Opportunities & Challenges in Embracing Buoyant Economic Growth in India

Dr. Param Shah
Country Head & Director, FICCI UK
## Snapshot of Major Macro Indicators

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<tbody>
<tr>
<td>GDP Growth (at Constant Prices)</td>
<td>7.5%</td>
<td>8.0%</td>
<td>7.1%*</td>
<td>6.5%**</td>
</tr>
<tr>
<td>Inflation (CPI Avg.)</td>
<td>5.9%</td>
<td>4.9%</td>
<td>4.5%</td>
<td>3.3%~</td>
</tr>
<tr>
<td>Fiscal Deficit (as % of GDP)</td>
<td>4.1</td>
<td>3.9</td>
<td>3.5</td>
<td>3.2^</td>
</tr>
<tr>
<td>Export Growth (In US $)</td>
<td>-1.3%</td>
<td>-15.5%</td>
<td>5.2%</td>
<td>12.1%~</td>
</tr>
<tr>
<td>Forex Reserves (US $ Billion)</td>
<td>341.6</td>
<td>360.2</td>
<td>370.0</td>
<td>409.4^^</td>
</tr>
<tr>
<td>Industrial Growth</td>
<td>4.0%</td>
<td>3.3%</td>
<td>4.6%</td>
<td>3.2%~</td>
</tr>
</tbody>
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Source: Economic Survey 2017-18, Central Statistics Office,
* Provisional, ** 1st Advance Estimates, ~ Apr-Dec 2017, ^ Budget Estimates, ^^ As on Dec 29 2017,
### Increased Consumption (after June, 2017)

<table>
<thead>
<tr>
<th>Category</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>Sale of passenger cars</td>
<td>12%</td>
</tr>
<tr>
<td>Sale of commercial vehicles</td>
<td>23%</td>
</tr>
<tr>
<td>Sale of two wheelers</td>
<td>14%</td>
</tr>
<tr>
<td>Increase in domestic air traffic</td>
<td>14%</td>
</tr>
<tr>
<td>Increase in international air freight traffic</td>
<td>16%</td>
</tr>
<tr>
<td>Number of telephone subscribers</td>
<td>14%</td>
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</tbody>
</table>
Investment Climate

Favourable demographics (Rise of the “Aspiring Indian Middle Class”)

• More than 35% of the population is between 15 – 35
• Working population to rise to 70% by 2030
• 2nd fastest growing HNWI market (20.5%) with over 100k HNWIs (Merrill Lynch Report)

Access to labour and skills (Cost Advantage)

• World’s largest pool of English speaking scientists & engineers
• Labour cost (US$ p.a.) @ 2200, as against 3600 China, 6600 Brazil, 8500 Poland
Investment Climate (Contd.)

Financing (Credit Growth 30%+)

• Credit ratings of SMEs introduced

• Firms’ new investments financed by commercial bank credit: 27.7% (India) v.s 14.7% (globally)*

Infrastructure

• Largest road network in the world (3.85Mn kms)

• 12 major & 187 minor ports over 7,500 kms of coastline

• 5th largest installed power capacity of 123GW

• Privatization of airports, ports, road projects
Three Pillars Transforming Manufacturing in India

- **Improving Business Environment**
  - Ease of Doing Business
  - De-licensing & Deregulation

- **Enabling Manufacturing**
  - Industrial Corridors
  - Industrial Clusters
  - Smart Cities
  - Nurturing Innovation
  - Skill Development

- **Opening Up Foreign Direct Investment in key sectors**
  - Opening of critical sectors like Defense, construction and Railways for FDI
# Opening up FDI in Key Sectors

| 100% FDI allowed in Mining and exploration of metal and non-metal ores under automatic route | 100% FDI allowed in Mining and mineral separation of titanium bearing minerals and ores, its value addition and integrated activities under government route |
Outcomes of opening of FDI

FDI equity inflow in the mining sector reached USD 1.3 Bn during 2014 - 18
Structural reforms to take India to its potential GDP growth of 8% - 10%

![Graph showing GDP growth from 2014-15 to 2023-24](image)
Growth Drivers for Mining Sector

- **Cost advantage** – Cost advantage in steel and alumina production-conversion
- **Govt.’s focus on infrastructure & transportation** – Leading to opportunities for steel, zinc, and aluminium
- **Huge mineral exploration opportunity** – 100 blocks identified by GSI for regional exploration
- **Noticeable surge in mineral production** – Major minerals production recorded 9% growth in 2015-16
What can you do in India?

- Tap the cost advantage
- Tap industry expertise
- Tap the consumer base
- Tap the trade opportunity
- Tap the financial opportunity
- Tap the talent Pool
Key to Success

• Understanding the diversity of the Indian Market

• Picking the right locations
  • Infrastructure
  • Skill
  • Customers

• Constant innovation: Investment in R&D

• Patience: Harvest the opportunities
About FICCI

- Established in 1927
- Largest and Oldest apex business organization in India
- FICCI is the voice of India's business and industry
- It serves its members from the Indian private and public corporate sectors and multinational companies
- Drawing its strength from diverse regional chambers of commerce and industry across states, reaching out to over 250,000 companies
Important Resources

- [https://www.investindia.gov.in/sector/mining](https://www.investindia.gov.in/sector/mining)
- [http://ficci.in/sector.asp?sectorid=81](http://ficci.in/sector.asp?sectorid=81)
- [https://static.investindia.gov.in/s3fs-public/Non-Metal-Report_0.pdf](https://static.investindia.gov.in/s3fs-public/Non-Metal-Report_0.pdf)
Thank You

Dr. Param Shah
Country Head & Director
FICCI UK
param.shah@ficci.com