

Even to an American used to life in a raucous, diverse society, India's scale, intensity, and contrasts can be overwhelming. A continent-sized country with 23 official languages,<sup>1</sup> India is the world's largest democracy<sup>2</sup> and fastest-growing major economy,<sup>3</sup> as well as its biggest producer of milk,<sup>4</sup> cotton,<sup>5</sup> engineering graduates,<sup>6</sup> and feature films.<sup>7</sup>

Arriving in Mumbai for the first time in 2012, I disembarked onto an alien world of chaotic streets, vividly ornamented temples, and feverish development. I came face-to-face with a torrent of pedestrians, rickshaws, motorbikes, cars, buses, and overloaded trucks lurching down every street, blaring in a competitive cacophony of hair-raising horns, ignoring lane markings but parting, river-like, around the occasional loitering cow – and that was just on the drive from the airport.



*A typical Indian traffic jam.<sup>8</sup>*

Over the course of seven trips to India since 2012, I've cumulatively spent several months on the subcontinent, during which I've ventured beyond the biggest metropolises to lesser-known cities such as Coimbatore, Kochi,

Thrissur, and Vadodara; been invited to multiple strangers' weddings; anxiously traversed a highway dubbed "a death trap" by local newspapers;<sup>9</sup> dined at the Delhi sporting club once patronized by the British viceroy;<sup>10</sup> repeatedly reassured my inner hypochondriac that I had not, in fact, contracted malaria; politely sampled multiple (increasingly spicy) flavors of "chutney cheese"; gotten trapped in a car by crowds congregating for an impromptu street festival; and flown on Kingfisher, a now-defunct airline (named after India's best-selling beer) founded by a fugitive liquor baron.<sup>11</sup>

As a foreign investment analyst, I've spent most of my visits to India shuttling among various enclaves of Western-style development spawned by the country's vigorous economic growth. In Mumbai's Bandra Kurla district, you can join the investment bankers waiting in line to order a ₹1,500 (\$23) pizza at a California Pizza Kitchen. Gurgaon, a suburb of Delhi, features enough palm-lined streets, corporate office parks, and gated "golf communities" that you might mistake it for Fort Lauderdale, if it weren't for the occasional leopard sighting.<sup>12</sup>

Yet India is not for the faint of heart. It's the kind of place where the view from your five-star hotel room is often of a grim shantytown. India's harsher aspects hit you before your plane lands in Mumbai – immediately after passing over one of the world's largest slums.<sup>13</sup> The thick smog and paralyzing traffic pervasive in major cities have, if anything, only gotten worse over time. In 2015, I attended an investor forum at a hotel where half the conference rooms faced families of squatters cooking meals over open fires on the concrete floors of the half-constructed commercial tower next door.

Nevertheless, India is also a place of great hope, one that inspires confidence in mankind's capacity for progress. A few months ago in Mumbai, I noticed the sudden appearance of bright blue barricades all over the city. A local friend explained that the recently-elected state government, exasperated by the slow progress of the private consortium tasked with expanding the city's one-line subway system, had taken over the project and begun construction on six new rail lines simultaneously.<sup>14</sup>

On a 2012 trip to Bangalore, it dawned on me that my driver Prem was sleeping in his car at night. In the daylight, however, he spoke proudly of his daughter, who had obtained a degree and a coveted job at an IT outsourcing company. During a 2014 visit to a garment factory, I walked in on a group of young female loom operators on their lunch break, earning an independent living in a country just beginning to grapple with its deeply patriarchal traditions.



*An elevated railway under construction in Kolkata.<sup>15</sup>*

**This is the first in a series of dispatches examining pivotal moments in India's recent economic and political history, key variables that will determine its path forward, and noteworthy features of its capital markets.**

Future posts will explore subjects including:

- India's uniquely favorable demographics;
- the 1991 crisis that forced the Indian government to significantly liberalize the economy;
- the progress of various major reform efforts on the agenda of Narendra Modi, India's pro-growth prime minister;
- "Aadhaar", the country's national biometric ID program;
- the impact on India of dramatically lower oil prices;
- why many of the world's best-known multinational companies have publicly-traded Indian subsidiaries;
- Indian exporters' global competitiveness;
- the income gap between India's richer and poorer states;

- a comparison of India's economic performance to that of China;
- the prevalence of controlling family shareholders atop Indian publicly-traded companies; and
- the relatively low share of Indians' own savings currently allocated to stocks.

As I delve into these broad topics, I will attempt to put India's progress and pitfalls into context with stories of individuals, families, and businesses I've encountered during my travels – the real-life evidence of urbanization, industrialization, and other powerful megatrends behind the epic saga of India's economic development. **I invite you to subscribe and read along as I explore this majestic country.**

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