

Bharat Amritkaal!!! – The India story re-begins...



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It is said when you zoom out and look at something over a longer time horizon, things look much different than when you are zoomed in, in a narrow time frame. What you choose, determines your approach and outcome. When most people are focused on short term market movements & valuations, we zoomed out and looked at what are the possibilities and probabilities as India looks to become a developed nation – Viksit Bharat over the next 25 years – India’s Amritkaal - the period of a new beginning of greater prosperity for all.

The Union Budget 2024 lays a robust foundation for Bharat during the Amrit Kaal period. With a balanced fiscal approach, substantial investments in infrastructure, support for MSMEs, and initiatives to boost consumption and entrepreneurship, the budget aligns perfectly with the vision of Viksit Bharat 2047. With political uncertainty now behind us, policy continuity is ensured by the government through Budget.

We see the Indian economy is in a transformative phase and embarking on a journey to become developed nation by 2047. The country has undertaken robust structural reforms which we believe will drive India’s GDP from USD 3.7tn to USD 29tn GDP by 2047. India’s per capita income will increase from USD 2,600 to USD 18,000.

What makes us believe so?

- Decisive and stable political leadership
- Strong foundation laid through structural reforms from 2014-2023 (digital transformation, economic reforms, infrastructure reforms)
- **Major Tectonic shifts – biggest reason for our belief in India’s transformative journey**
 - Changing mindset from incremental to “exponential thinking” with sense of urgency
 - Non-constraint environment – no more thinking like poor country with resource constraints
 - Finding unique solution to its own problem, “best in class, innovative & technology driven solution”
 - Innovation & scale delivery at low-cost
 - Mindset of balancing social welfare & development
 - Changing global stature & perception

Leading to...



Furthering our belief we have focused on some of the emerging mega trends which will propel structural changes across 5 sectors

1. **Youngest & largest working population globally** - India will remain youngest for next 50 years - median age of 28 v/s 38 of China, 2/3rd population will be working class; 25% of world’ incremental work force will be from India
2. **Consumption boom** - Largest working population with high aspiration & rising per capita income
3. **Factory to the world** - Become major manufacturing hub akin to China in last 30 years
4. **Office to the world** - Low-cost talent pool with technology to drive “services outsourcing”
5. **Sustainability** - irreversible & important - Play an instrumental role in guiding the world in ESG
6. **Digital hub of the world** - Data + AI will be akin to industrial revolution; India will play key catalytical role
7. **Global influencer / knowledge guru** - Play key role in solving global problems, specially of underdeveloped world

Potential we see across sectors from a longer lens

1. **Banking & Financial Services – India’s total credit to grow ~25x during Amritkaal period vs ~20x in last 23 years.** Non-credit will see increasing representation in the BFSI space - MF, MSME credit & mortgage credit will be the high growth sectors. In last 23 years, equity market capitalization of the entire sector grew ~100x & PAT ~40x and can offers similar growth opportunities in the Amritkaal period.
2. **Manufacturing – India’s manufacturing GDP to become ~16x & it’s share in the overall GDP to grow from ~16% to ~28% during Amritkaal period.** India is on the cusp of a **manufacturing boom (~USD 8tn by 2047)** led by Government reforms, cost competitiveness, China/Europe+1 & strong domestic demand. **India’s exports**

to grow ~16x by 2047. During Amritkaal, exponential growth will be seen across sectors - EMS (45x), chemical (19x), defence (10x), pharma (9x), textile (9x) & auto (8x), to name a few.

3. **Services Export - IT/ITeS services exports to grow 12x by 2047 in Amritkaal period.** ER&D within IT/ITeS will grow much faster. ER&D is at a point where Indian IT services was in 2001. **Services export to grow 10x by 2047. Travel, tourism, education and space will be key wealth creators in the services sector.**
4. **Infrastructure - Infrastructure set to become the biggest driver for India’s economic growth - government plans to invest USD 1.7tn between 2023-2030. Railways & renewables will lead the infra growth engine.** Infra spend will be front loaded in the first 10-12 years – infra spend has multiplier effect on economy. **By 2035, the Government plans to spend 4x of last 12 year’s spending on infrastructure. Railways capex estimated to increase ~17x from USD 0.1tn to USD 1.7tn (40% of GDP) during the Amritkaal period.**
5. **Consumption – India’s per capita income to grow ~7x, consumption basket to grow ~9x by 2047.** The way India consumes will undergo a massive *“Shift”–“more, better, new”*. Aspirational middle-income household will drive premiumization across categories. Discretionary spends to grow faster than staples. **Food & beverage to grow ~6x by 2047 vs 8x in last 23 years. Healthcare to grow ~14x vs 8x in last 23 years. Consumer durables to grow ~16x vs 8x in last 23 years.**

On the back of these trends and structural changes across sectors, **India’s corporate profit pool to become ~16x (USD 2.5tn) & equity market capitalization ~11x (USD 40tn) by 2047.** In last 23 years, corporate profitability grew ~19x and equity market capitalisation grew by ~22x despite lot of challenges likes of GFC, Covid-19, GST, demonetisation and many more.



India is standing at an inflection point and is going to experience its “Amritkaal” period over the next 23 years. The underlying currents are very strong. Investing in India today, is a once in a lifetime opportunity, like the Japanese Economic Miracle - just as Japan experienced unprecedented wealth creation during its economic boom, India stands poised to embark on a similar journey of transformation during the Amritkaal period.

“ Most people overestimate what can be achieved in one year and underestimate what can be achieved in ten years - Bill Gates ”