



India in the Fast Lane

I read with amazement that Apple had exported a billion dollars' worth of smart phones from India, and the game is being upped! Japanese banks buying Indian banks, India's growing defence and engineering goods exports. These are not a one-off success stories. In order to diversify supply chains, corporates from US, France, Australia, Japan, Korea, and Australia have aggressively entered the fray. Favourable Trade Agreements are adding to the growing investor interest. The "Make in India" mantra is working.

To be a crucial player in the neo-global supply chain, the Indian government is investing heavily to augment its infrastructure. Nearly 55,000 kilometres of highways have been constructed or upgraded, significantly improving rural and inter-state connectivity. Over 400 new high-speed trains are now operational, and metro network has been expanded to 27 cities. 80 new airports by 2029, with more than 140 already operational. Additional cargo terminals are being developed to streamline logistics operations. The biggest being the Dedicated Freight Corridors linking all corners of India, backed by feeder lines and internal waterways, will completely change the movement of goods across India.

But supply chain enhancement is not the only growth driver. It is fuelled by private consumption, which contributes 60% to India's GDP unlike China where it is 38%. The Malls, restaurants and hotels are full, and pricey! Luxury goods and top end cars have waiting periods. But forget top end cars, look at the Suzuki story. The company posted \$16 billion turnover last year with matching record profits and exports from India! And they have already announced plans to double production to 4 million cars by 2030 and triple exports from India in the next eight years!

The Indian Retail market is expected to touch \$2 trillion by 2030 of which e-retail is expected to be \$325 billion. Besides large and successful investments by likes of Uniqlo, new and formidable players are entering the arena, many through robust M&A deals. Flipkart, owned by Walmart, with Gross Merchandise Value (GMV) of \$23 billion, accounts for 48% of market share. In response, Amazon plans to invest another \$15 billion by 2030 into this story.

The white goods sector too has seen equally interesting movement. Case in point, Daikin, which was lagging behind in India, now sits at #2 position with a 12% market share in room air-conditioners. Within the commercial market, it has 60% share in India!

Air travel, even at a price surge of 12-35% post covid, sees no dent in demand. India's average annual passenger seats per capita is 0.13 whereas China is 0.52 and US 3.03. Even a slight upward shift in usage by the large Indian population is a game changer. No surprise that the Aviation sector is betting big on India, with Air India and Indigo, the 2 largest Indian aviation players, due to receive about 1000 planes from Airbus and Boeing over the next 10 years!

While many attribute this startling consumption to aspirational demand, some argue that growing incomes in the upper end of the pyramid found their way to the Indian stock market which simply boomed. These gains in turn fuel upper end consumption. On the other hand, the younger, and aspirational Indians are non-conservative, fully subscribe to the long term India growth story and are comfortable taking loans. The lower end of the pyramid, with muted income increase caused a comparatively lowkey demand in the FMCG segment, which too is now picking up.

Whatever the cause, this widespread consumption and increased appetite for risk by businesses, has energised the financial sector. Banks and NBFC are on fire, as are new age fintech companies. The digital payment system is driving cash out of the system, encouraging new business models for loans and their recovery. Indeed, India's digital economy continues to be a magnet for investors, with technology-based solutions poised to revolutionize various aspects of society, governance, and enterprise operations

The year 2025 marks the rise of emerging industries poised for investment-led growth. Sectors such as battery energy storage, green hydrogen, biotechnology, AVGC (animation, visual effects, gaming, comics), and semiconductor chip manufacturing, are all experiencing a surge in interest. Driven by government support, private capital, and global supply chain shifts, these industries are attracting strategic investments and shaping the future of India's innovation-driven economy.

While Indian economy has already outpaced the United Kingdom to claim the position of the 4th largest economy, experts predict that by 2027 India will ascend to the prestigious 3rd spot, overtaking Germany

India is clearly at the cusp of its golden era of economic growth which many compare to China 15 years back. Foreign companies eyeing the Indian market stand to benefit, as state governments continue to roll out flexible policies and competitive incentives to attract cutting-edge technology and foster large-scale employment. Besides the high growth market and possibilities that it offers, India is an ideal base for penetrating the future markets of Africa and Southeast Asia

The question is no longer "why" India, it is "when".



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