
URBANIZATION IN INDIA – OPPORTUNITIES AND CHALLENGES



- 1991-'92 in Bangalore
 - What is it today
 - Aspirations of the people triggered by;
 - Communication revolution
 - World has shrunk
 - Greater access to education
 - Job opportunities at the door step
 - Government policies
 - SEZ
 - STPI
 - Favorable sectoral policies
 - Simplification of administration such as single window clearances
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URBANIZATION IN INDIA



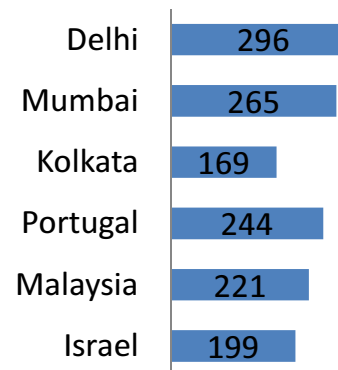
Overview

- Second most populous country in the world. 1.5 billion by 2030
- Growing population, migration and increasing urbanization
- Non secular / skewed urbanization
- By 2030:
 - 70% net new employment to be generated in the cities
 - 22 million middle class to 91 million
 - 1 million plus population from 42 cities to 68 cities
- Job growth and type
 - Services followed by manufacturing

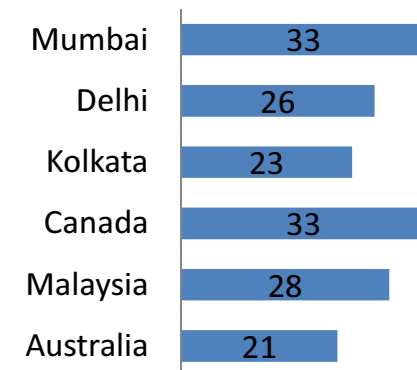
Key Facts

Urban	Current	2030
Population	340 mm	590 mm
Non agri. employment	102 mm	220 mm
Cities with population > 1 mm	42	68
% of total GDP	58	70
Tax revenue share (%)	81	85

2030 GDP (\$ bn)



2030 Population (mm)



DO WE HAVE AN EXAMPLE TO FOLLOW

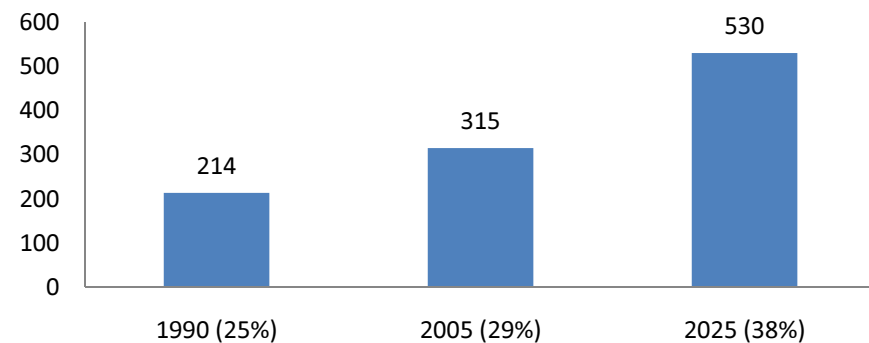


Overview

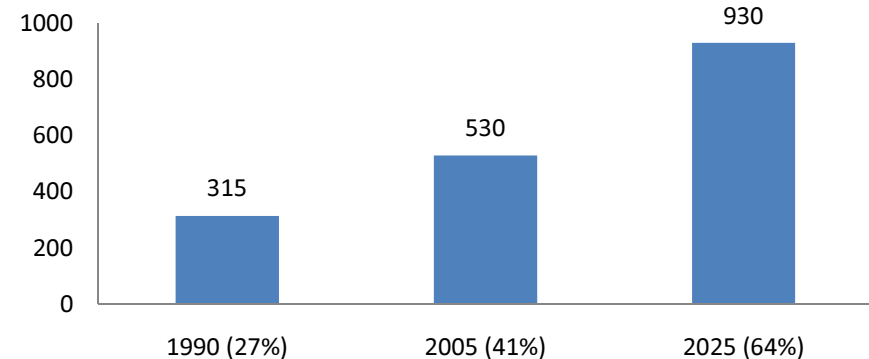
- Anything that can be remotely compared is China
- The difference between the two were;
 - Hare vs. tortoise
 - Determined path vs. evolving path
 - State sponsored vs. democratic development
 - secretive vs. Transparency
 - Manufacturing vs. service industry
- Going forward
 - Older vs. younger population
 - Protectionism vs. towards a more open economy
- Appears to be similar yet different

Key Facts

India Urban Population (Million)



China Urban Population (Million)



URBANIZATION - CHALLENGES

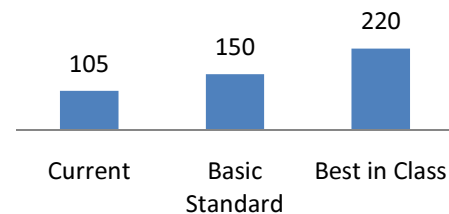


Next 25 Years Overview

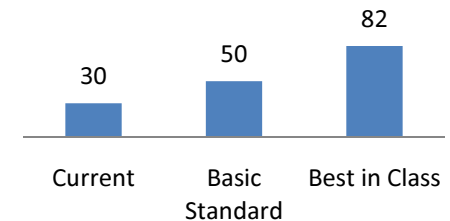
- Planning issues
 - Real estate: 700-900 million sq mtr of commercial and residential required; or a Chicago every new year
 - Roads: 2.5 billion sq mtr or 20 times the capacity added in past decade
 - Metros and subways: 7,400 km of metro / subways
 - Water in billions of ltrs
 - Sewage and waste in millions tonnes
 - Electricity: 162,366 MW to 400,000 MW by 2020
- Funding issues
 - \$1.2 trillion capital investment
- Governance
 - Millions of man hours of thinking required
 - Hundreds of layers of government bodies and red tapism
- Sector policies
 - Fix one the other breaks
 - Statutory clearances
- Skewed population distribution
 - Industry vs. agriculture
 - Income disparity
 - South India vs. North India
- **All of the above is based on the assumption of sustained 8-9% GDP growth . Is it achievable?**

Urban India Benchmark

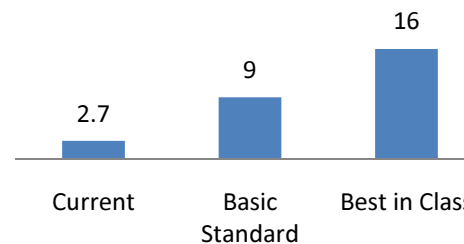
Water Supply (Ltr/Cap/Day)



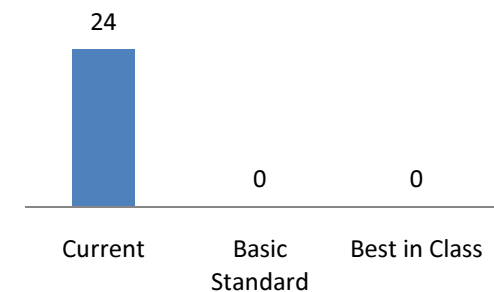
Public Transport (% of trips)



Parks and Open Spaces (%)



Slum Population



URBANIZATION - OPPORTUNITIES



OPPORTUNITIES FOR ALL OF US

- Investors:
 - Returns have dried up in US, Europe, Japan and Middle East
 - Changing government policies
 - Retail
 - Defense
 - Minimum high single digit returns
 - Streamlining of taxation
 - Improved corporate governance to attract foreign investment
 - PPP model
 - Swiss challenge contracts
- Planning:
 - Millions of capable engineers required
 - Local IT infrastructure such as UID
 - Town planning (roads, water and sanitation)
 - Power plants
 - Gas fired
 - Nuclear (Indo-U.S. civilian nuclear agreement)
- Governance
 - Public
 - Policies
 - Private
 - Professional managers

INDIA – NEW LAND OF HOPE AND GROWTH

Either we complain and lose the opportunity or take the
challenge and enjoy the benefits



Thank you!
Mallanna Sasalu