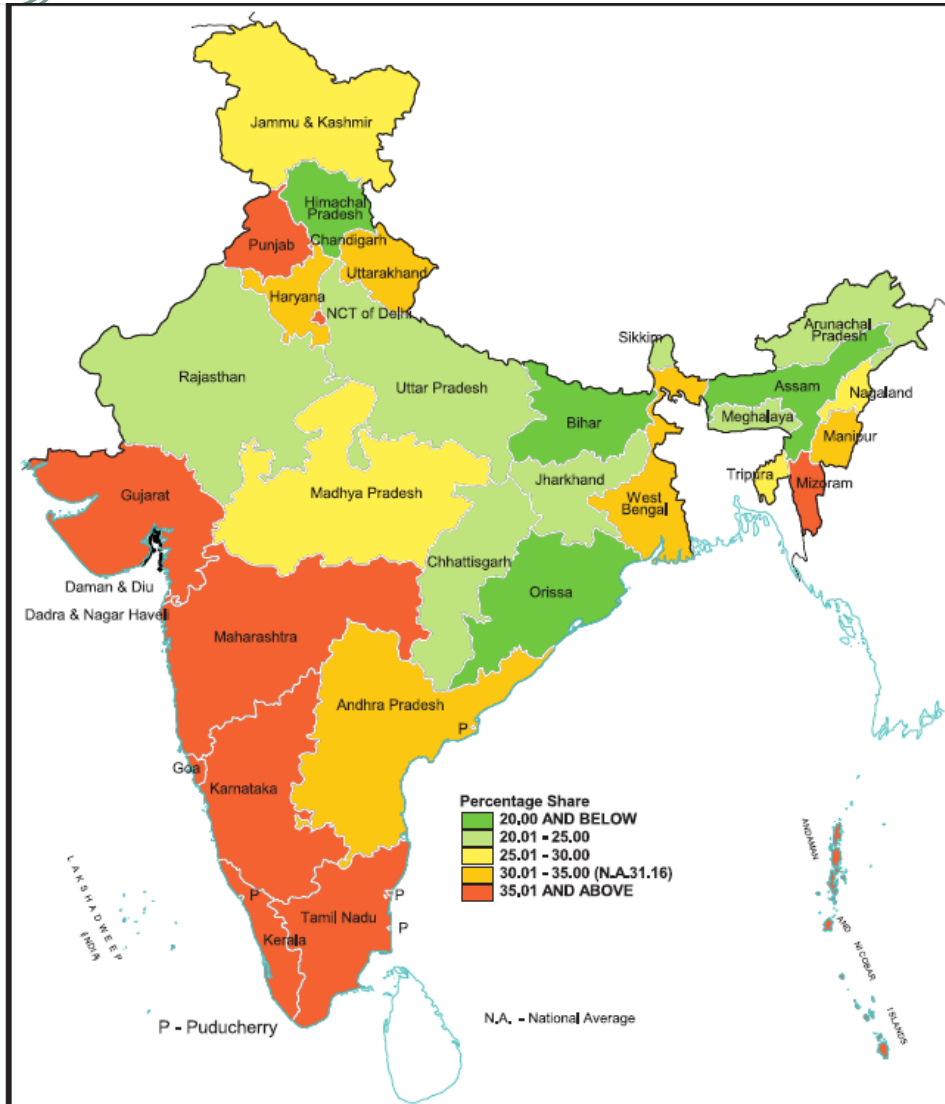
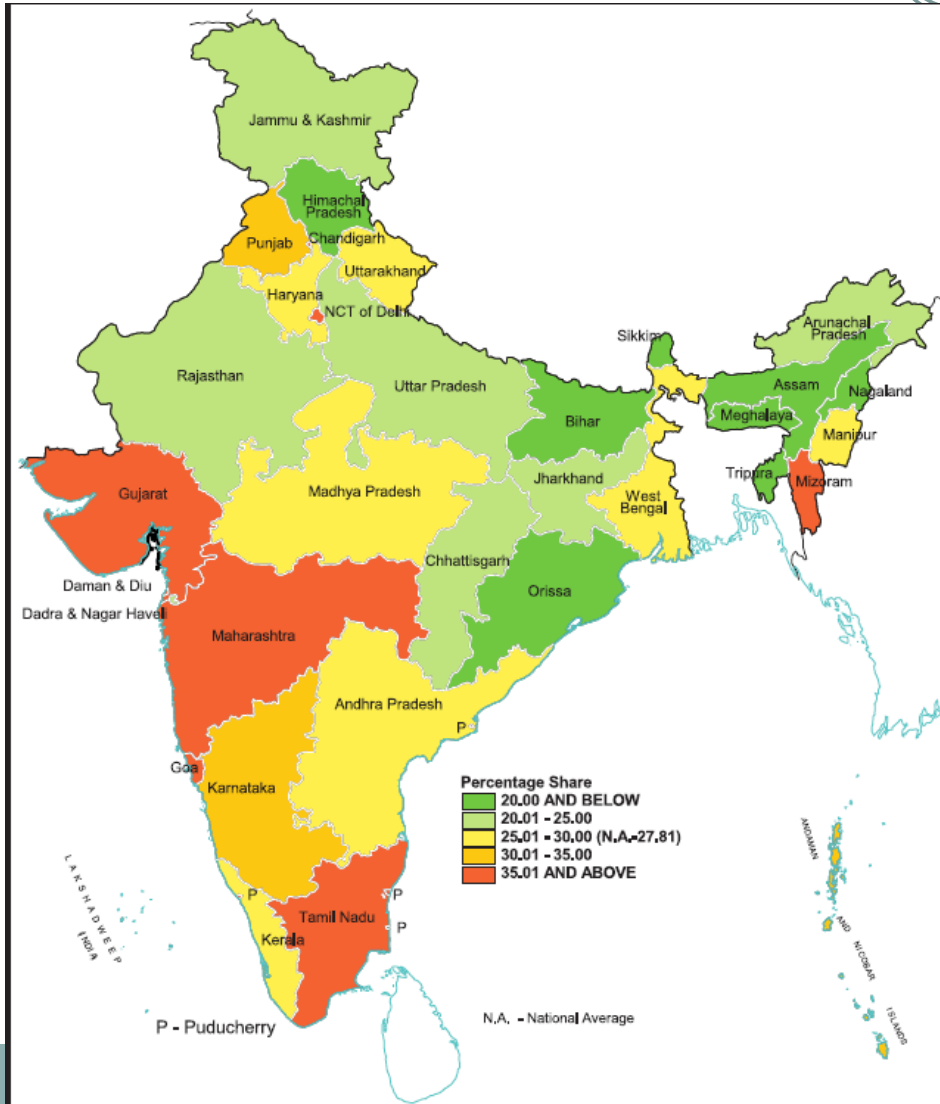


URBANISATION

Urban Population... Where is growth happening?

2001

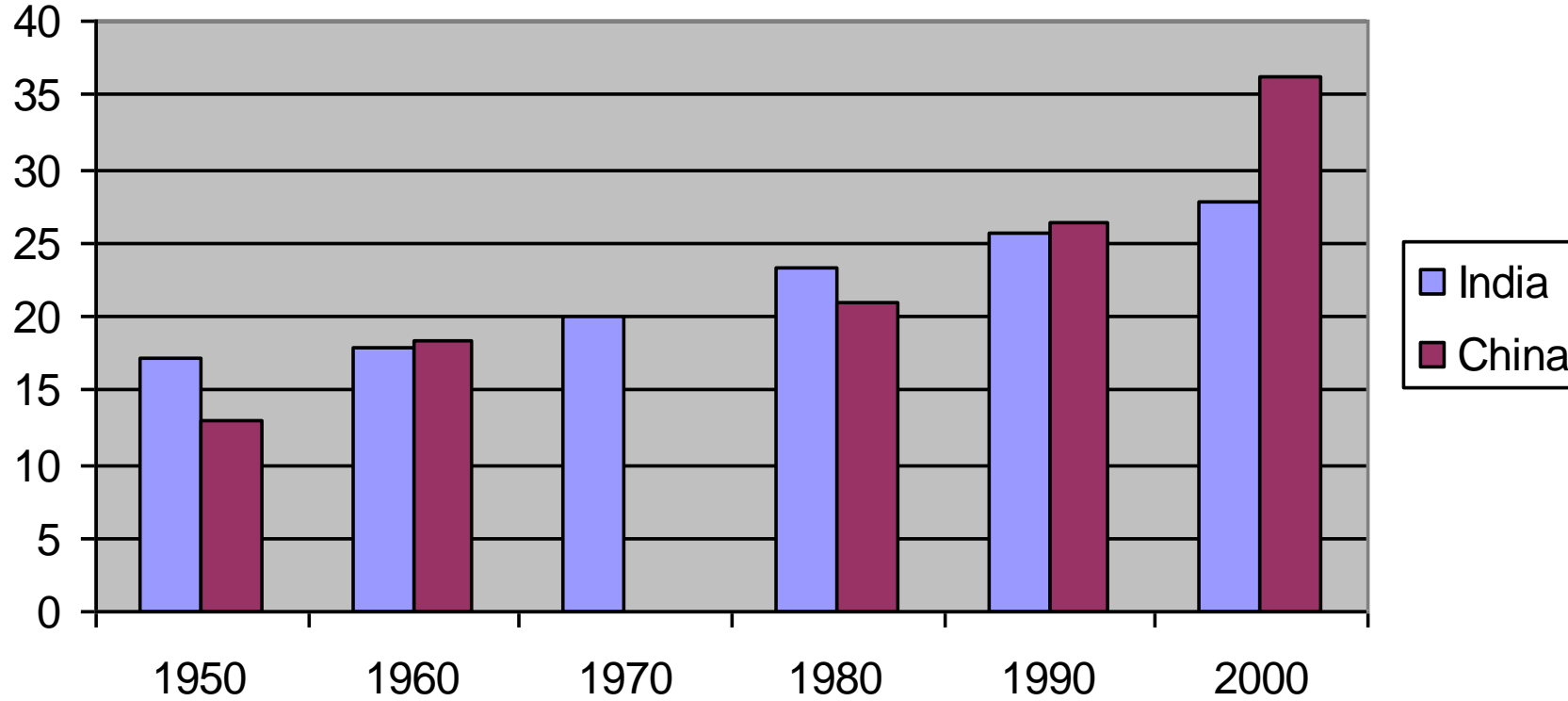
2011



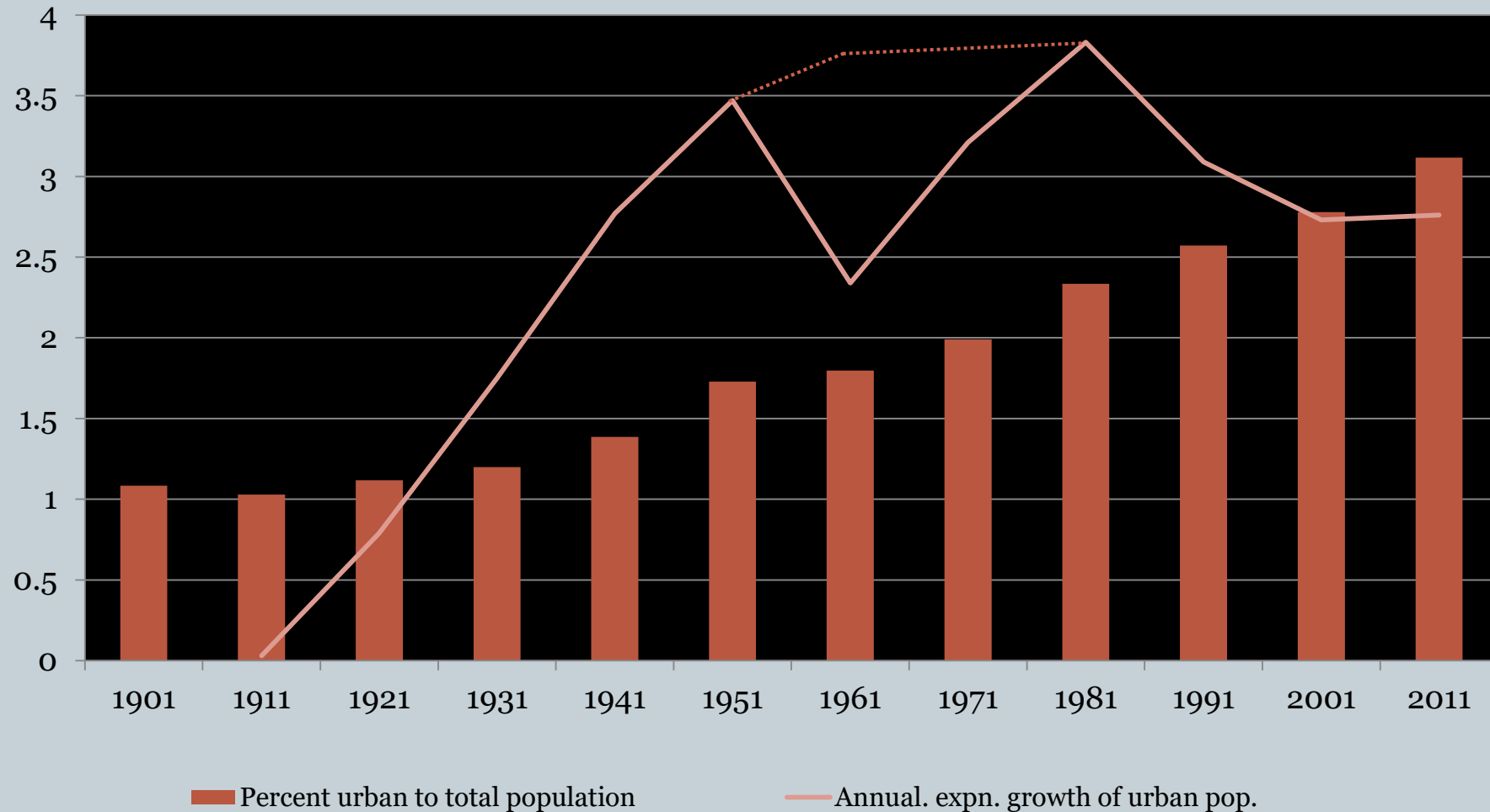
India vs. China



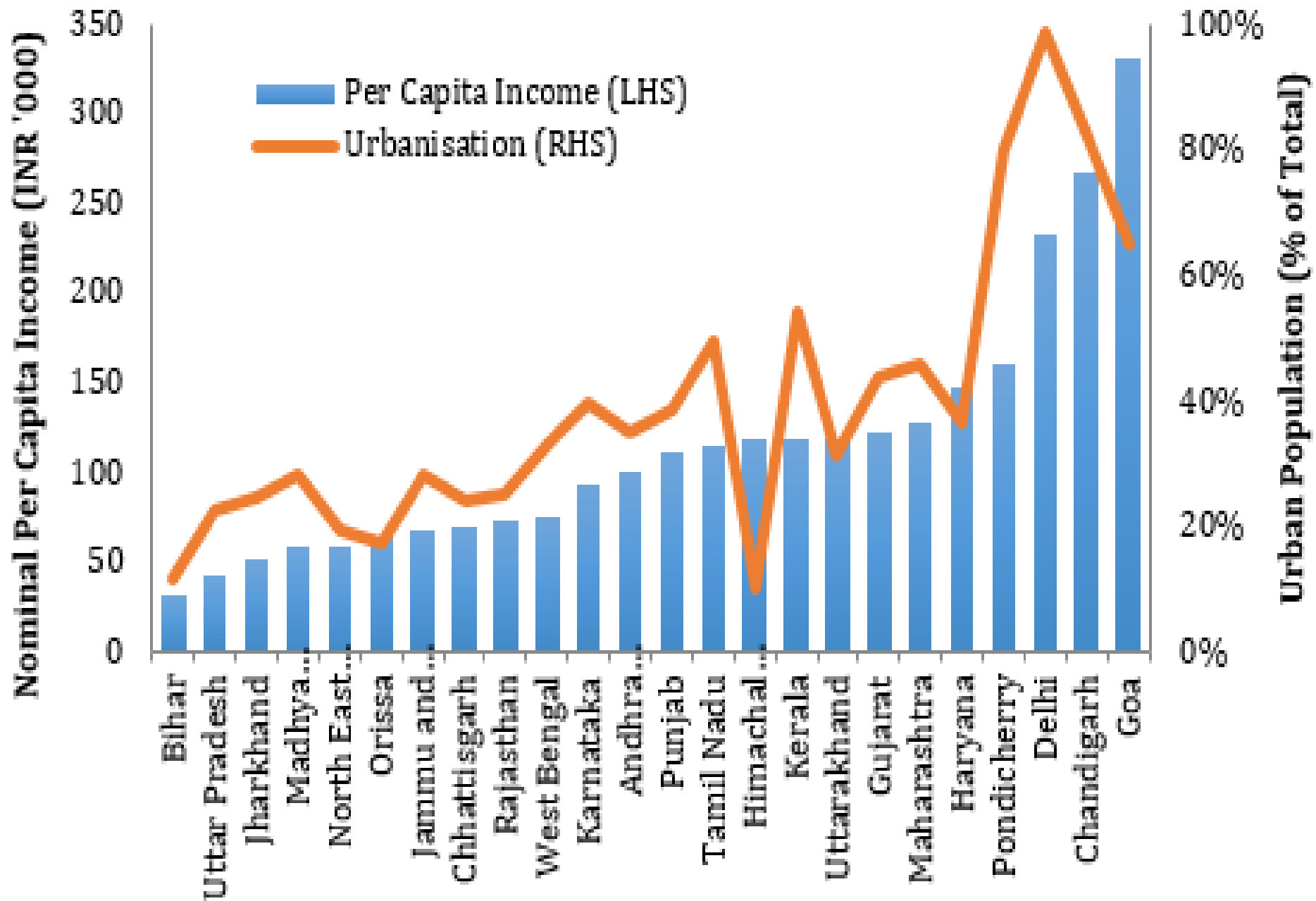
Urbanisation



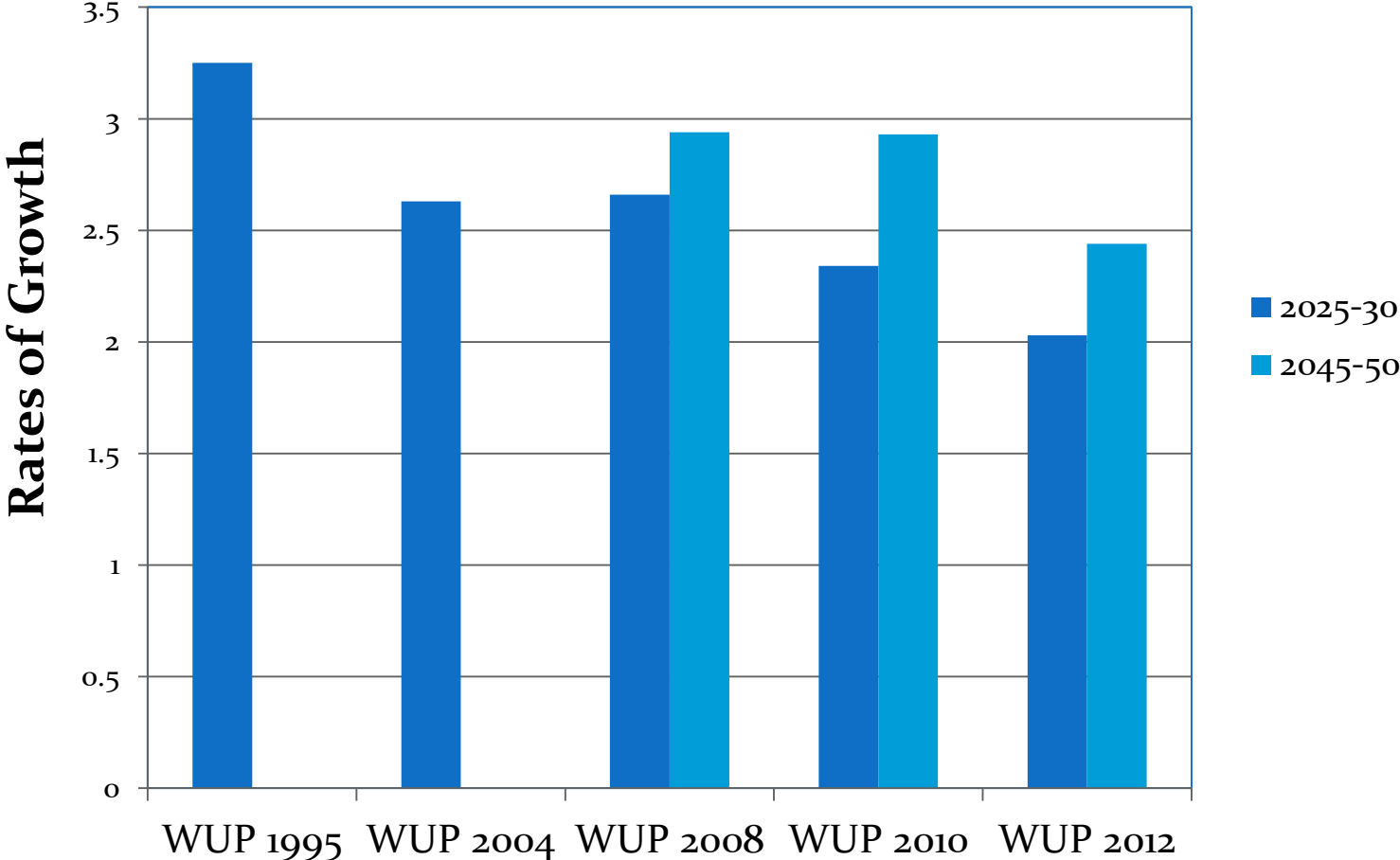
Per cent Urban Population and Urban Growth Rates 1901-2011



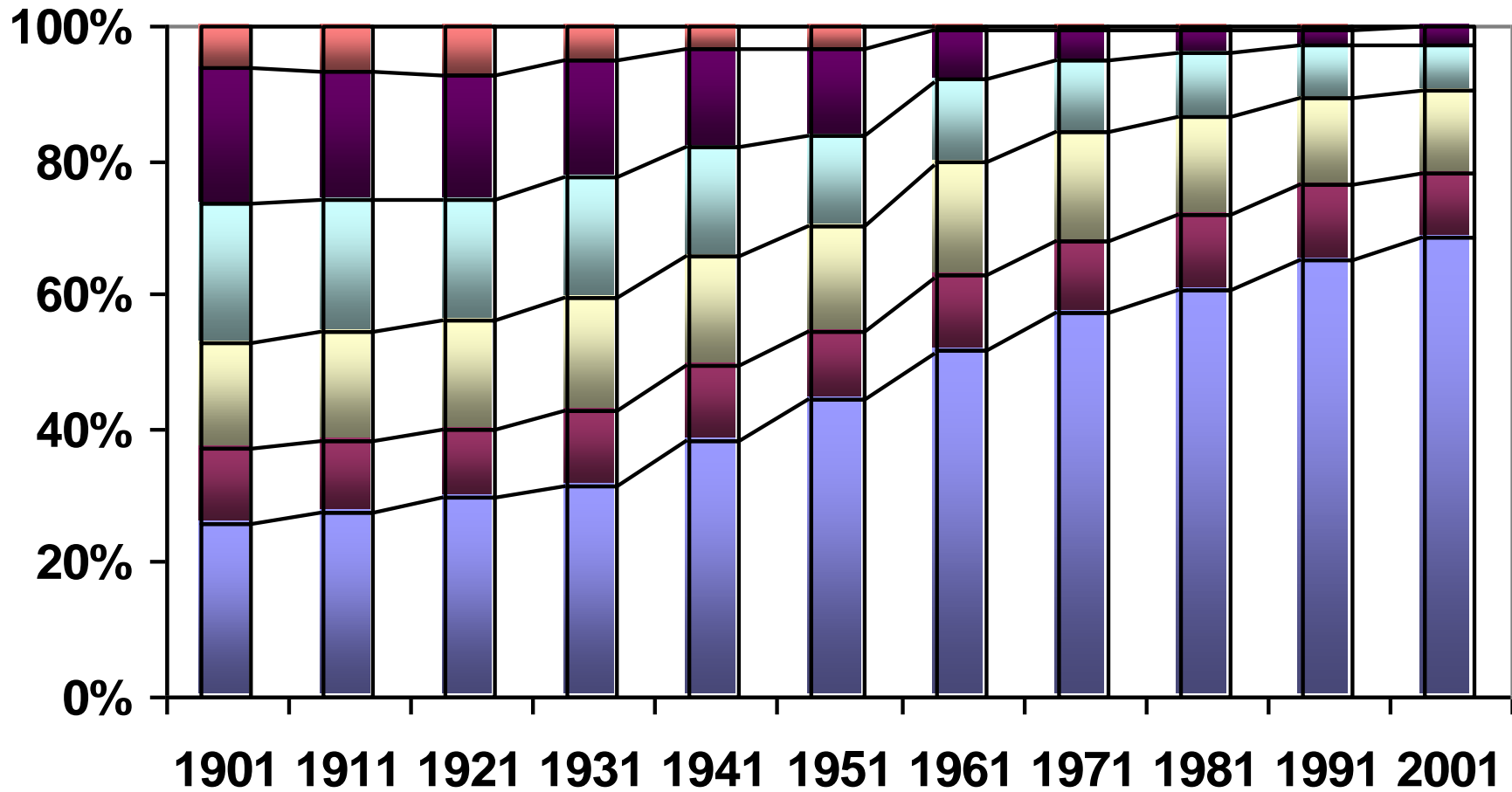
Nominal Per Capita Income and Urbanisation by State (FY14)



**Graph 3 Growth Rates of Urban Population in India
as Projected in World Urbanisation Prospects (WUP)**

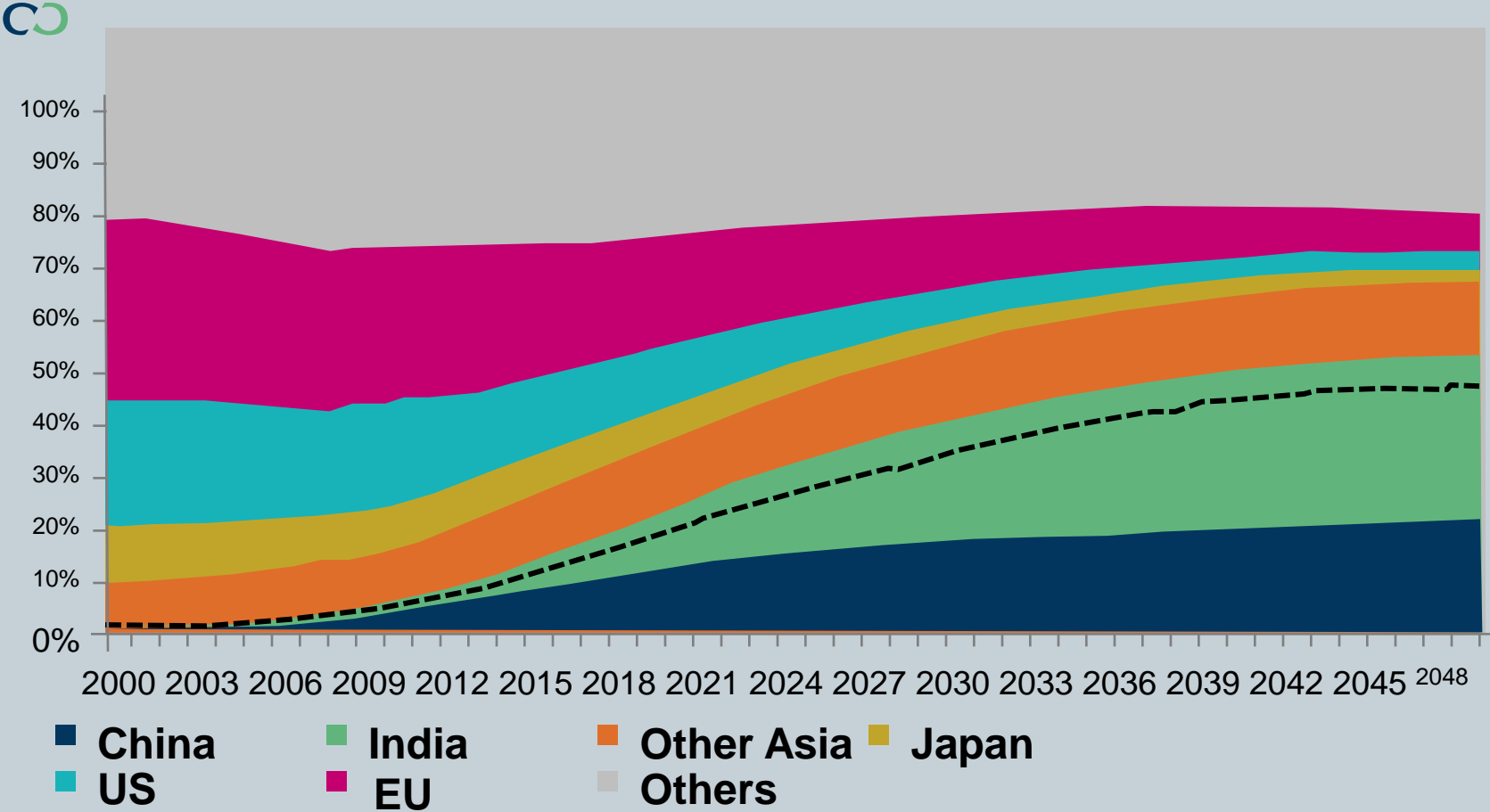


Graph 2 – Proportion of urban population in different size categories



Class I
 Class II
 Class III
 Class IV
 Class V
 Class VI

Impact

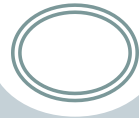


Growth and Challenges

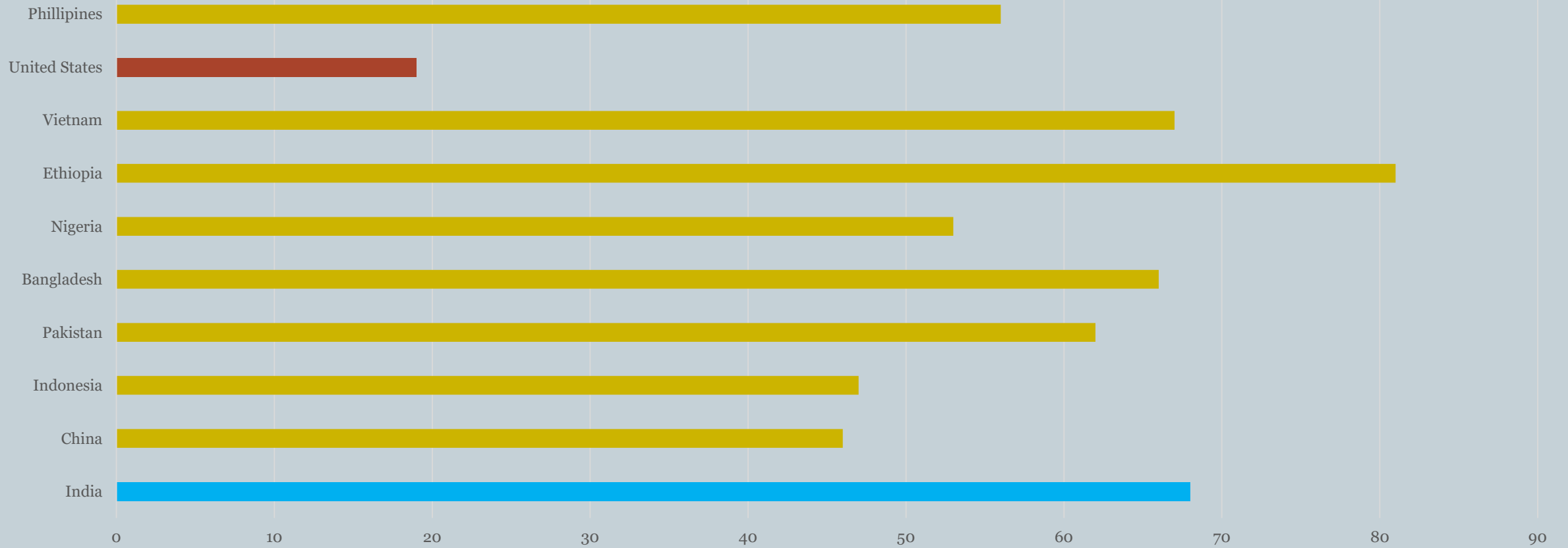


WHERE DO PEOPLE LIVE

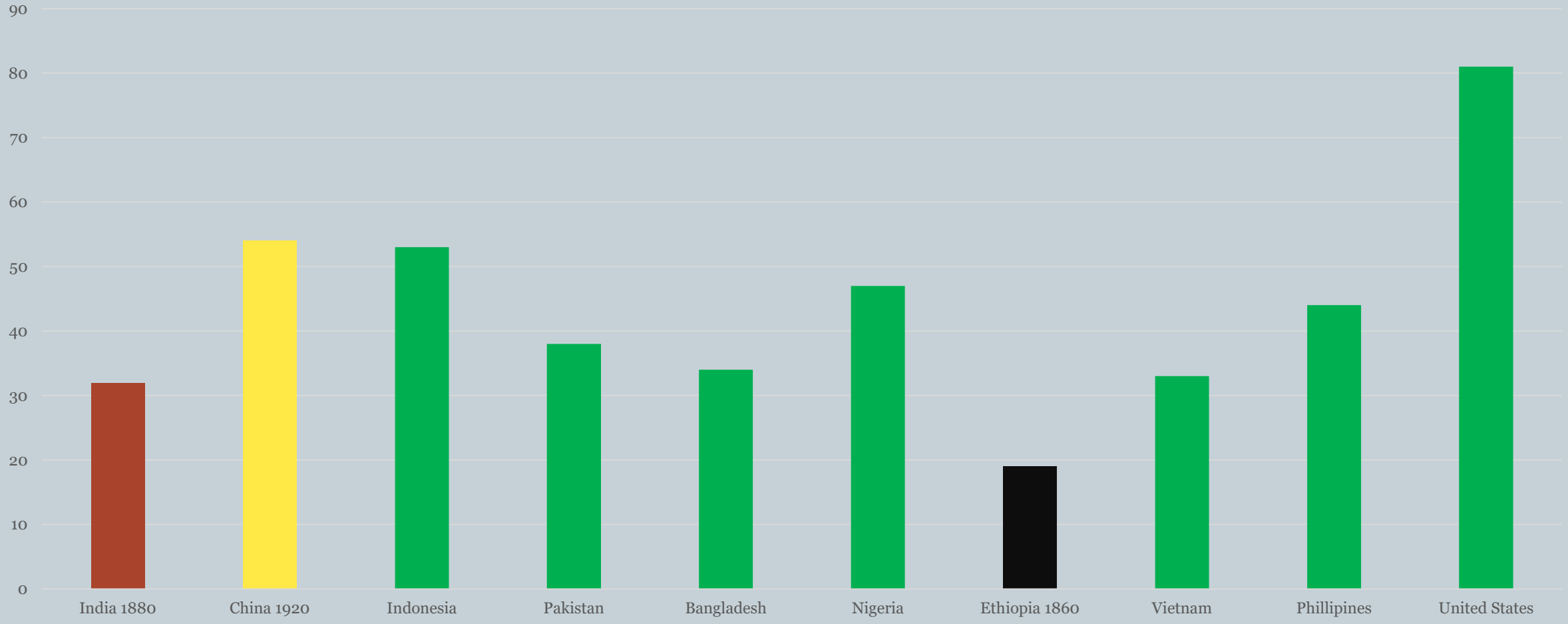
% Rural Population



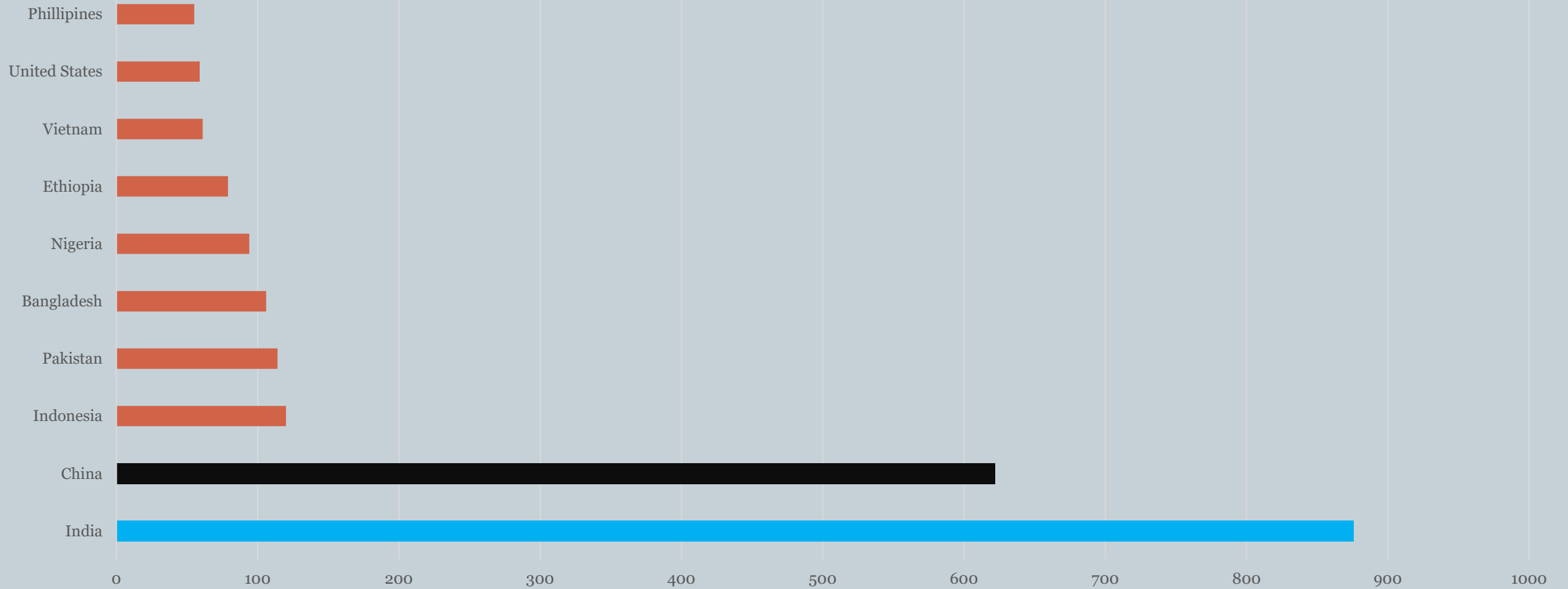
% Rural



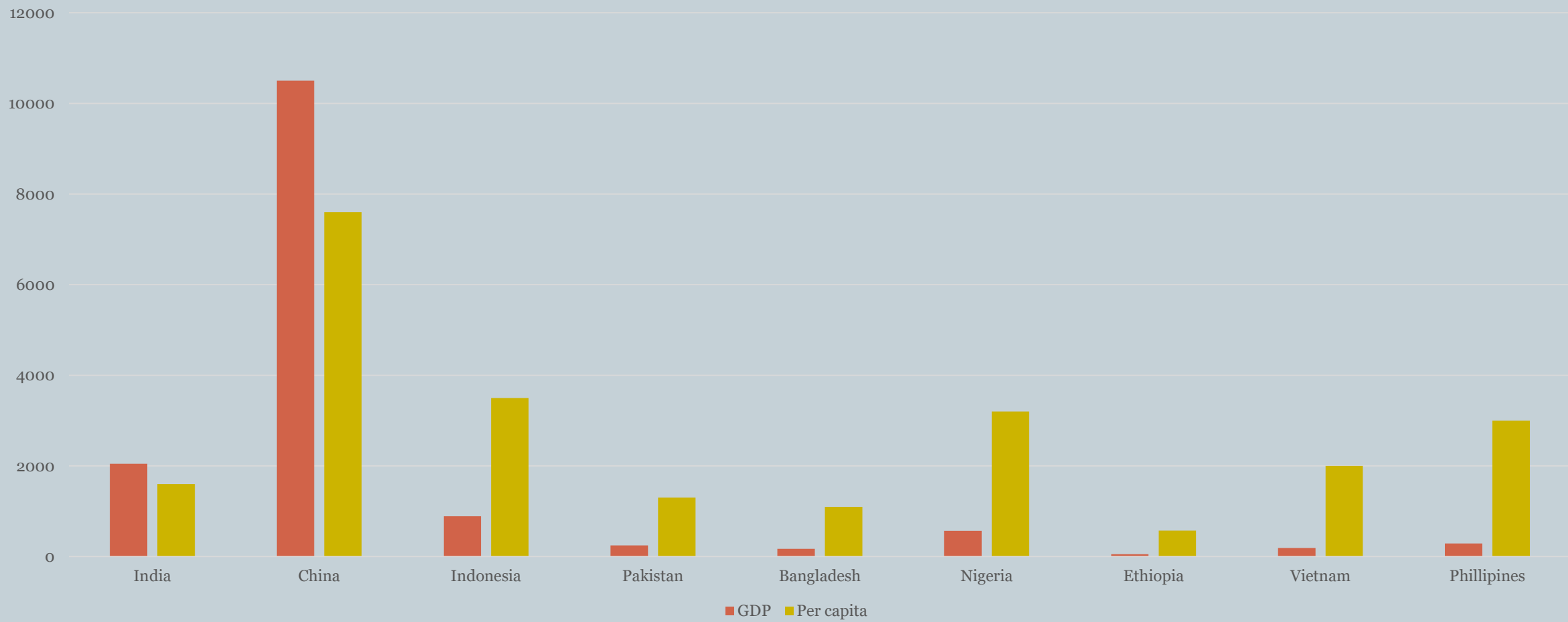
Urban Population %



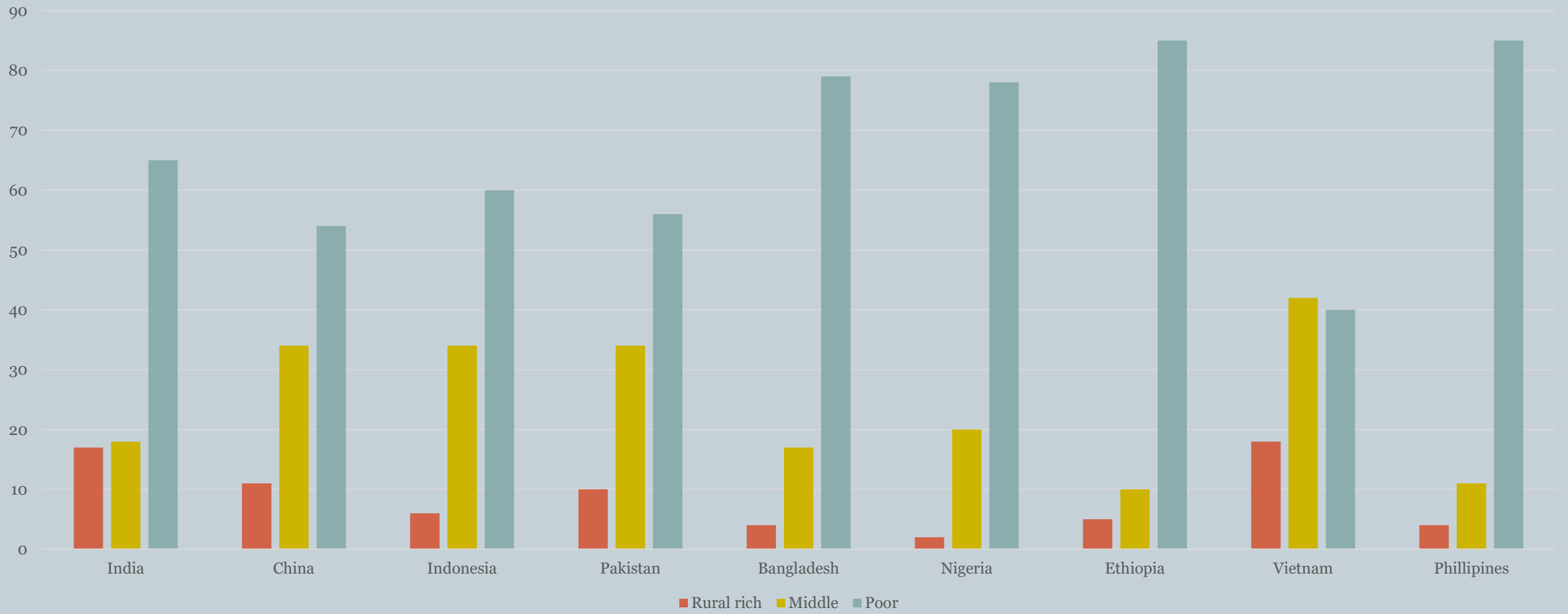
Total Rural Population



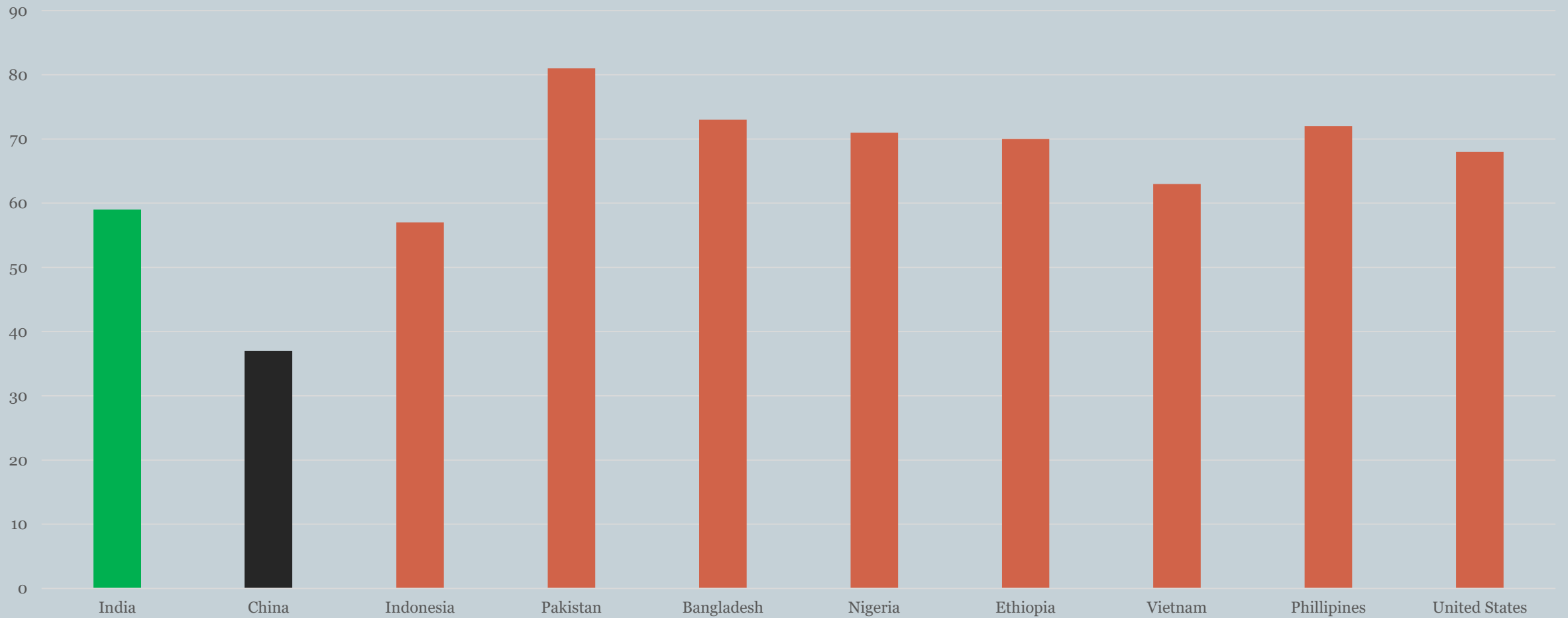
GDP and per capita GDP



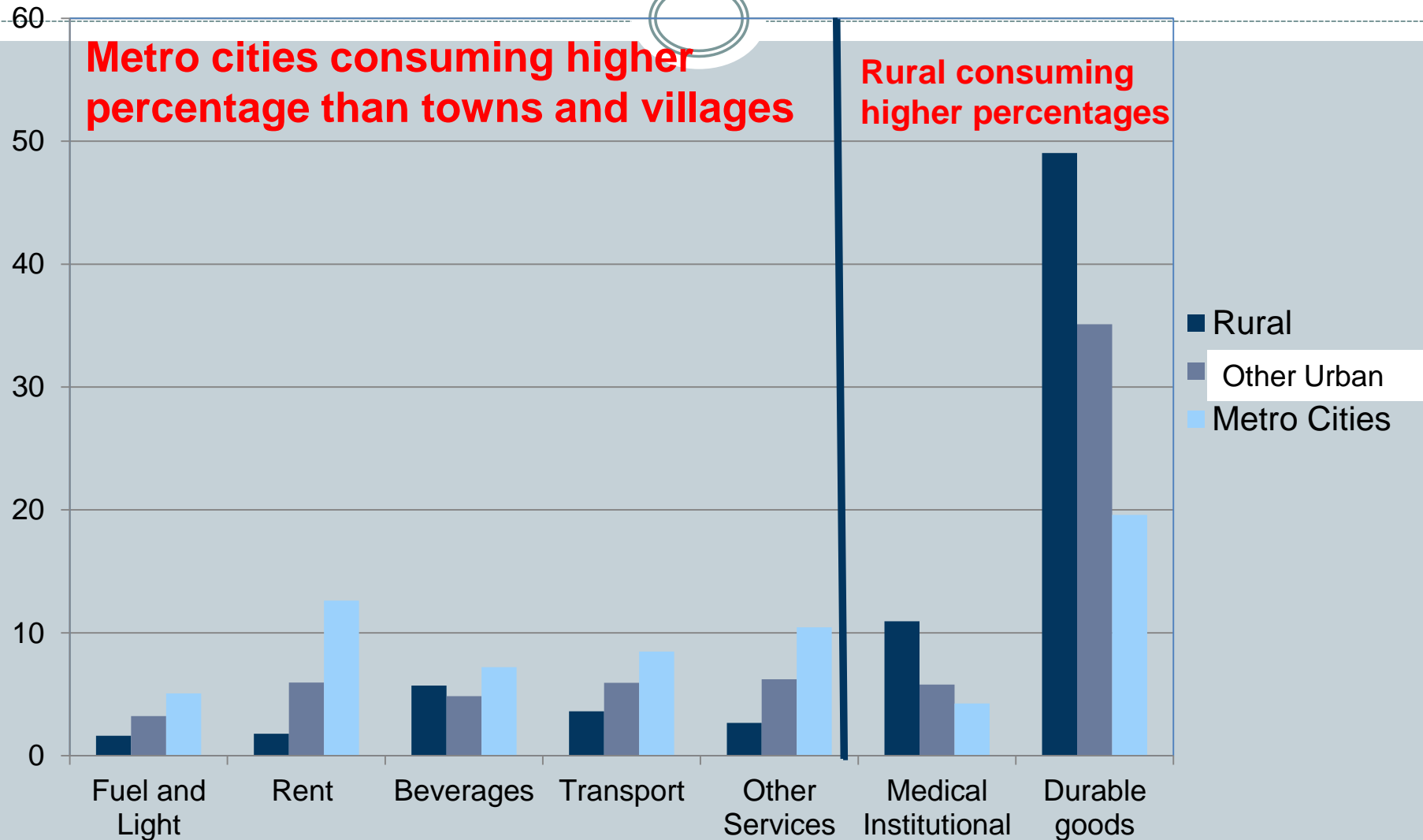
Rural rich in India and Vietnam



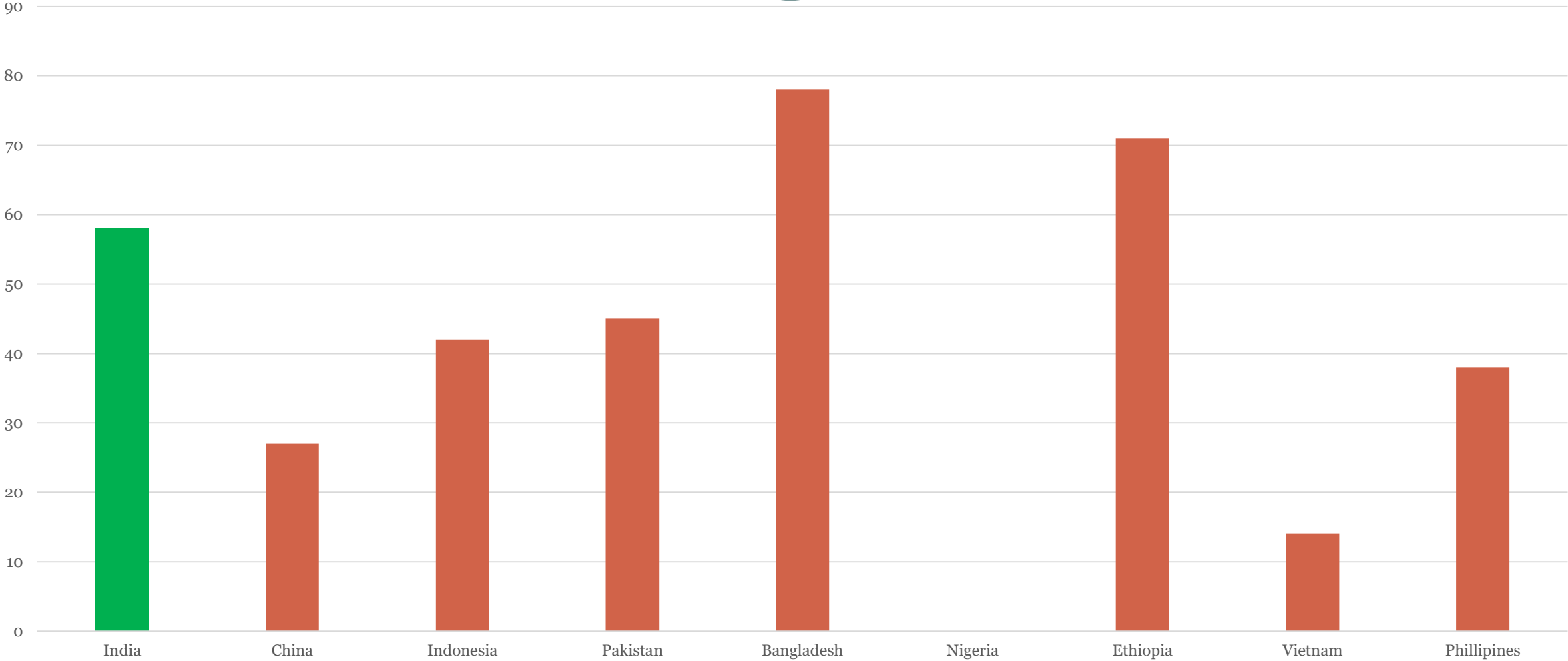
Consumption Spending as % of GDP



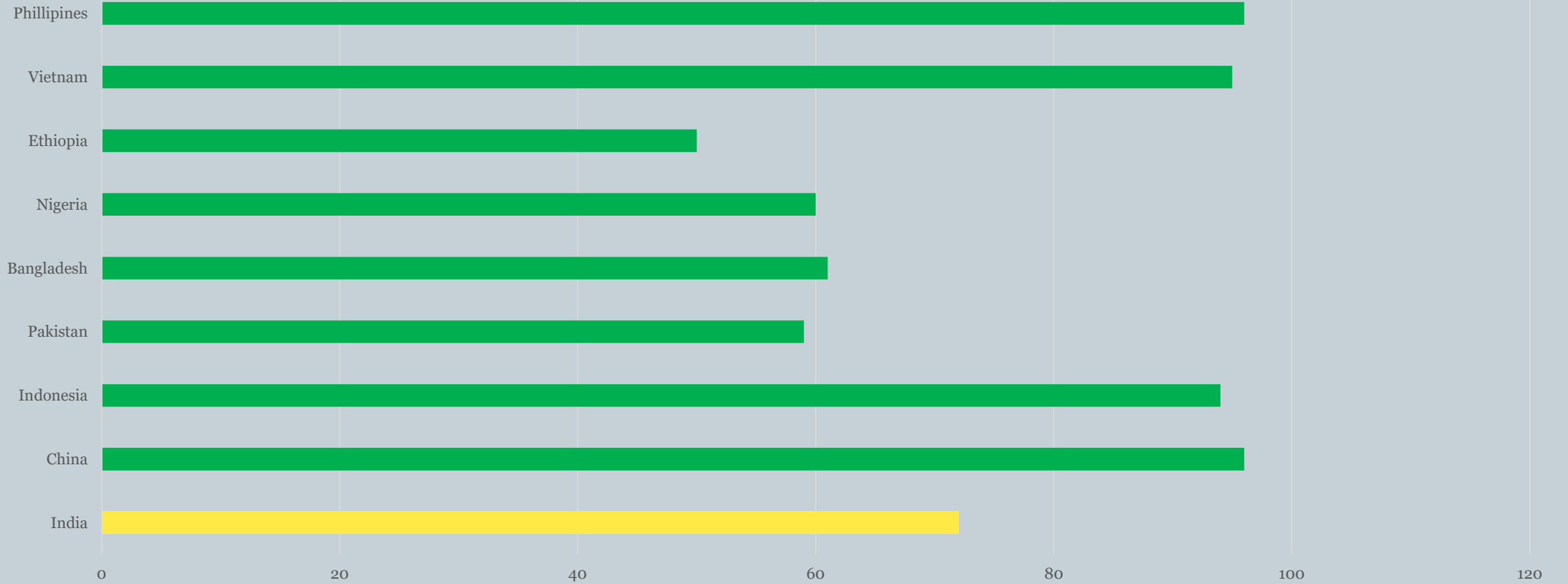
Middle class consumption of different items as percent to total consumption



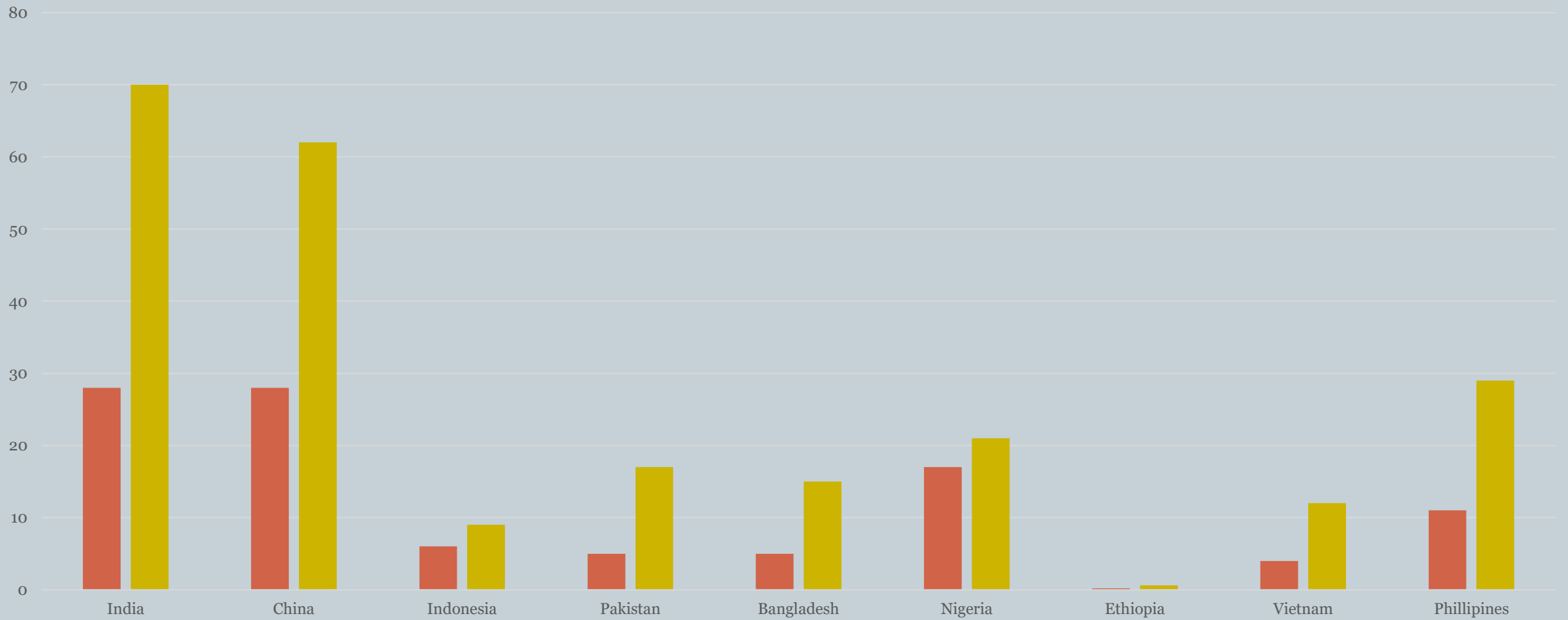
Income 3\$ a day



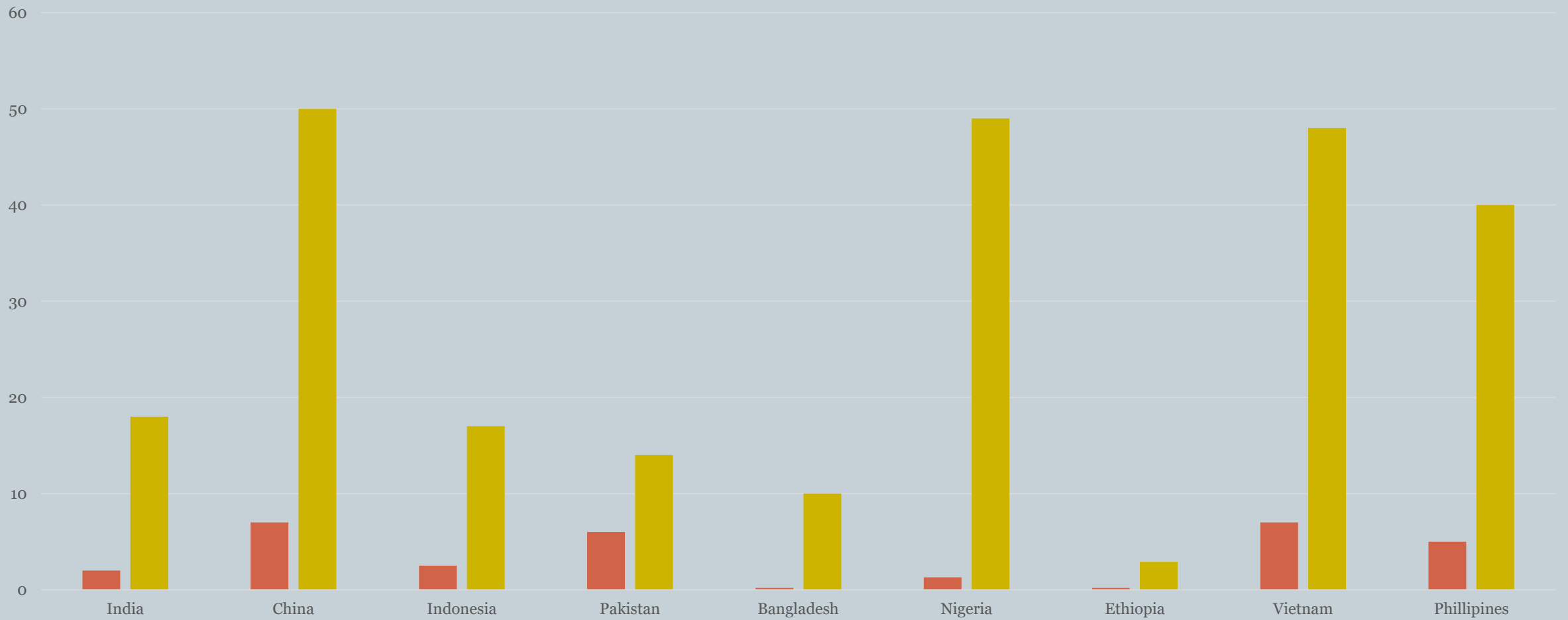
Literacy rates



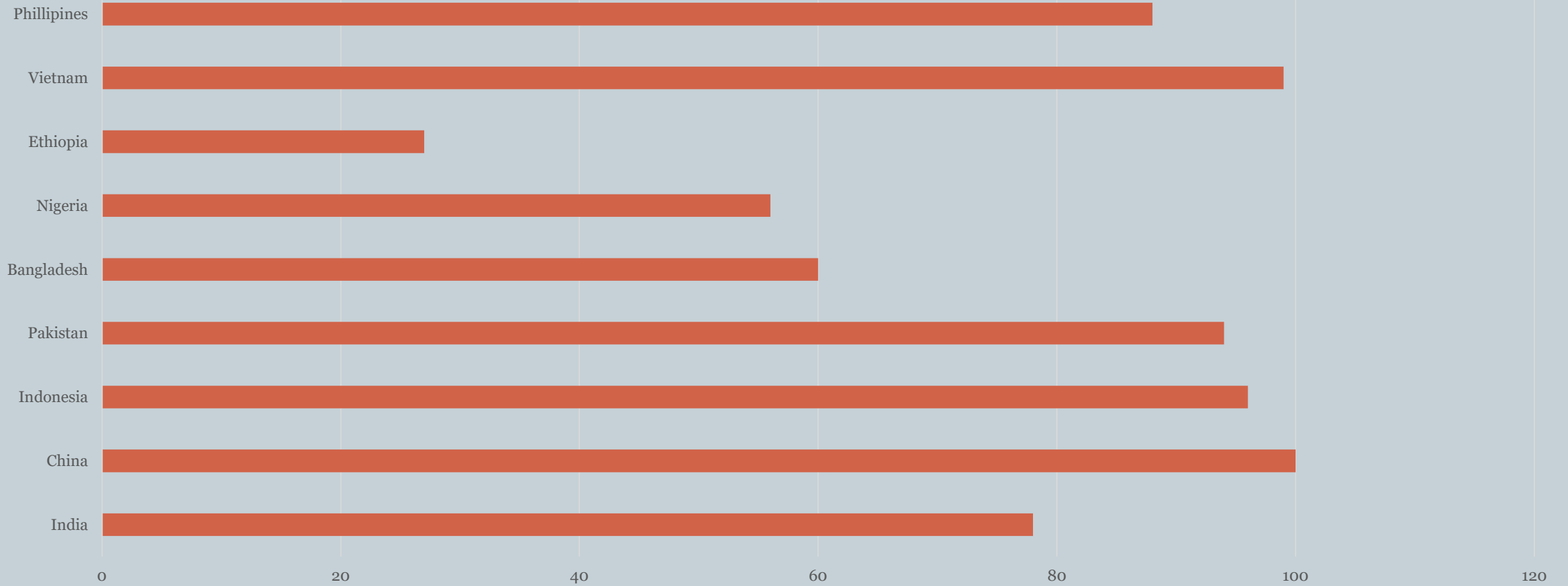
Remittances 2006 and 2014 in USD b



Online population 2004 to 2014



Electricity access



Cities



- **Traditional metros**

- Ahmedabad
- Bangalore
- Chennai
- Delhi
- Hyderabad
- Kolkata
- Mumbai
- Pune

- **Fresh Metros**

- Jaipur and Surat

- **High potential cities**

- Bhopal
- Lucknow
- Chandigarh
- Nagpur
- Indore
- Patna
- Jabalpur
- Vadodara
- Kanpur
- Vizag

Emerging cities

- Agra
- Coimbatore
- Hubli Dharwad
- Kochi
- Madurai
- Kozhikode
- Mysore
- Nashik
- Raipur
- Aurangabad
- Allahabad
- Meerut
- Dehradun
- Gwalior

- Amritsar
- Jalandhar
- Ludhiana
- Jodhpur
- Rajkot
- Kota
- Bhubaneswar
- Ranchi
- Dhanbad
- Jamshedpur

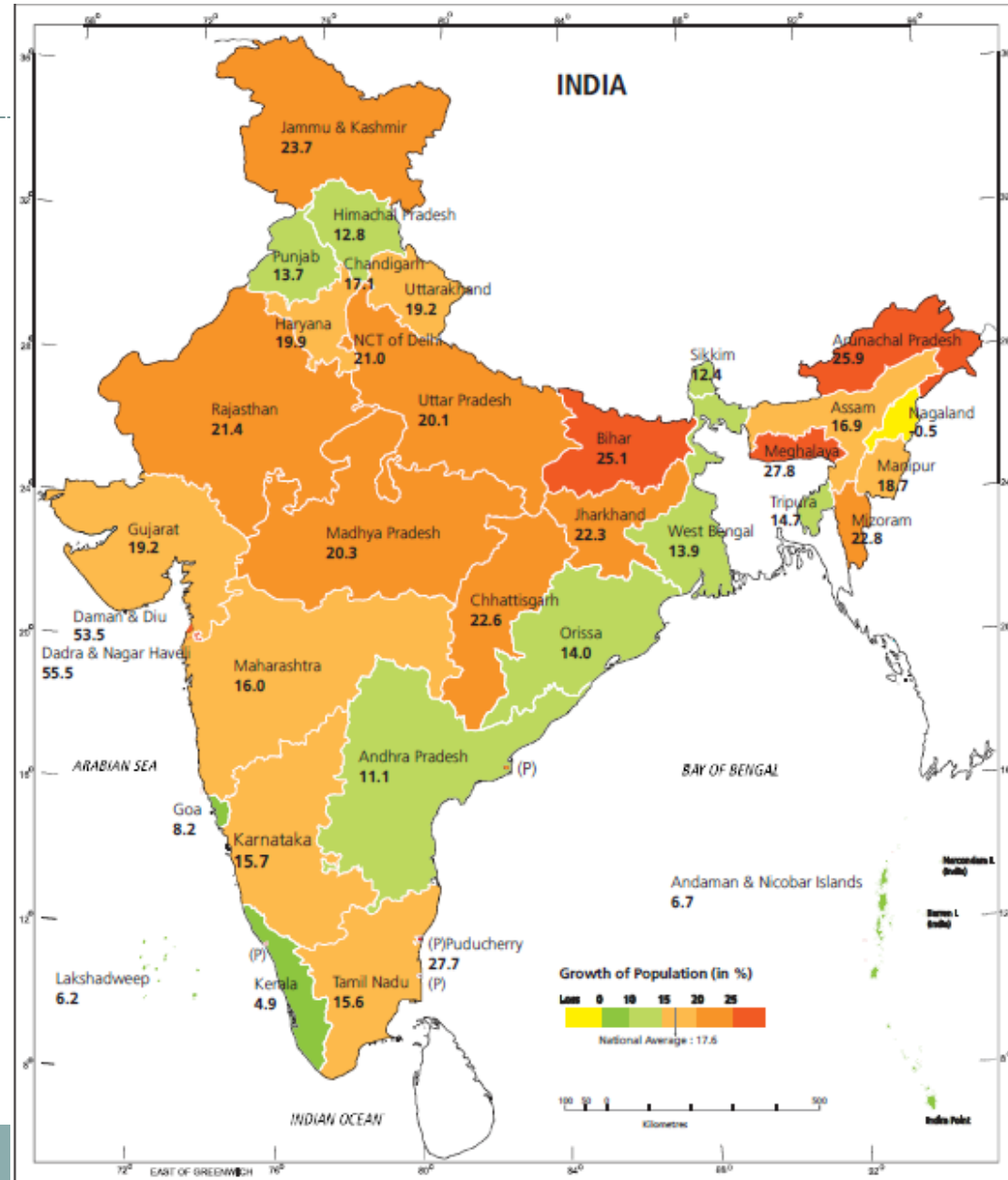
- Guwahati

Growth and Challenges



POPULATION GROWTH

Growing India

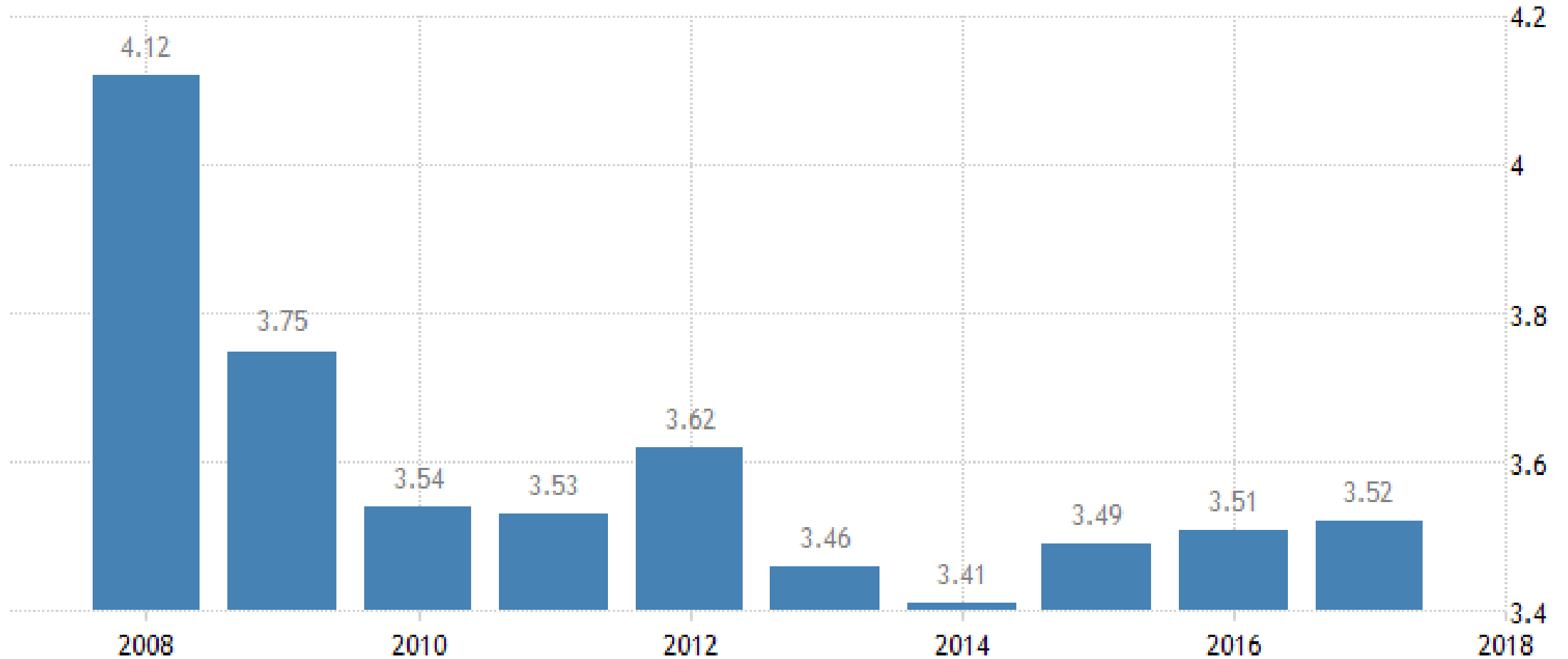


Growth and Challenges



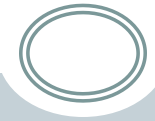
UNEMPLOYMENT

UNEMPLOYMENT



SOURCE: [TRADINGECONOMICS.COM](https://tradingeconomics.com) | INTERNATIONAL LABOUR ORGANIZATION (ILO)

Growth and Challenges



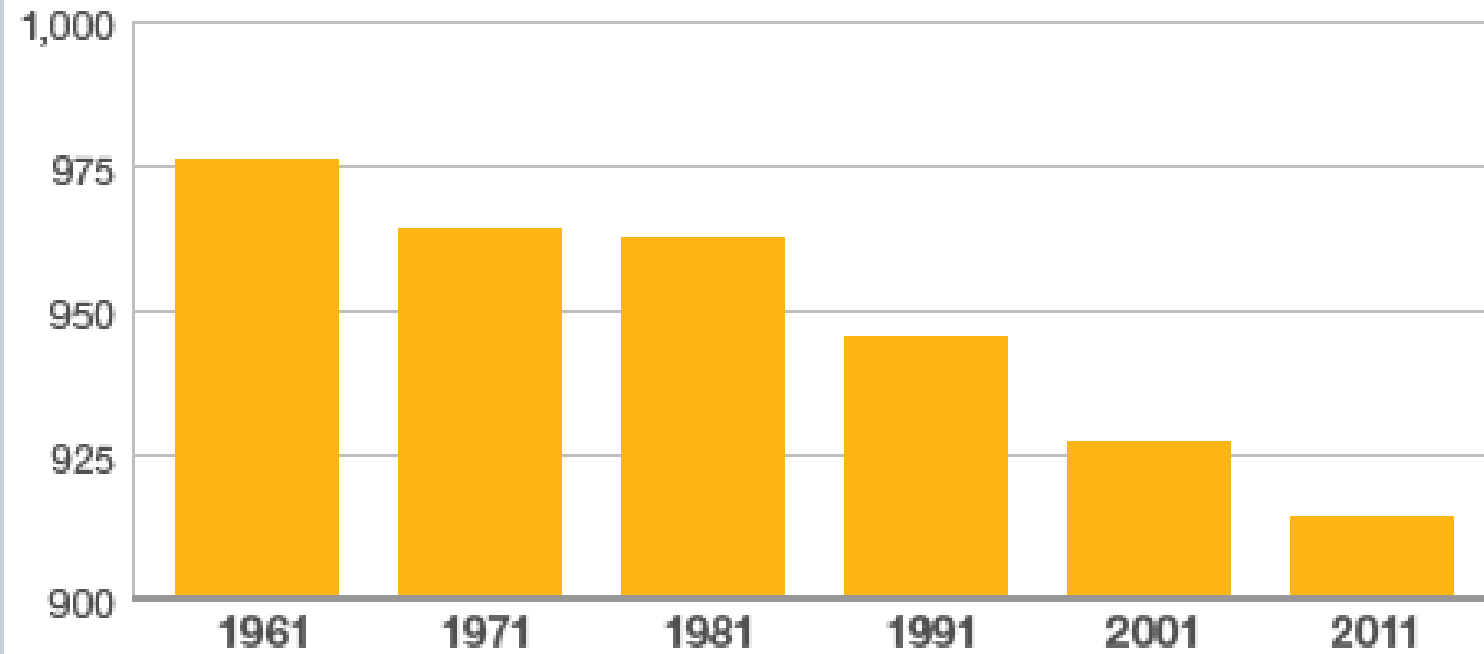
GENDER

Sex ratio



Falling number of girls born in India since 1961

Number of girls born for every 1,000 boys born

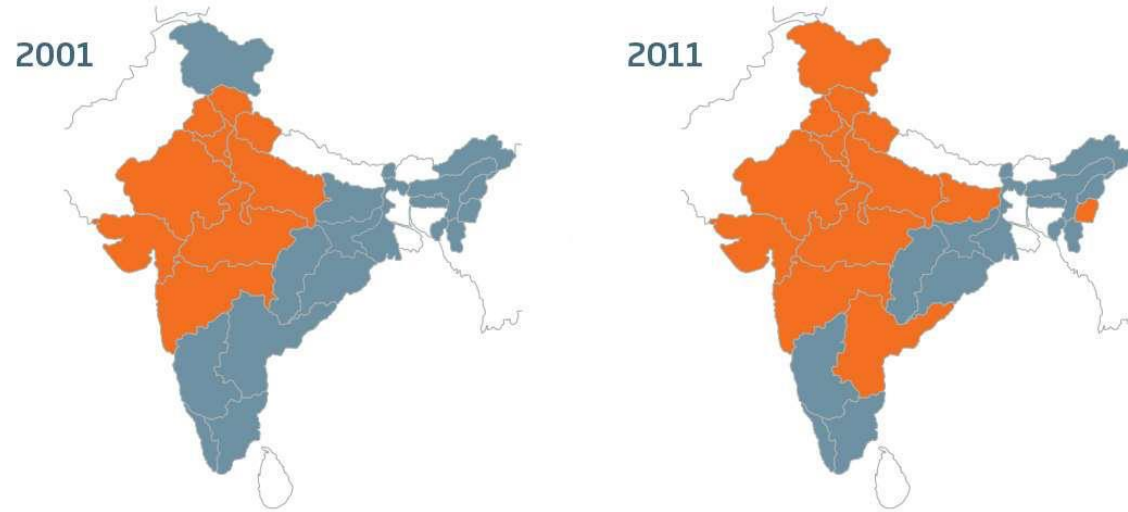


Source: Census of India

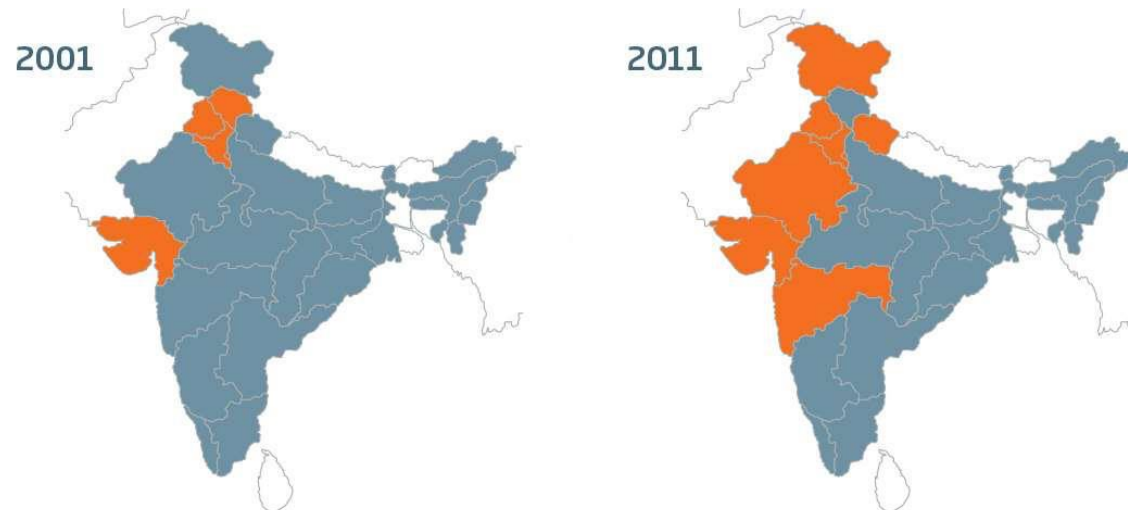
Non-existent girls

Many Indian states have a sex imbalance in favour of boys.
This is most marked in the north-west

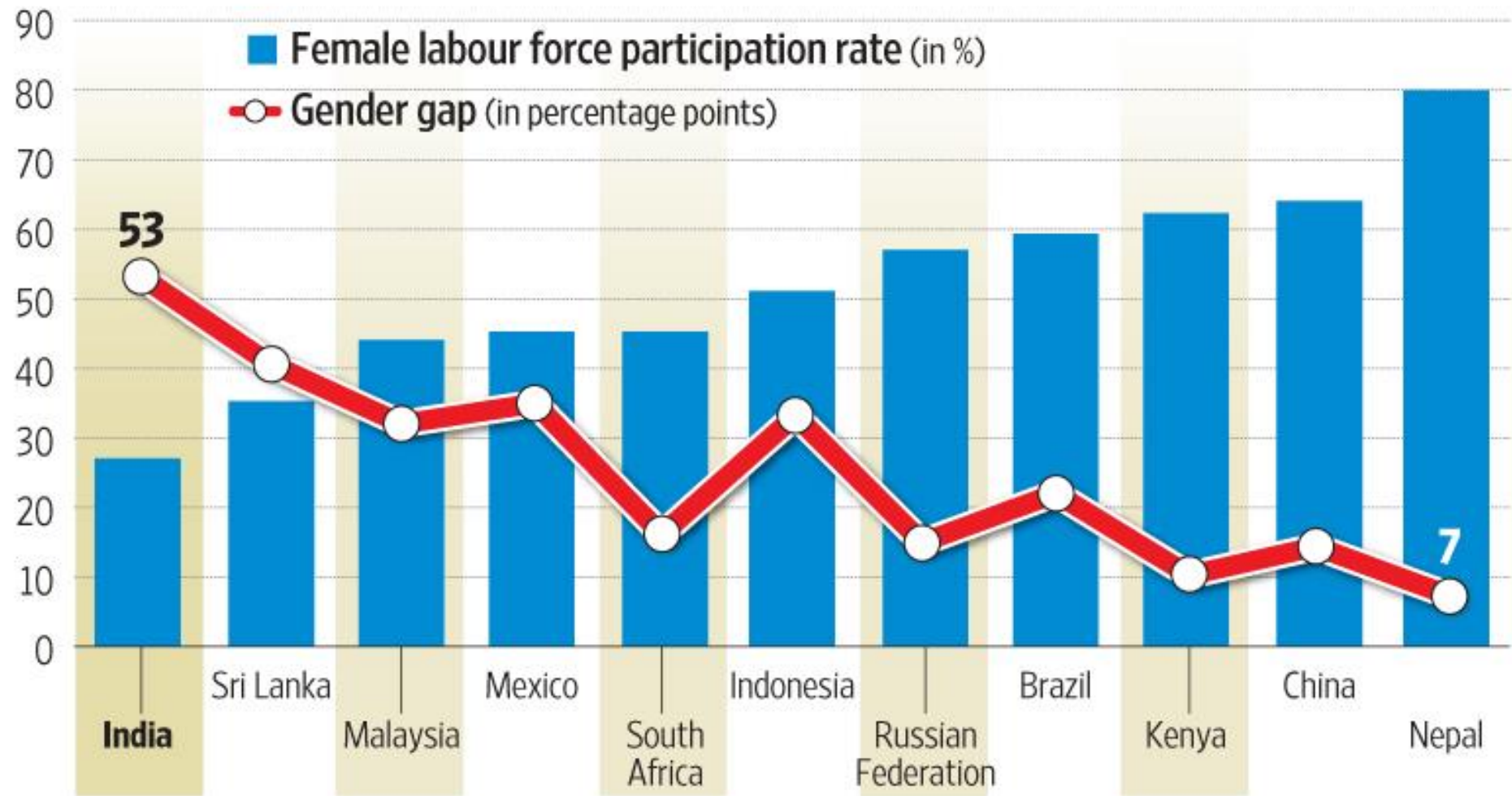
States with fewer than 940 girls under 6 for every 1000 boys



Fewer than 910 girls under 6 for every 1000 boys



MISSING WOMEN



Source: World Development Indicators