

## Competitiveness: Catching the next wave in India India's growth drivers over the next 30 years



With a new government in place, solid growth projected, and a flourishing middle class, investors appear increasingly willing to back India—precisely what will be required to drive its next wave of competitive industries.



### **Infrastructure + Construction** *Poised to lead growth among emerging economies*

- Potential to be world's third-largest construction market by 2025.
- Government's strategy: modify regulatory framework, remove bottlenecks, revive capital-expenditure cycle.
- Government creating 100 "smart cities."
- All houses to be equipped with toilets, water, power, and fuel by 2022.



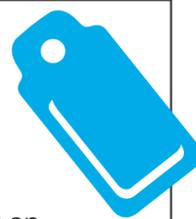
### **Banking, financial services, and insurance (BFSI)**

*Benefiting from economic growth, rising incomes, a growing middle class, product and service innovation, and financial literacy*

- More than 40 percent of households do not have access to banking services.
- Thanks to a government initiative, 15 million bank accounts were opened in one day.
- Its share of global BFSI market will likely rise to 11.7 percent from 6.7 percent.
- Total high-net-worth households are set to almost triple to 700,000 households in 2020, with their total wealth holdings rising by more than five times.

### **Wholesale + retail trade**

*Rising incomes boosting demand for wholesale and retail trade*



- Both the economy and real personal disposable incomes are expected to grow at an average annual rate of five percent from 2014 to 2040.
- Middle class set to make up 90 percent of population by 2039.
- By 2020, India will have world's youngest population with median age of 29 years. This segment will drive retailers to innovate in product and service offerings and delivery.
- Retail sector will likely grow at an average annual rate of 6 percent from 2014 to 2040.



### **Automobile manufacturing**

*Younger demographics, low labor costs, and a plentiful supply of engineers could transform this sector into a global hub*

- Twelve multinational original equipment manufacturers operate in India.
- Could be the world's third largest automotive market by 2020.
- Government stability encourages investment in auto factories and R&D centers.

### **Pharmaceuticals**

*One of the top five emerging pharma markets*



- Accounts for 10 percent of global pharma industry volume and 1.4 percent of value.
- By value, supplies 20 percent of the global market for generics.
- "Pharma Vision 2020" aims to make India a global center for end-to-end drug discovery and innovation.
- Sector attracted large-scale outsourcing of research activities from global companies and foreign-direct investments worth US \$12 billion from 2000 to 2013.



### **Information and communications technology**

*Growth driven by rising domestic and external demand*

- Sector projected to grow at an average annual rate of 7 percent from 2014 to 2040.
- FY2014 revenue about US \$118 billion, of which nearly three-fourths was exports.
- World's second-largest mobile subscriber base of 900 million.
- Total e-commerce market is around US \$10 billion and poised to grow up to US \$43 billion by 2019.

### **Policy**

- Emphasis on infrastructure, partnership with business, better center-state coordination, innovation, and cross-border collaboration..
- Skill development and employability of citizens is a top priority.



