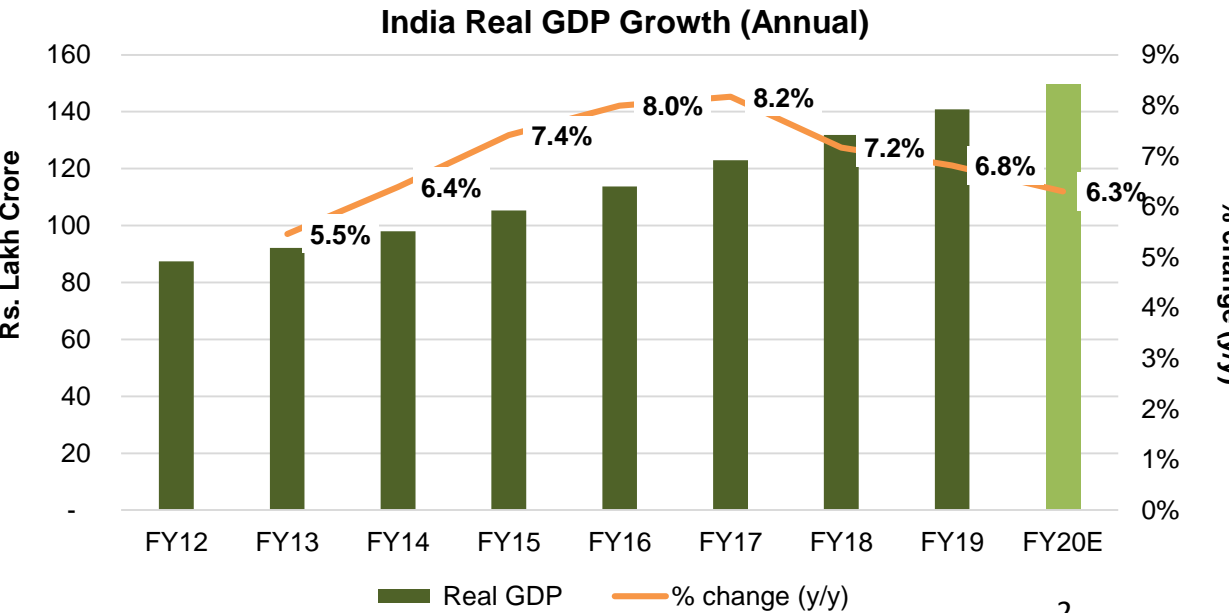
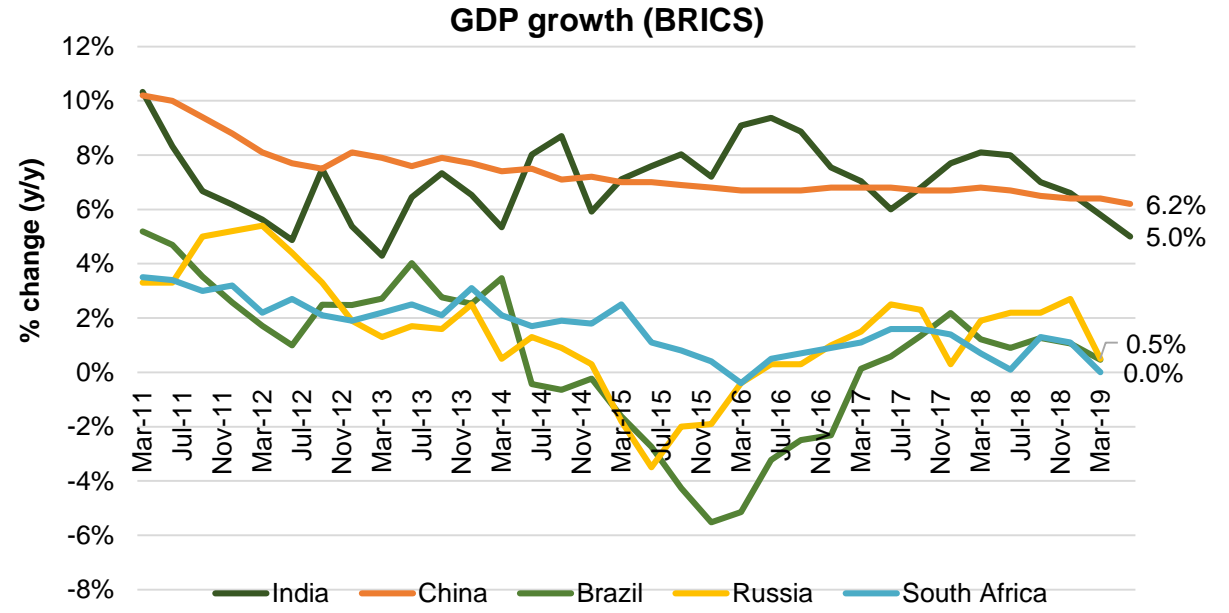
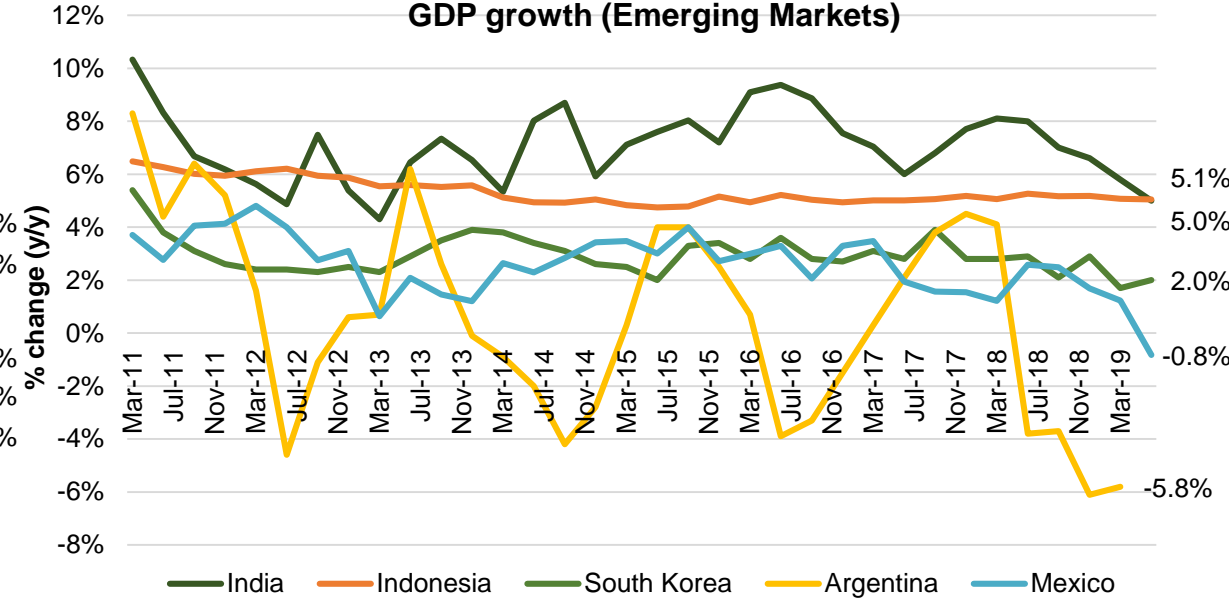
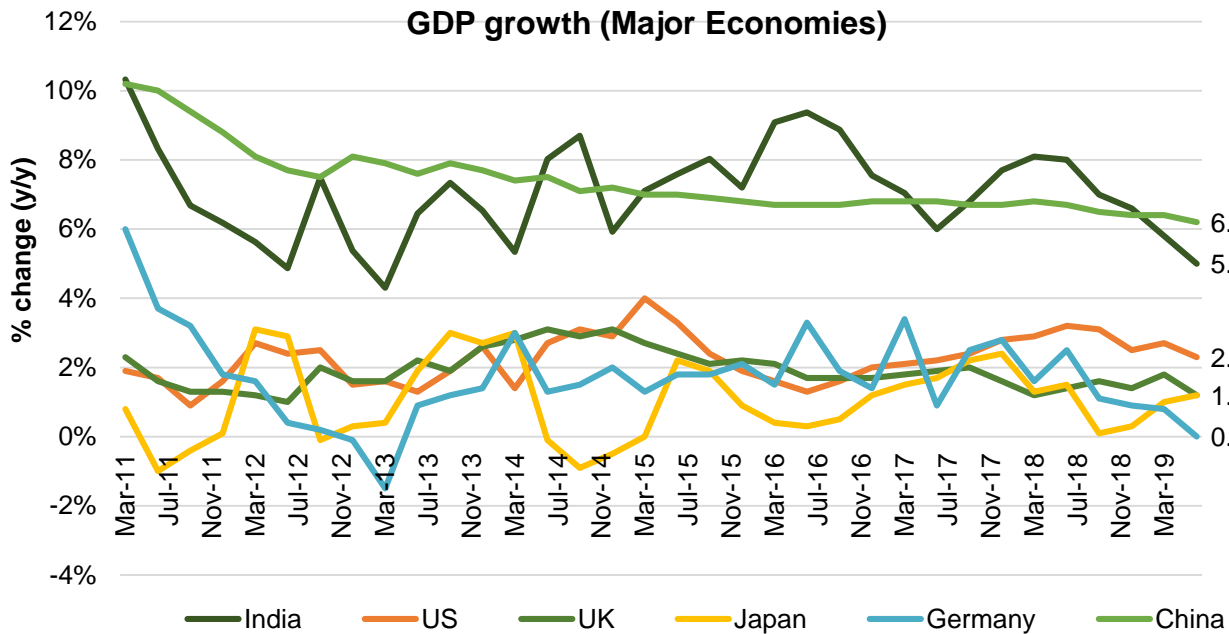


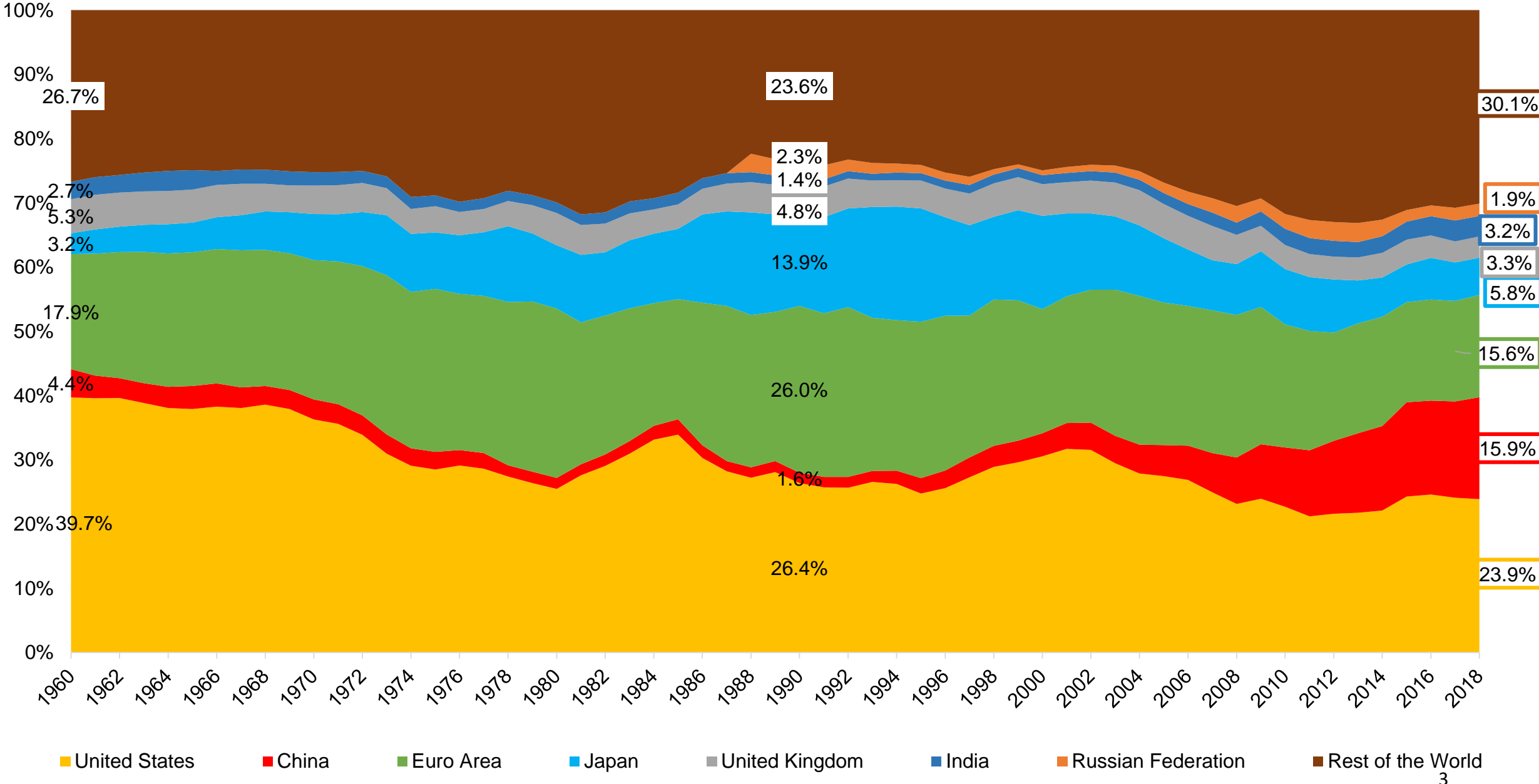
India as a \$5 Trillion Economy

Global GDP Growth Slowing Down



Source: Bloomberg

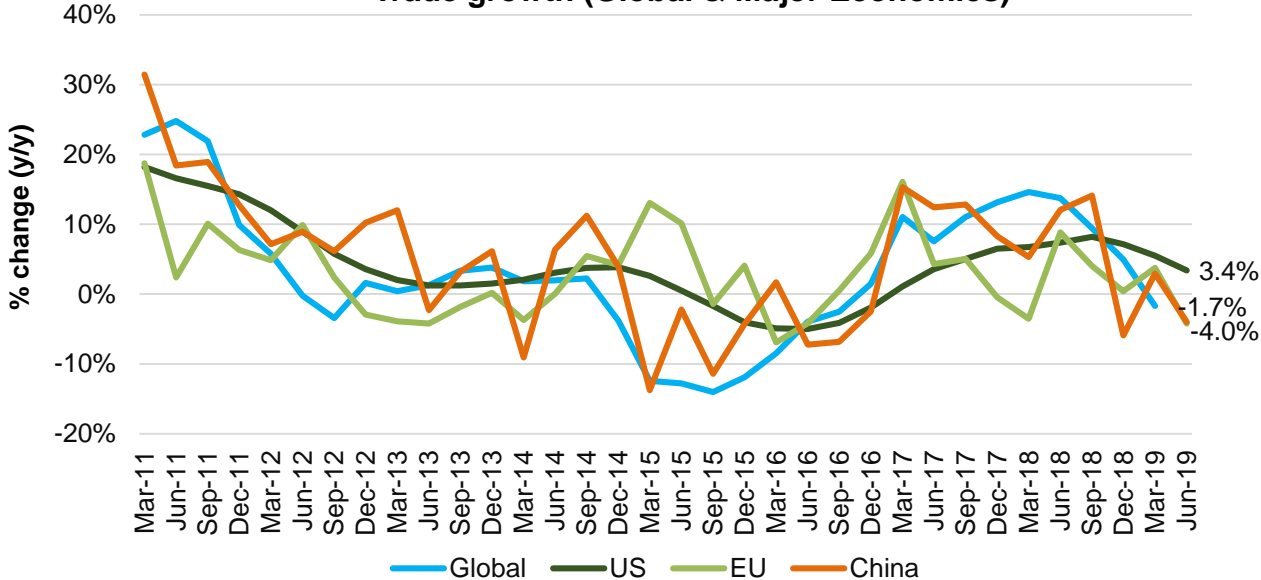
Composition of Global GDP



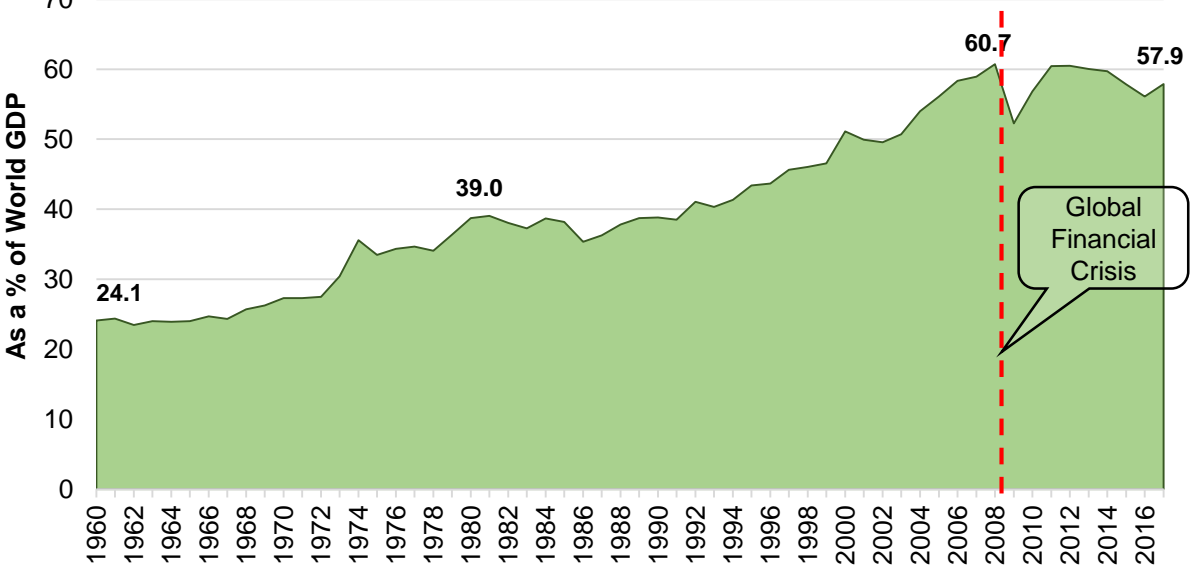
Source: World Bank

Global Trade Growth Slowing Down

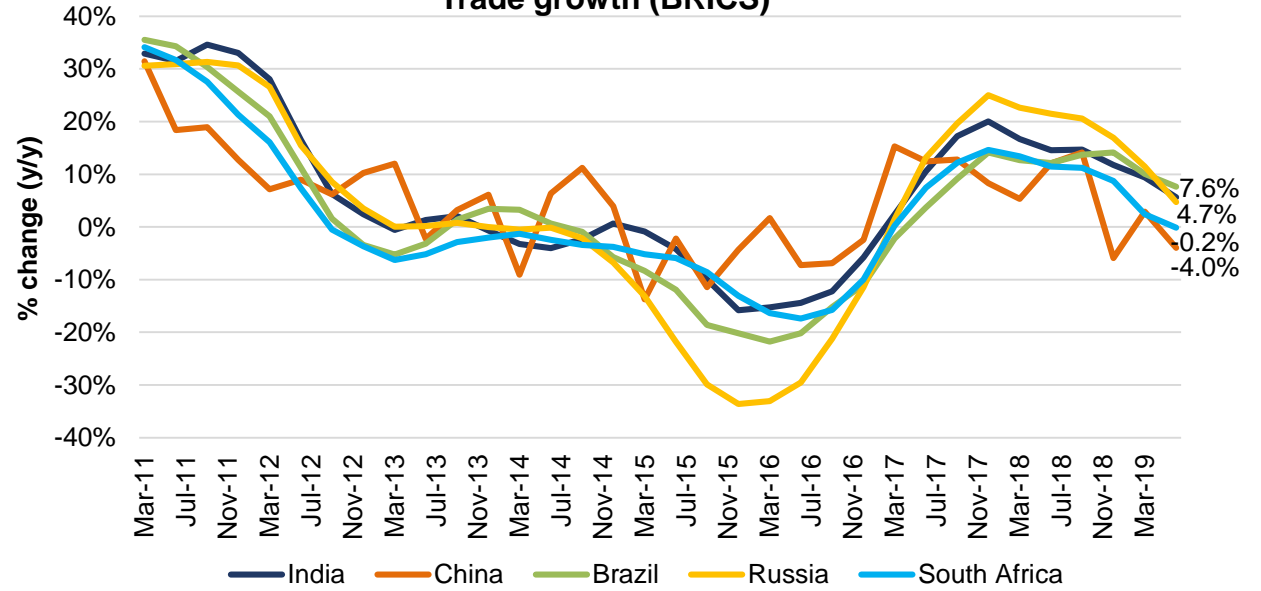
Trade growth (Global & Major Economies)



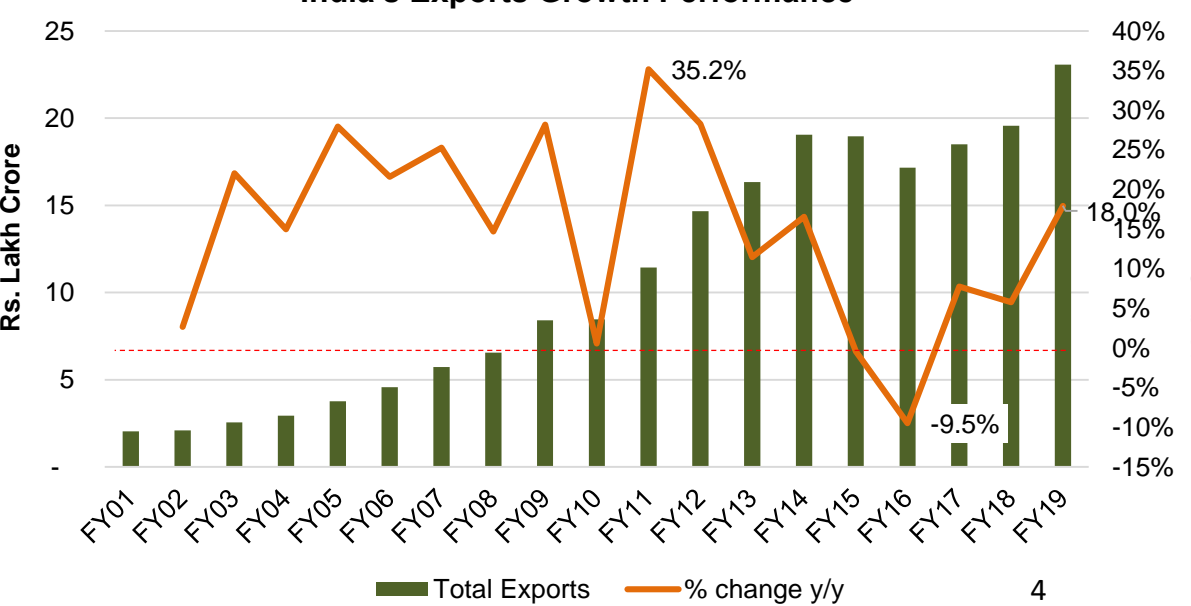
Trade growth (Emerging Markets)



Trade growth (BRICS)

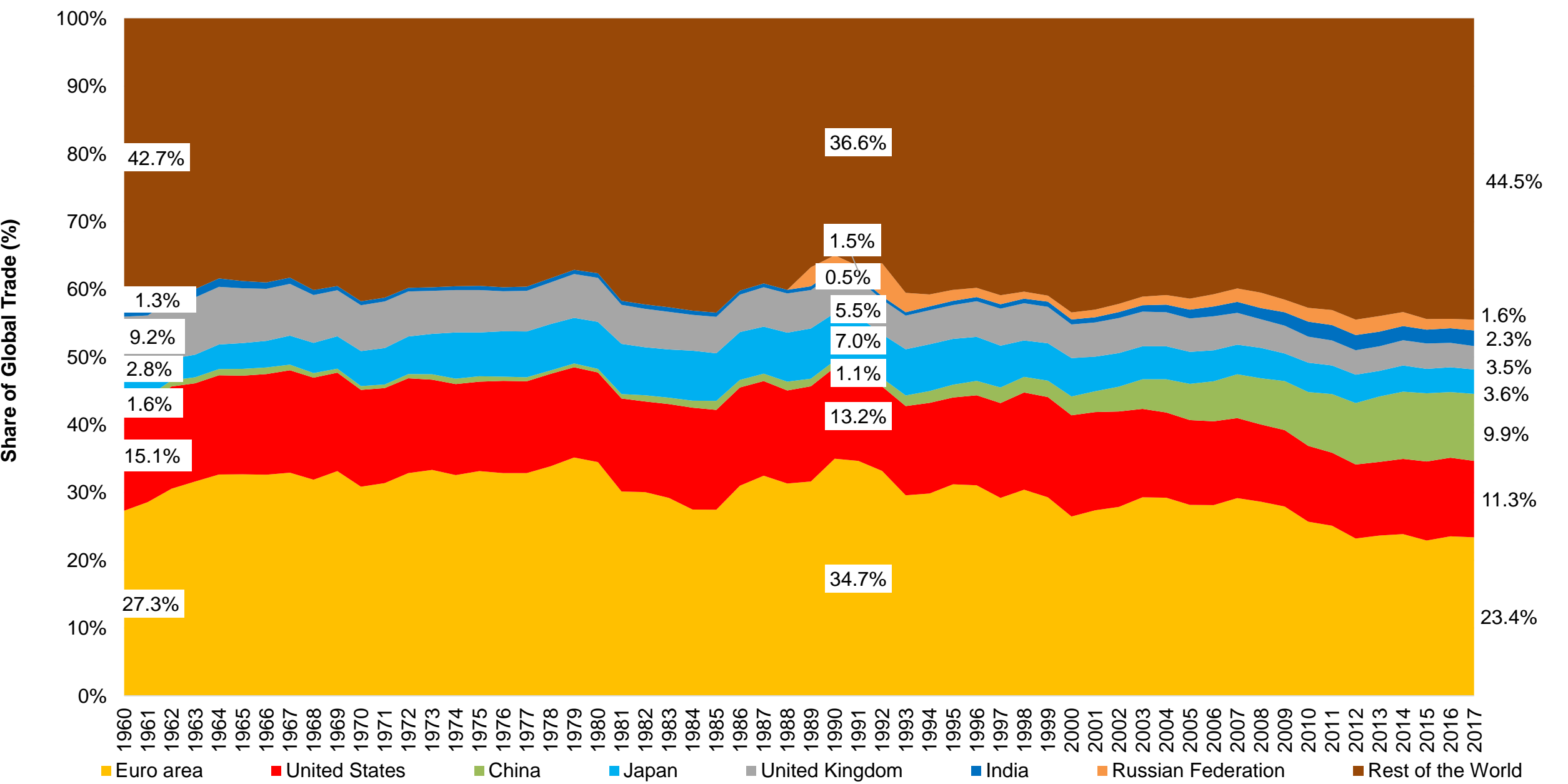


India's Exports Growth Performance



Source: Bloomberg

Composition of Global Trade



Source: World Bank; NITI Analysis

Export Demand: Declining Exports-to-GDP Ratio

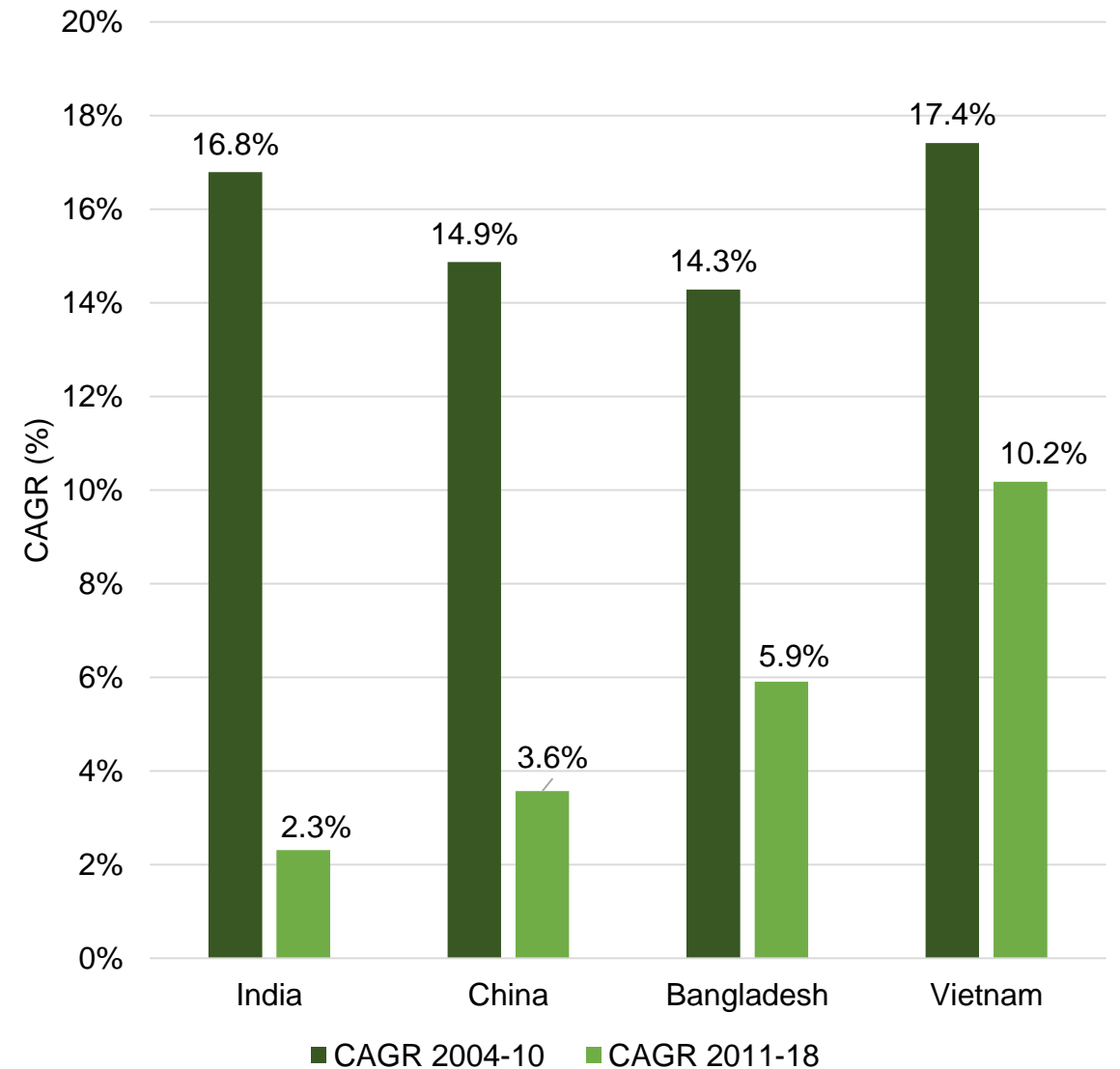
a. Exports as a % of GDP

	2000	2006	2009	2018
China	20.9	36.0	24.5	19.5
India	13.0	21.3	20.4	19.7
Vietnam	53.9	67.7	62.6	95.4
Bangladesh	12.3	16.4	16.9	14.8

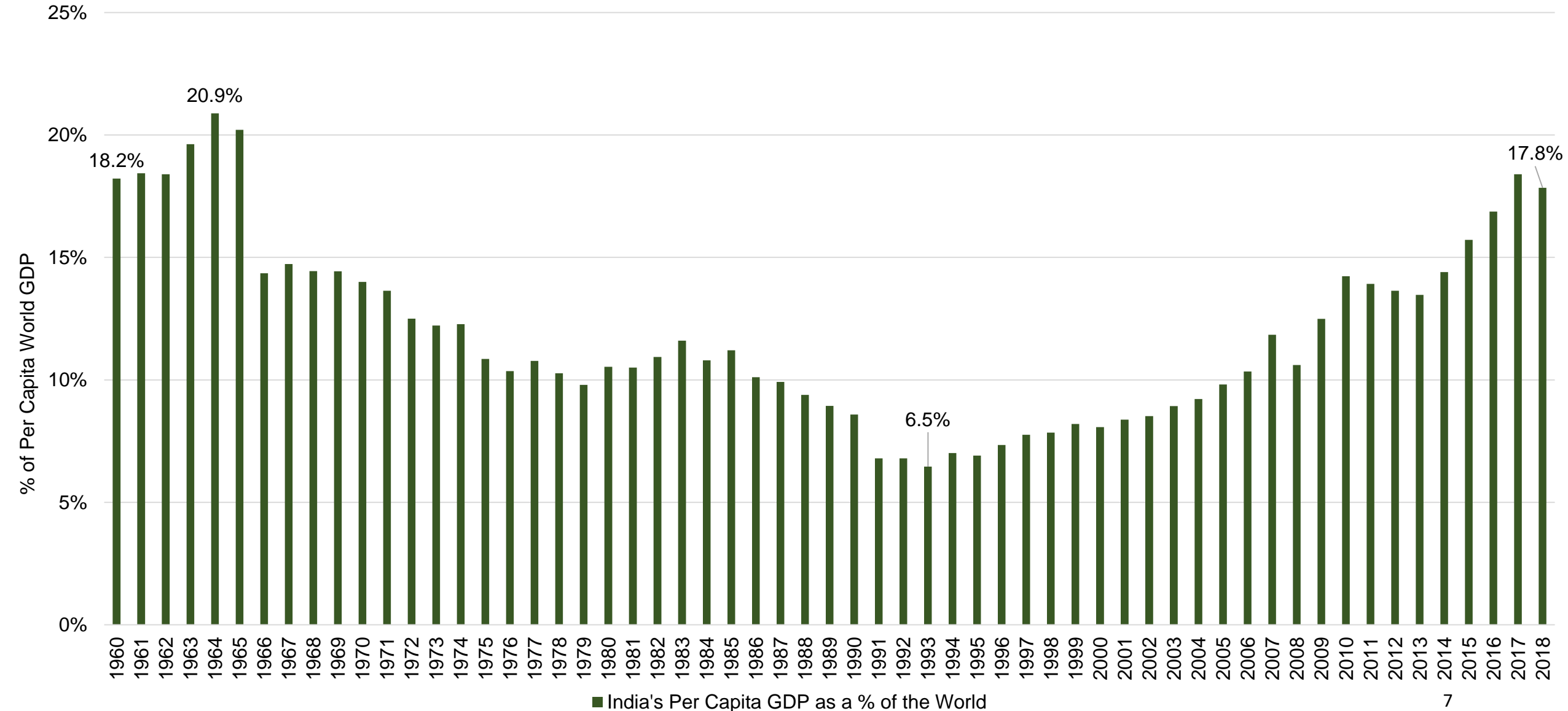
c. Share in Global Exports (2018)

China	10.6%
India	2.2%
Vietnam	0.9%
Bangladesh	0.2%

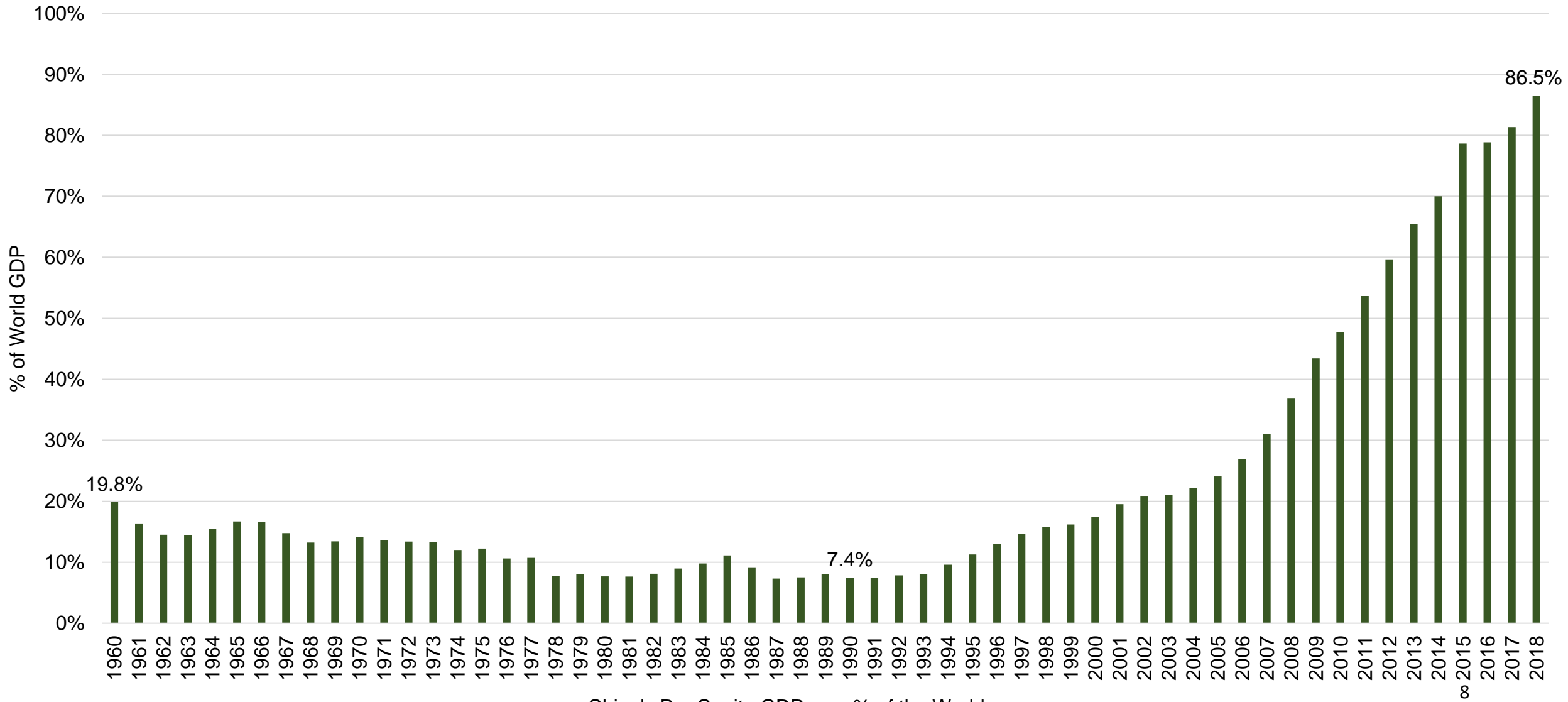
b. India's Export Growth is the Lowest Among Major Competitors



India's GDP per capita as a percentage of world GDP per capita was falling until liberalisation in the early 1990s. Metrics relative to the world have not yet exceeded peaks of almost 60 years ago



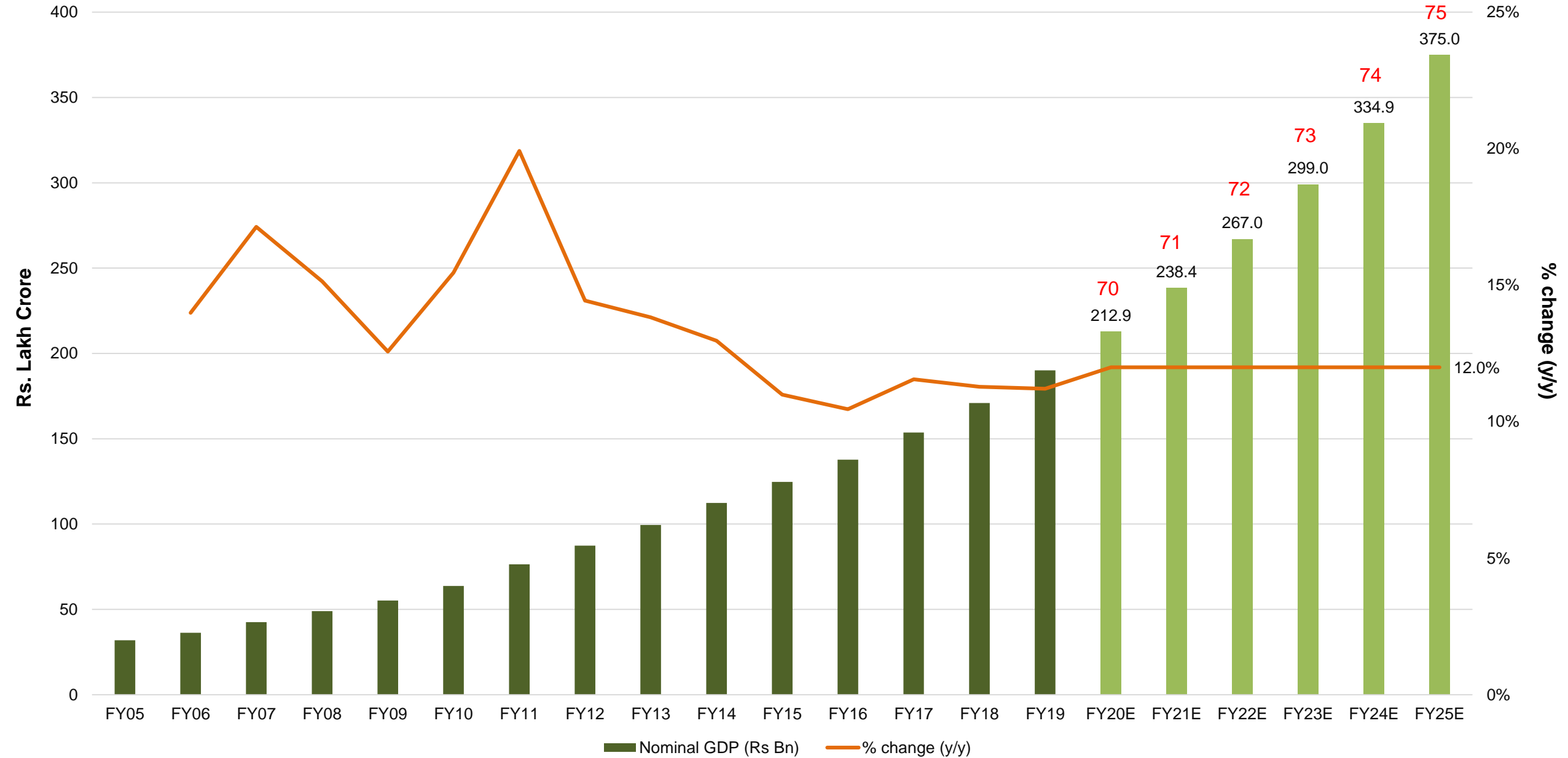
China had a similar trajectory until the early 1990s but grew tremendously since then. The trajectory accelerated after the Global Financial Crisis of 2008, as economic drivers turned from exports to domestic consumption



Source: World Bank

■ China's Per Capita GDP as a % of the World

Nominal GDP estimates to reach \$5 trillion

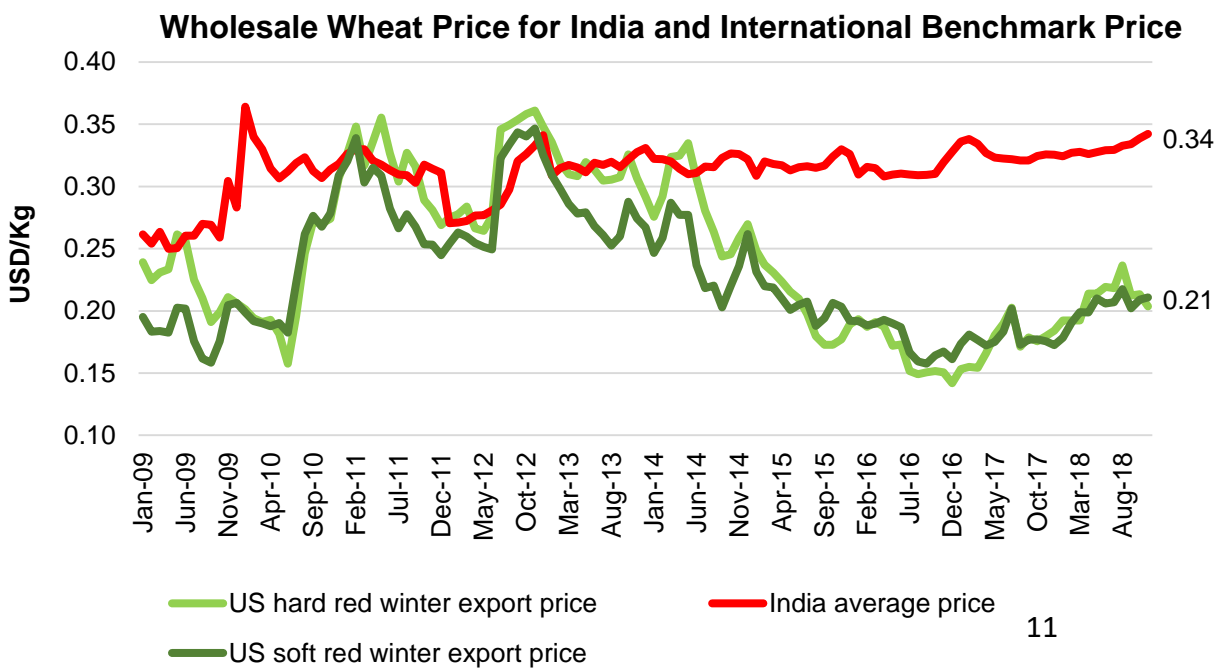
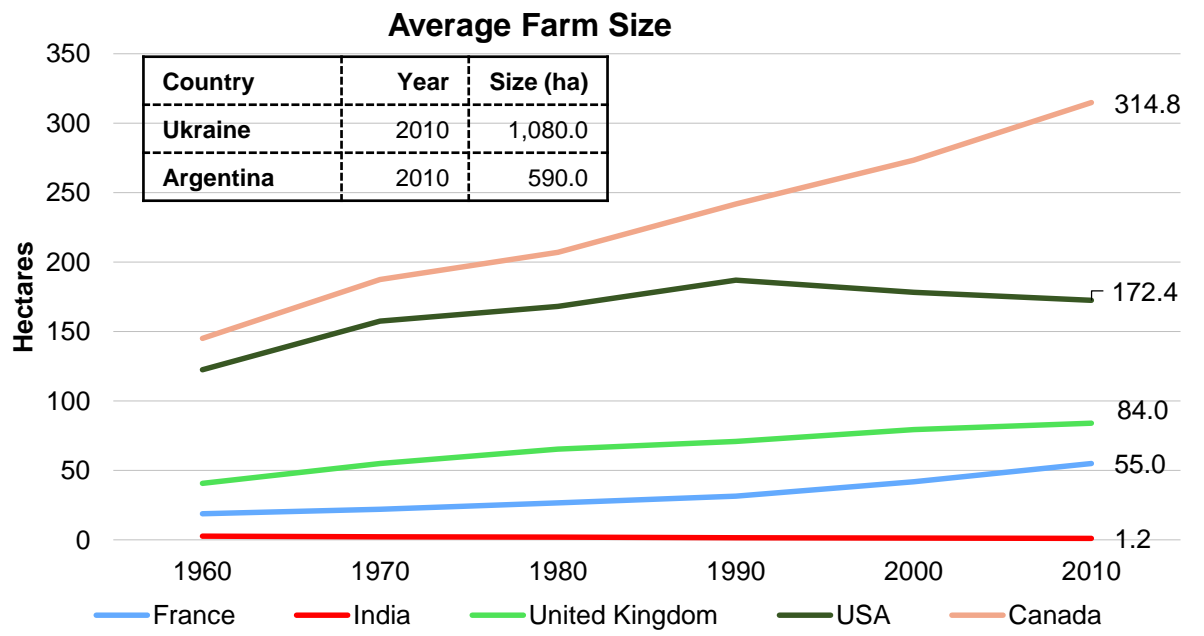
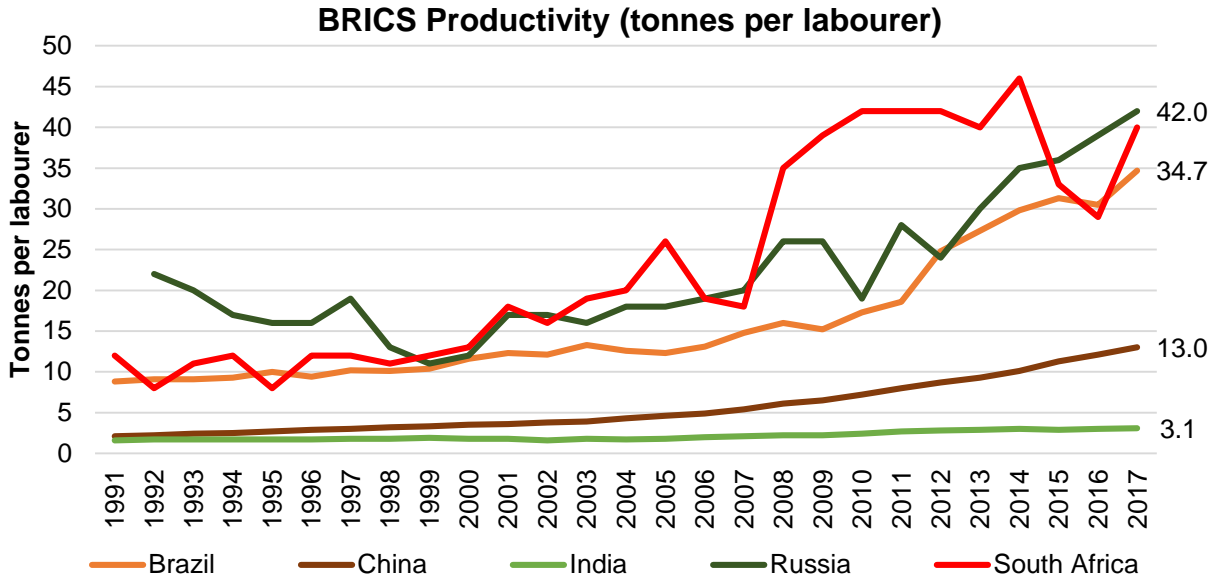
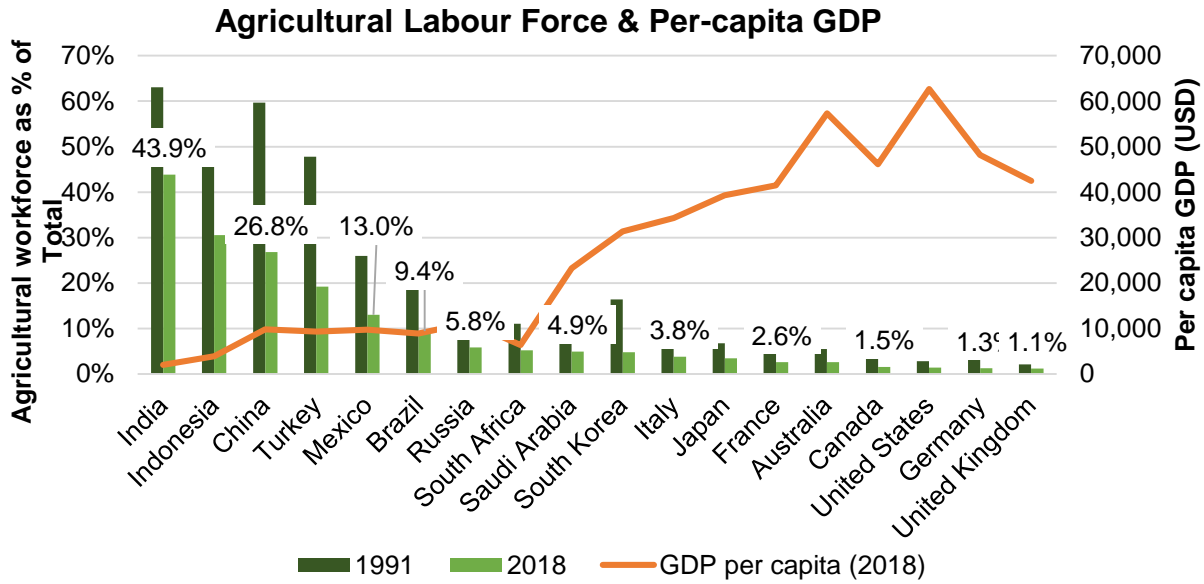


NITI Aayog

Structural Impediments to Reaching a \$5 Trillion Economy

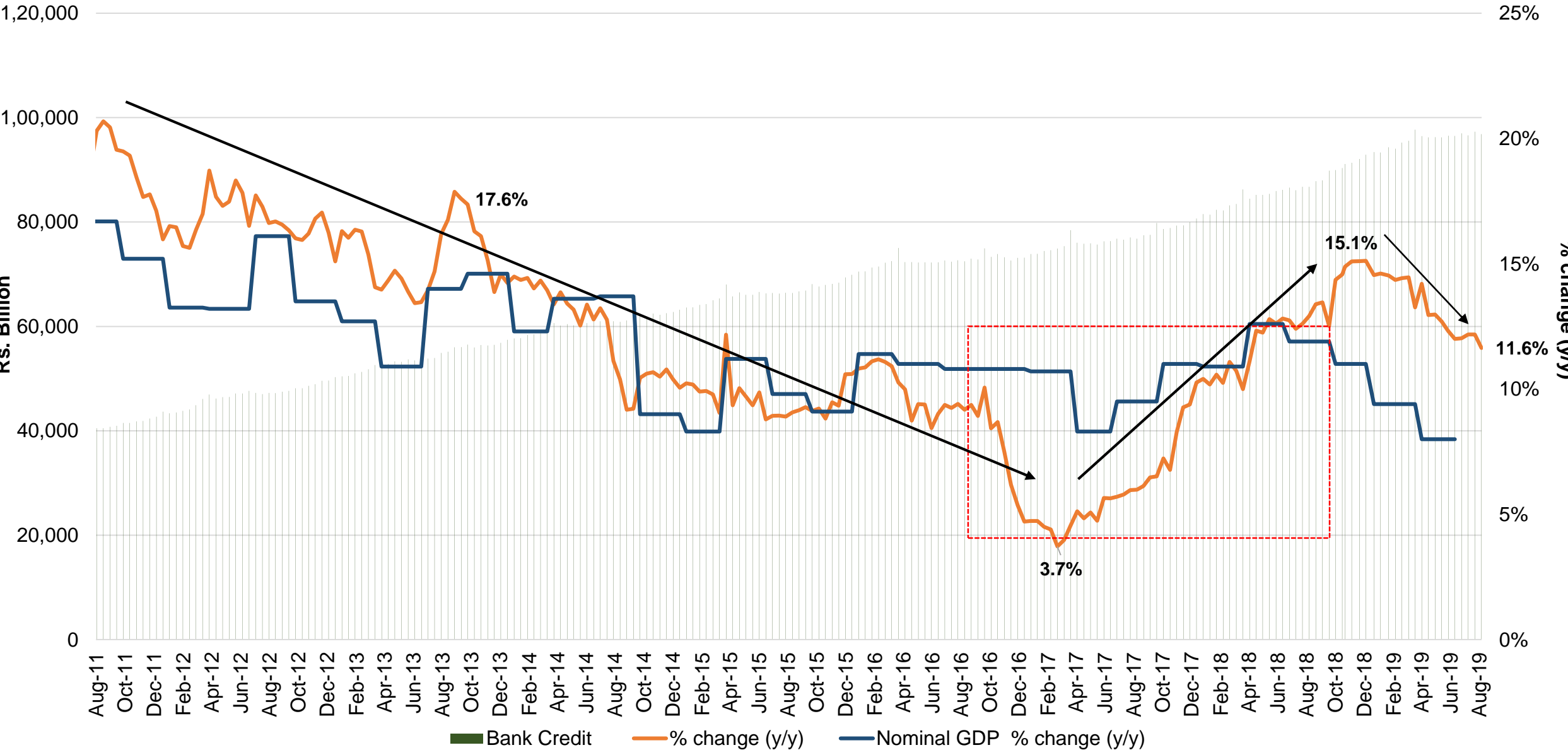
1. Agriculture: The Most Significant Drag
2. Poor Credit Growth
3. Power & Energy: Inefficiencies
4. Public Sector Enterprises: Operational & Capital inefficiencies negatively impacting the economy and Private sector
5. Social Capital

1. Agriculture sector creating rural distress



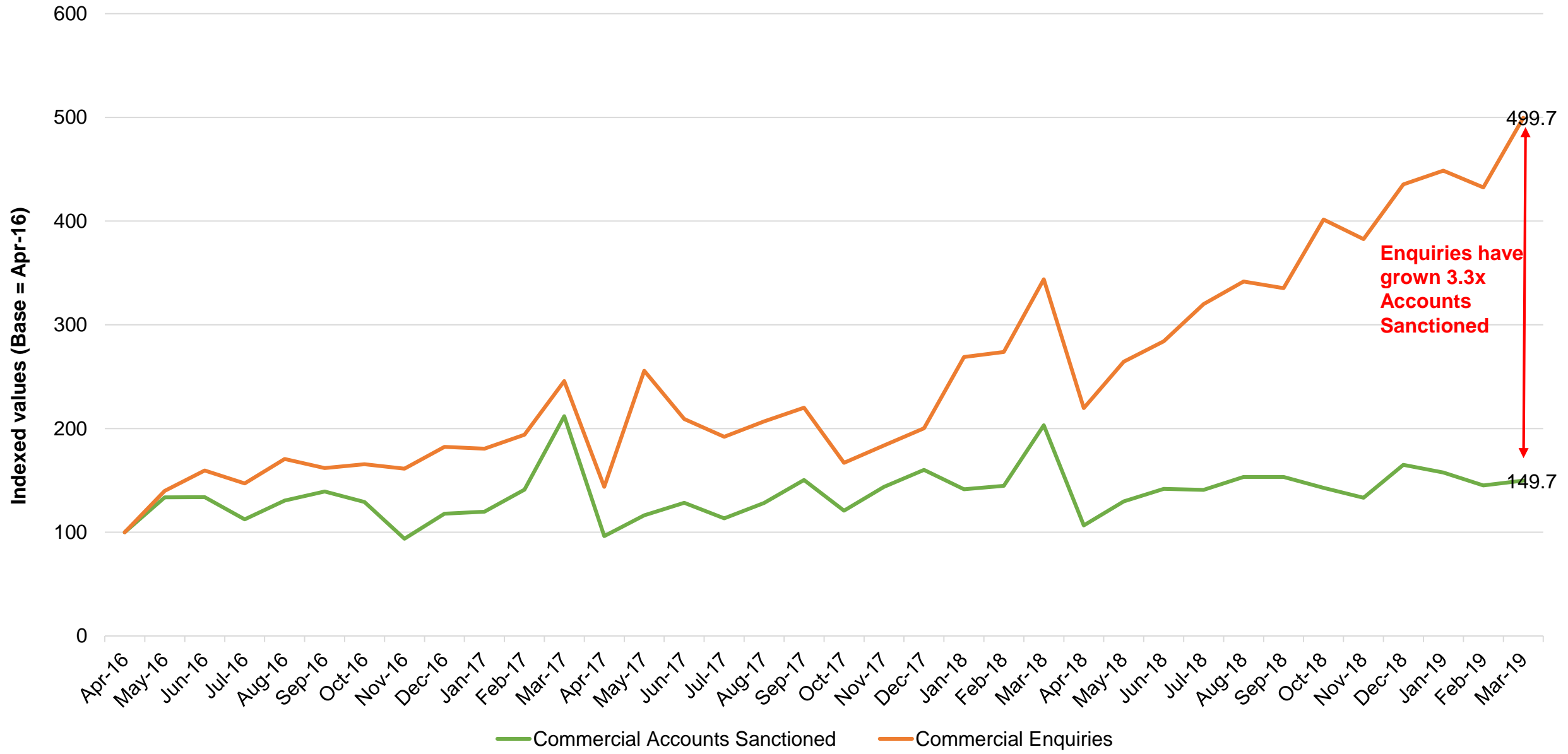
Source: FAO

2.a Bank Credit Growth Decelerating Again After Rising for 18 Months

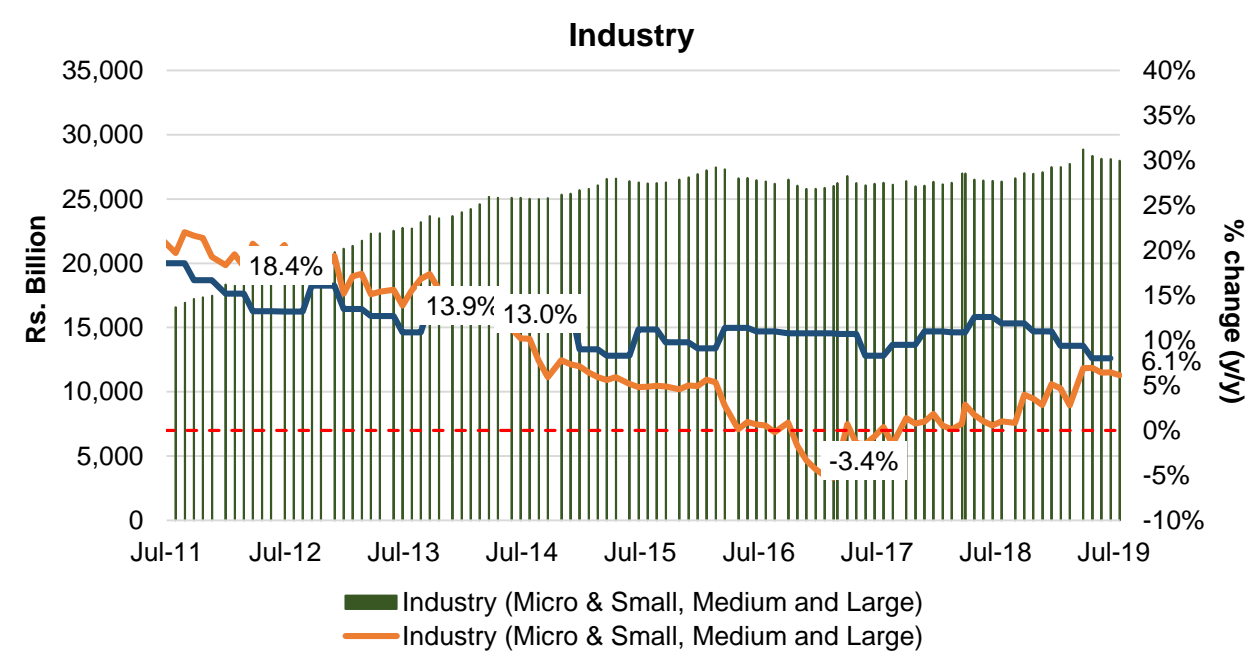
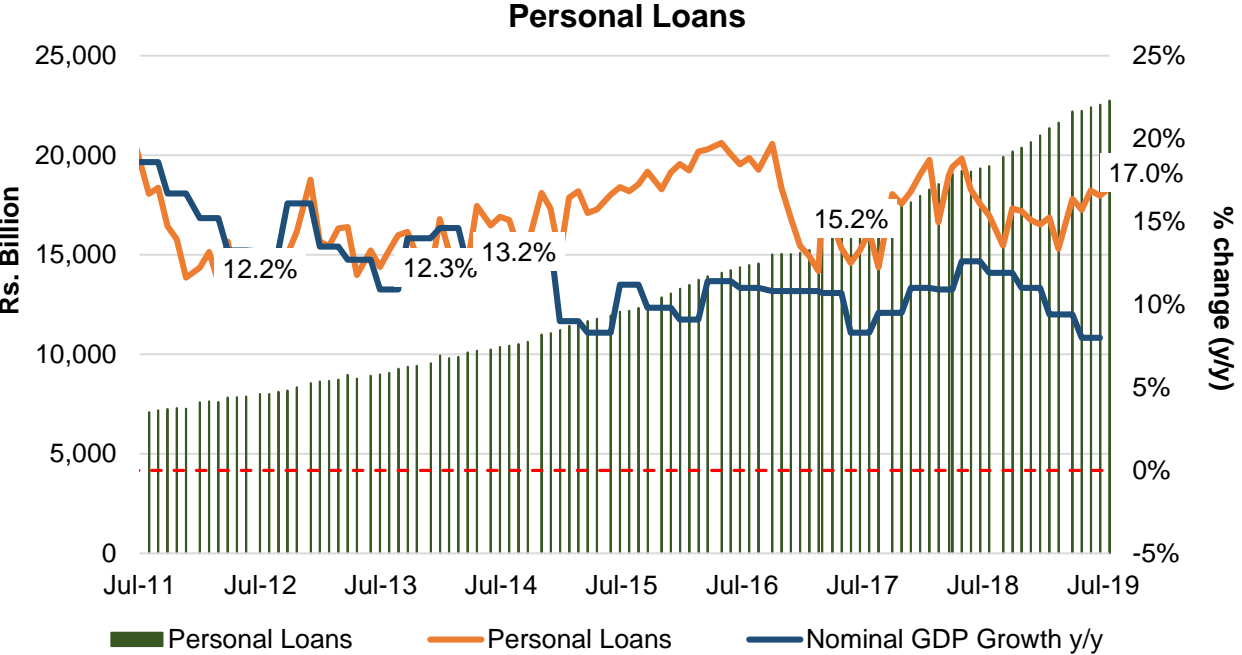
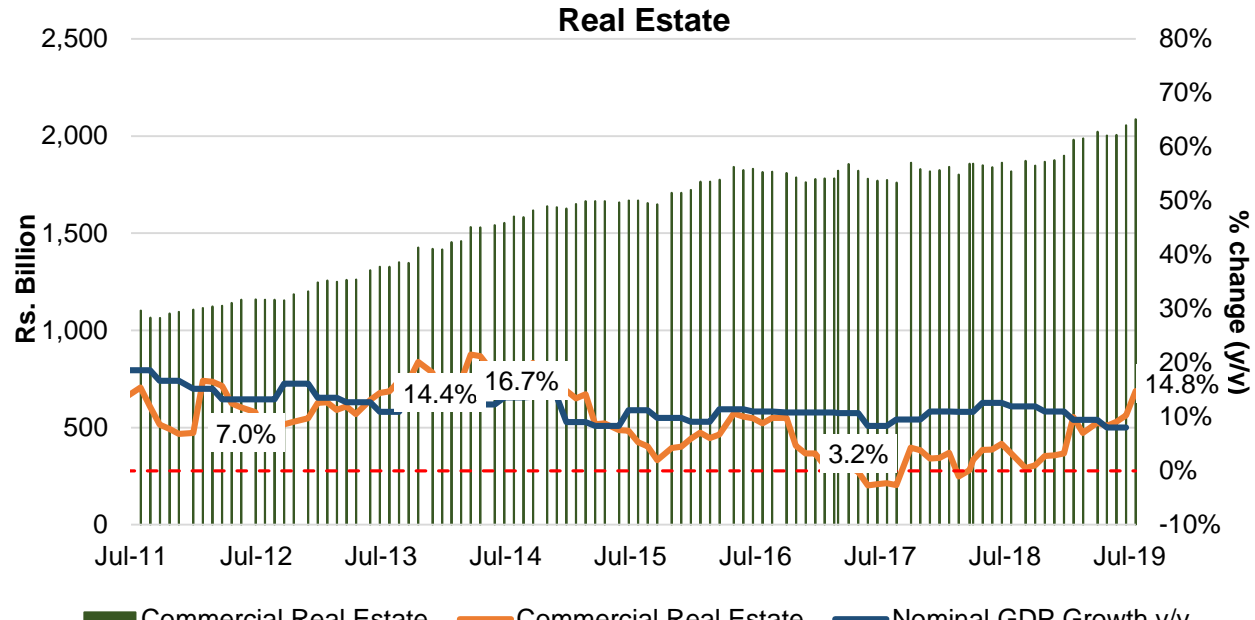
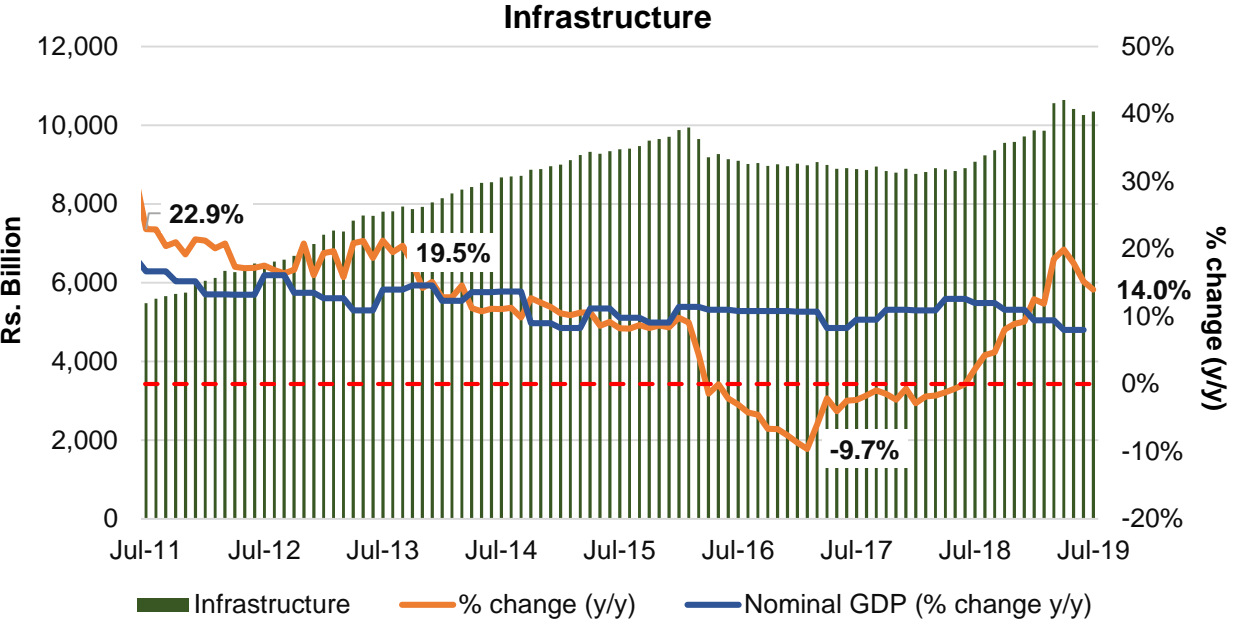


Source: RBI

2.b Pent up Credit Demand

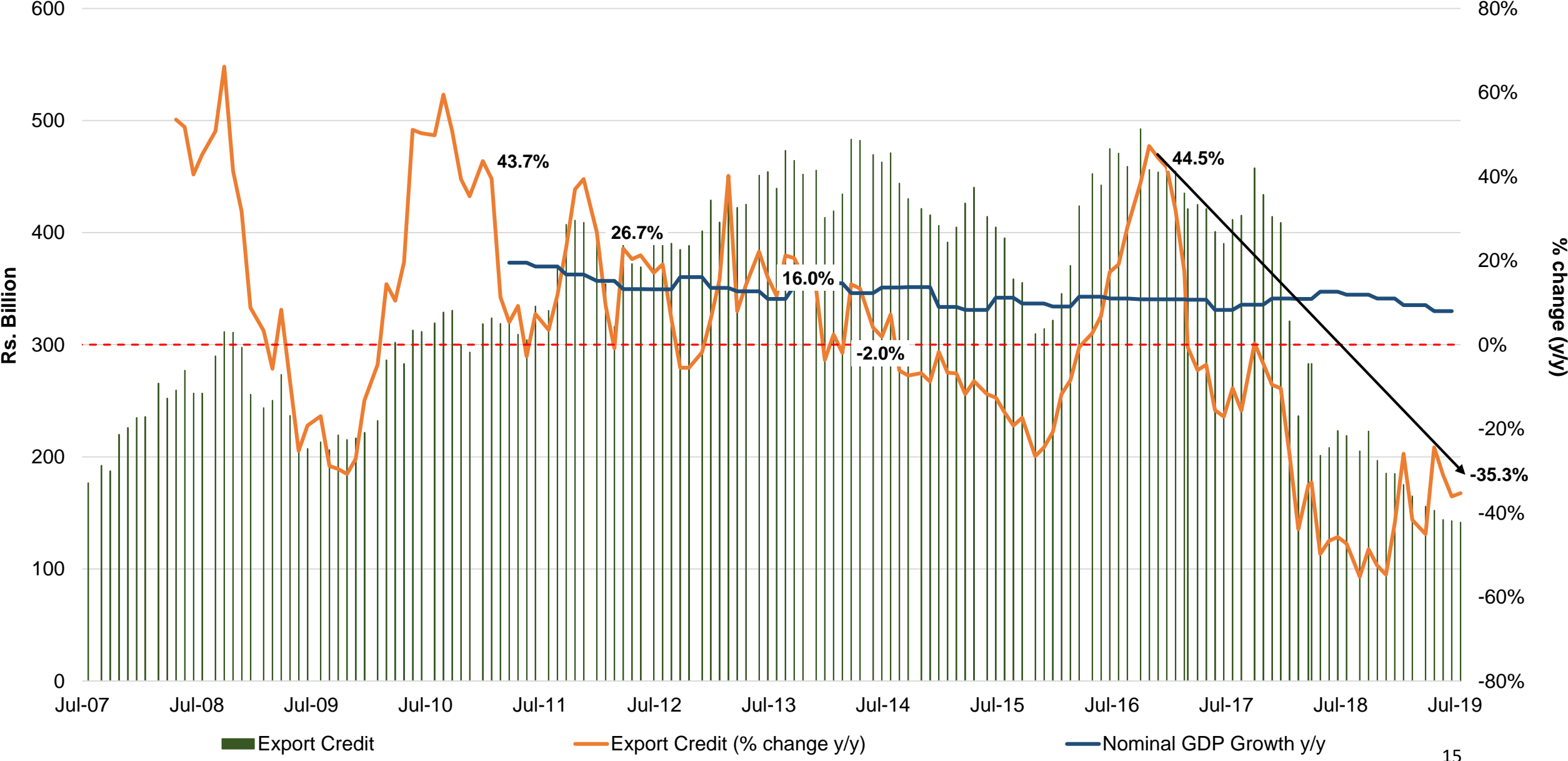


2.c Bank Credit to Different Sectors



Source: RBI

2.d Bank Credit to Exports has Plummeted and Even Below Levels a Decade Ago



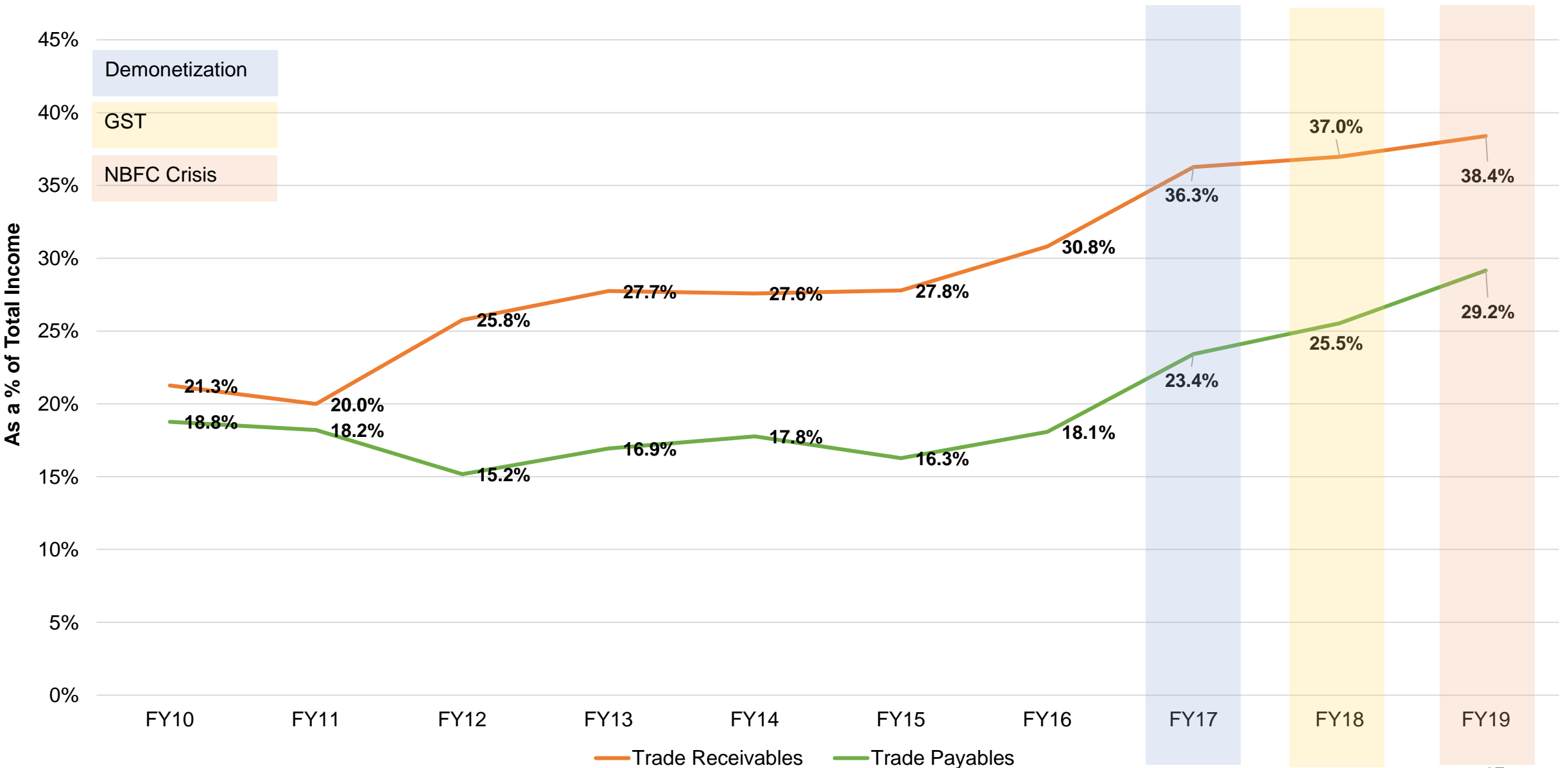
Source: RBI

2.e Private Banks Multiples are 5x Public Banks on Revenue and 3x on Net Worth

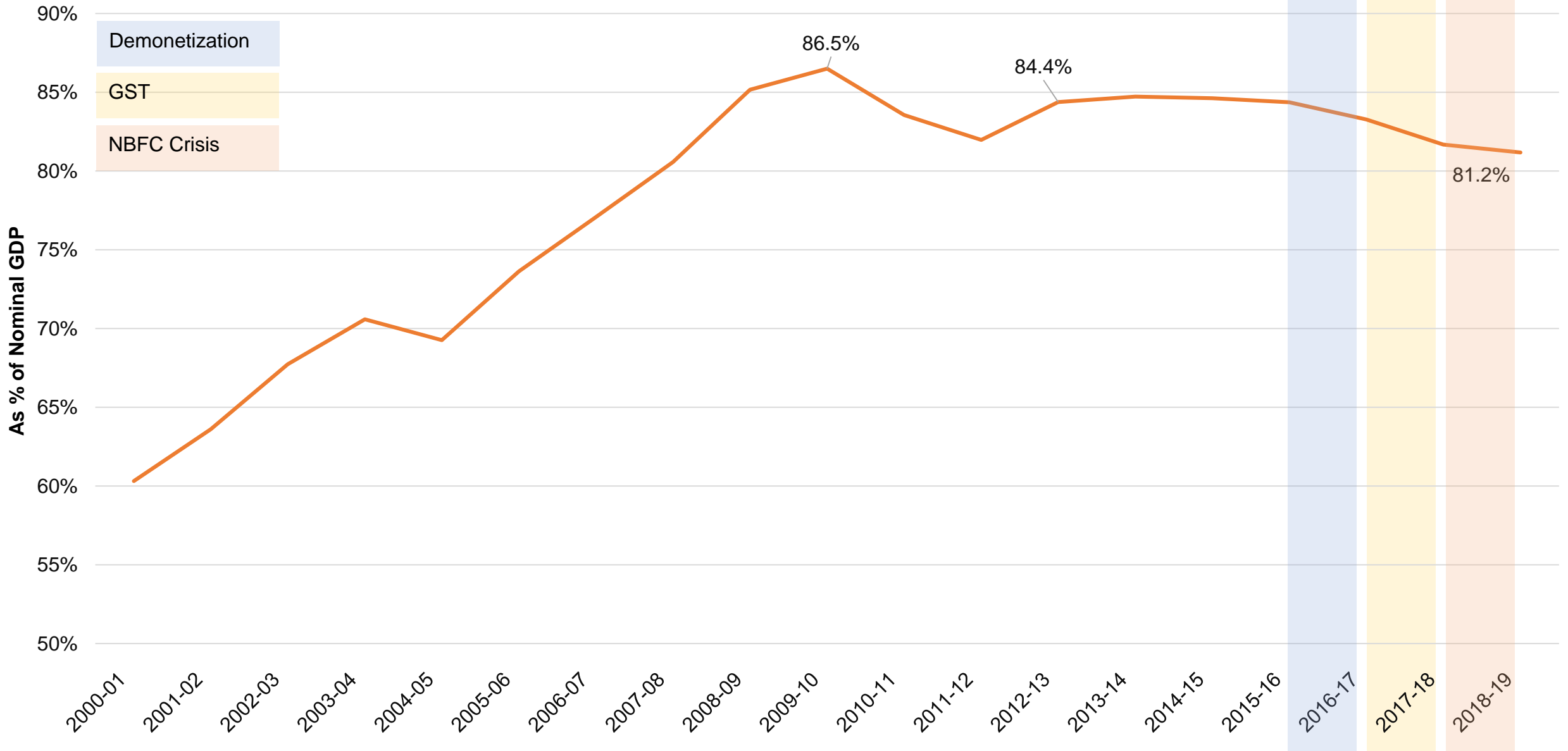
Private Sector Banks								
S. no.	Bank	Last Price (Rs.)	Market Cap (Rs. Crore)	Total Revenue for FY19 or latest		Market Cap/ Revenue (Rs. Crore)	Net worth FY19 or latest (Rs. Crore)	Market Cap/ Net worth
1	HDFC Bank	2,235.2	6,11,275.8	1,16,597.9	5.2	1,49,206.5	4.1	
2	Kotak Mahindra Bank	1,410.2	2,69,178.7	28,547.2	9.4	42,900.5	6.3	
3	ICICI Bank	389.0	2,51,134.7	77,913.4	3.2	1,02,155.5	2.5	
4	Axis Bank	649.6	1,70,113.5	68,116.1	2.5	66,676.0	2.6	
5	IndusInd Bank	1,308.1	90,613.8	27,907.9	3.2	26,686.0	3.4	
6	Bandhan Bank	449.1	53,570.7	7,707.1	7.0	11,201.4	4.8	
7	RBL Bank	321.9	13,850.1	7,743.1	1.8	7,546.1	1.8	
8	Federal Bank	81.0	16,103.8	12,770.1	1.3	13,268.3	1.2	
9	IDFC Bank	42.9	20,518.1	12,886.7	1.6	15,256.3	1.3	
10	Yes Bank	62.0	15,786.4	34,214.9	0.5	25,758.8	0.6	
11	City Union Bank	196.0	14,367.3	4,281.6	3.4	4,163.3	3.5	
12	DCB Bank	199.8	6,189.7	3,391.7	1.8	2,871.3	2.2	
13	Karur Vyasa Bank	57.5	4,592.1	6,778.6	0.7	6,422.0	0.7	
14	Karnataka Bank	75.5	2,132.3	6,907.9	0.3	4,993.9	0.4	
15	South Indian Bank	10.8	1,949.1	7,602.7	0.3	5,098.4	0.4	
16	Lakshmi Vilas Bank	38.3	1,289.6	3,388.4	0.4	2,160.4	0.6	
17	J & K Bank	39.5	2,196.8	8,488.2	0.3	5,541.0	0.4	
18	Dhanalakshmi Bank	13.7	344.9	1,115.8	0.3	749.4	0.5	
Total		15,45,207.2	4,36,359.3	3.5	4,92,655.1	3.1		

Public Sector Banks								
S. no.	Bank	Last Price (Rs.)	Market Cap (Rs. Crore)	Total Revenue for FY19 or latest		Market Cap/ Revenue (Rs. Crore)	Net worth FY19 or latest (Rs. Crore)	Market Cap/ Net worth
1	SBI	273.3	2,43,775.8	2,79,643.5	0.9	1,77,191.0	1.4	
2	Bank of Baroda (Merged)	93.8	36,005.4	56,065.1	0.6	36,620.0	1.0	
3	PNB	61.1	28,130.7	58,687.7	0.5	44,787.1	0.6	
4	Bank of India	63.7	20,841.2	45,899.8	0.5	26,152.0	0.8	
5	IDBI Bank	27.4	21,081.4	30,035.4	0.7	11,140.4	1.9	
6	Canara Bank	191.6	14,432.2	26,180.0	0.6	36,936.0	0.4	
7	Allahabad Bank	33.5	12,393.3	18,564.5	0.7	9,130.3	1.4	
8	Corporation Bank	17.3	10,369.9	17,494.7	0.6	16,651.5	0.6	
9	Union Bank	54.6	14,818.2	26,731.7	0.6	18,395.0	0.8	
10	UCO Bank	14.9	10,969.7	15,844.2	0.7	13,794.4	0.8	
11	Oriental Bank	65.0	8,913.2	20,536.8	0.4	13,783.0	0.6	
12	Indian Bank	166.4	8,171.8	21,067.7	0.4	15,785.0	0.5	
13	IOB	10.1	9,242.2	21,661.7	0.4	16,359.9	0.6	
14	Syndicate Bank	31.7	8,520.8	23,949.2	0.4	12,488.0	0.7	
15	Bank of Maharashtra	12.0	7,006.4	12,397.1	0.6	5,859.7	1.2	
16	Central Bank	19.0	7,818.6	25,051.5	0.3	16,062.9	0.5	
17	United Bank	10.0	7,375.9	10,944.5	0.7	7,428.0	1.0	
18	Andhra Bank	19.3	5,745.1	20,977.3	0.3	9,889.5	0.6	
19	Punjab & Sind	20.5	1,234.2	9,387.0	0.1	3,652.3	0.3	
Total		4,76,846.1	7,41,119.4	0.6	4,92,105.8	1.0		

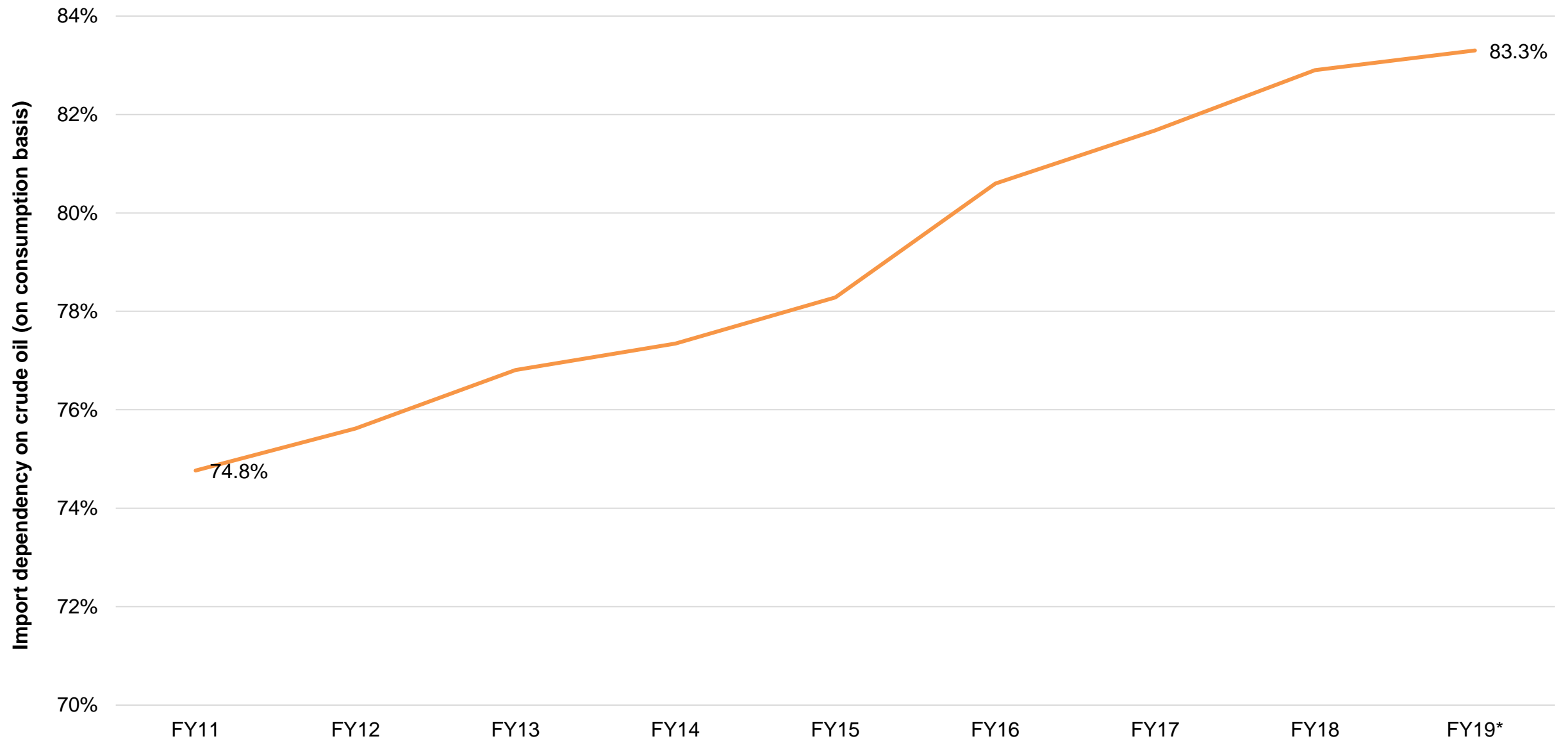
2.f Working Capital Distress also Evident for Broad-based MSME Sector



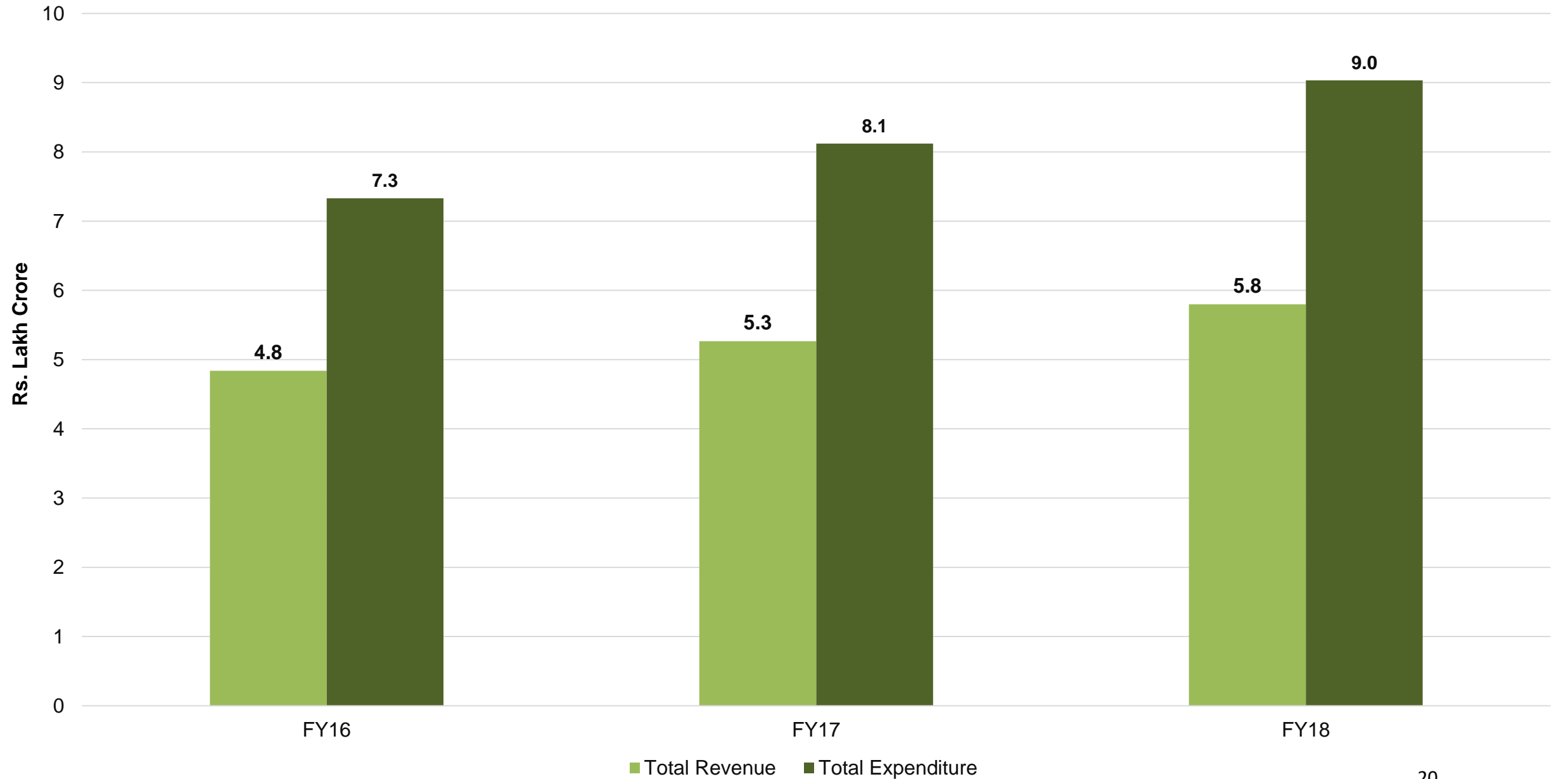
2.g Broad Money Supply (M3) has been Falling as a % of GDP since the GFC



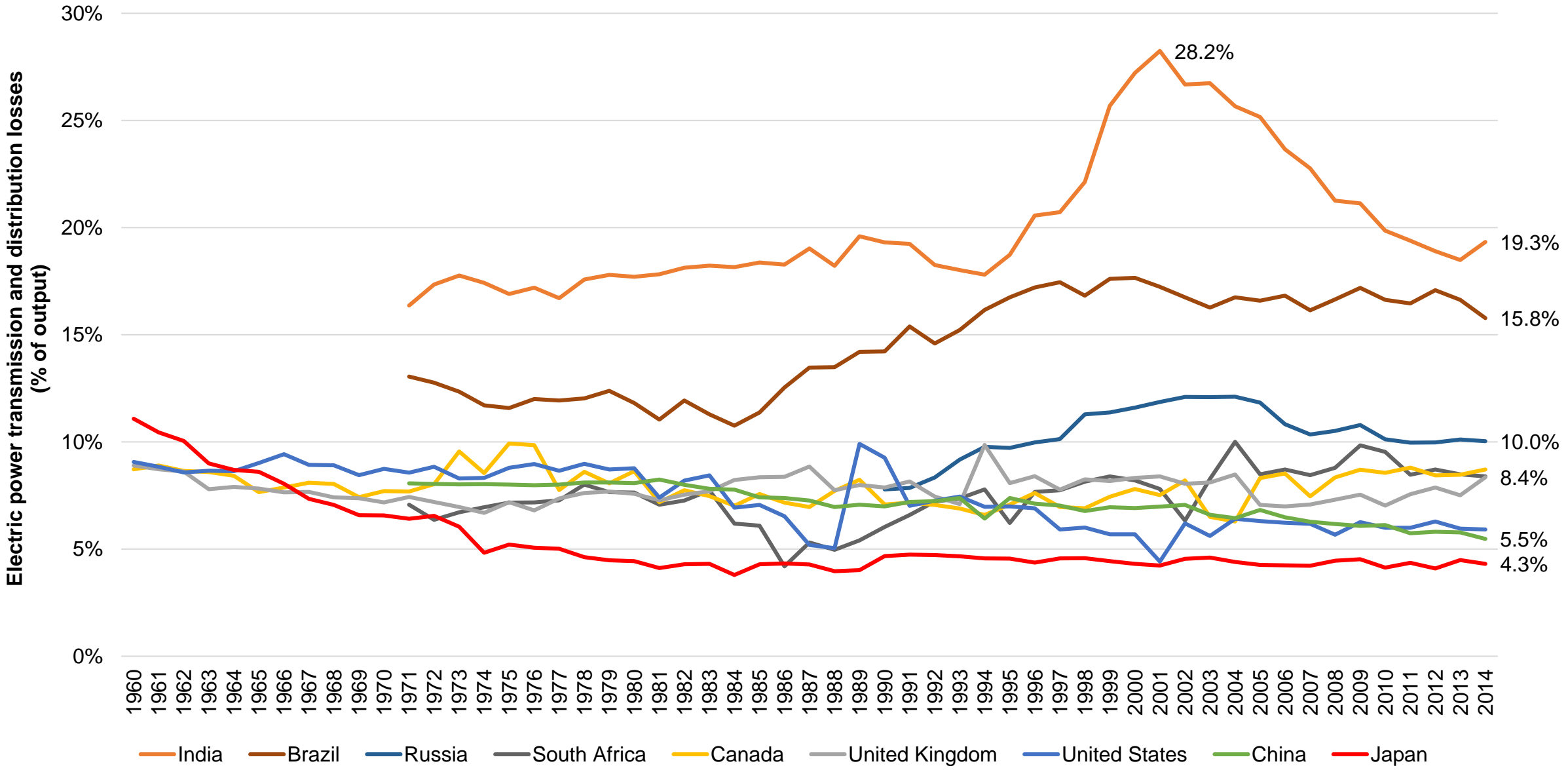
3.a Import dependency on crude oil for India



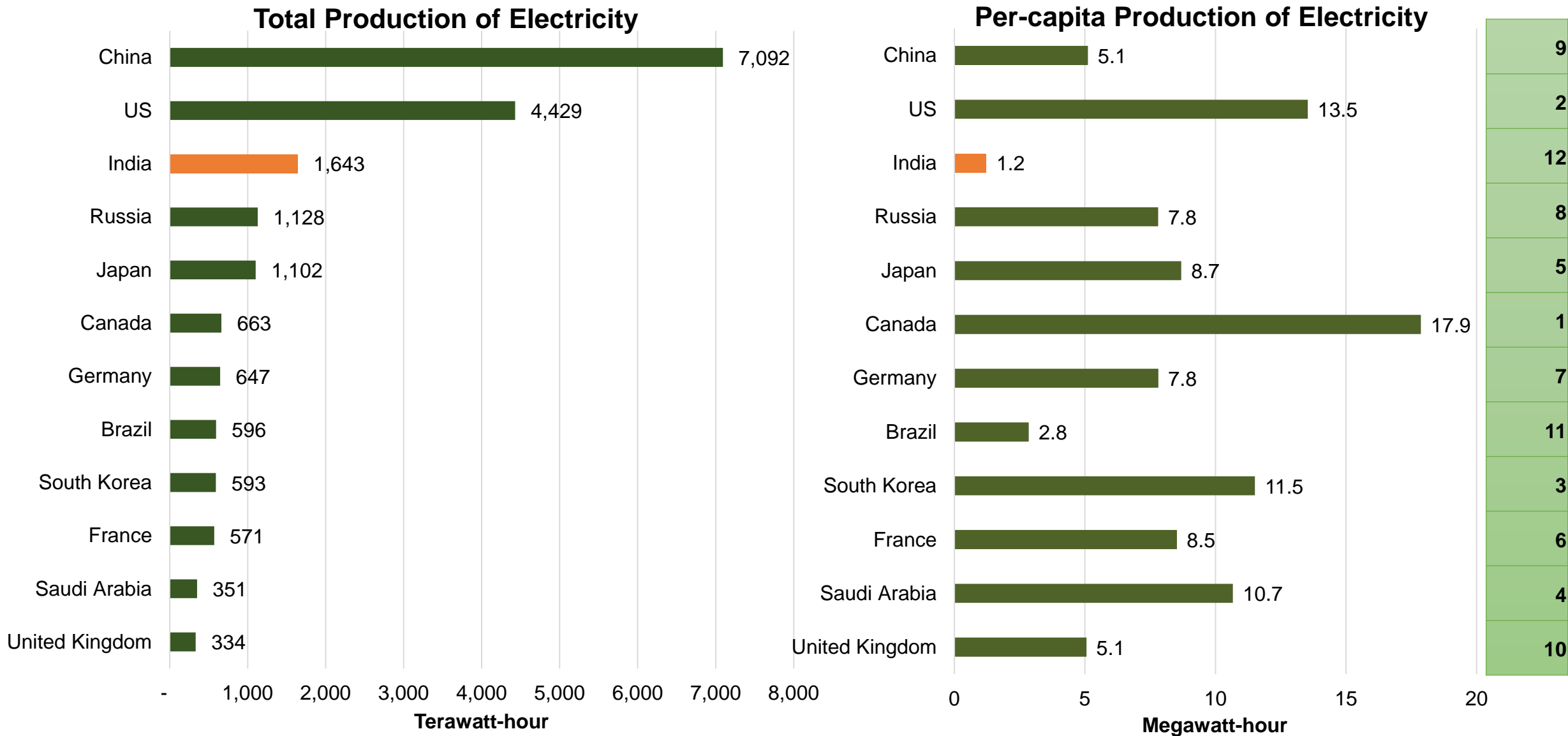
3.b Financials of DISCOMs in India



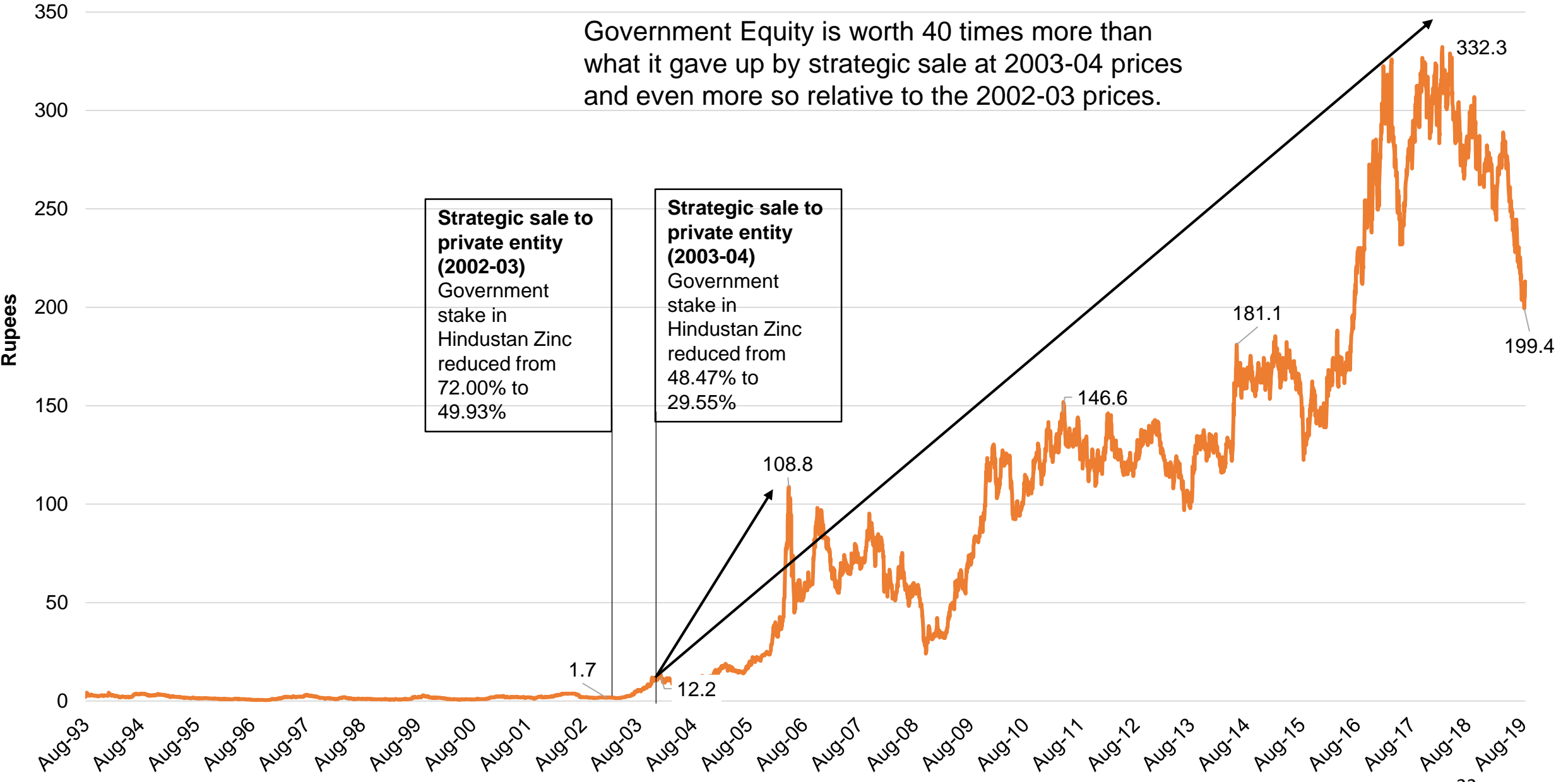
3.c Electric Power Transmission and Distribution Losses are Huge



3.d India is the Third Largest Producer of Electricity But Very Low in Terms of per-capita Production (2018)



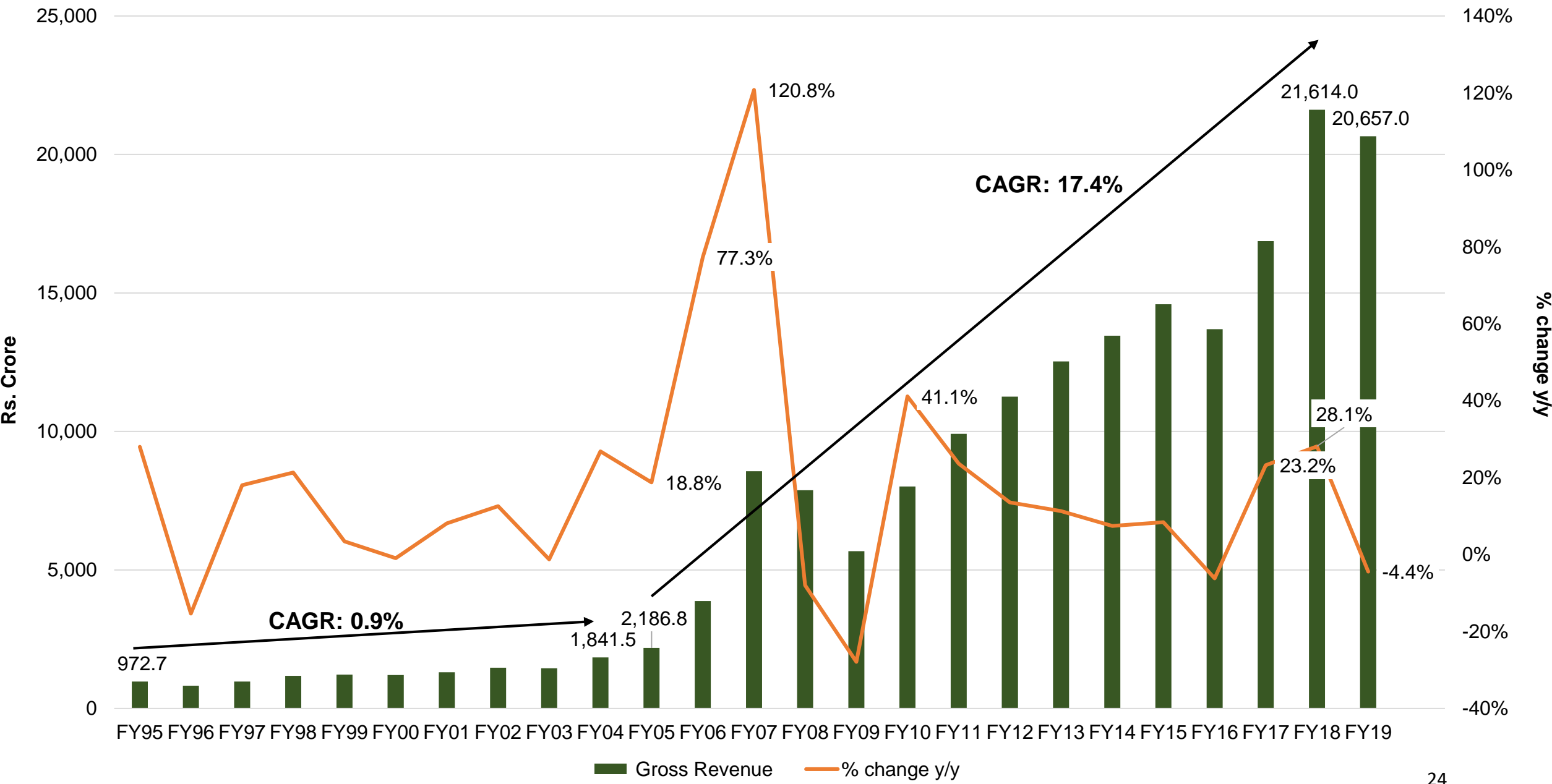
4.a Hindustan Zinc Ltd. – Stock Chart



Strategic sale to private entity (2002-03)
 Government stake in Hindustan Zinc reduced from 72.00% to 49.93%

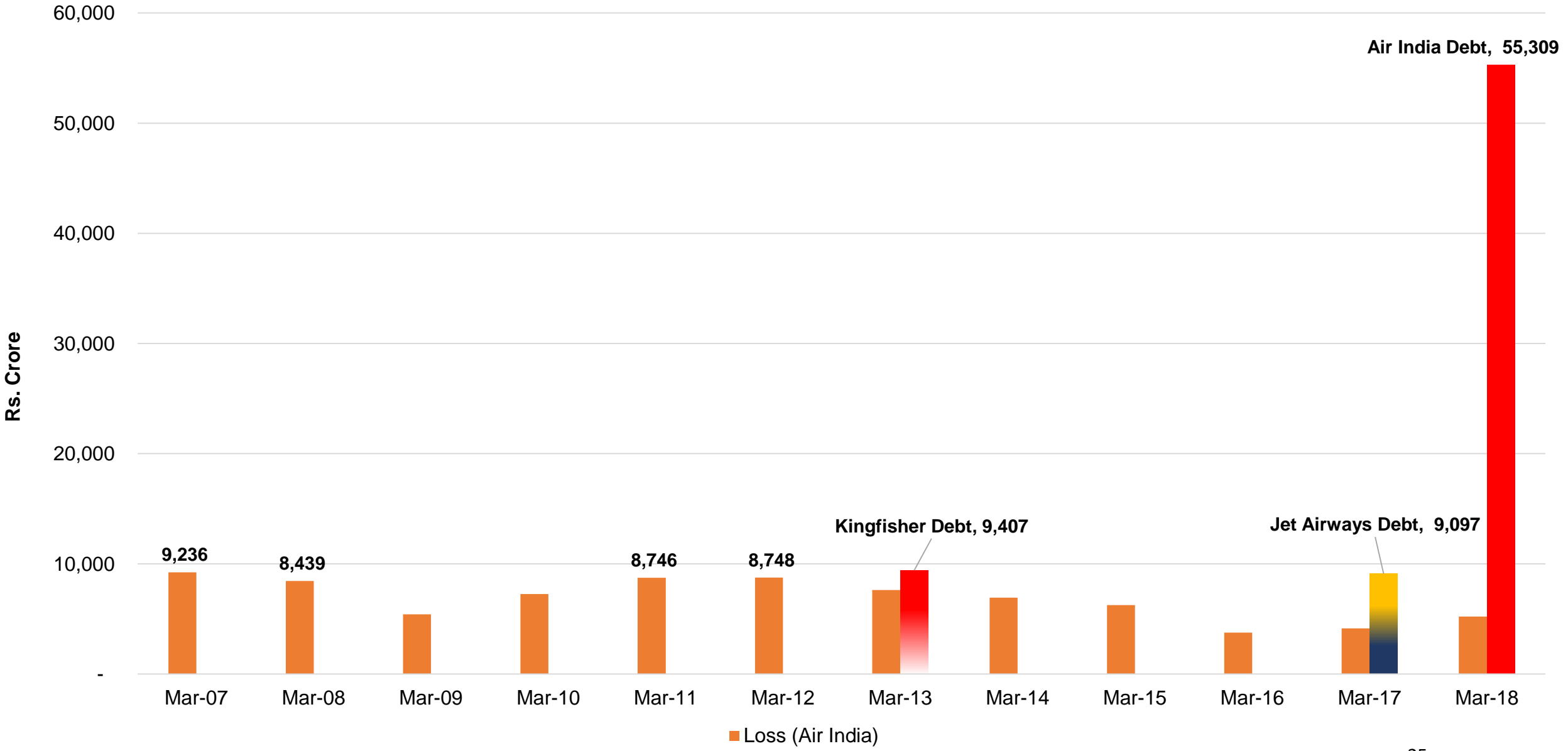
Strategic sale to private entity (2003-04)
 Government stake in Hindustan Zinc reduced from 48.47% to 29.55%

4.b Hindustan Zinc Ltd. – Gross Revenue

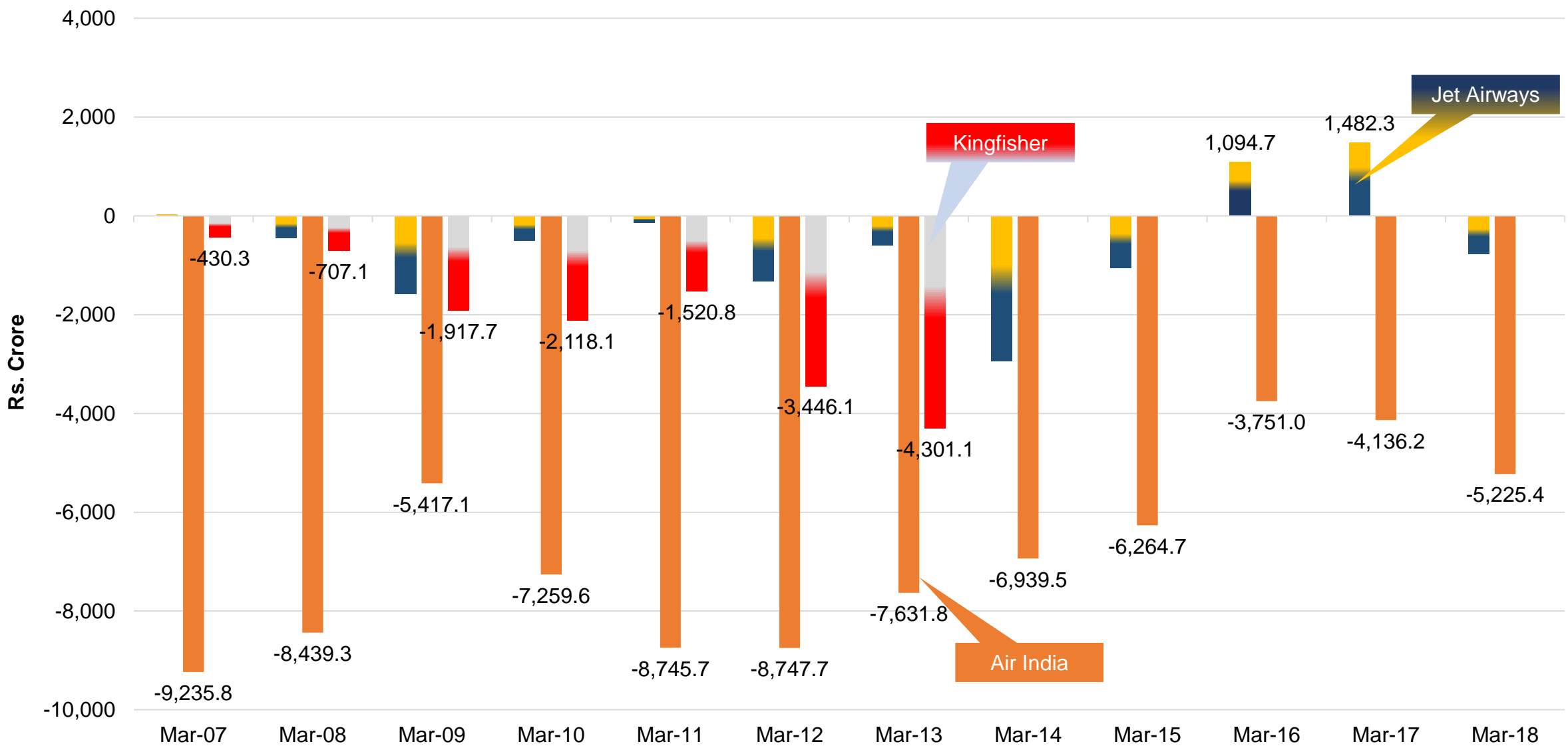


Source: Bloomberg

4.c Annual Losses of Air India have frequently been equal to the Total Debt of Jet Airways & Kingfisher Airlines prior to defaults



4.d Profits of full-service airline carriers



Source: Annual Reports, Money Control

Weak Social Capital

Appendix

Building a \$5 Trillion Economy: Bank Credit 6yr CAGR at 15% and Corporate Bond Market Share at 20% of GDP

<i>USD Trillions</i>	FY19	FY20	FY21	FY22	FY23	FY24	FY25
Total GDP	2.7	3.0	3.3	3.7	4.1	4.5	5.0
Central Government Debt	1.32	1.42	1.52	1.62	1.74	1.86	1.99
Central Government Debt % of GDP	49.00%	47.37%	45.79%	44.27%	42.80%	41.38%	40.00%
State Government Debt	0.65	0.70	0.75	0.80	0.86	0.93	0.99
State Government Debt % of GDP	24.00%	23.28%	22.58%	21.91%	21.25%	20.62%	20.00%
Total Government Debt (Centre + State) % of GDP	73.00%	70.65%	68.38%	66.18%	64.05%	61.99%	60.00%
Corporate Bonds	0.41	0.47	0.55	0.63	0.74	0.86	0.99
Corporate Bonds % of GDP	15.00%	15.74%	16.51%	17.32%	18.17%	19.06%	20.00%
Bank Credit	1.30	1.49	1.71	1.97	2.27	2.61	3.00
Bank Credit % of GDP	48.00%	49.85%	51.78%	53.78%	55.86%	58.02%	60.26%
NBFCs & HFCs	0.23	0.25	0.28	0.31	0.34	0.38	0.42
NBFCs & HFCs % of GDP	8.50%	8.50%	8.50%	8.50%	8.50%	8.50%	8.50%
Total Credit	1.93	2.22	2.54	2.92	3.35	3.85	4.42
Total Private Credit % of GDP	71.50%	74.09%	76.79%	79.60%	82.53%	85.58%	88.76%
Total Debt % of GDP	144.50%	144.74%	145.17%	145.78%	146.58%	147.58%	148.76%

Implied CAGRs

Central Government Debt 5yr CAGR	7.04%
State Government Debt 5yr CAGR	7.41%
Implied 5yr CAGR for Total Credit	14.78%
Implied 5yr CAGR for Corporate Bonds	16.16%
Implied 5yr CAGR for NBFCs & HFCs	10.72%
Implied % of GDP for Banks at 15% CAGR	60.26%