

# FIL with Masters

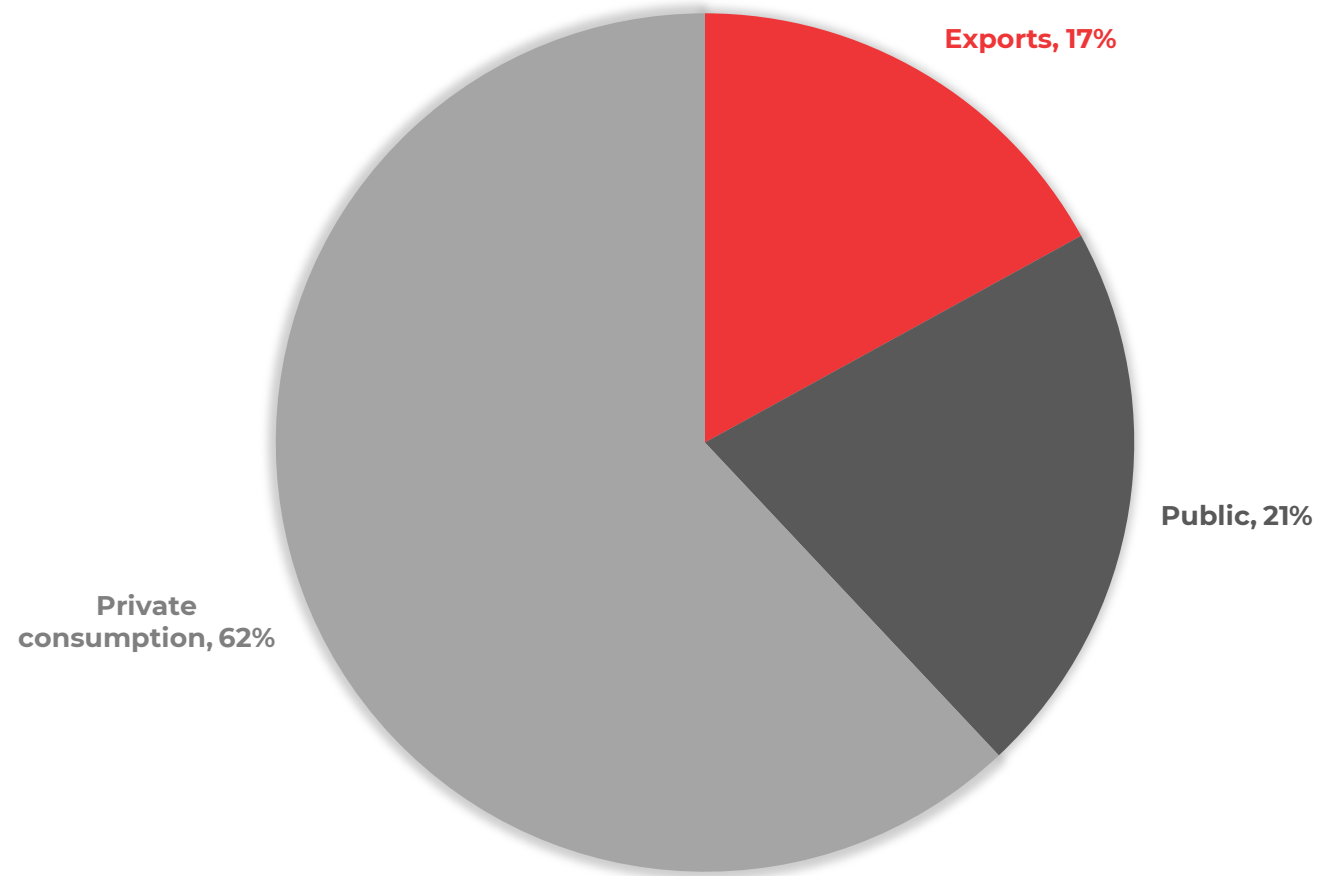
Flame University, June 2024



# Indian Economy

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INDIAN ECONOMY (USD 4 TRILLION)



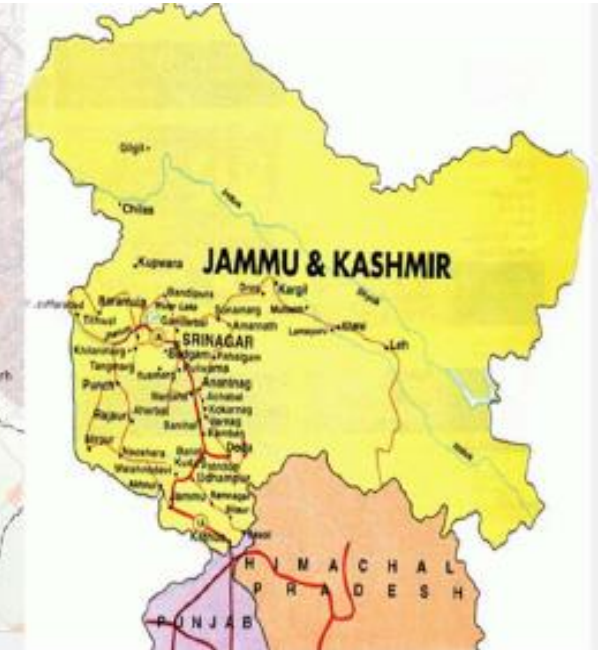


**More than 60% of the Indian economy is domestic consumption.**

**Who consumes what?**

# Domestic Private Consumption

1. Of the following states, which one has the higher proportion of vegetarians ?



# Domestic Private Consumption

2. Which of the following industries has the largest domestic consumption?



**A** Rice

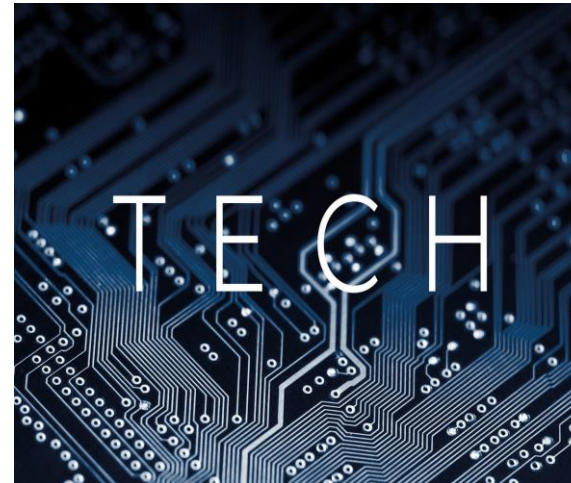
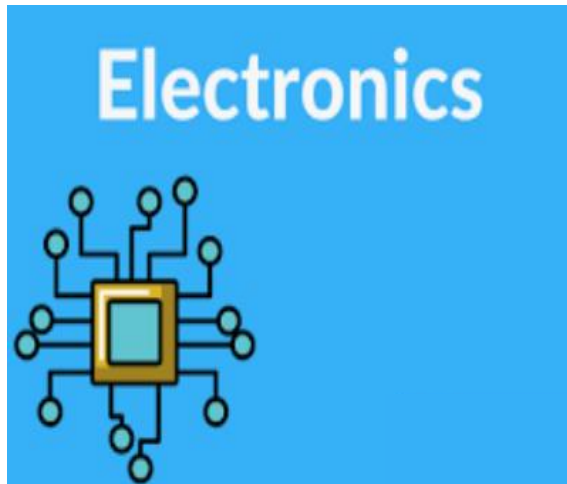
**B** Alcohol

**C** Jewelry

**D** Wheat

# Domestic Private Consumption

3. Of the following businesses, which industry is the largest in India?



**A** Electronics

**B** Textile

**C** Technology

**D** Travel & Tourism

# Domestic Private Consumption

4. What percentage of Indians account for nearly half of all air travel in India?



**A** 1%

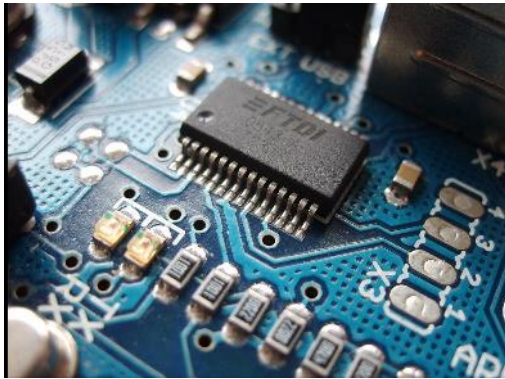
**B** 5%

**C** 9%

**D** 17%

# Domestic Private Consumption

5. After Oil, which industry consumes most of our dollars ?



**A** Electronics

**B** Gold

**C** Equipments

**D** Education



# Domestic Private Consumption

6. Indian household credit has been growing at the fastest rate in recent years. What % of Indians have credit cards?



**A** 5%

**B** 20%

**C** 30%

**D** 50%

# Domestic Private Consumption

7. How many Indians have passports?

## Types Of Indian Passports



Regular Indian Passport



Official Indian Passport



Diplomatic Indian Passport

**A** 30%

**B** 20%

**C** 10%

**D** 5%

# Domestic Private Consumption

8. How many households in India have washing machines ?



**A** 5%

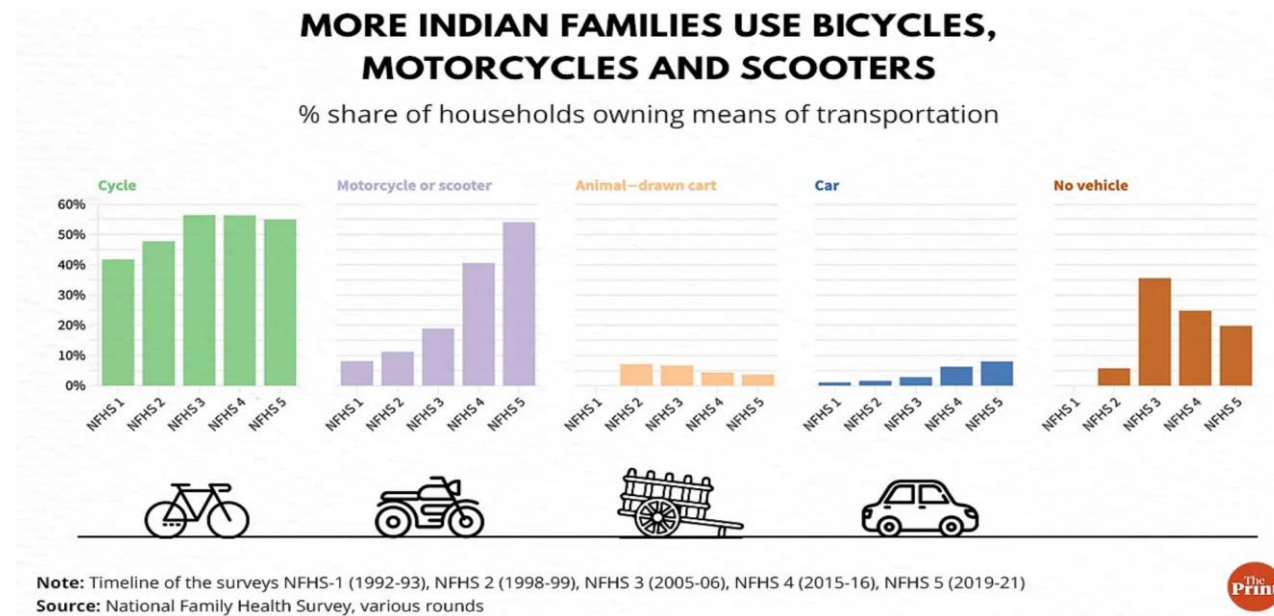
**B** 10%

**C** 20%

**D** 30%

# Domestic Private Consumption

9. How many households in India own private vehicles ?



**A** 40%

**B** 20%

**C** 10%

**D** 7%

# Domestic Private Consumption

10. How many households in India have at least one graduate ?



**A** 25%

**B** 20%

**C** 15%

**D** 10%

# Know Your Country

11. Which region has the lowest rate of children per woman (Fertility Rate)?



**A** USA

**B** UK

**C** Australia

**D** South India

# Know Your Country

12. India is home to the largest number of people below the poverty line (earning under \$2 per day). Among 189 countries globally, what is India's rank in terms of the number of billionaires?



**A** 150

**B** 50

**C** 30

**D** 3

# Know Your Country

13. While we are the largest producer of agricultural products, our challenge lies in storage and distribution. What is our global rank in cold storage capacity?



**A** 150

**B** 50

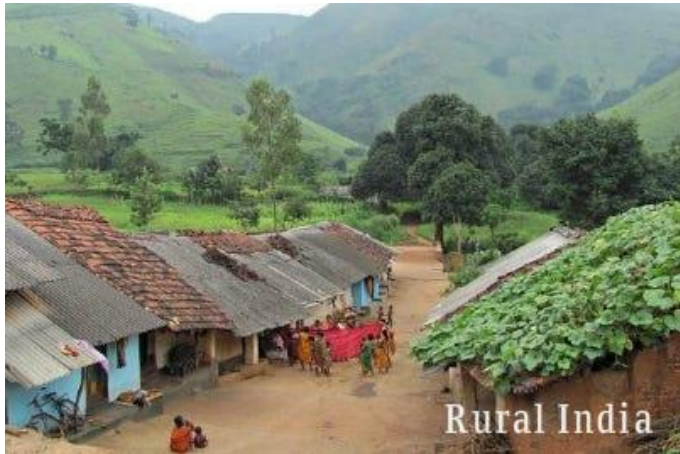
**C** 11

**D** 1



# Know Your Country

14. Gandhiji once mentioned that India lives in its villages. What percentage of India is urbanized now?



**A** 10%

**B** 20%

**C** 30%

**D** 40%

# Know Your Country

15. Globally, the average tax collection by federal governments is 17% of GDP. What is the rate in India?



**A** 1%

**B** 5%

**C** 10%

**D** 15%

# Know Your Country

16. When India gained independence, there were 19 medical colleges producing 1,000 allopathic doctors annually for a population of 34 crores. How many doctors are there in India now?



**A** 1 lac

**B** 5 lacs

**C** 10 lacs

**D** 15 lacs

# Know Your Country

17. How many Indians file IT returns?



**A** 1%

**B** 5%

**C** 10%

**D** 20%

# Know Your Country

18. Approximately 45% of Indian adults are employed, both formally and informally. The employment rate for males is about 64%. What is the workforce participation rate for women in India?



**A** 10%

**B** 15%

**C** 20%

**D** 25%

# Know Your Country

19. What is the ratio of the average salaries between the top 5 IT companies and the top 5 PSU companies?



**A** 2:1

**B** 1:1

**C** 1:2

**D** 3:1

# Know Your Country

20. Which state receives the most foreign tourists?



**A** Rajasthan

**B** Goa

**C** Kerala

**D** Tamil Nadu

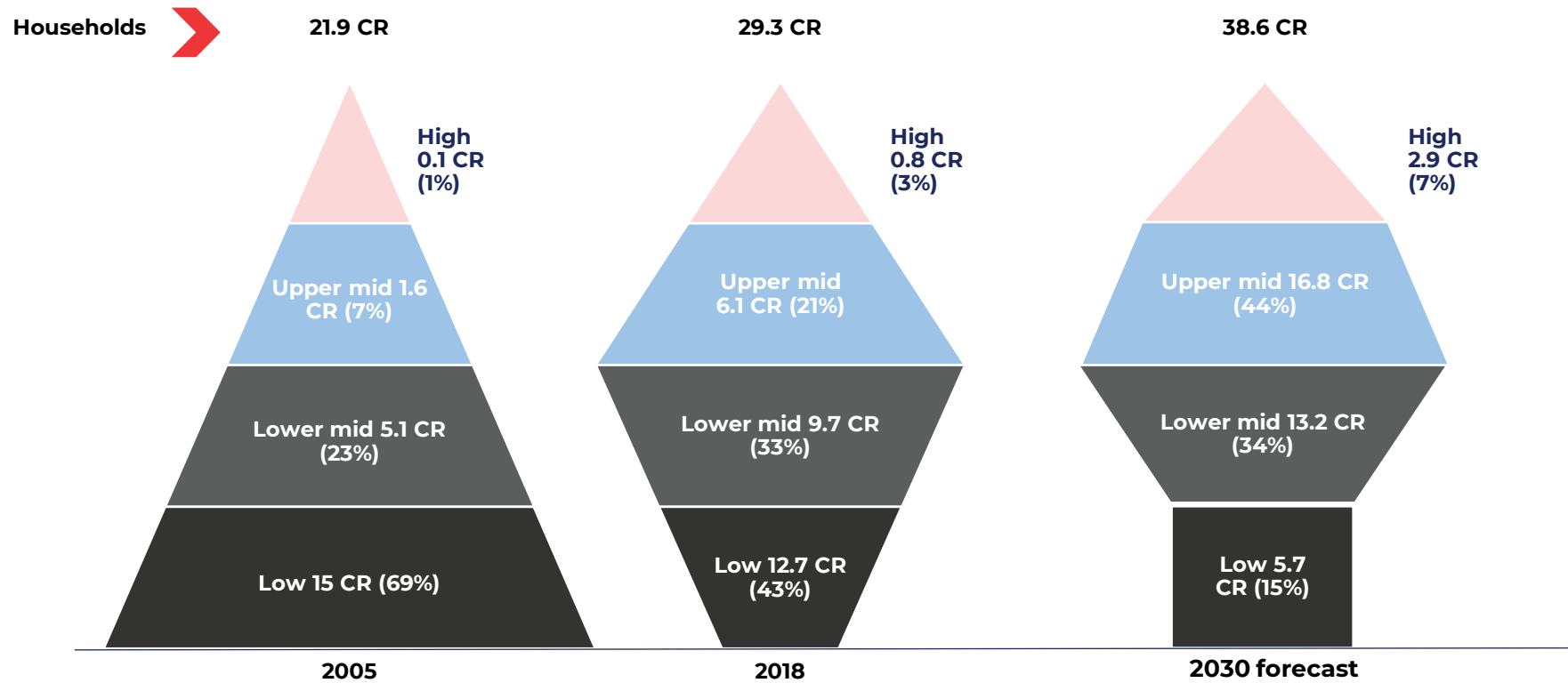
# Income Structure of Consumer India

Population Quintile based on per capital Income	HH in mn	HH Size	HH Inc lakhs/year	% Share of each income quintile to total		
				Income	Expenditure	Surplus income
Richest 20%	72 mn	3.72	6.3	45	36	70
Next 20%	61 mn	4.33	3.6	22	23	20
Next 20%	42 mn	4.71	2.7	15	18	8
Next 20%	49 mn	5.44	2.2	11	14	3
Bottom 20%	42 mn	6.28	1.6	7	10	-1
All India	281 mn	4.70	3.9	100	100	
Richest 10%	39 mn	3.43	7.5	29%	22	50
Poorest 10%	20 mn	6.56	1.4	3%	4	-1

Source: Ice 360



# Evolution of Household Income Profile



High Income & Upper Mid Income Segment (5.5 lakh and above)

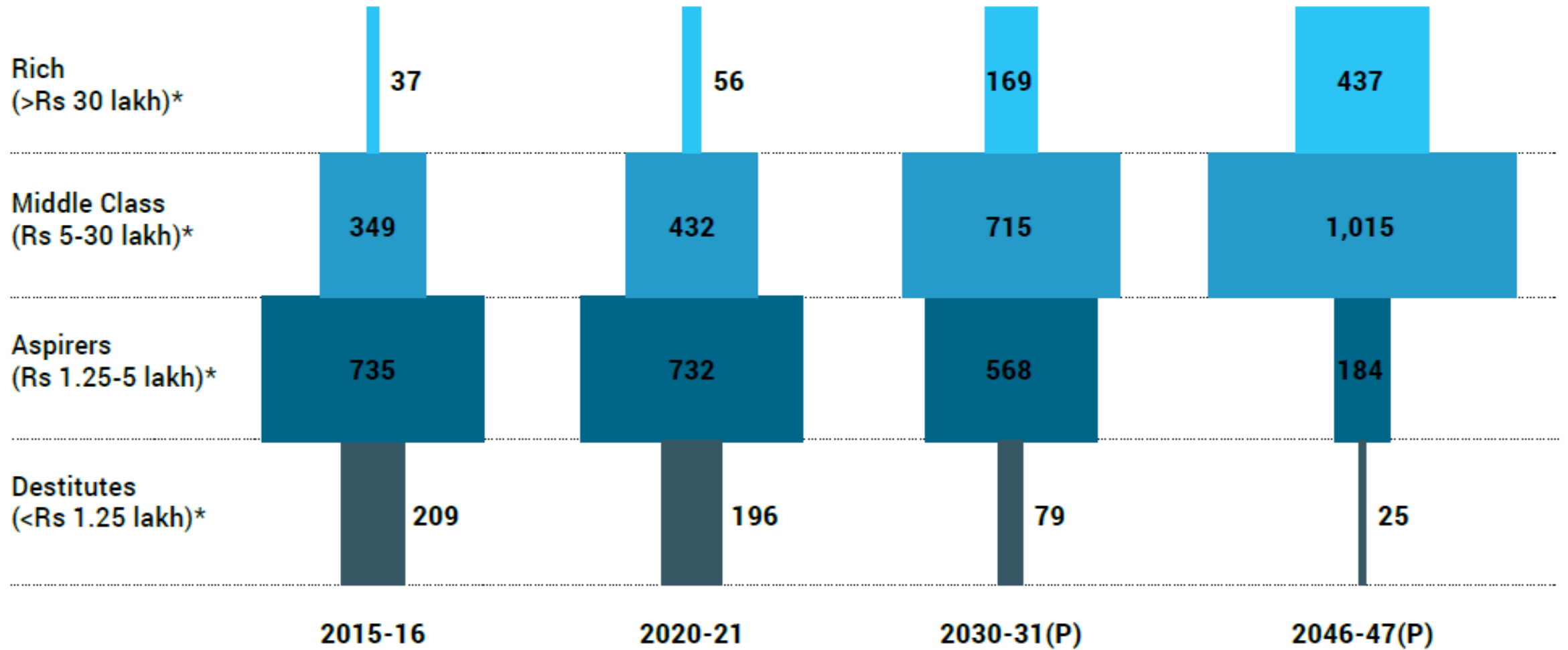
- 1 in 4 households today
- 1 in 2 households by 2030
- ~7 CR fewer low-income households by 2030

Note: Low: <INR 2.5 lacs, Lower mid: INR 2.5 -5.5 lacs, Upper mid: INR 5.5 – 27.5 lacs, High: >INR 27.5 lacs

Projections with annual GDP growth assumed at 7.5%

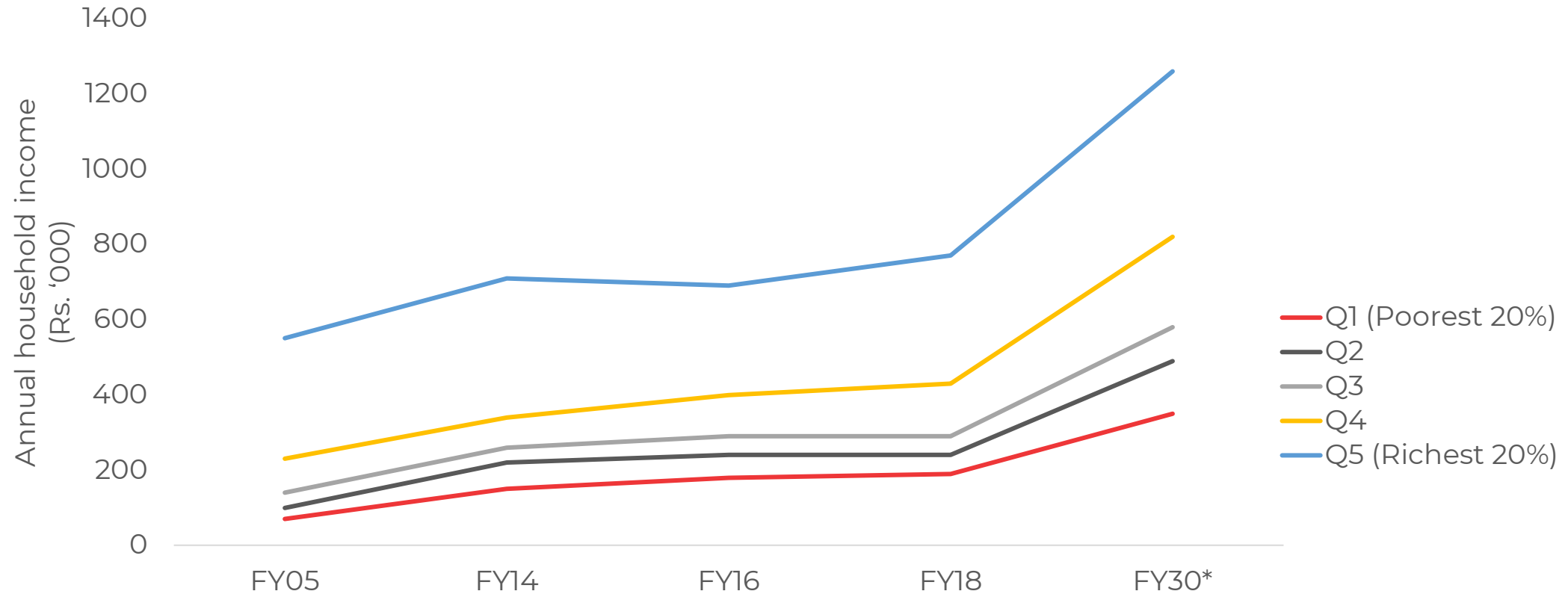
Source: PRICE projections based on **ICE 360 Surveys** (2014,2016,2018)

# India's Income Pyramid



\*Annual household income at 2020-21 prices

# Breakout of Next 20

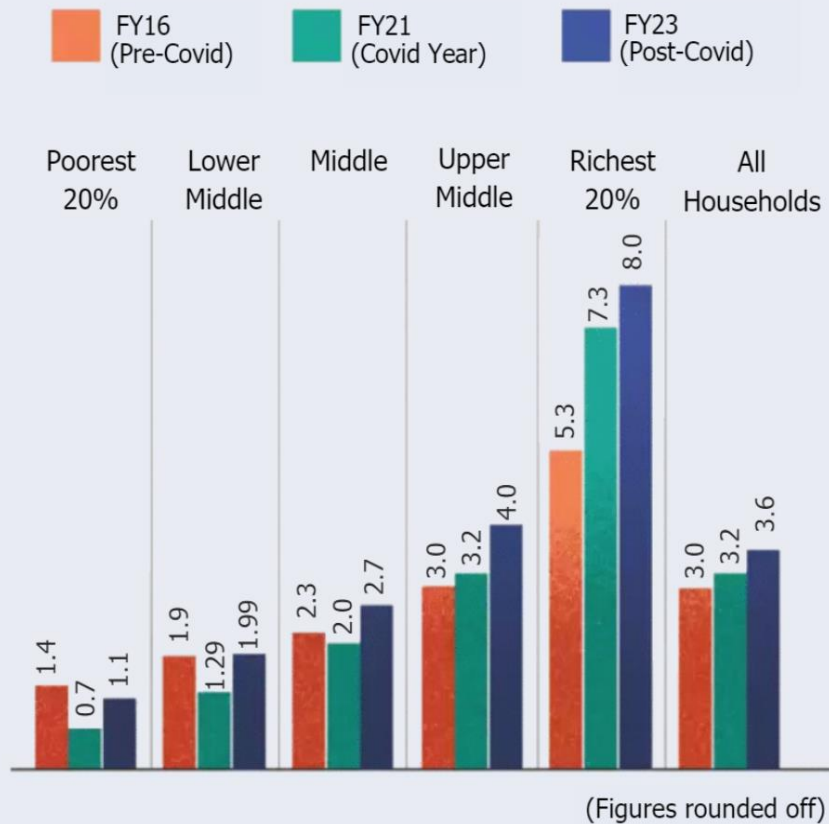


The second line (from top) representing second quintile of population is growing at a faster rate for the last few years and is breaking out from the lowest 3 quintiles.

# Evolution of Household – Post Covid

## How Covid made Indians **Poorer** and **Richer**

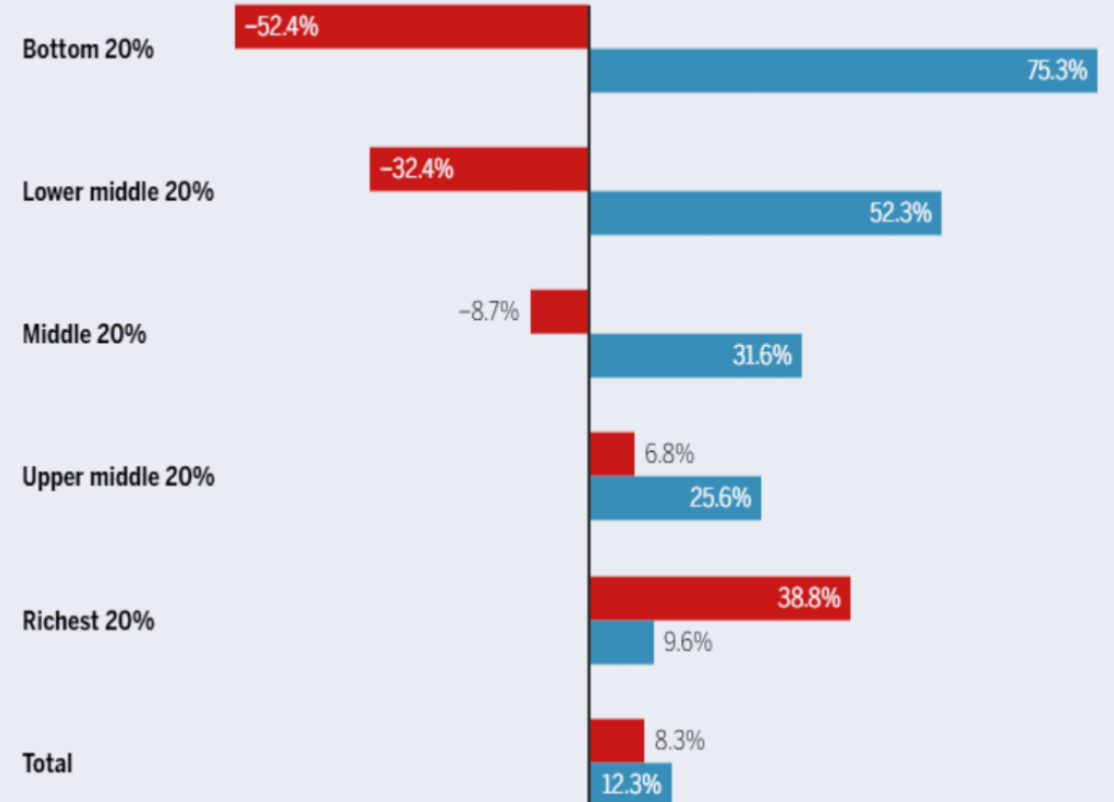
Average annual household income in Rs Lakh, 2011-12 prices



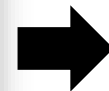
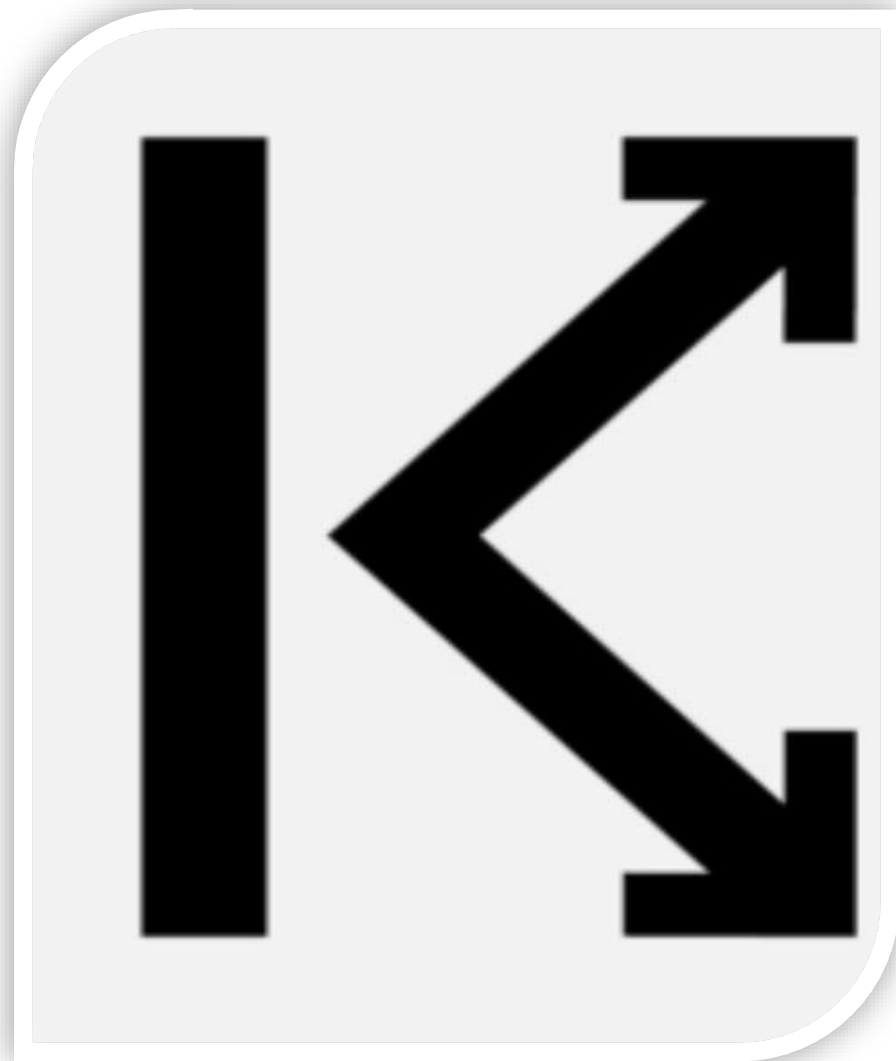
## 75% jump in incomes of poorest households post-Covid

% change in annual household income across economic categories

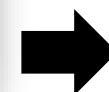
FY16-FY21 (Red), FY21-FY23 (Blue)



# Evolution of household



**60% - 100%**



**10% - 60%**

A satellite view of India at night, showing the country's outline and numerous city lights glowing against the dark landmass. The surrounding oceans are dark, and the Earth's atmosphere is visible as a thin blue layer. A bright light source, likely the sun, is visible on the right side of the frame, creating a lens flare effect. The background is a deep blue space filled with stars.

**Whatever you can say about India, the opposite is also true**

**-Joan Robinson**

**It is better to be vaguely right than precisely wrong**

**- Carveth Read**



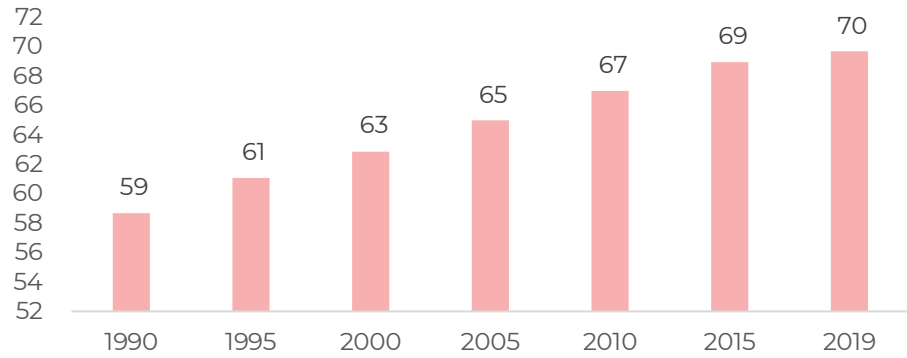
# The Great Indian Paradox

- **Demography.**
- **Urbanisation.**
- **Women Participation.**
- **Attitude Towards Credit.**
- **Formalisation.**

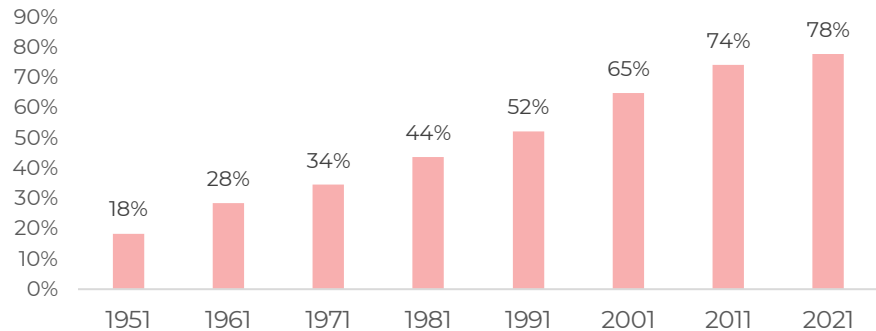


# India's Tryst with Productivity / Social Indicators

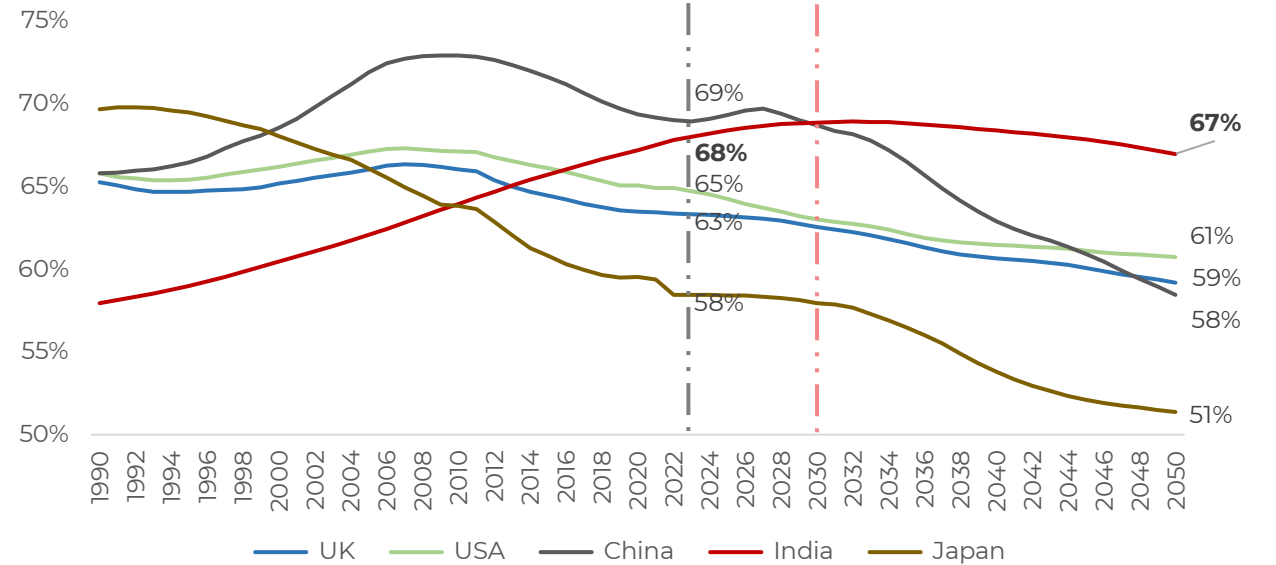
## Life Expectancy



## Literacy Rates



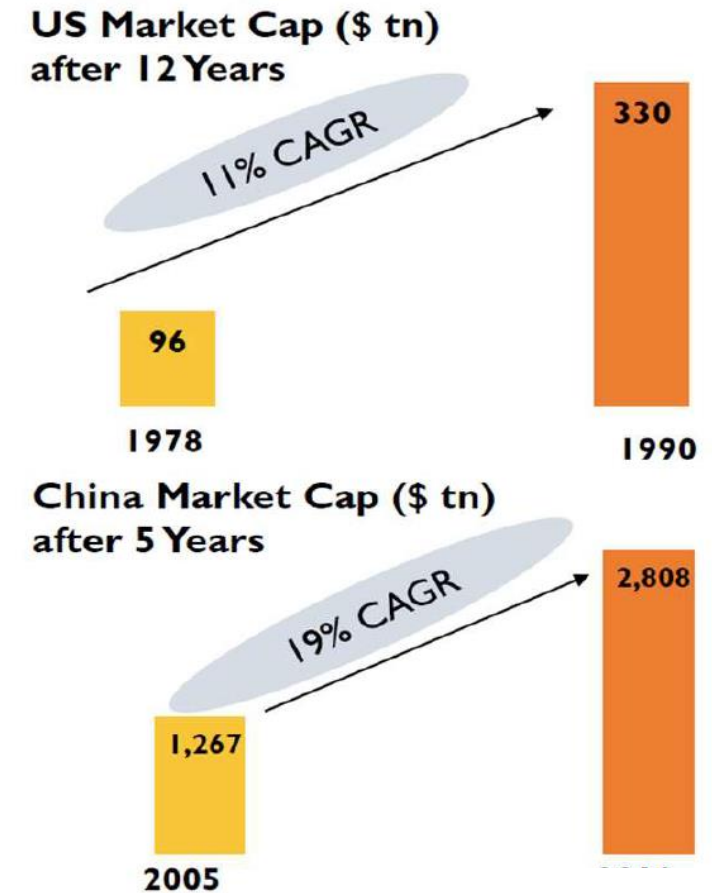
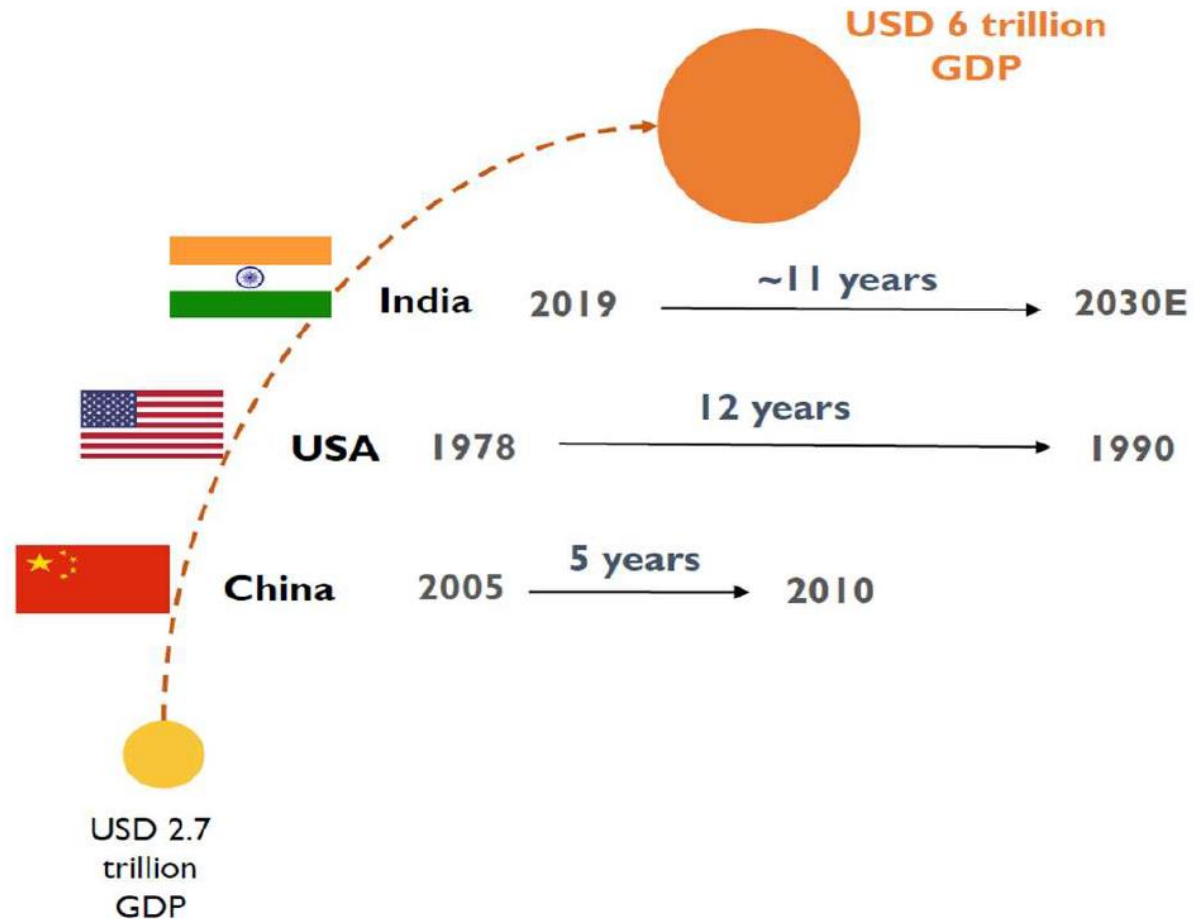
## Working age demographics (% of Total)



Country	Median age 2020	Median age 2030	Country	Median age 2020	Median age 2030
India	27.3	30.9	UK	39.5	41.6
China	37.4	42.7	Germany	44.9	45.9
USA	37.5	39.7	Japan	48.0	51.5

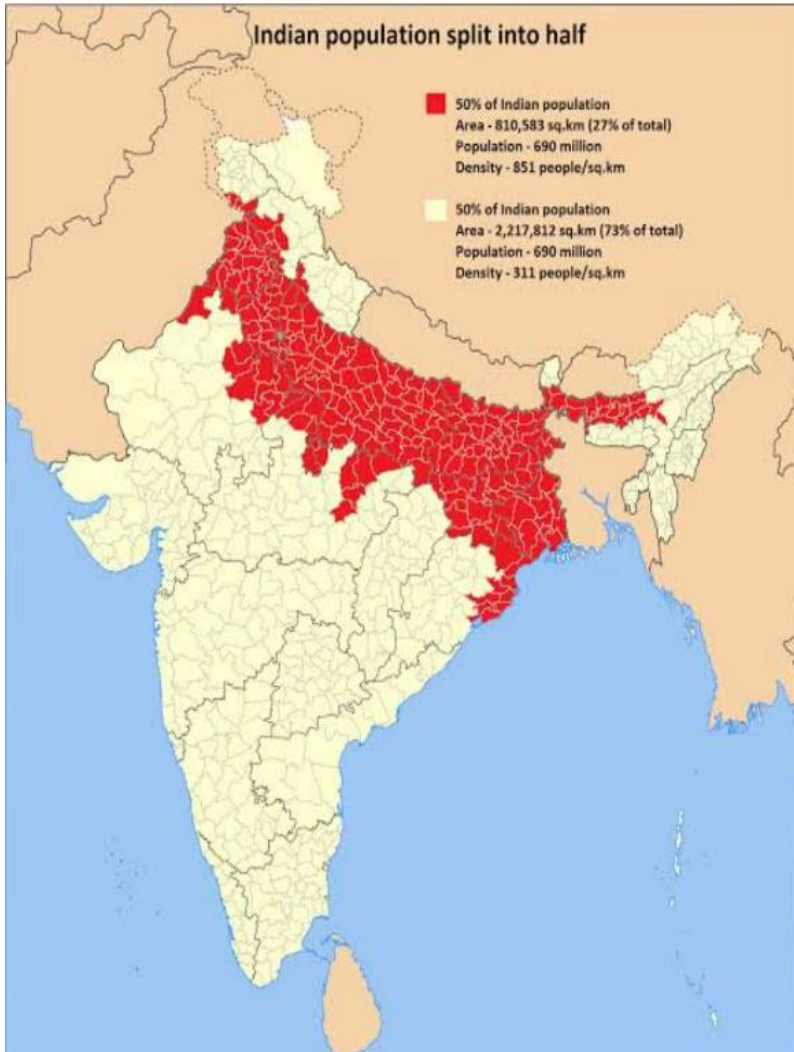
Source: United Nations World Social Report 2023

**India is where China was in 2004, US in 1980 are avoidable thoughts. India is unique, will evolve differently.**

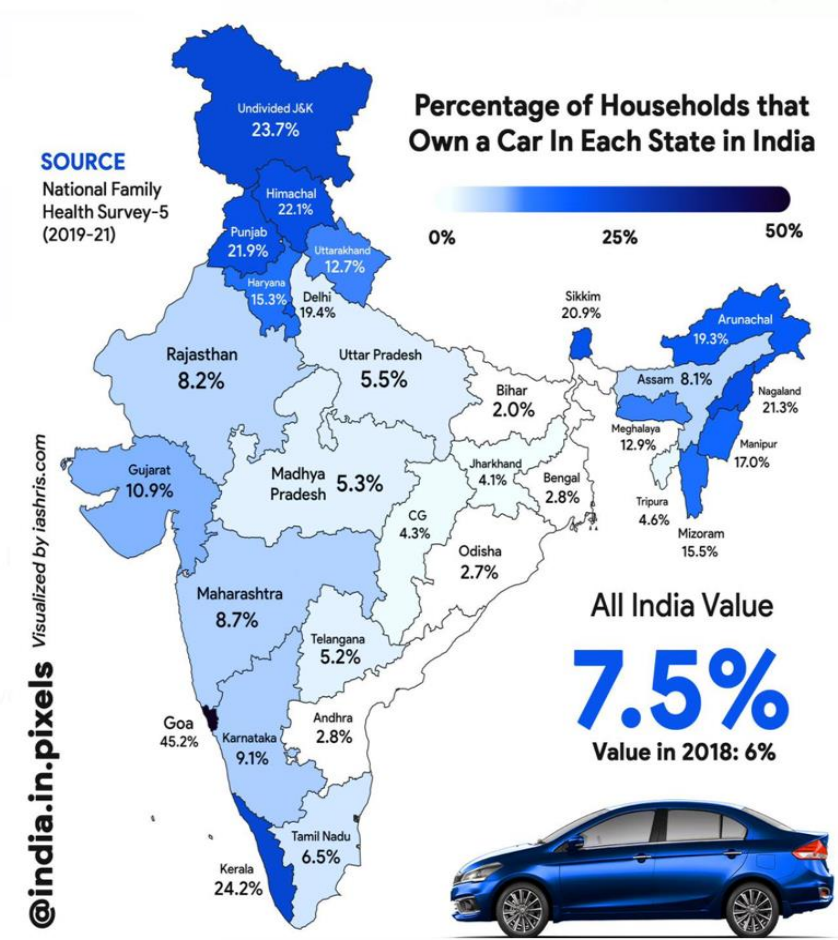
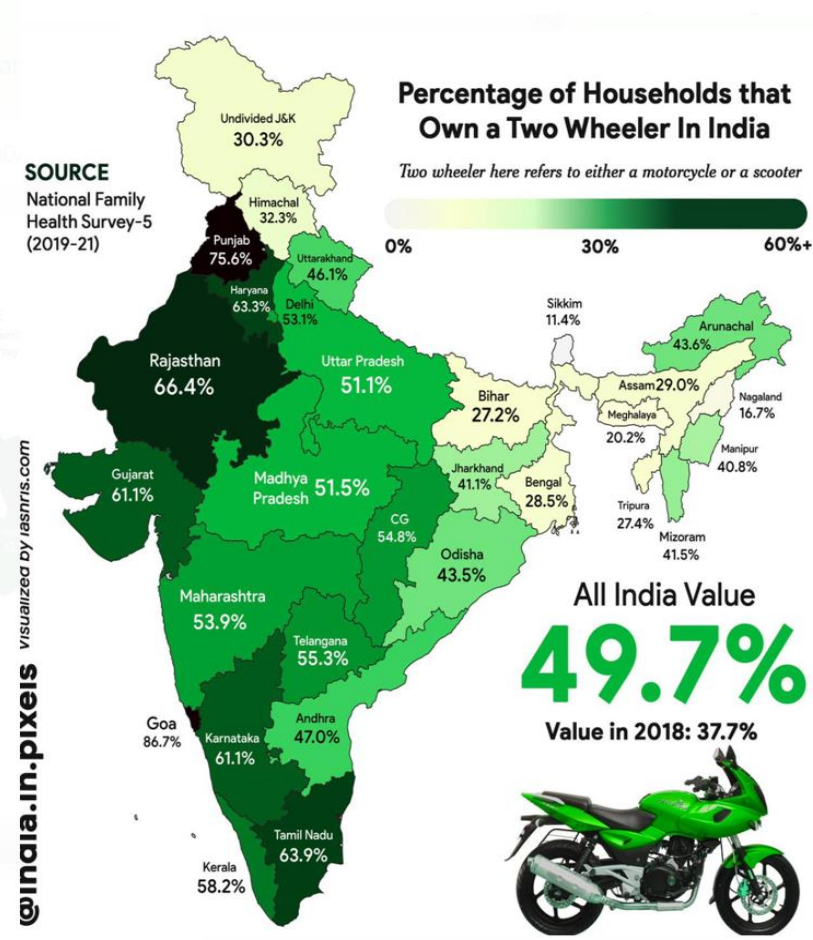
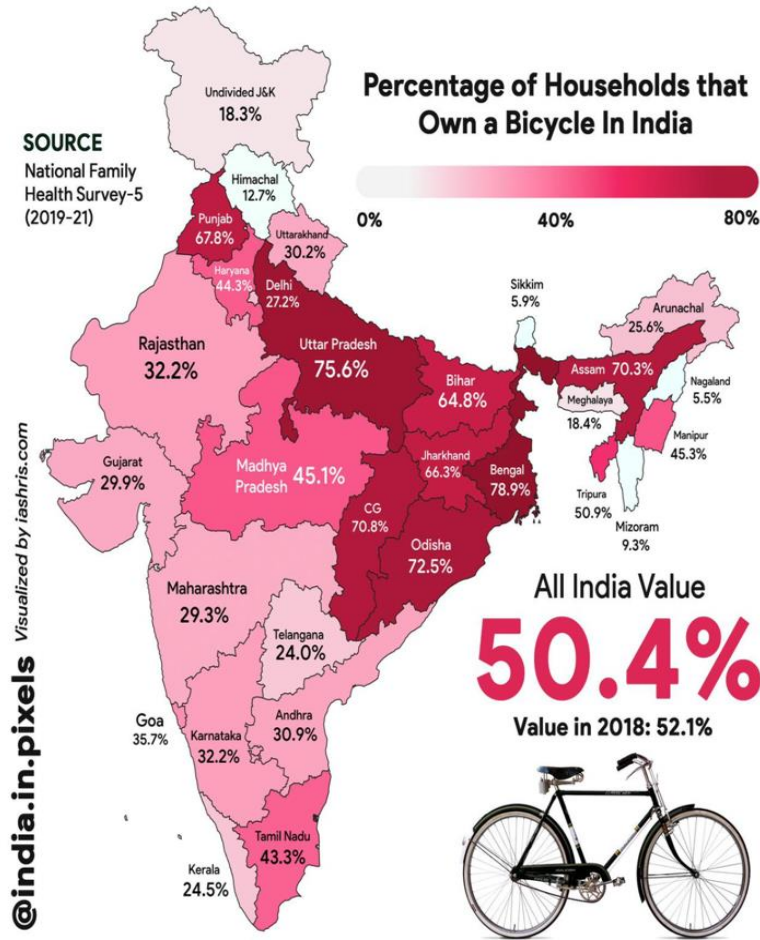


Source: Bloomberg research; US Mcap – S&P 500 index and China Mcap – Shanghai SE composite index

# Our Demographic split

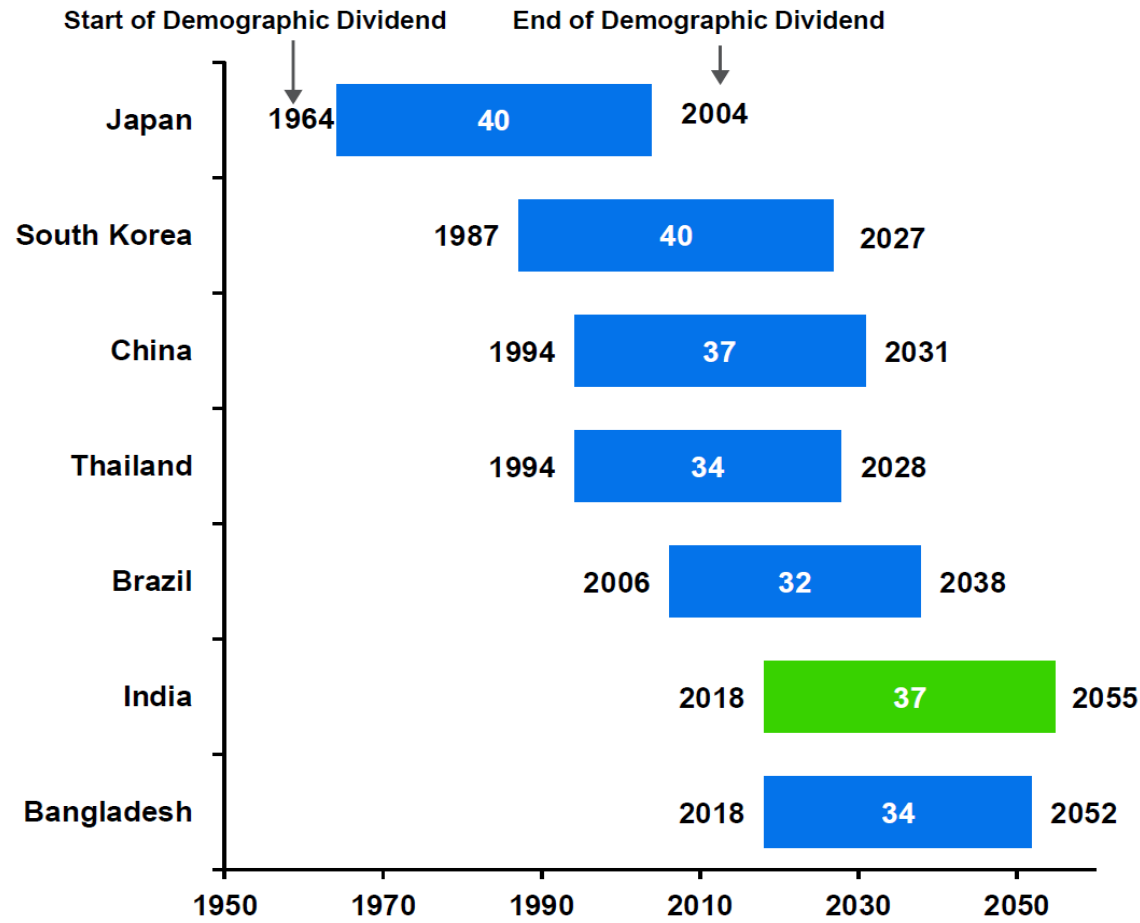


# Our Demographic split

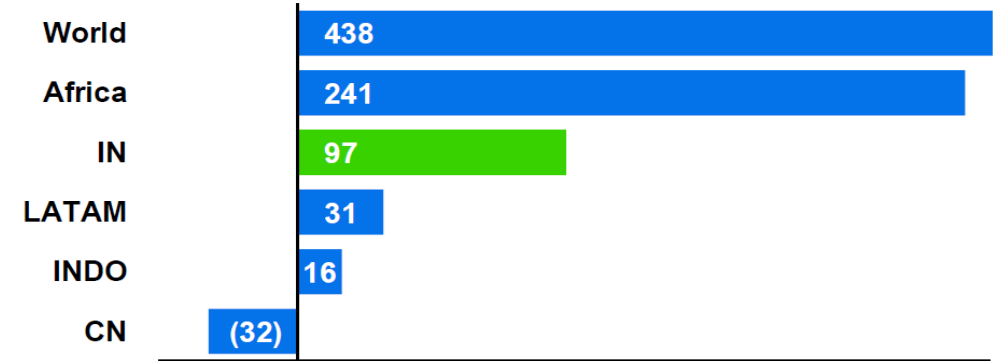


# India's Large and Young Population

## Demographic dividend places India better than global peers



## Largest contributor to world's working population by 2031; change in working age population (2031 vs 2021; mn)



## Higher share of working age population to be a driver of growth; % share working age population

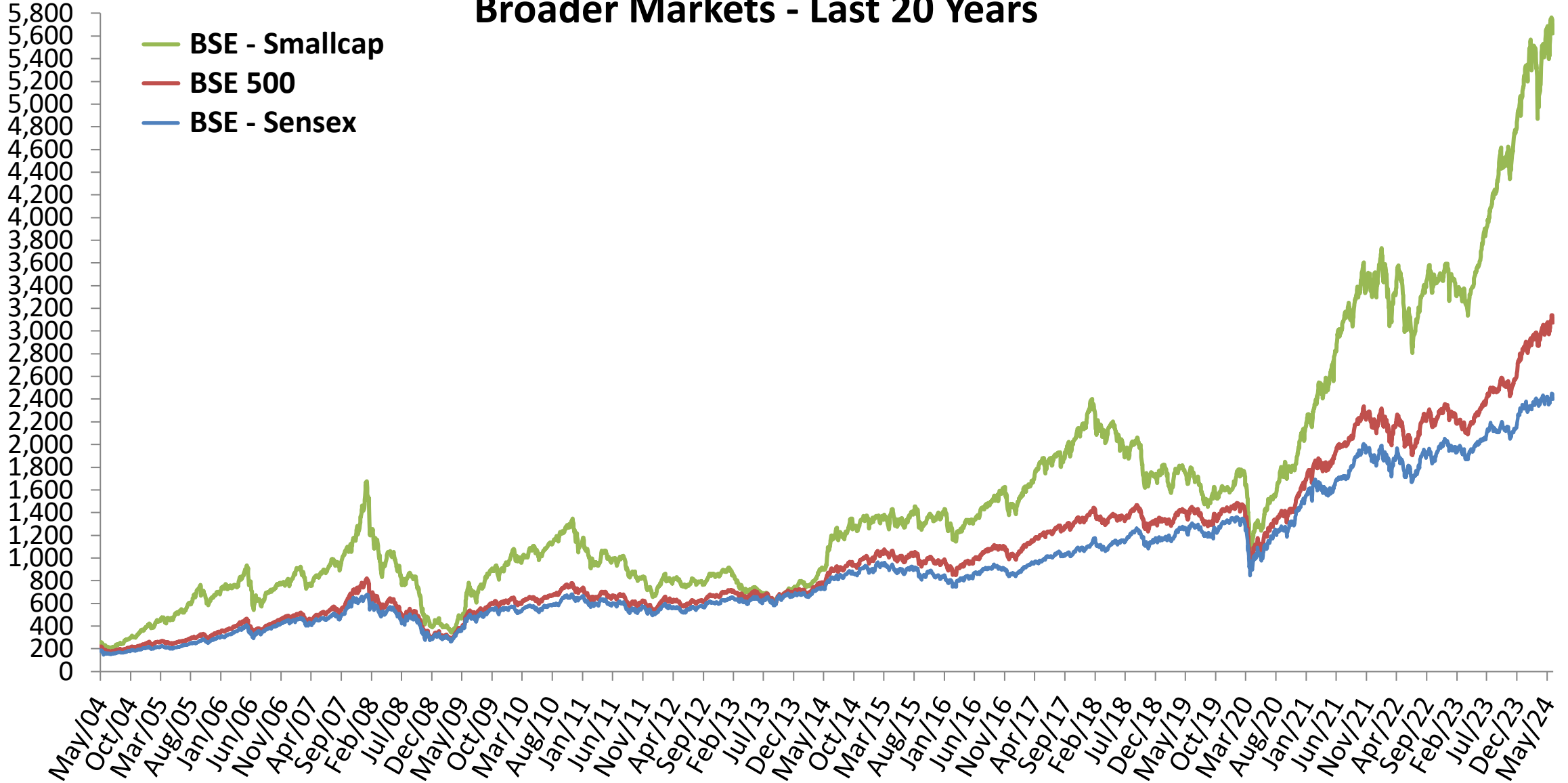
	2020	2030	2040	2050
India	64.2%	64.8%	63.6%	61.1%
Africa	54.4%	56.3%	58.3%	59.7%
Indonesia	63.9%	63.7%	61.8%	60.1%
China	64.2%	60.7%	56.6%	49.7%
LatAm	63.3%	62.9%	60.9%	58.0%

Countries with larger shares of working age population to total population are likely to witness higher GDP growth rates

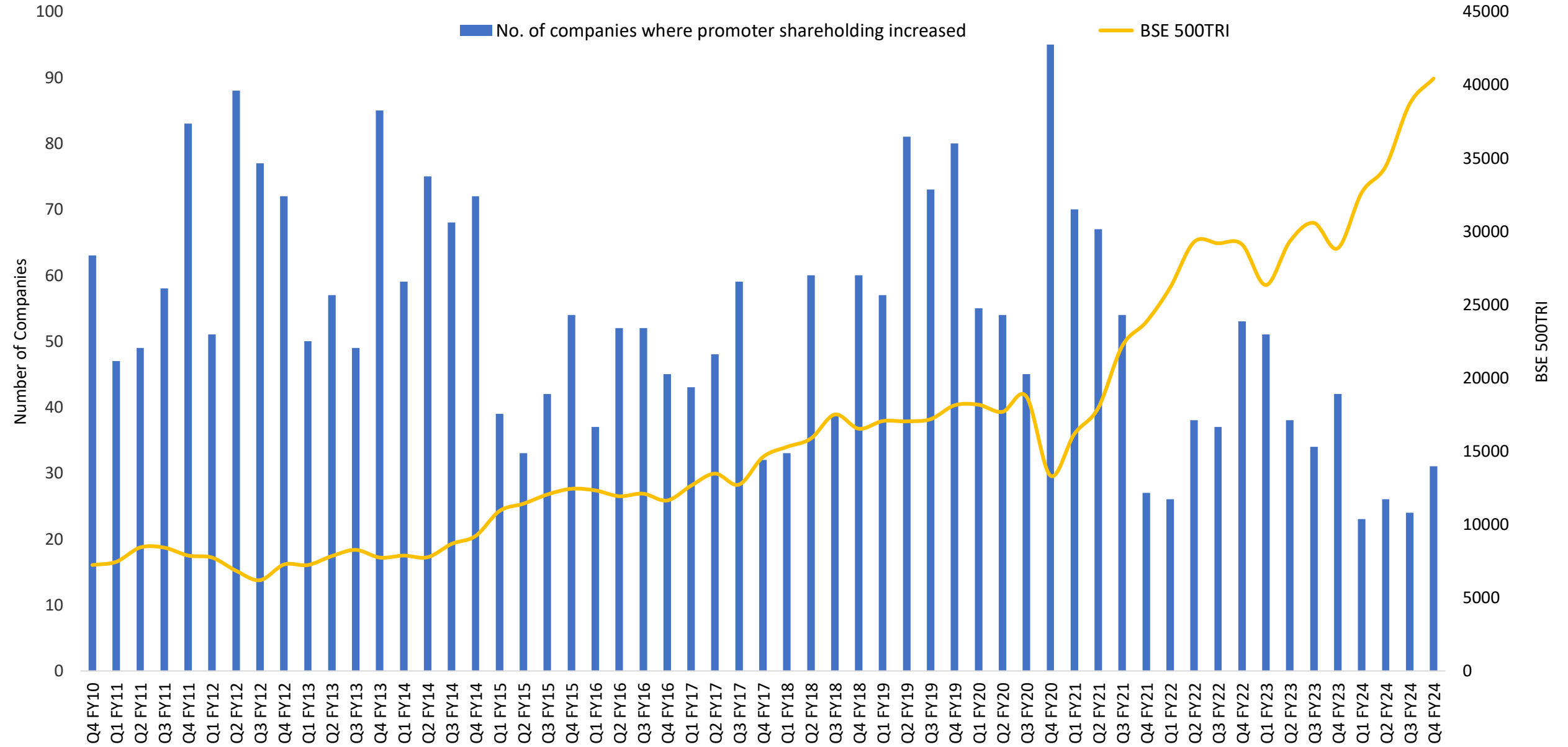
# **The Opportunities ?**

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# Broader Markets - Last 20 Years



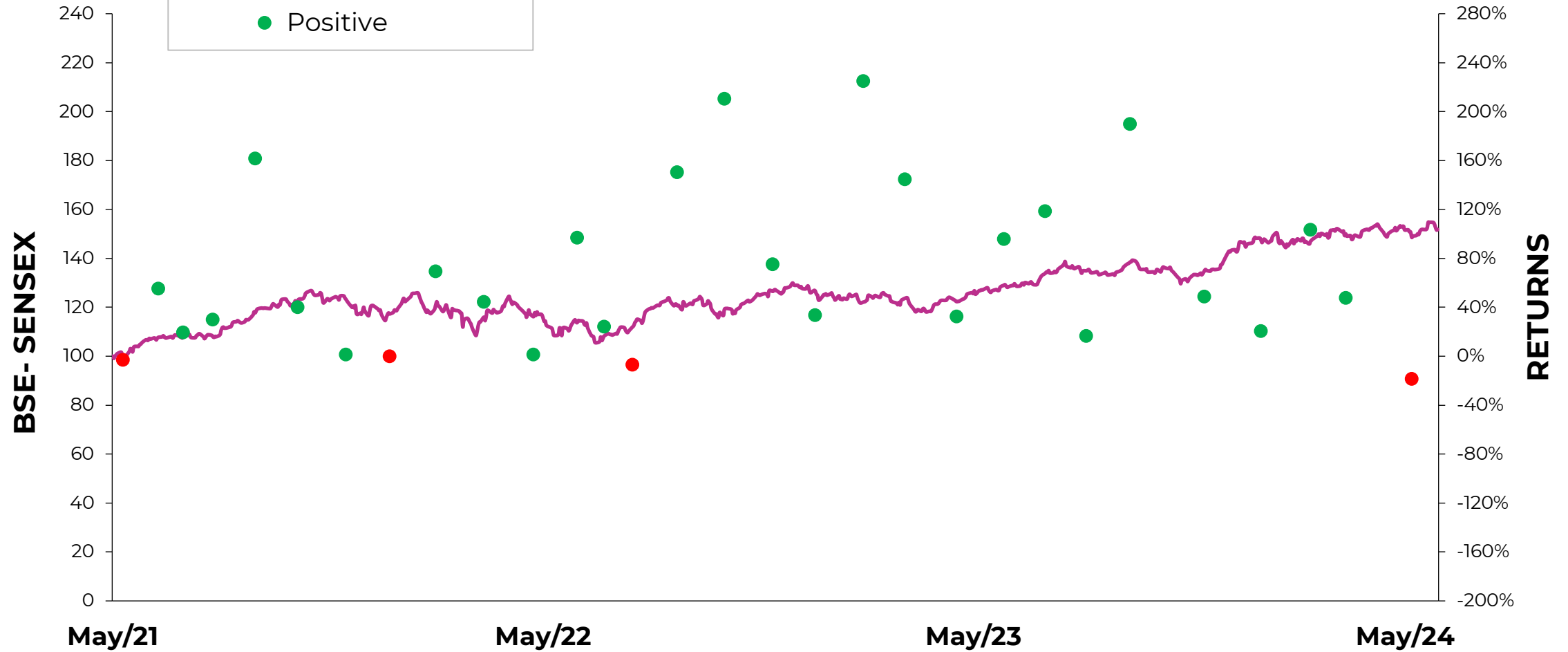
# Promoter's Buying





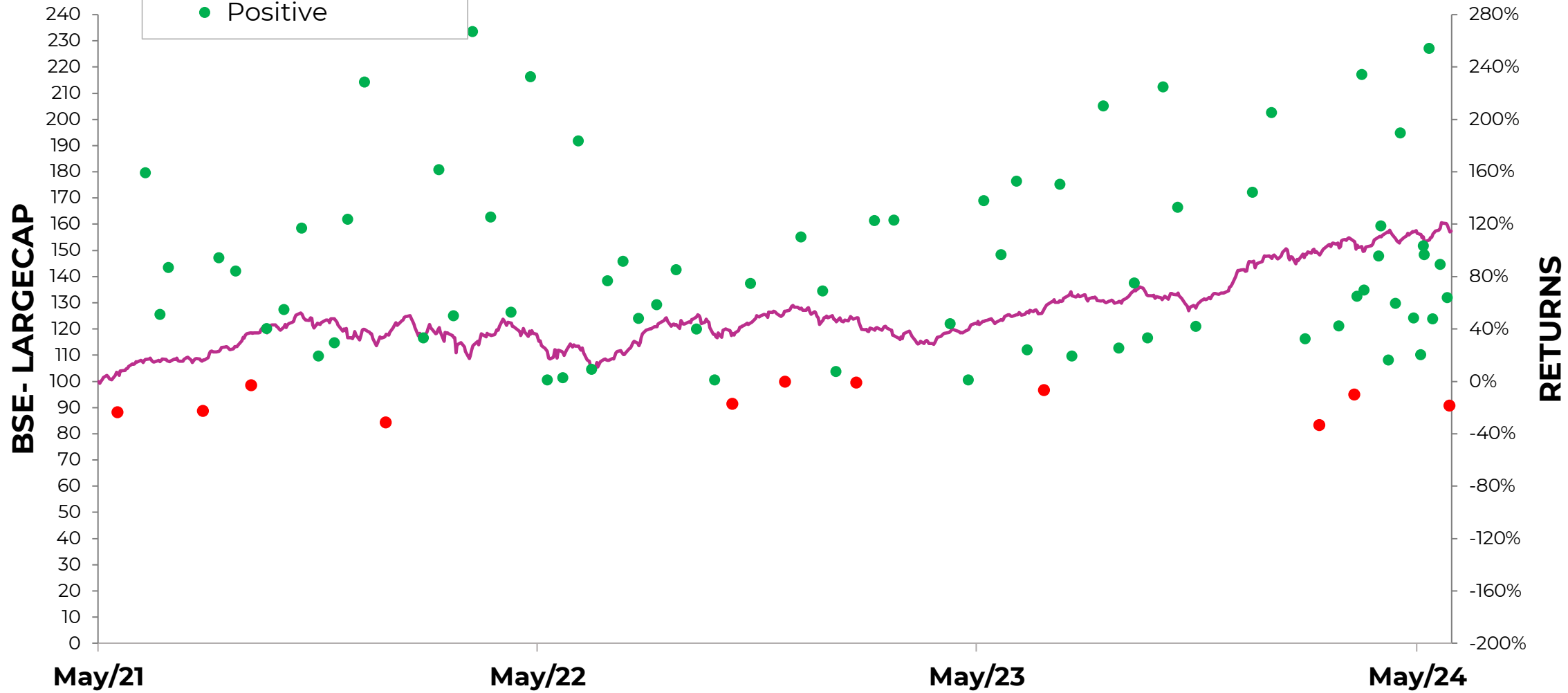
# BSE - Sensex May 21 to May 24

- BSE- Sensex
- Negative
- Positive



# BSE - Largecap May 21 to May 24

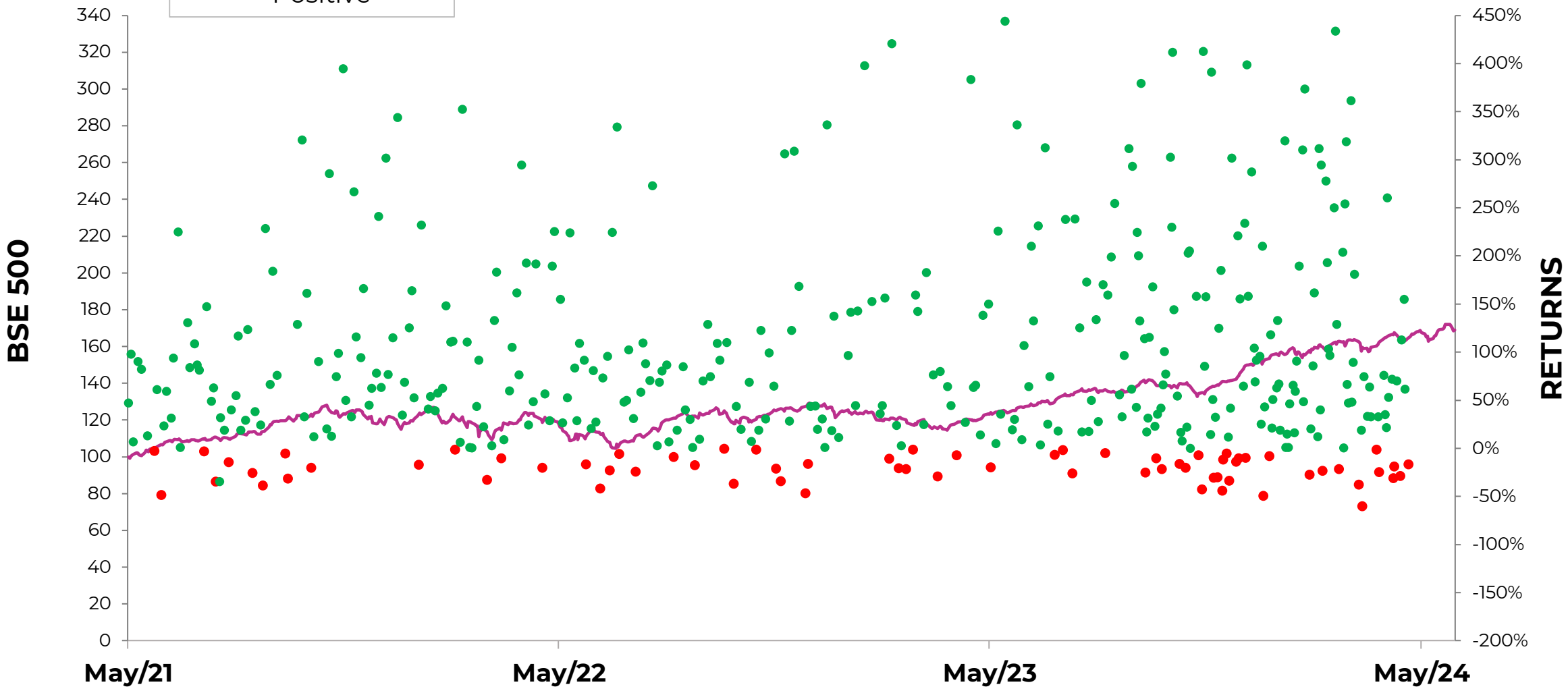
- BSE-Largecap
- Negative
- Positive



# BSE - 500

## May 21 to May 24

- BSE 500
- Negative
- Positive

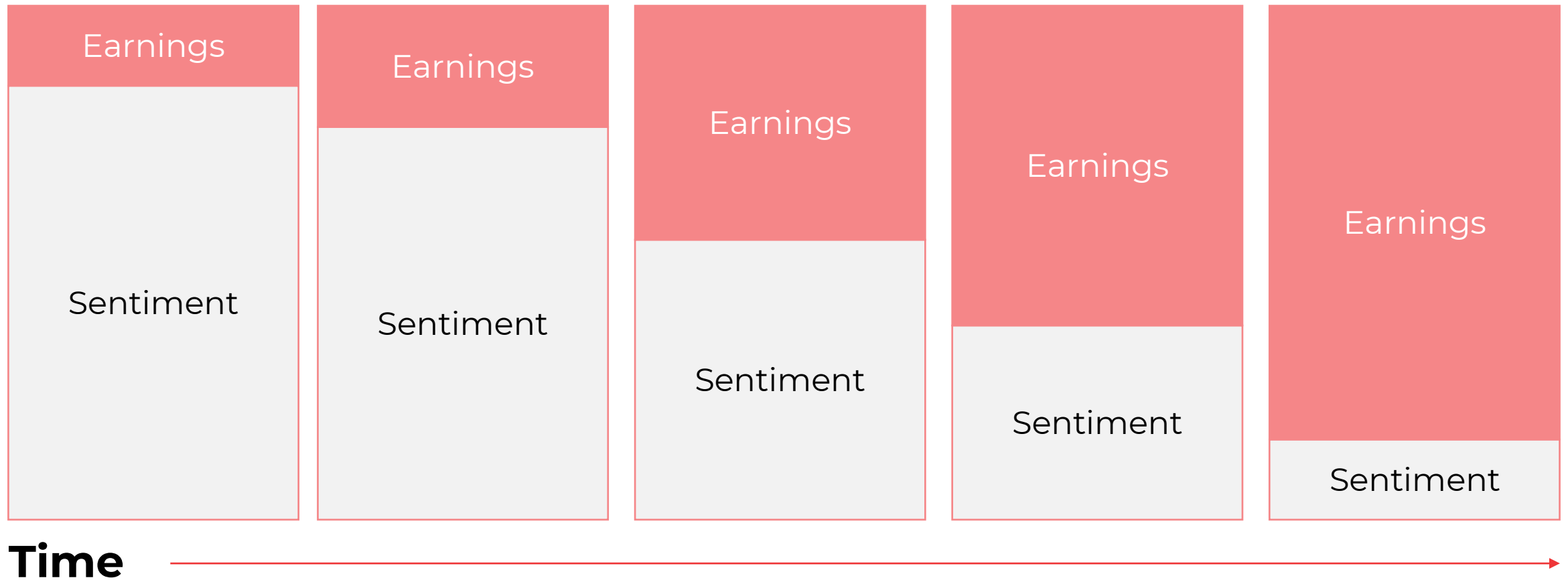


## **Divergence in Market Valuations**

**Expensive Part: 50% of Market Universe**  
**Deep Value Part: 15% of Market Universe**  
**Fair Value Part: 35% of Market Universe**

**Earnings and Multiples matter in Portfolio Returns.**

# What moves the market





**THANK YOU!**