India:
Yesterday, Today, Tomorrow

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Introduction

• India is considered a bright star in emerging markets

• It has growth momentum

• To understand this momentum we have to understand India’s yesterday, today and tomorrow
India

• Yesterday was tragic

• Journey to today, despite slow start and detours, confirms promise of the future

• Tomorrow can be spectacular but with potholes, roadblocks and detours
Global GDP: A historical view

India + China 50% to 60% of Global GDP
From 25% to 2% of Global GDP
Why did this happen?
India could not participate in the industrial revolution

Domestic handcrafted industries were destroyed
Tragic Yesterday

• British taxation and famines decimated the population and impoverished the country

• 1800-1825: 1 million Indians died of famine
• 1850-1875: 5 million died
• 1875-1902: 26 million died
• 1905/06: 235,000 people died in the city of Bombay alone
• 1943: 2.0 Million people died of famine in Bengal alone

• Life expectancy in 1951: 32 years
• Infant mortality rate: 190/1000 births
• Literacy in 1947: 11%
Wealth/Health: 1801 to 1901
1947 to 2014
Overcoming the Great Divergence

Per Capita Income

Year

-2000 -1000 0 1000 2000

1800=1

Malthusian Trap

Great Divergence

Industrial Revolution
Wealth/Health: 1901 to 2009
India Today: GDP
India Today: GDP

Real GDP growth – expenditure approach
FY 10; percent

- Public Consumption: 12%
- Private Consumption: 54%
- Net Trade: -6%
- Investments: 41%

Real GDP growth – output approach
FY 10; percent

- Others*: 18%
- Agriculture: 16%
- Financial services: 15%
- Trade, hotels, transport & communication: 26%
- Manufacturing: 16%
- Construction: 8%
A healthier population

- Population: 1,236,344,631 (July 2014 est.)
- Life expectancy: 67.8 years from 32 in 1951
- Infant mortality rate: 43.19/1,000 births from 190
- Literacy: 63% from 11%

- Labor force:
  - 487 million
  - 2nd largest in the world

- Median age: 27 years

- Age structure
  - 0-14 years: 28.5% (male 187,016,401/female 165,048,695)
  - 15-24 years: 18.1% (male 118,696,540/female 105,342,764)
  - 25-54 years: 40.6% (male 258,202,535/female 243,293,143)
  - 55-64 years: 7% (male 43,625,668/female 43,175,111)
  - 65 years and over: 5.7% (male 34,133,175/female 37,810,599) (2014 est.)

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A wealthier population

- GDP per capita (2013 US$)
  - $4,000
  - 169th in the world
  - $3,900 (2012 est.)
  - $3,800 (2011 est.)

- GDP - composition by sector (2009 est.):
  - Agriculture: 17%
  - Industry: 26%
  - Services: 57%
The Empowerment Gap is 7 times larger than the Poverty gap

Average monthly consumption expenditure
INR per capita per month, 2011–12, in 2011–12 prices

**Empowerment Gap**
- INR 332,000 crore ($69 billion)

**Poverty gap**
- INR 50,000 crore ($10 billion)

Below Empowerment Line
- 56% (680 million people)

Below poverty line
- 22% (267 million people)
Categories of Deprivation

- **Most Deprived**
  - 126 districts
  - 27% population share
  - Average ADS\(^1\): 59 percent

- **Household Services Deprived**
  - 177 districts
  - 18% population share
  - Average ADS: 49 percent

- **Moderately Deprived**
  - 127 districts
  - 26% population share
  - Average ADS: 41 percent

- **Community Services Deprived**
  - 59 districts
  - 15% population share
  - Average ADS: 37 percent

- **Least Deprived**
  - 151 districts
  - 14% population share
  - Average ADS: 34 percent

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1 Access Deprivation Score: distance of each district from the point of no deprivation.

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India’s Manufacturing

Share of manufacturing employment by firm size, 2009

<table>
<thead>
<tr>
<th>Firm Size</th>
<th>India</th>
<th>Philippines</th>
<th>Indonesia</th>
<th>Thailand</th>
<th>China</th>
</tr>
</thead>
<tbody>
<tr>
<td>200+ employees</td>
<td>11</td>
<td>23</td>
<td>29</td>
<td>42</td>
<td>52</td>
</tr>
<tr>
<td>50–199 employees</td>
<td>6</td>
<td>8</td>
<td>6</td>
<td>13</td>
<td>23</td>
</tr>
<tr>
<td>1–49 employees</td>
<td>84</td>
<td>70</td>
<td>65</td>
<td>46</td>
<td>25</td>
</tr>
</tbody>
</table>

Value add per worker, 2005

- **Businesses with 200+ employees**
  - India: 13.1
  - Philippines: 14.0
  - Indonesia: 12.4
  - Thailand: 13.1
  - China: 31.1
- **Businesses with 5–49 employees**
  - India: 1.5
  - Philippines: 3.2
  - Indonesia: 2.3
  - Thailand: 5.7
  - China: 15.1

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A complex, pluralistic society

• Complexity
  • Macro
    • Cultural, religious, scientific, political, architectural, and economic histories of a people
  • Micro
    • Quality, Quantity, Characteristics, Drivers/Motivations

• Resources
  • Infrastructure

• Institutions
  • Political, religious, economic, legal, social and others
Complexity: India and Indians

**Micro Influencers**
- Migration
  - Profession
  - Demographics
  - Ethics
  - Cuisine
- Gender
- Education
- Class
- Culture
- Art

**Resources**
- Natural Resources
  - Energy
  - Water
  - Food
  - Capital
  - Workforce
  - Health
  - Weather

**Macro Influencers**
- Secularism
- Spirituality
- Brahmin
- Kshatriya
- Vaishya
- Shudra
- Assamese
- Bengali
- English
- Gujarati
- Hindi
- Kannada
- Malayalam
- Marathi
- Oriya
- Punjabi
- Rajasthani
- Tamil
- Telugu
- Urdu

**Institutions**
- Governance
- Law
- Politics
- Infrastructure
- Bureaucracy
- Economics
- Security
- Taxes
- Capitalism
- Socialism

**Languages**
- Assamese
- Bengali
- English
- Gujarati
- Hindi
- Kannada
- Malayalam
- Marathi
- Oriya
- Punjabi
- Rajasthani
- Tamil
- Telugu
- Urdu

**Clans**
- Kshatriya
- Brahmin
- Vaishya
- Shudra

**Religions**
- Hinduism
- Buddhism
- Sikhism
- Jainism
- Zoroastrianism
- Christianity
- Islam
- Judaism

**Work Ethic**
- Natural Resources
- Energy
- Water
- Food
- Capital
- Workforce
- Health
- Weather
Lacking Infrastructure

• Common Complaints
  • Roads have potholes; traffic lights don’t work; rural roads are largely unpaved; cities traffic often snarls to a halt; long-distance trucks average only about 20kph (12mph); delays and shakedowns by grasping officials add 30% to the cost of road freight

• Businesses need their own power backup; own water-treatment plants; own transport for employees; computer servers need costly extra layers of backup
There ain’t no free lunch

• The state can't fix the infrastructure because it is broke
  • Government debt almost 70% of GDP, more than half is interest expense
  • Government expenditures amount to about 15% of GDP; average 40% of GDP in OECD countries

• Badly designed and administered tax system
  • Income tax is about 3.7% of GDP, half that in South Korea and other Asian tigers
  • Agriculture in India accounts for 17% of GDP; wealthy farmers don't pay taxes
  • Excise taxes account for over 60% of India's indirect taxes
  • Exemptions invite abuse. Evasion of excise taxes is more contagious than evasion of taxes on profits and incomes
India Government Debt to GDP

![Bar chart showing India Government Debt to GDP from 2004 to 2014.]

Source: www.tradingeconomics.com | Ministry of Finance, Government of India
### Planned and actual spend across sectors in 9th and 10th Plans

<table>
<thead>
<tr>
<th>Sector</th>
<th>Planned spend (USD billion)</th>
<th>Actual as per cent of planned (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Airports</td>
<td>3</td>
<td>59</td>
</tr>
<tr>
<td>Irrigation</td>
<td>16</td>
<td>91</td>
</tr>
<tr>
<td>Power</td>
<td>40</td>
<td>75</td>
</tr>
<tr>
<td>Railways</td>
<td>12</td>
<td>94</td>
</tr>
<tr>
<td>Roads</td>
<td>10</td>
<td>141</td>
</tr>
</tbody>
</table>

High performance in roads sectors driven by the early phases of National Highways Development Project.
Skills Shortage

• 40% are illiterate; another 40% failed to complete school
• Shortage: 200,000 engineers, 400,000 other graduates and 150,000 vocationally trained workers;
• Surplus: barely-skilled workers in agriculture

• Only 16 world-class Indian Institutes of Technology
• Tech-minded young are getting cocky; wages are surging; additional training needed for college graduates; poor employee loyalty; excessive poaching

• Supplies disappear; teachers do not turn up; cannot be fired constitutionally
India’s Offline Population

Non-Internet users, 2013

\[\sim 1,063M\] (85% of the total population)

- Urban-rural:
  - Urban: 27%
  - Rural: 73%

- Income:
  - Low income: 46%
  - Higher income: 54%

- Literacy:
  - Illiterate: 43%
  - Literate: 57%

- Age:
  - Senior: 13%
  - Middle: 41%
  - Youth: 46%

- Gender:
  - Female: 54%
  - Male: 46%
Hunger, Health & Corruption

• Nearly half of children under five are malnourished; brains and body do not develop properly
• A government scheme to deliver cheap grain to the poor: two-thirds of the grain is stolen or adulterated

• India’s Prime Minister, Narendra Modi is widely admired
• Some of his colleagues are crooks, thugs, rabble-rousers
• Corruption is debilitating for large and small businesses
  • Exists at all levels from ministers down to the street
Election Candidates’ Profile: Maharashtra

- Criminal Background
- Education
- Finance
- Demographics
- Gender
Maoism, Political Populism

• About 200 of India’s 640 districts are affected by a Maoism
• Mining and logging firms are seriously affected.

• Political populism demonizes business
  • Tata Motors dropped a plan for a factory in West Bengal after
  • Construction of a new road between Delhi and the Taj Mahal delayed
GDP & Population
GDP per Person
India Today

• Despite these shortcomings India has shown growth during the last decade

• India has momentum in its sails!
## Table 0.1. Real GDP growth of Southeast Asia, China and India
*(annual percentage change)*

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASEAN-6 countries</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Brunei Darussalam</td>
<td>1.0</td>
<td>2.4</td>
<td>2.3</td>
<td>-</td>
</tr>
<tr>
<td>Indonesia</td>
<td>6.2</td>
<td>6.1</td>
<td>6.0</td>
<td>5.1</td>
</tr>
<tr>
<td>Malaysia</td>
<td>5.6</td>
<td>5.3</td>
<td>5.1</td>
<td>5.5</td>
</tr>
<tr>
<td>Philippines</td>
<td>6.8</td>
<td>5.9</td>
<td>5.8</td>
<td>4.9</td>
</tr>
<tr>
<td>Singapore</td>
<td>1.3</td>
<td>3.1</td>
<td>3.3</td>
<td>6.4</td>
</tr>
<tr>
<td>Thailand</td>
<td>6.5</td>
<td>5.3</td>
<td>4.9</td>
<td>5.1</td>
</tr>
<tr>
<td><strong>CLMV countries</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cambodia</td>
<td>7.2</td>
<td>7.1</td>
<td>6.8</td>
<td>9.6</td>
</tr>
<tr>
<td>Lao PDR</td>
<td>7.9</td>
<td>7.5</td>
<td>7.7</td>
<td>6.8</td>
</tr>
<tr>
<td>Myanmar</td>
<td>-</td>
<td>7.0</td>
<td>6.8</td>
<td>-</td>
</tr>
<tr>
<td>Viet Nam</td>
<td>5.2</td>
<td>6.0</td>
<td>5.4</td>
<td>7.6</td>
</tr>
<tr>
<td><strong>Average of ASEAN 10</strong></td>
<td>5.5(*)</td>
<td>5.6</td>
<td>5.4</td>
<td>5.5(**)</td>
</tr>
<tr>
<td><strong>2 large economies in Emerging Asia</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>China</td>
<td>7.7</td>
<td>7.5</td>
<td>7.7</td>
<td>10.5</td>
</tr>
<tr>
<td><strong>India</strong></td>
<td>3.7</td>
<td>6.1</td>
<td>5.9</td>
<td>7.1</td>
</tr>
<tr>
<td><strong>Average of Emerging Asia</strong></td>
<td>6.4</td>
<td>6.9</td>
<td>6.9</td>
<td>8.6</td>
</tr>
</tbody>
</table>
GDP Growth Rate

- 2012: 6.5%
- 2013: 4.4%
- 2013: 4.8%
- 2014: 4.7%
- 2014: 4.6%
- 2014: 5.7%
India Tomorrow

• India’s GDP is expected to grow by 5.7% this fiscal year

• India’s economy will grow fivefold in the next 20 years

• The urban population will double from the 2001 census figure of 290 Million to 590 Million 2030
Reasons behind optimistic forecasts

1. Demographic dividend
2. Domestic consumption
3. Economic reform
4. Democracy
5. Secularism
6. Global aspirations of Indian businesses
7. Entrepreneurship
8. Frugal innovation
9. Capital flow
10. Global growth momentum
1. Demographic Dividend

- Demographic Dividend
  - Indians are young
  - The proportion of Indians aged under 15 or over 64 has declined from 69% in 1995 to 56% this year
  - India’s working-age population will increase by 136 Million by 2020
  - China’s will grow by 23 Million

- However, skills gap is a huge burden to overcome
2. Domestic Consumption

INDIA'S CONSUMPTION SHARE OF GDP IS CLOSER TO JAPAN AND THE UNITED STATES THAN IT IS TO CHINA

Source: Global Insight; MGI India Consumer Demand Model, v1.0
Consumer spending to nearly quadruple by 2020

<table>
<thead>
<tr>
<th>Category</th>
<th>Spending, 2010 ($billions)</th>
<th>Spending, 2020 ($billions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Food¹</td>
<td>328</td>
<td>895</td>
</tr>
<tr>
<td>Housing and consumer durables²</td>
<td>186</td>
<td>752</td>
</tr>
<tr>
<td>Transportation and communication</td>
<td>168</td>
<td>664</td>
</tr>
<tr>
<td>Education and leisure³</td>
<td>71</td>
<td>296</td>
</tr>
<tr>
<td>Clothes and footwear</td>
<td>59</td>
<td>225</td>
</tr>
<tr>
<td>Health</td>
<td>49</td>
<td>183</td>
</tr>
<tr>
<td>Other⁴</td>
<td>129</td>
<td>570</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>991</strong></td>
<td><strong>3,584</strong></td>
</tr>
</tbody>
</table>

Sources: Euromonitor; National Sample Survey Office; BCG proprietary research with 6,300 consumers: BCG analysis.
2. Consumption & Urbanization

Cities segmented by contribution to total GDP, 2010, cumulative % of total¹

<table>
<thead>
<tr>
<th></th>
<th>Large cities, ranked by GDP</th>
<th>Small cities, rural</th>
<th>100% (rounded figures)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Top 2</td>
<td>Next 28</td>
<td>All others</td>
</tr>
<tr>
<td>United States</td>
<td>Population</td>
<td>10</td>
<td>34</td>
</tr>
<tr>
<td></td>
<td>GDP</td>
<td>13</td>
<td>37</td>
</tr>
<tr>
<td>Western Europe</td>
<td>Population</td>
<td>6</td>
<td>27</td>
</tr>
<tr>
<td></td>
<td>GDP</td>
<td>9</td>
<td>31</td>
</tr>
<tr>
<td>China</td>
<td>Population</td>
<td>3</td>
<td>13</td>
</tr>
<tr>
<td></td>
<td>GDP</td>
<td>8</td>
<td>29</td>
</tr>
<tr>
<td>India</td>
<td>Population</td>
<td>3</td>
<td>8</td>
</tr>
<tr>
<td></td>
<td>GDP</td>
<td>7</td>
<td>17</td>
</tr>
</tbody>
</table>

¹GDP measured at real exchange rate; some figures may not sum to 100%, because of rounding.
Source: McKinsey Global Institute analysis
2. Consumption & Urbanization

Urban India will drive a near fourfold increase in average national income

Per capita disposable income
Rupees thousand, real 2008

<table>
<thead>
<tr>
<th>History</th>
<th>Projection</th>
</tr>
</thead>
<tbody>
<tr>
<td>GDP growth</td>
<td>6.5%</td>
</tr>
<tr>
<td>Population growth</td>
<td>1.8%</td>
</tr>
</tbody>
</table>

SOURCE: India Urbanization Econometric Model; McKinsey Global Institute analysis
Average household income will explode

Sources: National Council for Applied Economic Research income models; Euromonitor; BCG income distribution adjustment model; BCG analysis.
Urban Population

- New Delhi (capital) 22.654 million
- Mumbai 19.744 million
- Kolkata 14.402 million
- Chennai 8.784 million
- Bangalore 8.614 million
- Hyderabad 7.837 million
2. Consumption & Urbanization

• Domestic consumption
  • 70% of employment in cities by 2030
  • 91 million middle class households; 22 million today
  • $1.2 Trillion capital investment needed for cities

• Today consumer market ranks twelfth in the world
• By 2025, fifth largest in the world

• Limited Resources—Food, Water, Commodities
3. Economic Reform

• Economic reforms
  • Tariff ramparts have been torn down
  • The “License Raj”, a protectionist system has been sidelined
  • Indian firms have global competition
  • Unleashed entrepreneurial energy
  • Exports up!
4. Democracy

- Indian democracy is different
  - Electorate of more than 800 Million people
  - Poverty, massive illiteracy and diversity on a sub-continental scale does not deter democracy
  - India’s democracy based upon on pluralism
  - India's democracy is not premised on the standard nationalist invocation of a shared history, a single language and an assimilationist culture
2014 Elections

814.5 MILLION VOTERS (2014) COMPARED TO 713 MILLION IN 2009
TOTAL NUMBER OF FIRST TIME VOTERS OVER 23 MILLION (2014)
FIRST TIME VOTERS CONSTITUTE 2.88 PERCENT OF TOTAL ELECTORS (2014) AGAINST 0.75 PERCENT IN 2009
APPROXIMATELY 930,000 POLLING STATIONS (2014) COMPARED TO 830,866 IN 2009.
AROUND FIVE MILLION POLLING PERSONNEL AND CIVIL POLICE FORCES ARE ENGAGED IN CONDUCTING THE ELECTIONS.
Transfer of Power
5. Secularism

- India’s secularism is different
  - It does not neutralize religions
  - It treats all religions as “equidistant” so all can be celebrated
  - Religious/linguistic/caste differences are being marginalized
6. Global Aspirations

**Deal Value**

<table>
<thead>
<tr>
<th>Year</th>
<th>Value (Millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>957</td>
</tr>
<tr>
<td>2002</td>
<td>1,006</td>
</tr>
<tr>
<td>2004</td>
<td>1,533</td>
</tr>
<tr>
<td>2006</td>
<td>21,900</td>
</tr>
<tr>
<td>2008</td>
<td>18,201</td>
</tr>
<tr>
<td>2009</td>
<td>1,471</td>
</tr>
<tr>
<td>2010</td>
<td>18,862</td>
</tr>
</tbody>
</table>

**Deal Volume (No. of deals)**

<table>
<thead>
<tr>
<th>Year</th>
<th>Volume</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>50</td>
</tr>
<tr>
<td>2002</td>
<td>29</td>
</tr>
<tr>
<td>2004</td>
<td>51</td>
</tr>
<tr>
<td>2006</td>
<td>187</td>
</tr>
<tr>
<td>2008</td>
<td>277</td>
</tr>
<tr>
<td>2009</td>
<td>121</td>
</tr>
<tr>
<td>2010</td>
<td>87</td>
</tr>
</tbody>
</table>

**SOURCE:** Dealogic

Upto May 12, 2010

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More people see Bollywood movies than Hollywood movies.
7. Entrepreneurship

8. Frugal Innovation

• India’s economy driven by 45 Million entrepreneurs

• Primary focus is domestic consumers

• Indian “Frugal Innovation” oblige “Bottom of Pyramid”
  • Safe drinking water filter no power @ $0.65/mo; a $35 laptop
  • Suspension bridges for 1/10 the price

• Tata Motors is selling its “people’s car” for $3,000

• GE’s Indian arm offers a medical ECG machine for $400

• Bharat Biotech sells a single dose of its hepatitis B vaccine for 20 cents

• Bharti Airtel provides one of the cheapest wireless telephone services in the world.
8. Indianization of products
8. Indianization of products
8. Indianization of products
Local Players Lose their Shine

Local brands like Vicco, Ajanta, Anchor, Smyle and Baidyanath among others slipped to 2% in 2013
Two years ago they had over 5% share

Cos like Colgate, Dabur and HUL have widened their rural reach
Indian firm, Dabur has 11% market share

Dabur’s Red toothpaste is fastest-growing brand in the oral-care market with 17 annual growth rate
It has a 50% adoption rate among first-time users against industry average of 35%

Entry of GSK and P&G also affected the small regional brands

Colgate’s share rose to 54% last year, from 51% in 2011
GSK’s Sensodyne leads the sensitive toothpaste category with 27% market share
8. Indianization of products

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**AN INDIAN IN COWBOY COUNTRY**

Stories from an Immigrant’s Life

Foreword by Nandan Nilekani, CEO, Infosys Technologies Limited

Pradeep Anand

• Globally $1.46 trillion, with the lion's share going to developing countries
• India ranked 16; USA ranked 1

• FDI flows into India grew 17 per cent in 2013 to $28 Billion
  • 1990 <$1 Billion
  • 2010 $45 Billion
  • 2011 $51 Billion

• The sectors that attracted higher inflows:
  • Services
  • Telecommunication
  • Construction activities
  • Computer software and hardware
10. Global Growth Catalysts

• Economic Growth
  • Resources—People, Food, Materials, Energy, Air, Water
  • Productivity—Technology/Innovation
  • Capital—Create, Invest, and Gain Returns

• Government

• Trade

• Health, Education, Entertainment

• The Planet Earth
10. Global structural changes in the 20th Century

• Political: Royalty/Empires ➔ Democracy and Countries
• Enfranchisement: White males only ➔ Anyone, 18 years or older
• People Binder: Religion ➔ Culture

• Commercial Language: European languages ➔ English
• Distance Travel: Ships/Rail ➔ Air/Space
• Local Travel: Carriage/Rail ➔ Automobile

• Health: High Mortality Rate ➔ Low Mortality Rate
• Education: Private education ➔ Public education
• Education: Personal ➔ Distance

• Edutainment, the merger of entertainment and education
• Entertainment: Live ➔ Theaters ➔ Media ➔ On-demand, personalized interactive content
10. Global structural changes in the 20th Century

- Industry: Craftsmanship → Mass production
- Workers: Physical → Knowledge
- Workplace: Centralized → Distributed
- Workplace Demography → Men/Women equalization
- Commerce: Brick & Mortar → eCommerce
- Opportunities: Western Europe → Europe/USA → Asia
- Economic System:
  - Imperialism → Capitalism
  - Money: Precious Metals → Currency → Credit Cards/Bits & Bytes
- Closed Economies → Globalization

Population → 1 Billion (1810) → 7 Billion (2011)
10. Global structural changes in the 20\textsuperscript{th} Century

- **Fuel:** Vegetable/Animal Fat, Coal $\rightarrow$ Coal/Petroleum/Natural Gas/Nuclear
- **Environment:** Cities (sewage/manure) $\rightarrow$ Global (CO$_2$)
- **Materials:** Natural $\rightarrow$ Synthetic $\rightarrow$ Composites
- **Communication:** Letters/Telegram $\rightarrow$ Landline $\rightarrow$ Telephone/Internet $\rightarrow$ Smartphone
World Trade as % of World GDP
1960-2010

Note: World trade calculated as the sum of all countries’ imports (or exports). The biggest trading partners of USA includes EU nations, Canada, China, Mexico, Japan and South Korea. Source: Trade data per World Trade Organization (WTO), GDP data per United Nations (UN).
10. Unstoppable global momentum

• More growth from emerging markets than the developed ones, new middle-class consumers, innovations

• Major productivity innovations in the G8 world accelerate global economies

• Resource productivity, clean-tech industries

• Complex flows of capital, goods, information, large-scale interactions, new business models, accelerating the pace of innovation, more economic volatility

• A dynamic network of many agents (cells, species, individuals, firms, nations) acting in parallel, constantly acting and reacting to what the other agents are doing

• Control tends to be highly dispersed and decentralized

• Coherent behavior in the system arises from competition and cooperation among the agents themselves

• Overall behavior of the system is the result of a huge number of decisions made every moment by many individual agents
Summary: India Tomorrow

• Growth Drivers
  • Demographic dividend
  • Domestic consumption
  • Economic reform
  • Democracy
  • Secularism
  • Global aspirations of Indian businesses
  • Entrepreneurship
  • Frugal innovation
  • Investments/Capital
  • Global growth momentum

• Potholes, Roadblocks & Detours
  • Skills development
  • Education
  • Hunger
  • Health
  • Education
  • Infrastructure
  • Urbanization
  • Maoism
  • Corruption
  • Political populism
Summary: India

• Yesterday was tragic

• Journey to today, despite slow start and detours, confirms promise of the future

• Tomorrow can be spectacular but with potholes, roadblocks and detours
Thank you

India: Yesterday, Today, Tomorrow

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