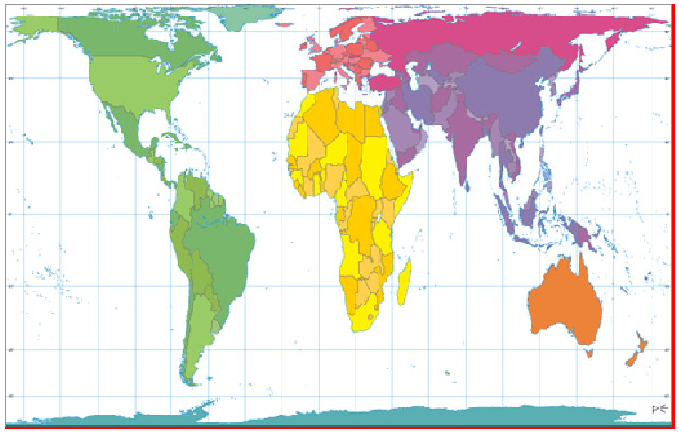
India
Chindia
Chindiafrica

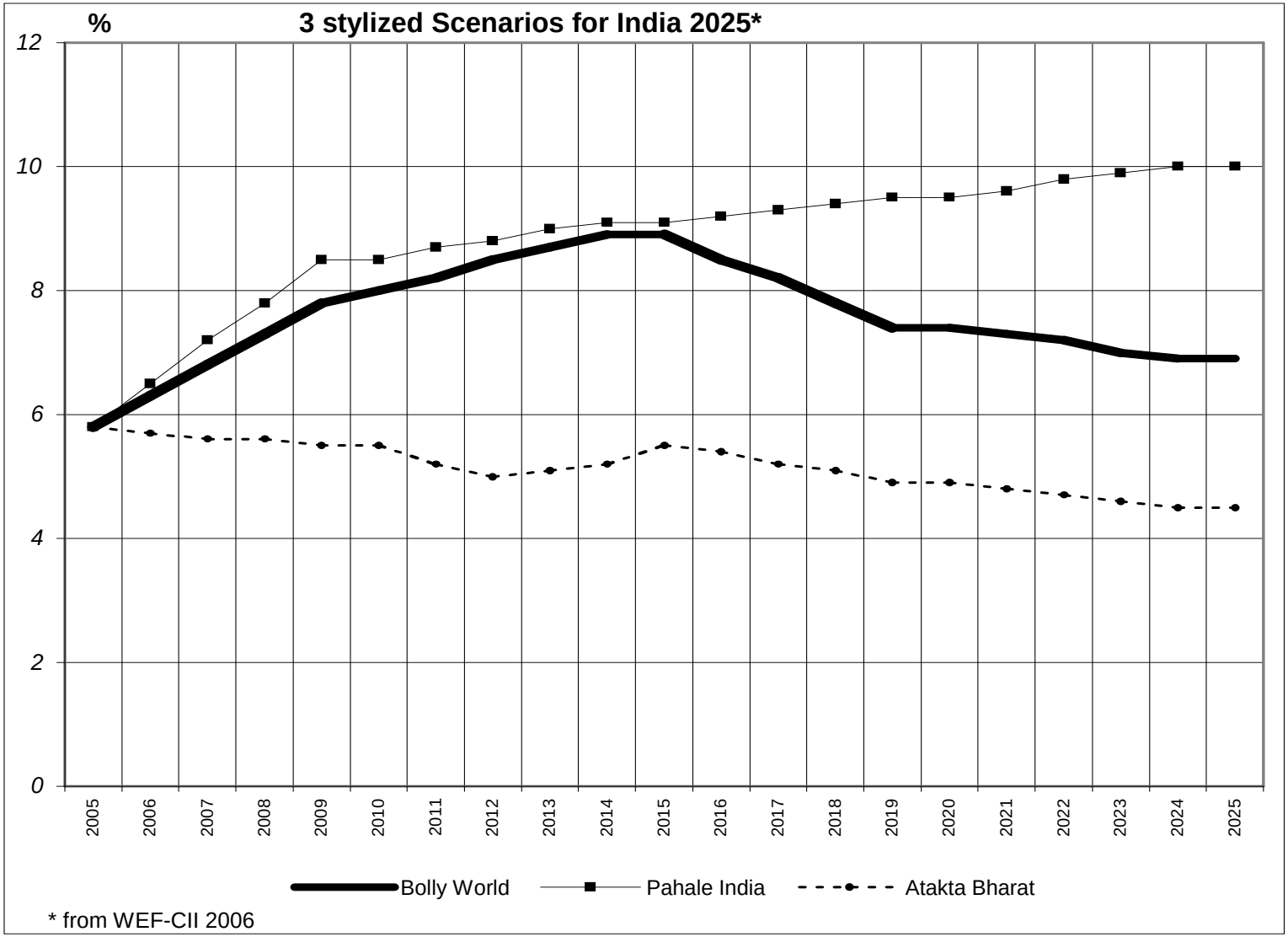


Jean-Joseph Boillot

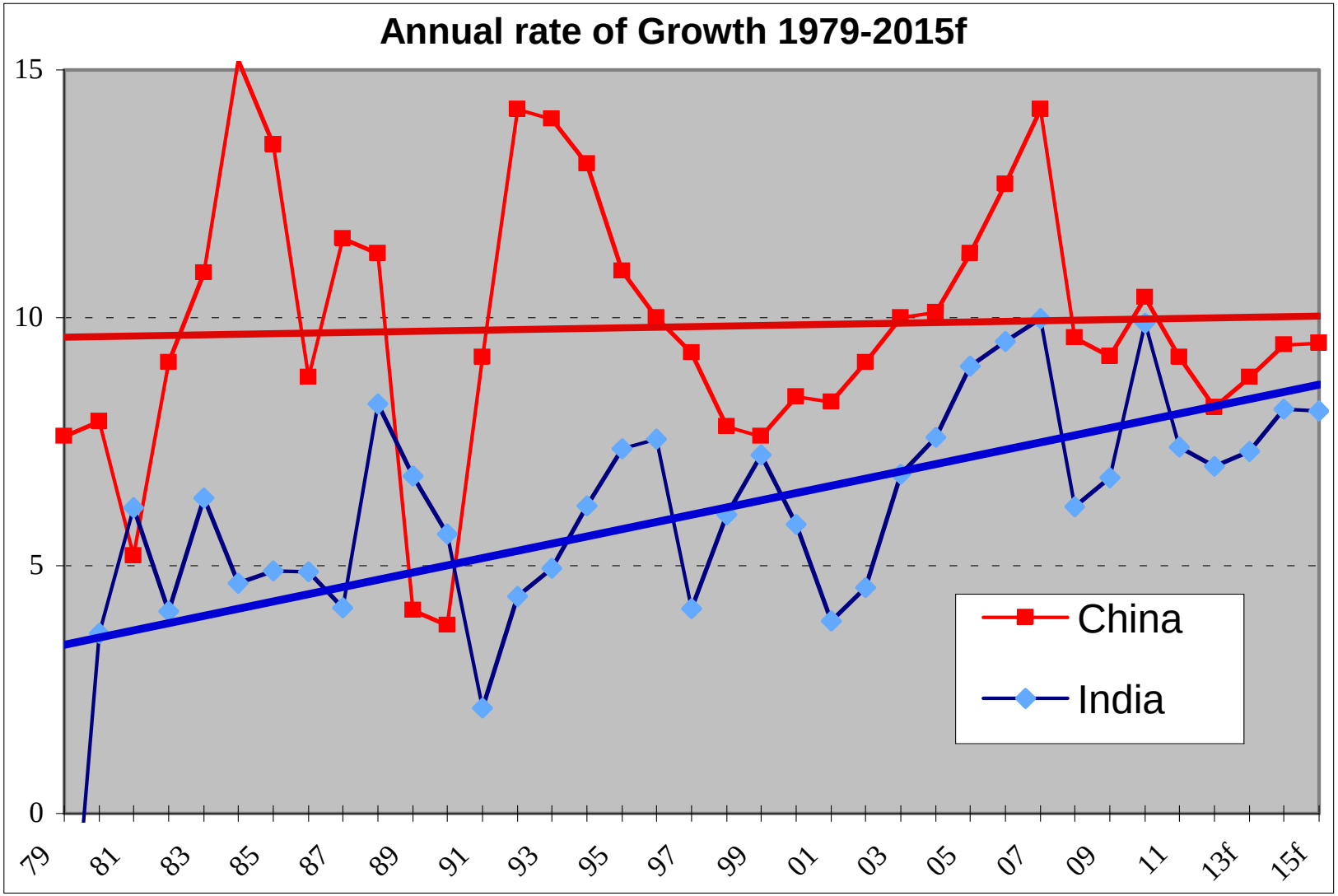
- **Economist, club CEPII - EIEBG**

I- The End of Shinning India?

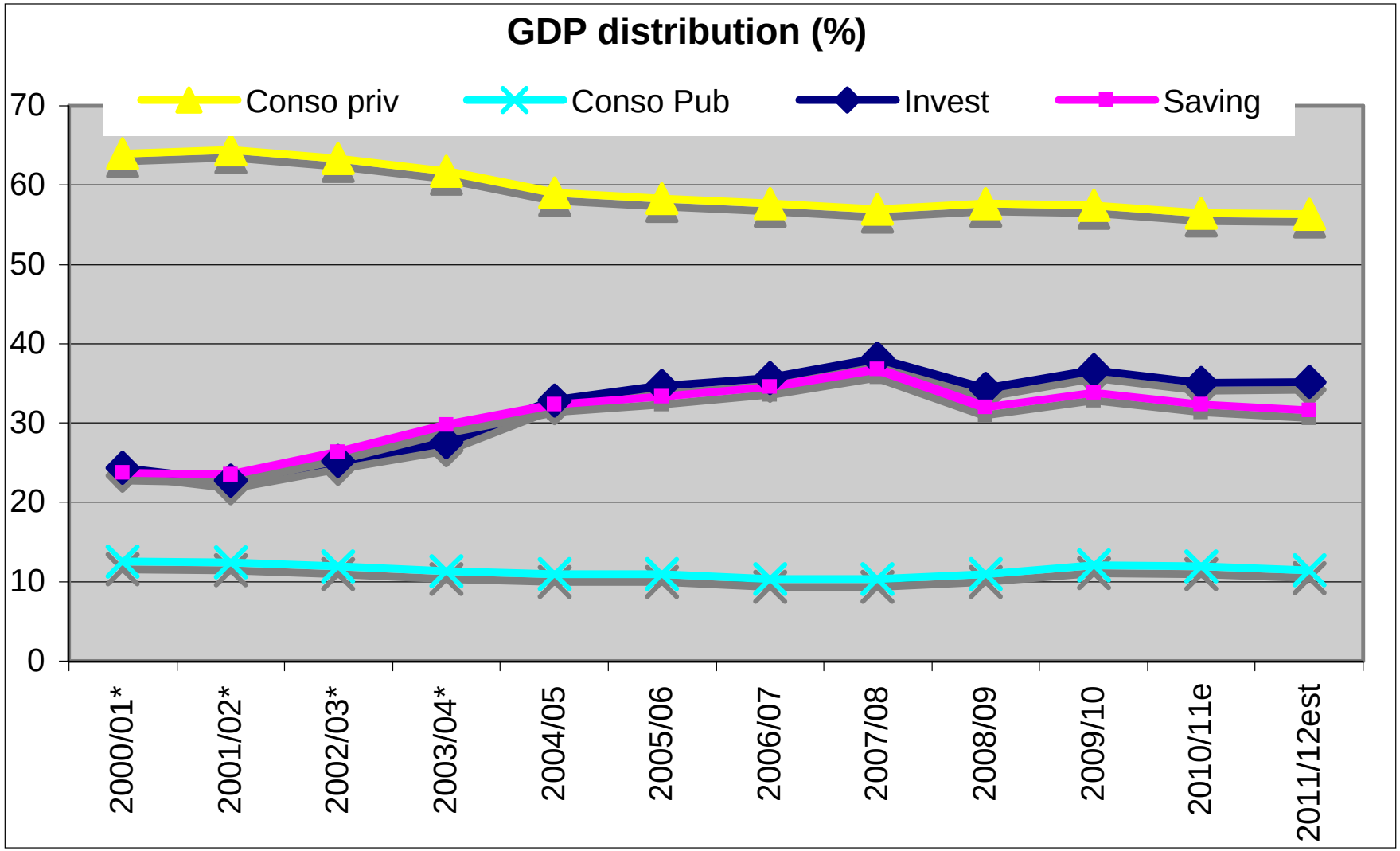
1- The 3 scenarios of 2006



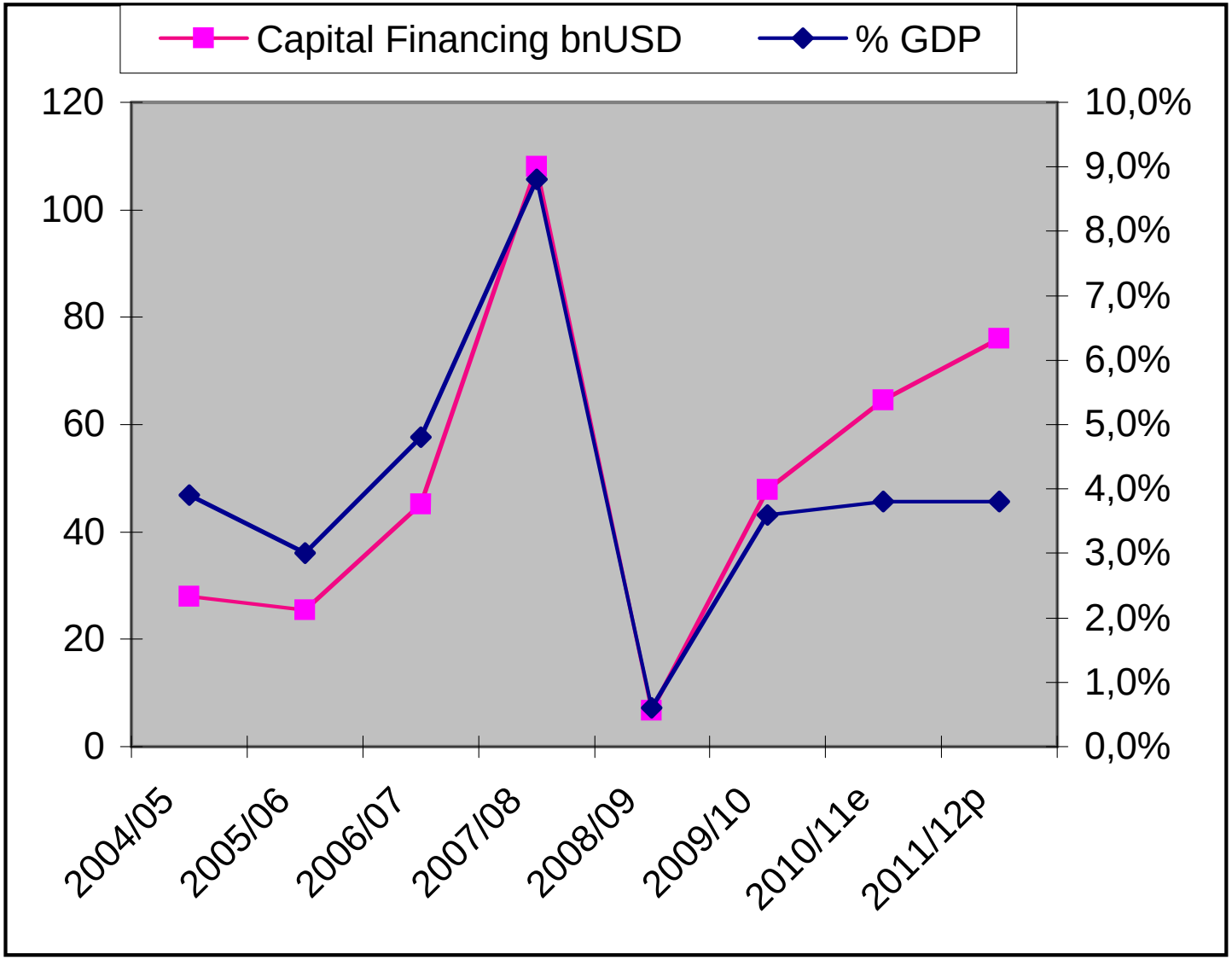
The 30 Glorious years: catching-up with China



The driving forces of Growth: domestic…

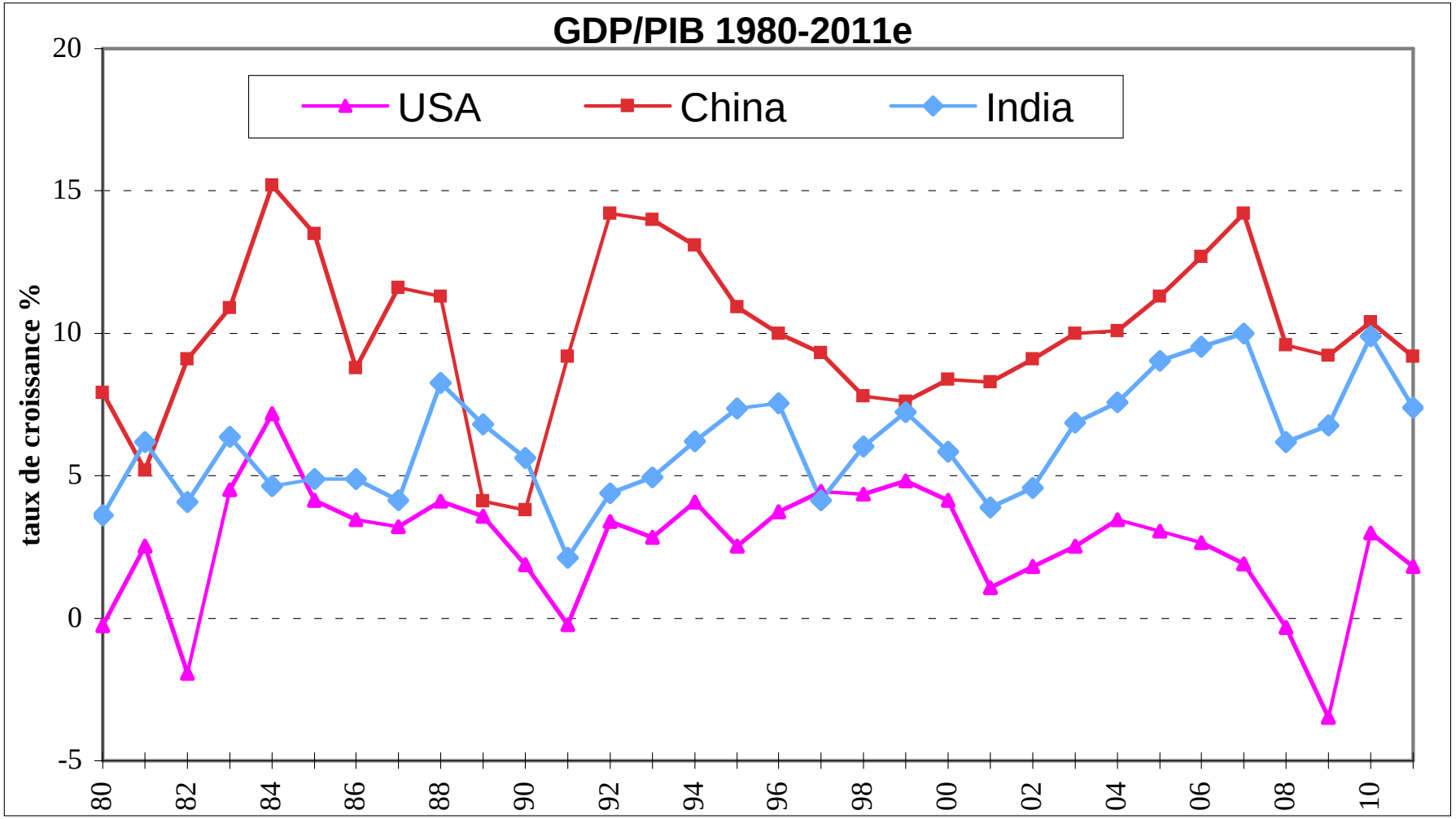


… and external

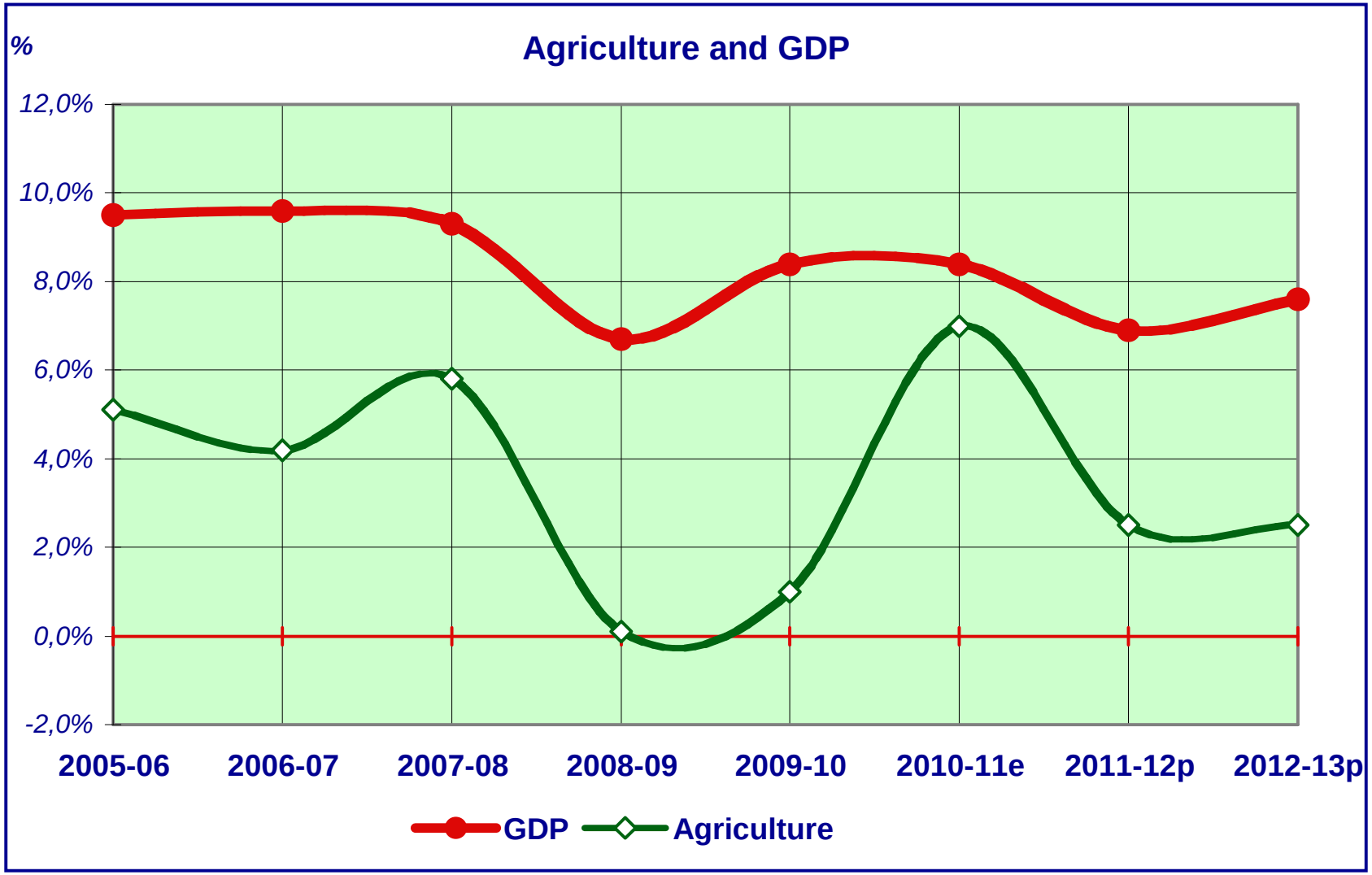


2- Structural crisis or Cyclical turnaround

World cycle and the (de)coupling issue



Agriculture: stagnation vs Income per capita Growth



Mass poverty still prevalent (unicef 2012)

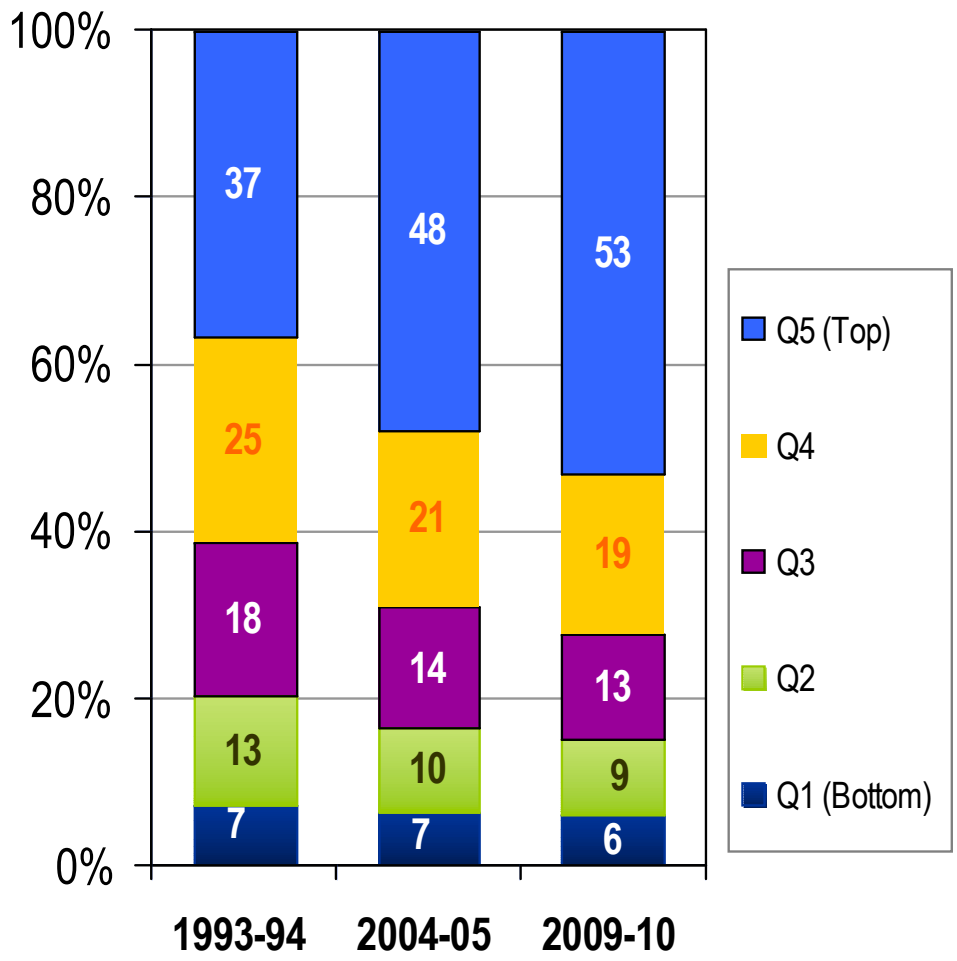
Malnutrition is more common in India than in Sub-Saharan Africa. One in every three malnourished children in the world lives in India.

Malnutrition limits development and the capacity to learn. It also costs lives: about 50 per cent of all childhood deaths are attributed to malnutrition.

In India, around 46 per cent of all children below the age of three are too small for their age, 47 per cent are underweight and at least 16 per cent are wasted. Many of these children are severely malnourished.

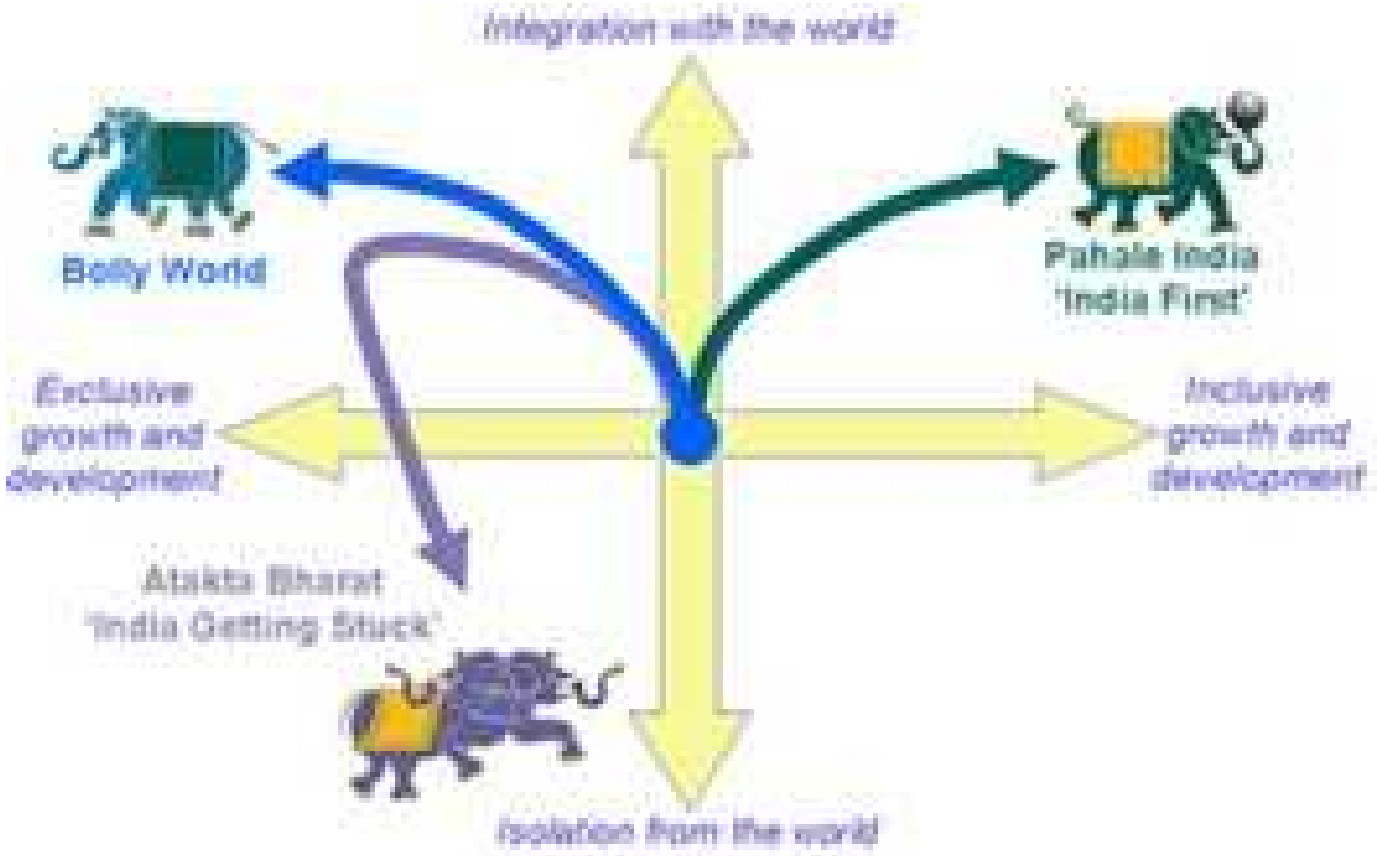
The prevalence of malnutrition varies across states, with Madhya Pradesh recording the highest rate (55 per cent) and Kerala among the lowest (27 per cent).

And growing Inequalities

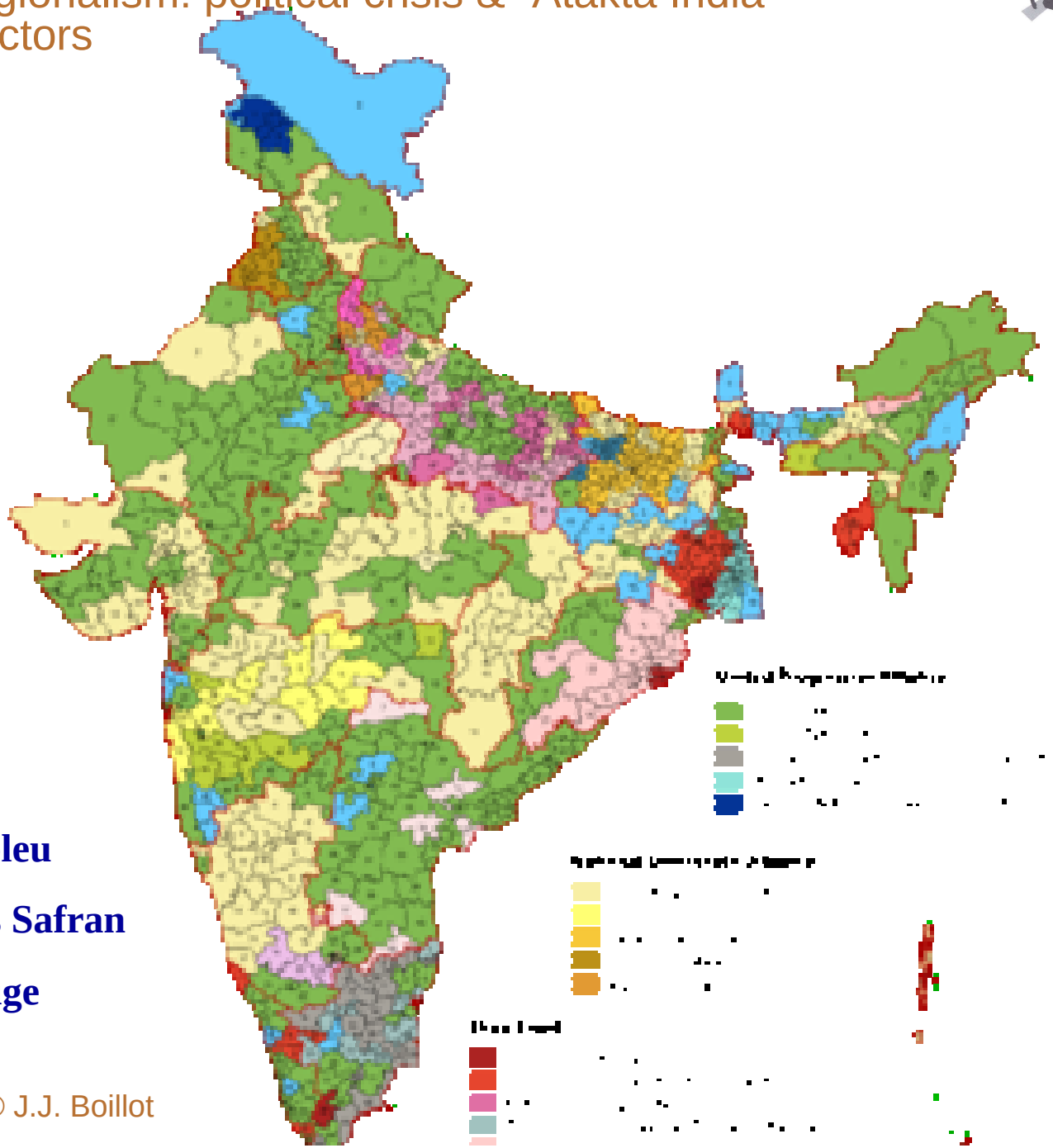


II- Scenario for the future: 2012-2020

The Inclusive Growth Regime at stake



A- Rising Regionalism: political crisis & “Atakta India”
1- Political factors



- **Les vert-bleu**
- **Contre les Safran**
- **Et les Rouge**

2- Regional inequalities and the political factor
The demographic shift

Projection d˘mographique des Etats Indiens* en 2051 et 2101

States	Millions			% all India		
States	1991	2051	2101	1991	2051	2101
Kerala	29,1	36	25,2	3,5%	2,2%	1,4%
Tamil Nadu	55,9	72	57	6,6%	4,4%	3,1%
Andhra Pradesh	66,5	119,9	130,5	7,9%	7,4%	7,2%
Himachal Pradesh	5,2	9,5	10,3	0,6%	0,6%	0,6%
Karnataka	45	78	85	5,3%	4,8%	4,7%
Mahrastra	78,9	147,4	159,6	9,4%	9,1%	8,8%
Subtotal	*280,6*	*462,8*	*467,6*	33,3%	28,6%	25,8%
Punjab	20,3	35,7	37,9	2,4%	2,2%	2,1%
West Bengal	68,1	121,9	132	8,1%	7,5%	7,3%
Gujarat	41,3	73	80,2	4,9%	4,5%	4,4%
Orissa	31,7	53,9	59,5	3,8%	3,3%	3,3%
Assam	22,4	42	47	2,7%	2,6%	2,6%
Subtotal	*183,8*	*326,5*	*356,6*	21,8%	20,2%	19,7%
Haryana	16,5	41,1	48,8	2,0%	2,5%	2,7%
Madhya Pradesh	66,2	148	175,3	7,9%	9,1%	9,7%
Bihar	86,4	188	216,7	10,2%	11,6%	12,0%
Rajasthan	44	106,1	125,9	5,2%	6,6%	6,9%
Uttar Pradesh	139,1	337	405	16,5%	20,8%	22,3%
Subtotal	*352,2*	*820,2*	*971,7*	41,8%	50,6%	53,6%
All India	**843,3**	**1619,5**	**1812,2**	**100,0%**	**100,0%**	**100,0%**

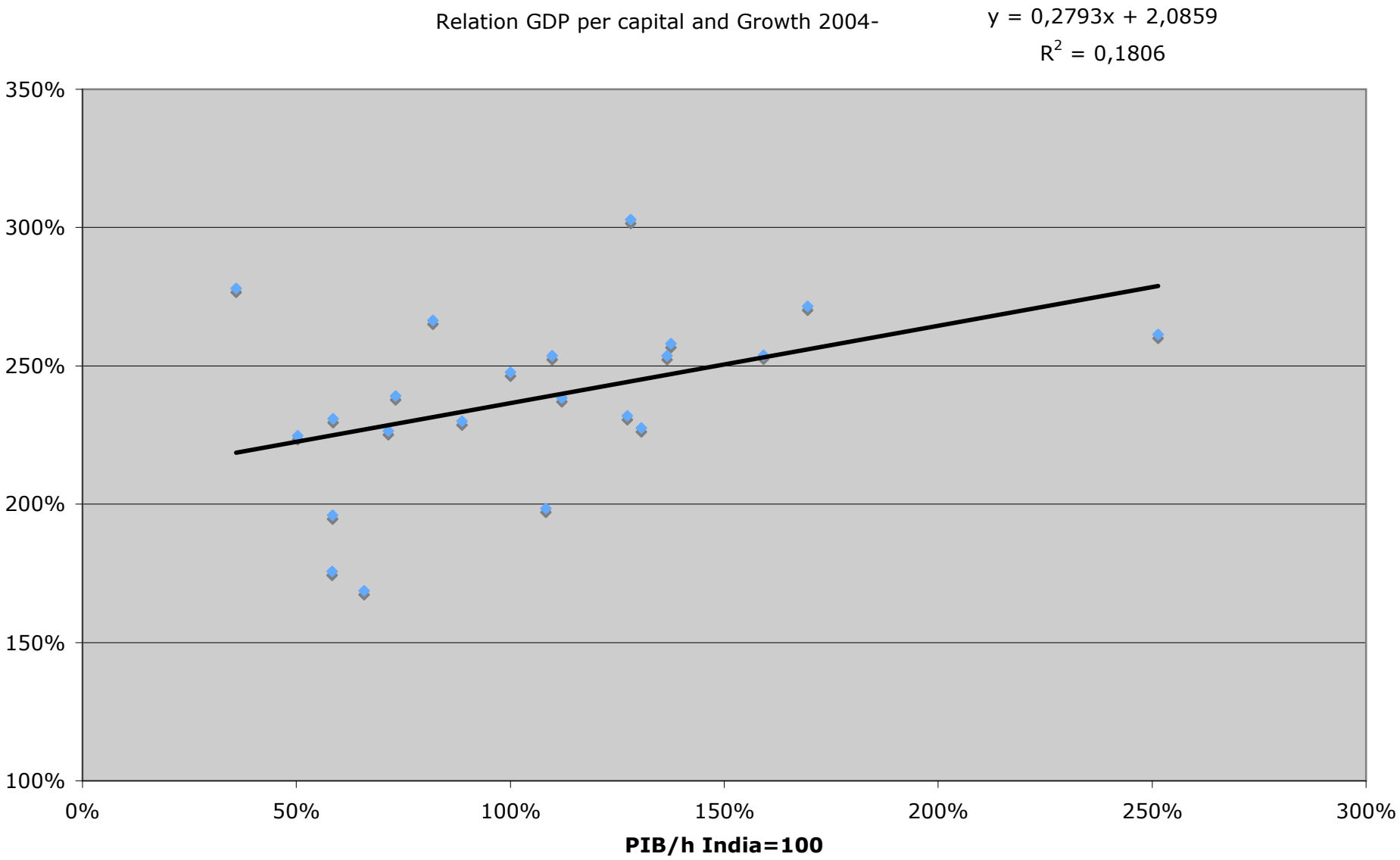
One indicator of inequality : Life Expectancy

	INDIA	60,7
1	Kerala	73,1
2	Punjab	67,4
3	Maharastra	65,2
4	Haryana	63,8
5	Tamil Nadu	63,7
6	Karnataka	62,9
7	West Bengal	62,4
8	Andhra Pradesh	62
9	Gujarat	61,4
10	Rajasthan	59,5
11	Bihar	59,4
12	Uttar Pradesh	57,2
13	Orissa	56,9
14	Assam	56,2
15	Madhya Pradesh	55,2

Source : National Human Development Report 2001, Planning Commission/ Inde Etats données+travail /2026

The Fertile crescent of the “Shinning India” decade…

… and the Political economy of Regionalism



The Unexpected rise/take-off of some BIMARU states

	% Population in	GDP % India	GDP/c I=100	g GDP/c	g GDP	% g GDI
	2010-11	2010-11	2010-11	2004-10	2004-10	2004-10
Bihar	8%	3%	36%	254%	278%	3%
Uttar Pradesh	17%	8%	50%	201%	225%	7%
Rajasthan	6%	4%	73%	215%	239%	4%
Madhya Pradesh	6%	4%	59%	212%	231%	3%
BIMARU	**36%**	**19%**	**55%**	**220%**	**243%**	**18%**
WestBengal	7%	7%	89%	218%	230%	6%
WB+BIMARU	44%	26%	**61%**		**241%**	24%
All-India*	100%	100%	100%	227%	248%	100%

** NNI per capital (2004-05 base)*

B- The Inclusive Business Models
1- The strengh of the Indian Business Culture

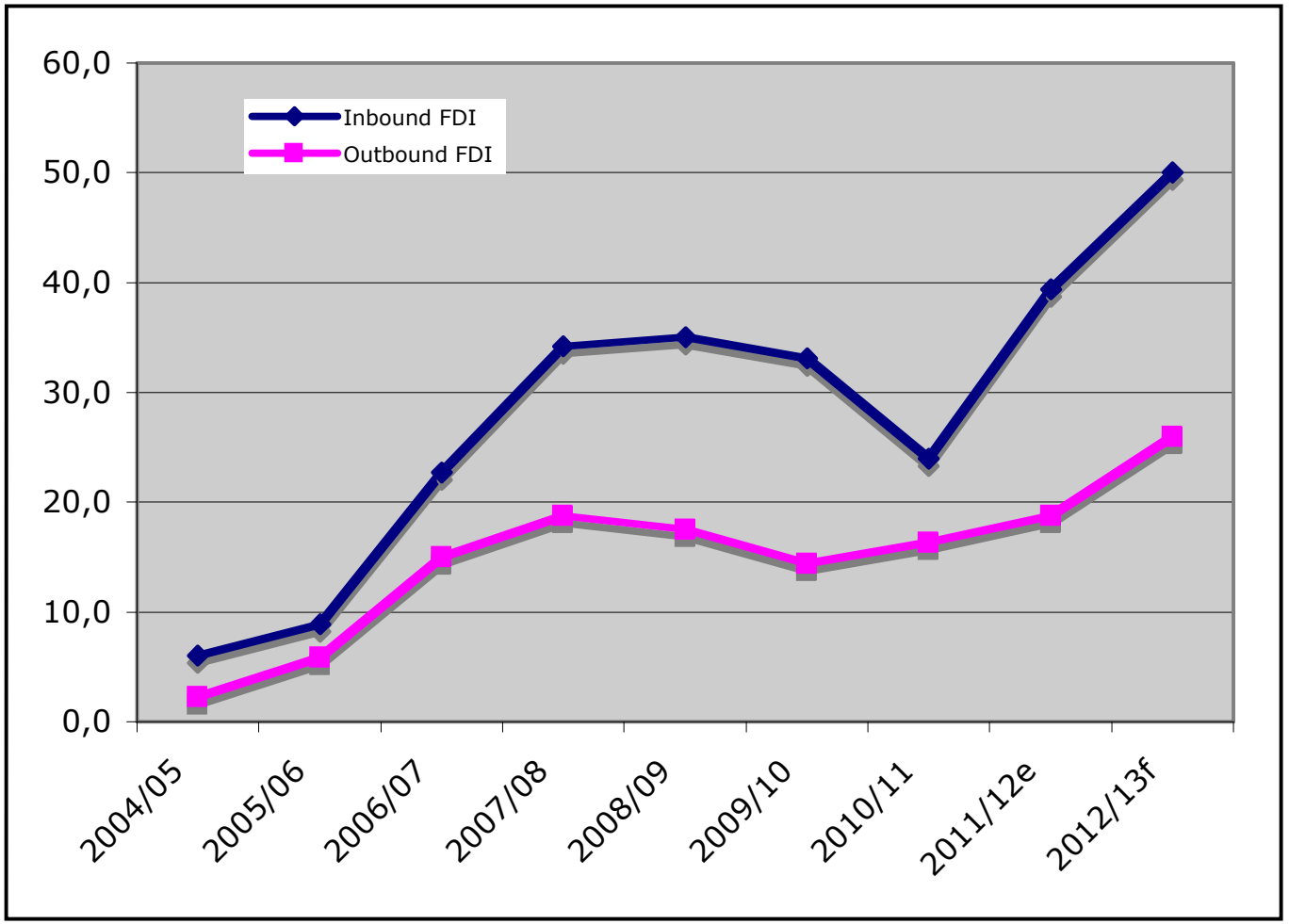
rang	Soci˘t˘s	R˘gion d'origine	Communaut˘
1	RELIANCE INDUSTRIES (1)	Gujarat	Vaishnava gujarati
3	TATA	Gujarat (Iran)	Parsi
4	BHARTI TELE-VENTURES	Punjab	Baniya punjabi
6	INFOSYS TECHNOLOGIES	Tamil Nadu	Brahmane Iyer/Iyengar
7	WIPRO	Gujarat	Bora (musulman)
8	AV Birla	Rajasthan	Baniya marwari
13	RANBAXY LABORATORIES	Punjab	Shatriya sikh
15	HCL TECHNOLOGIES	Tamil Nadu	Nadar
16	BAJAJ Auto	Rajasthan	Baniya marwari
24	LARSEN & TOUBRO	Maharastra	Brahmane marathi
25	SATYAM COMPUTER SERVICES	Tamil Nadu	Brahmane Iyer/Iyengar
27	HERO HONDA MOTORS	Punjab	Baniya punjabi
29	United Breweries (UB)	Karnataka	Brahmane Chetia Naga
30	CIPLA	Gujarat	Bora (musulman)
31	SUN PHARMACEUTICAL INDS.	Rajasthan	Baniya marwari
32	LM THAPAR	Punjab	Shatriya punjabi
34	NICHOLAS PIRAMAL INDIA	Rajasthan	Baniya marwari
35	DR. REDDY'S LABORATORIES	Andhra Pradesh	Brahmanes
36	ASIAN PAINTS (INDIA	Gujarat	Choksi gujarati
37	WOCKHARDT	Gujarat	Bora (musulman)
38	Murugappa	Tamil Nadu	Chettiar
39	ZEE TELEFILMS	Rajasthan	Baniya marwari
40	ESSAR	Rajasthan	Ruia marwari
42	GUJARAT AMBUJA CEMENTS	Rajasthan	Baniya marwari
43	BIOCON	Gujarat	Gujarati
44	jaiPrakash	Maharastra	Baniya mahrati
45	Jindal	Rajasthan	Marwari
46	BK BIRLA	Rajasthan	Baniya marwari
47	Wadia	Gujarat (Iran)	Parsi
48	Godrej Consumers products	Gujarat (Iran)	Parsi
49	VSNL (VIDESH SANCHAR NIGAM)	Gujarat (Iran)	Parsi
50	RP GONEKA	Rajasthan	Jain marwari

Managerial excellence, a key asset

classement des 25 meilleurs CEO 2012		
1	Naveen Jindal	JSPL steel & power
2	A.M.Naik	Larsen & Toubro
3	Y.C. Deveshwar	ITC
4	Bhaskar Bhat	TITAN
5	Sunil Mittal	Bharti
6	R. Sridhar	Shriram Capital
7	Mukesh Ambani	Reliance Industries
8	Vijay Jindal	Zee Entertainment Enterprises
9	Pankaj R. Patel	Cadila Healthcare
10	Pangal Jayendra Nayak	Axis Bank
11	Subir Raha	ONGC Oil & Natural Gas Corporation
12	Kalyan Ganguly	United Breweries President UB Group
13	Madhukar B. Parekh	Pidilite Industries
14	Sunil Duggal	Dabur India
15	V.K. Rekhi	United Spirits UB group
16	V.S. Jain	Steel Authority of India
17	Prakash Kulkarni	Thermax
18	L.A. Dean	Sesa Goa
19	A.K. Puri	Bharat Heavy Electricals BHEL
20	Ashok Soni	Voltas
21	B. Muthuraman	Tata Steel
22	S.S. Kohli	Punjab National Bank
23	Anand Mahindra	Mahindra & Mahindra
24	R. Seshasayee	Ashok Leyland
25	Kamal K. Sharma	Lupin

FDI in and outbound

Why Indian firms invest abroad? Dual explanation



True challenge: Nano Capitalism & Emergence of new business Models
(a) The « Reverse Innovation »

1) Vijay Govindarajan*, and the concept of "Reverse innovation", overtaking the « glocalisation » model of post-fordist capitalism.

* The product and process innovation took essentially its source in the advanced economies, then adapted locally;
* this time, innovation starts at the local level, and at first in the emerging countries especially China and India with processes and products adapted to their constraints (resources & incomes) and abundances (labor & consumers).

**Read in the Harvard Review of Management 2009 his article co-signed by the CEO of GE himself, Jeffrey R. Immelt.*

(b) The « Bottom of the Pyramid » market target

2) C.K. Prahalad, from the university of Michigan, with his concept of " base of the pyramid " (BoP or Bottom of the Pyramid), aims at the 4-5 billion human beings living with less than 2 dollars a day.

*A Whole range of products, including housing & infrastructures (water or electricity) are emerging under the push of new innovations and retain more and more the attention of international agencies as the World Bank or UNDP.

* Due to its consumption-led-growth and democratic structure, India looms more incline to the BoP approach than China who has followed the typical set of western patterns due to its export-led-growth including inequalities.

(c) The « Jugaad Innovation » experience

3) Navi Radjou, Jaideep Prabhu and Simone Ahuja in their book « Jugaad Innovation » have theorised the experiences of many entrepreneurs from India and other developping countries.

* Seek opportunity in adversity
* Do more with less (frugality)
* Think and Act flexibily
- * Keep it simple
- * Include the margin
* Follow your Heart

Will India succeed in the modernisation of its business culture: the « Indian Way of Management » versus the old bania predatory culture?

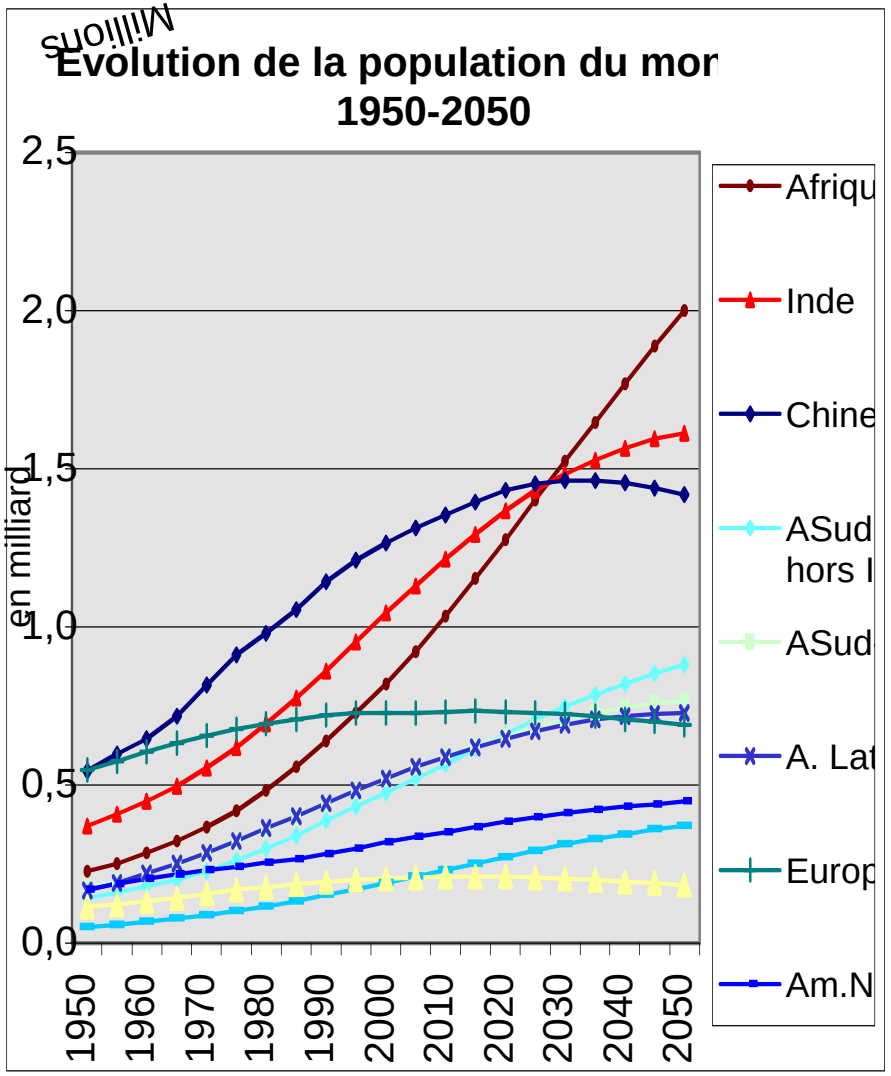
1- PRINCIPLES

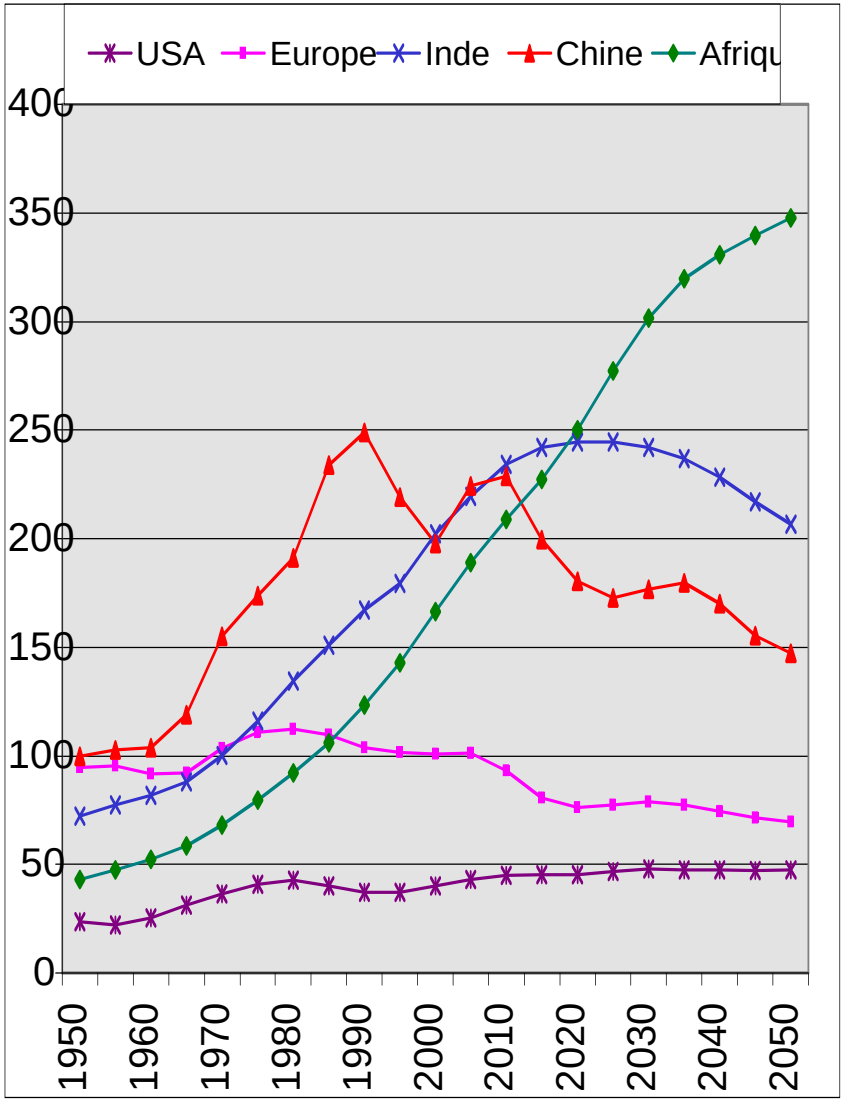
1) Managing People: holistic engagement of employees- the « Employee First » of Vineet Nayar (HCL);
2) Leading the Entreprise: improvisation and adaptability (jugaad)
3) Competitive Advantage: delivering the Creative Value Proposition (Infosys/Wipro)
4) Company Governance: fulfilling broad mission and purpose

2- INNOVATIONS

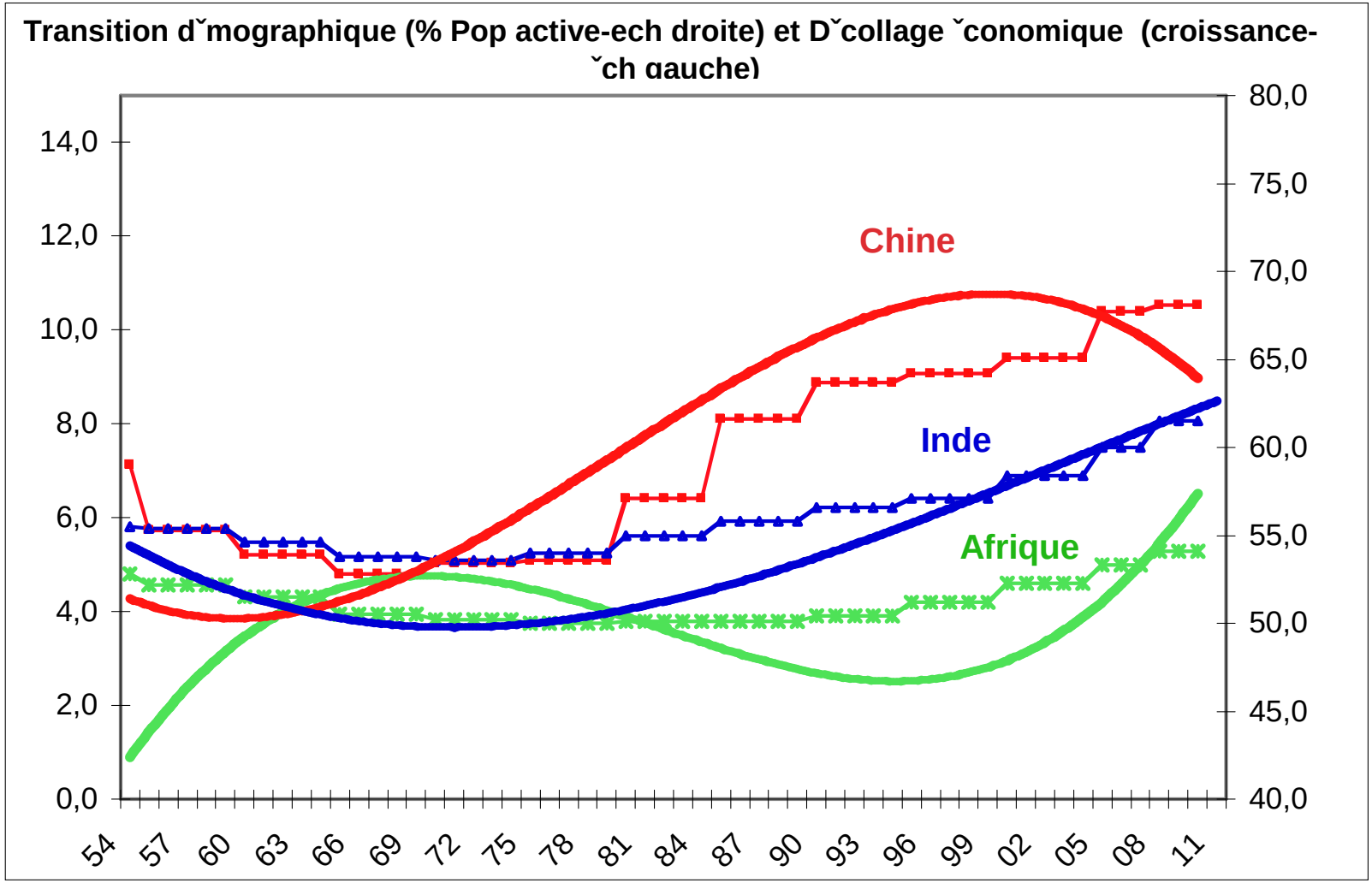
1) Scaling-Out : the Bharti paradigm (mobile phone Airtel);
2) Frugal Innovations: the GM ECG or Tata water filter;
3) Inclusive innovation: the Microfinance paradigm (SHGs);
4) Opportunistic solutions : the Tulsi Tanti strategic shift in Windpower

III- Neither China, nor Chindia but Chindiafrica
The demographic trends

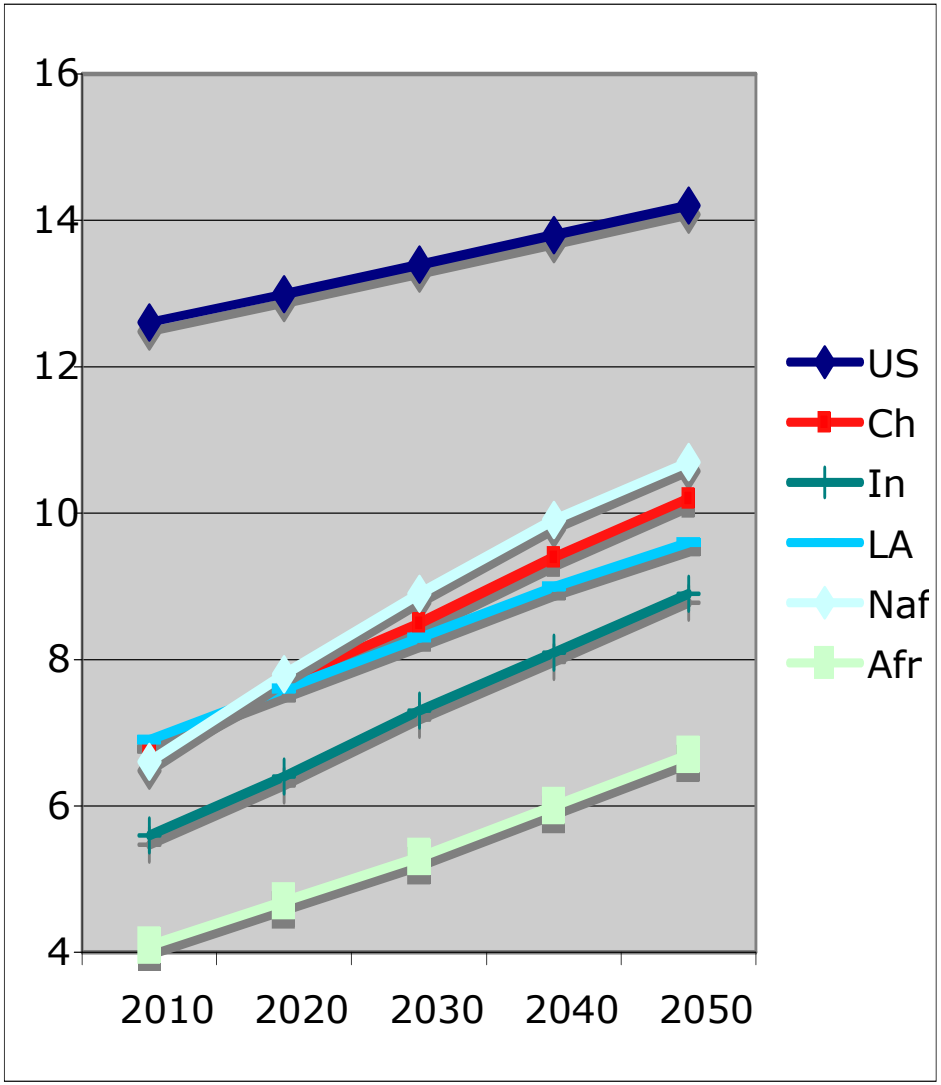


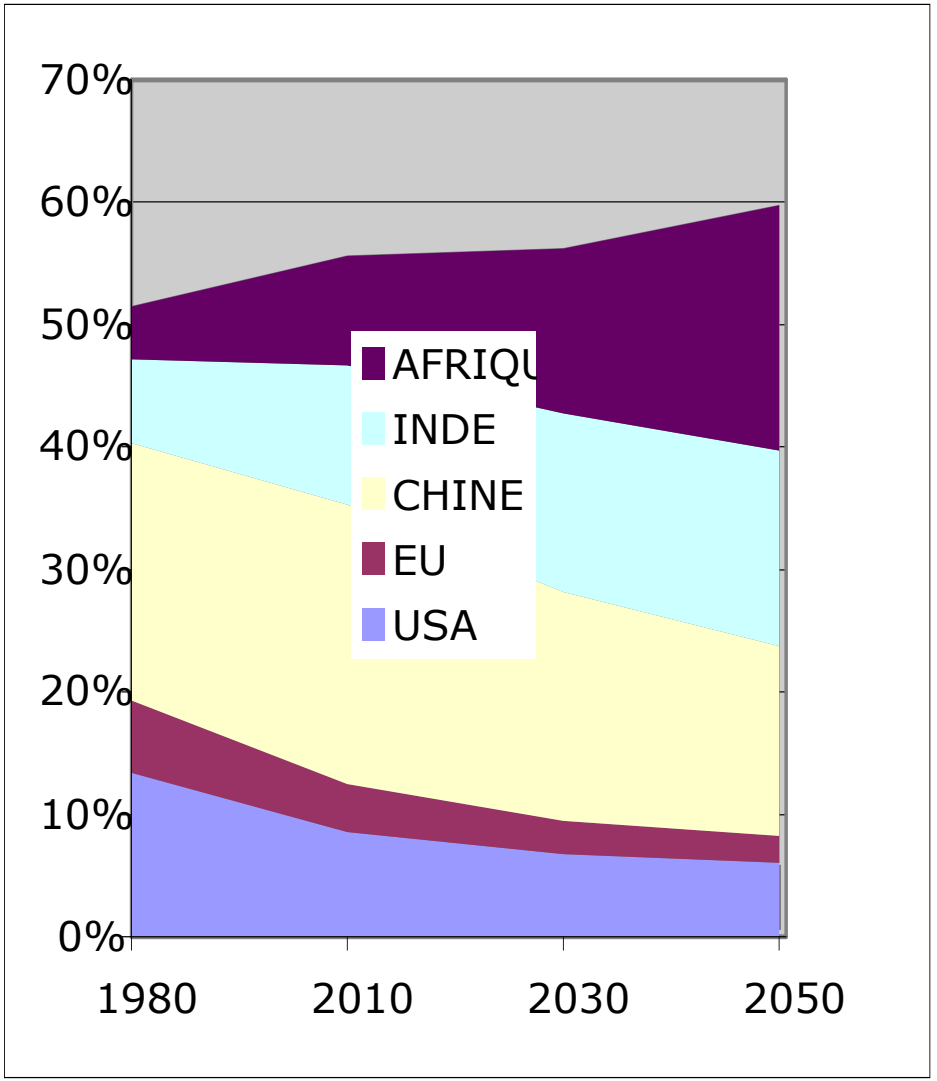


The Demographic window of opportunity

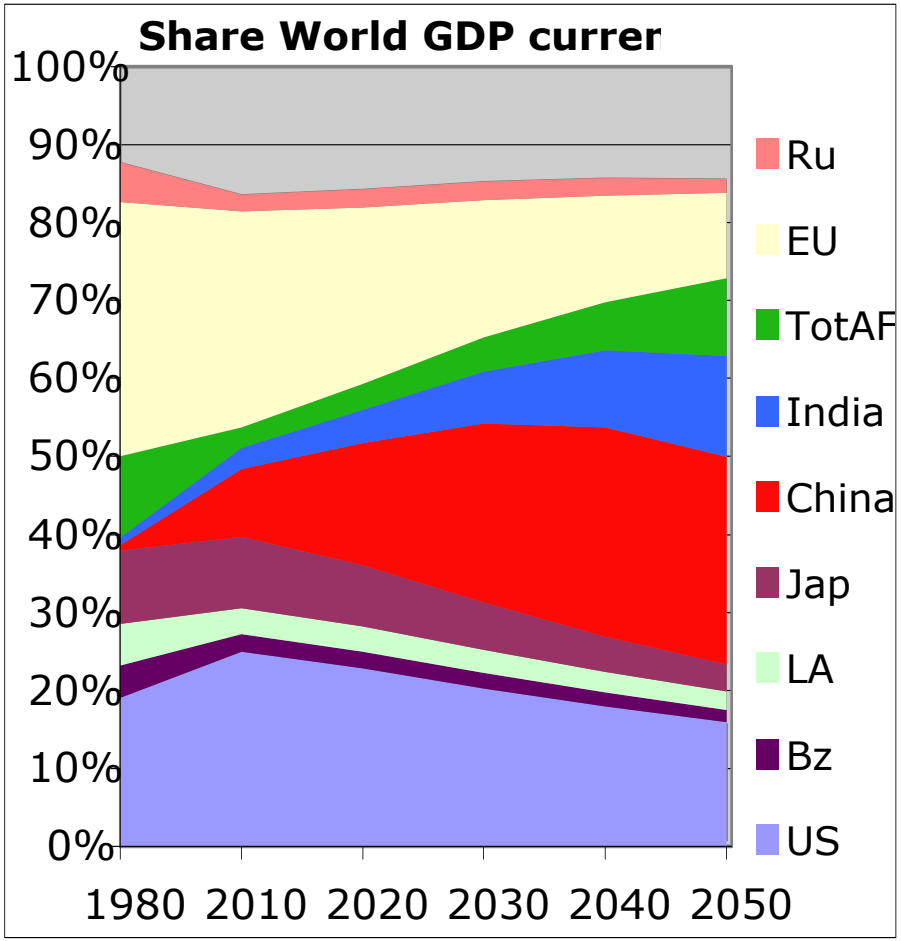


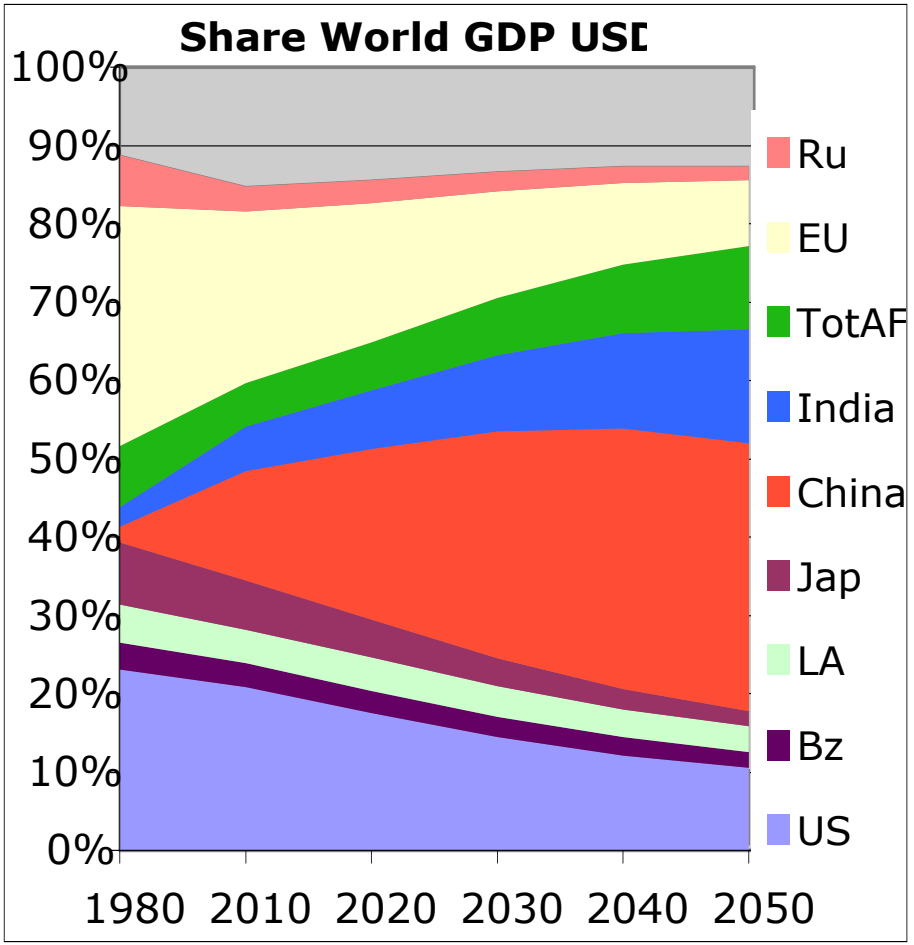
And the shifting Human Capital





Towards a Multipolar World with three giants





And the same challenge: Sustainability

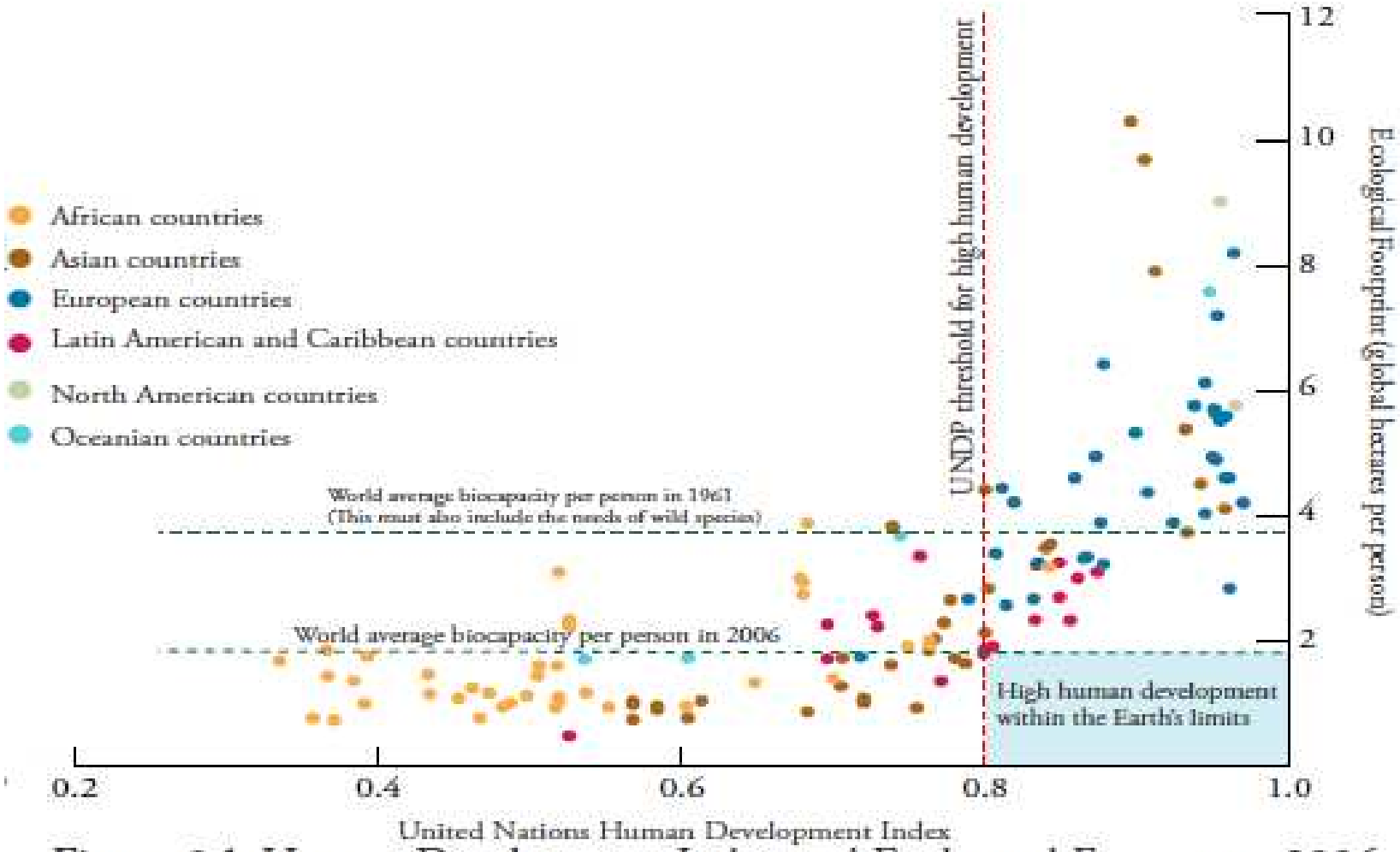


Figure 9d: Human Development Index and Ecological Footprint , 2006

One example of the CIA triangle: Technologies and Business Models

Mapping of Country Capability Rating to Top 16 Technology Applications

Needed Capability	***Technology Applications***
Low lagging (South Africa…)	Cheap solar energy Rural wireless communications GM crops Filters and catalysts Cheap autonomous housing
Medium developing (China, India…)	Rapid bioassays Green manufacturing Ubiquitous RFID tagging Hybrid vehicles
High proficient (Europe, ….)	Targeted drug delivery Improved diagnostic and surgical methods Quantum cryptography
Very High advanced (US, Japan, top Europe…)	Ubiquitous information access Tissue engineering Pervasive sensors Wearable computers

Source: Rand Corporation2006, Richard Silberglitt ... et al., The Global technology revolution