
ASPECTS

INDIA: REFLECTIONS FROM THE PAST

10 September 2020

ASPECTS is a periodic newsletter to prospects and clients discussing investments, finance and the economy.

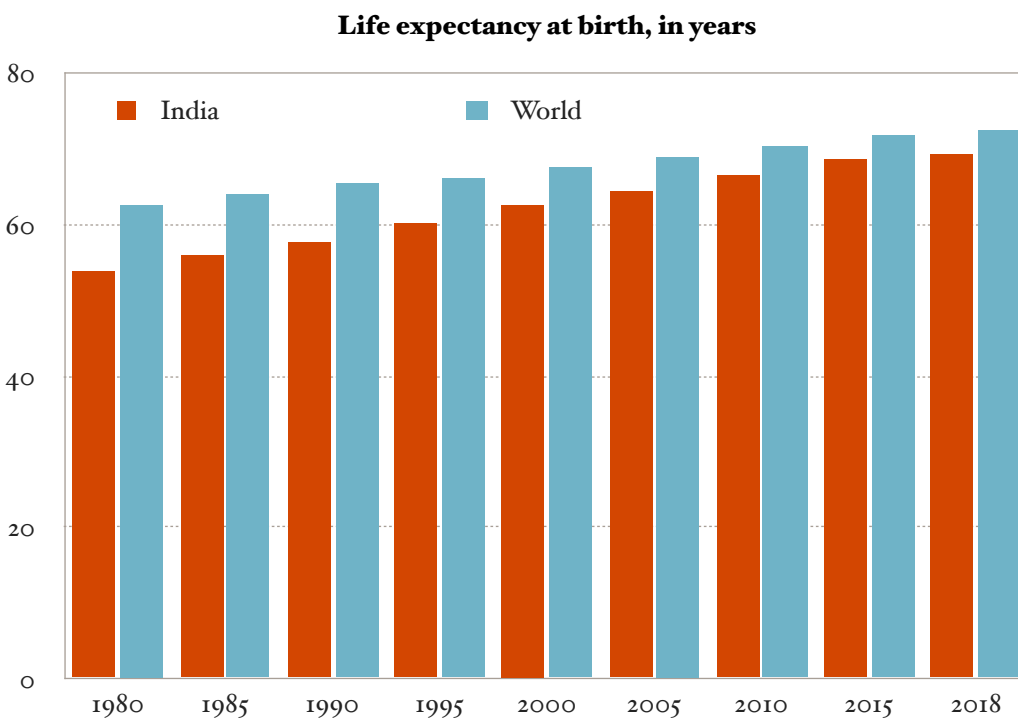


Introduction

Over the past several decades, Indians in their roles as leaders, administrators, professionals, business owners, employees, heads of households, housewives and children have steadily grown their country from strength to strength, overcoming obstacles and recovering from setbacks. Outcomes of the Indian philosophy, work ethic and way of life are evident in a few data trends that we highlight in this edition of ASPECTS.

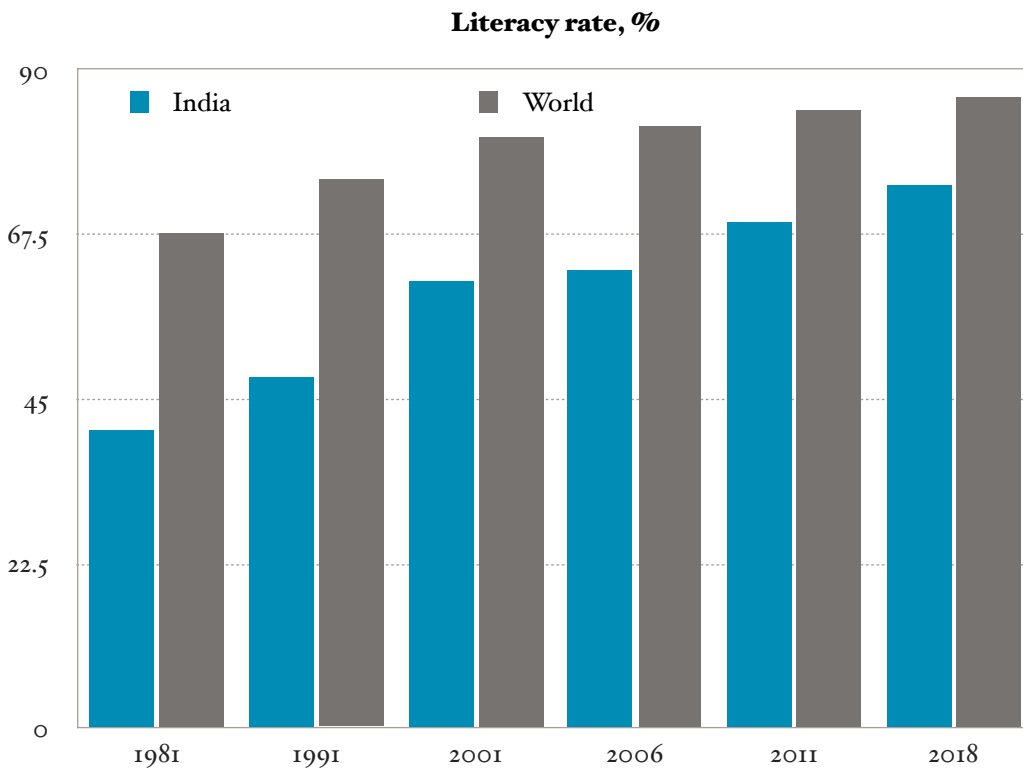
Significant Trends

Firstly, Indians on an average can expect to live longer, as evidenced by improving life expectancy at birth¹ data. Not only has Indian life expectancy increased, we have managed to narrow the gap with the worldwide average.

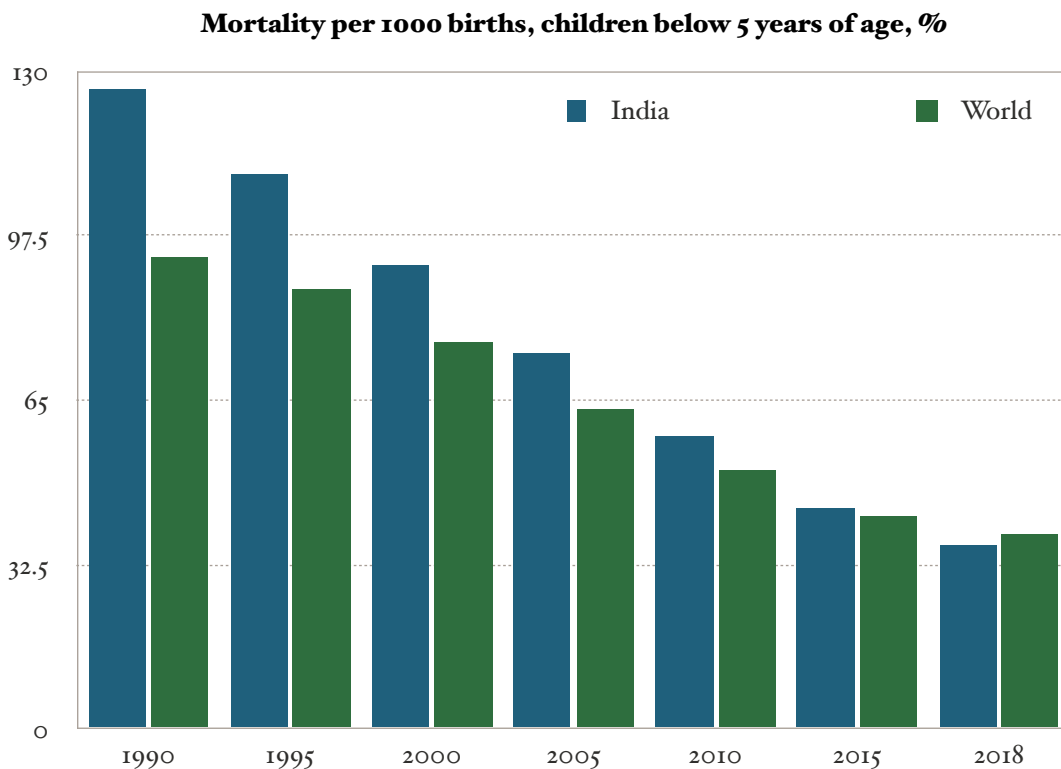


Literacy rates have advanced consistently. As of 2018, 74.37% of the population above the age of 15 years could, at least, read and write basic sentences and communicate with those around them.

¹ Life expectancy at birth indicates the number of years a newborn would live assuming patterns of mortality at birth were to stay same throughout life. World bank data, www.data.worldbank.org

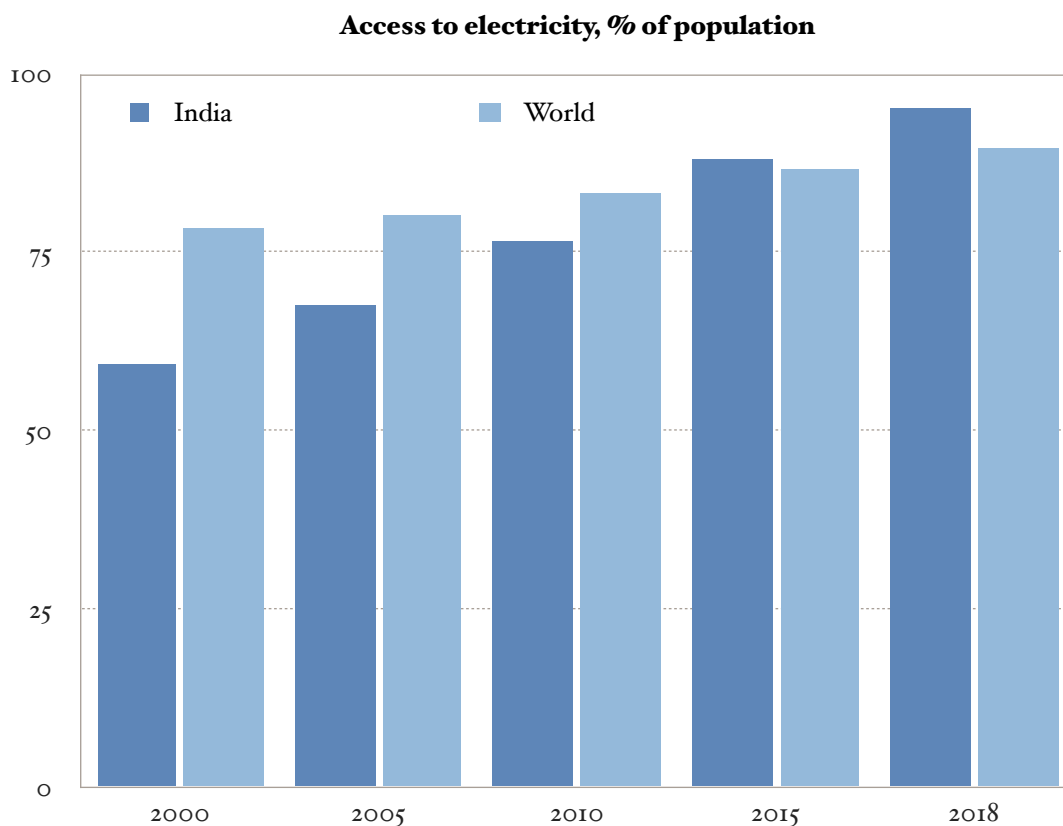


In 1990, one could expect ~ 126 out of every 1000 children born in India to die before the age of 5. As of 2018, that number had reduced to ~ 36 for every 1000 births. In fact, infant



mortality stats for India were worse than the worldwide average in 1990 but had improved over it by 2018.

Access to electricity has improved significantly. As per world bank data, more than 95% of the population had access to electricity by 2018, and this number has likely improved further over the last 1.5+ years.

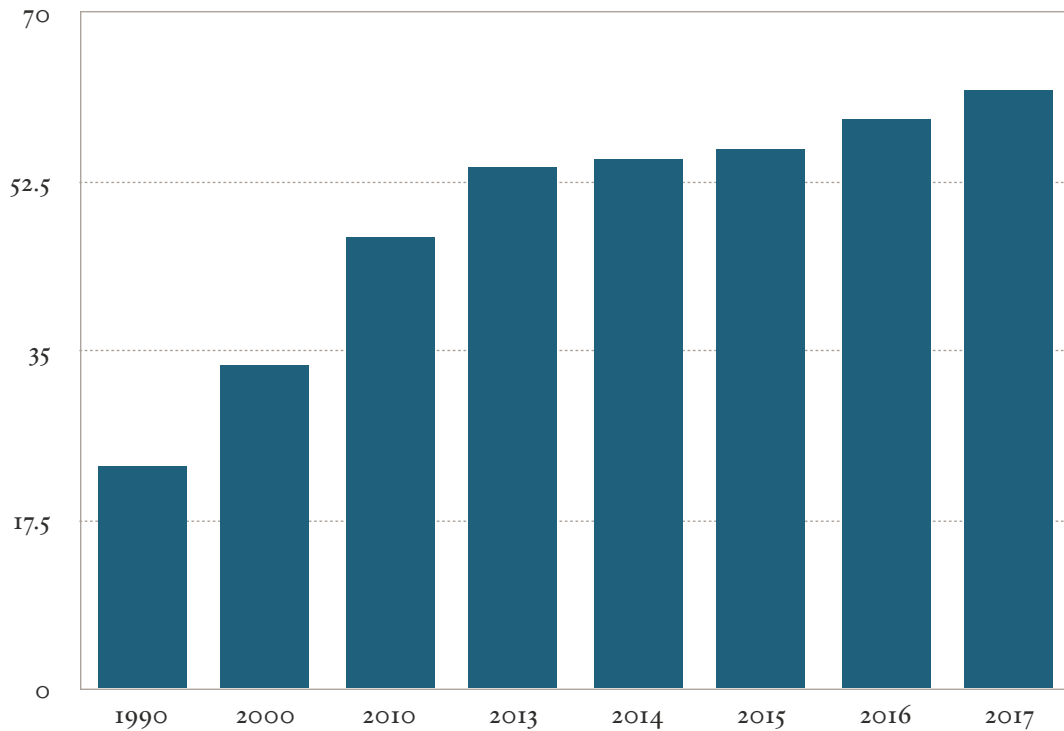


India's road network connecting cities, towns, villages and far flung areas of the country has grown from 23.2 lac kms in 1990, to 62.4 lac kms in 2017².

Further investments are planned by the government over the next 5-10 years.

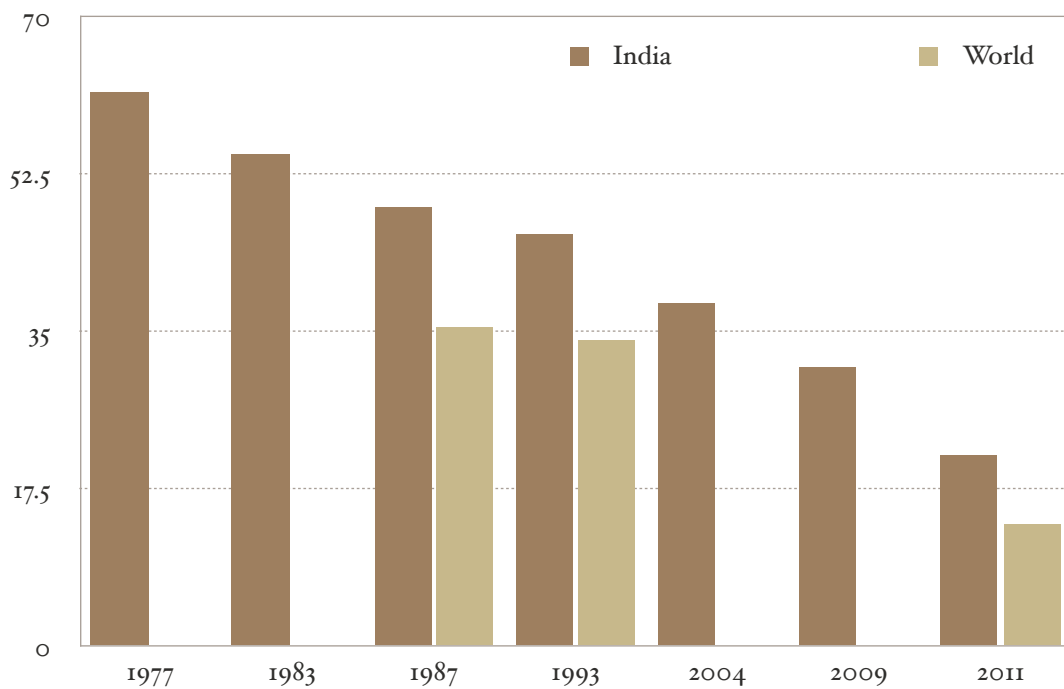
² Ministry of Road Transport and Highways, GOI. Publications: Basic Road Statistics of India, 2016-2017

Total length of roads, India, Lac kms



Incidence of “Extreme Poverty”, defined by the world bank as subsistence below \$1.90/ day in 2011 converted currency on a PPP basis, had reduced from 61.6% in 1977 to 21.2% by 2011³.

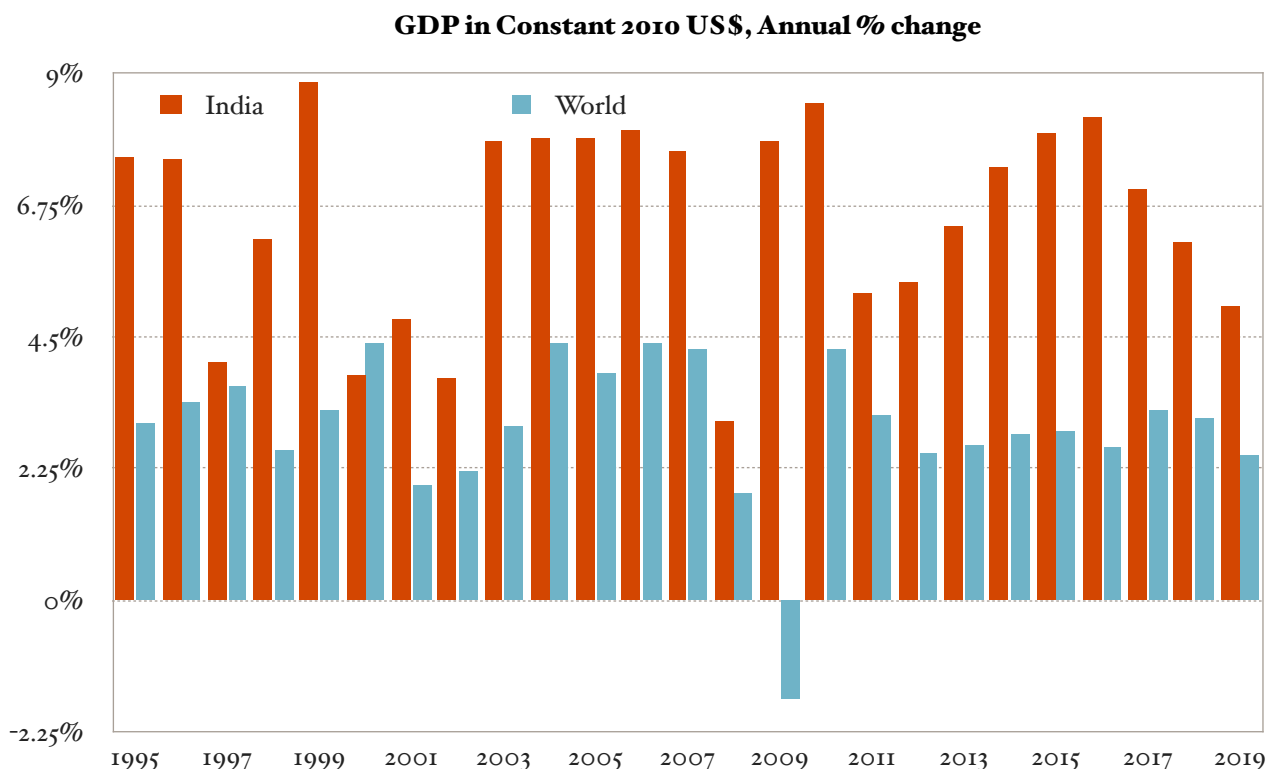
Extreme Poverty, % of population



³ 2011 is the latest date for which data is available.

“World” average data is not available for all comparable years. www.data.worldbank.org.

Finally the Gross Domestic Product (GDP), the value of all goods and services produced in the country, has grown steadily year over year, and consistently (barring the year 2000) at a rate higher than the world average since 1995⁴. Measures to counter the impact of COVID-19 and save human lives, are estimated to lead to a contraction of 10-15%⁵ in FY 2021 followed by a return to growth of 8-15% in FY 2022.



Conclusion

India is an old civilisation and the world's largest democracy. Like many other countries and regions, it has its own culture that has developed over several millennia and one that Indian's espouse and cherish in their own ways. A virtuous growth path, in today's complex global context presents opportunities and risks and Indians will have to chart their future course prudently.

⁴ World Bank Data, www.data.worldbank.org.

⁵ Estimates for FY 2021, FY 2022 vary. Among others, Goldman Sachs estimates (Sep 2020) of 14.9% contraction in FY 21 and 15.1% growth in FY 22. Fitch ratings estimates (Sep 2020) 10.5% contraction in FY2021, SBI estimates (Sep 2020) 10.9% contraction in FY 21. www.sbi.co.in, www.livemint.com, www.bloomberg.com.

Appendix

Baseline data is assumed to be reliable and information from the Internet is not additionally verified.

Past performance is not necessarily indicative of future results. No part of the article is presented as a recommendation to buy or sell, based on trends or conclusions that prospects may draw. They may want to independently verify conclusions or consult their advisors.

Data Sources:

www.data.worldbank.org

www.morth.nic.in

www.rbi.org, www.sbi.co.in, www.bloomberg.com, www.livemint.com, www.economictimes.com

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