
INDIA: OBSERVATIONS FROM THE GROUND

Gaurav Sinha — Associate Director, Asset Allocation and Modern Alpha
03/25/2019

There are a lot of [macro](#) indicators we can use to track a country, but nothing compares to on-the-ground observations.

Recently, I completed a weeklong trip to India. Here are a few of my observations from the trip.

Welcome, Travelers!

Delhi's International Arrival Terminal T3 looks like any modern airport. Walking to the baggage claim area, travelers navigate through moving sidewalks, fancy lounges, and plenty of battery-operated vehicles. For a moment, it appeared I arrived somewhere in the West, only to be reassured that I was in India by the giant, gracious silver statues of mudras¹ posing at the immigration counter.

Baggage Claim and Ground Transportation

Delhi has a state-of-the-art subway system that ensured a smooth ride to my hotel, helping me also save few bucks by avoiding an expensive cab ride.

Trains are electronically tracked at every station. They have superb connectivity to Delhi and its neighboring cities/suburbs. As in New York (or in any big city in the U.S.), the subway system connects the airport to the railway station smoothly. You can even check luggage right at the railway station for a flight from the airport.

Gurgaon—a satellite town of Delhi with a big presence by more than 250 Fortune 500 companies—even has an interoffice subway that connects to the Delhi subway. It runs from building to building. Shorter commute times may enhance productivity.

Domestic Connections and Tier 2 Cities

Even the airports at smaller cities (Prayagraj, Varanasi, etc.) are now much better run than before. Just a few years ago, these airports were tiny, and what used to be a two-room building is now a major complex. As you move into these cities, you may find multilane roads with stretches of up to six lanes occasionally cutting right through the city. Serpentine overpasses are everywhere, with subway lines running in the background. A few years back, I didn't see even half of these overpasses. The speed at which the country built them is amazing.

Everywhere you go in the Delhi region, you'll not just find small bazaars but also enormous shopping malls filled with showrooms of luxurious Italian and French brands. Gurugram alone has 26 large malls, one of which houses a full kilometer of shopping length on each floor. While global brands have always been in India's bigger cities, now the smaller towns are having their turn, whether the brands are fashion names like Prada and Gucci or food chains like Subway and Pizza Hut and their online food delivery apps. I was never away from the brand names I see in New York City.

Economy

Beyond these on-the-ground observations, let's also highlight changes that have taken place in India's economy over the last few years.

When Prime Minister Narendra Modi got a clean and decisive mandate in 2014, there was a structural shift in the way India voted. Unlike as in previous governments, this was the first time in three decades that a single political party got a clean mandate in India's typically fractured, fragmented and coalition-based political system. So, expectations were sky high, and the Modi government did not disappoint. What India has achieved in last few years is truly staggering.

Though there were thousands of reforms implemented in last five years, I will highlight the most fundamental changes.

Financial Changes:

- Simplifying and unifying India's complicated taxes under the Goods & Services Tax (GST). This subsumed over 17 tax line items on every purchase to just one national tax. It made the country a true unified economic zone.
- Implementing the bankruptcy code to expedite liquidation and recovery of nonperforming loans.
- Stimulating microlending, as employment in the unorganized sector accounts for nearly 86% of total employment, through a government backed microlending agency.
- Giving incentives to savers to deposit money in banks by providing free life insurance, bringing financial inclusivity to every individual in the country.

Socioeconomic Changes:

- Implementing biometric-based unique identification (including retina scans and fingerprints), called Aadhaar, for the country's 1.3 billion people.
- Connecting biometric identification to bank accounts and mobile phones, creating a trinity of banking, identification and connectivity. This makes India a data gold mine in incubation, and also cuts middlemen thereby stopping leakages in government welfare schemes.

Employment Generation:

- Setting up various economic zones and government-backed semiprivate setups to encourage manufacturing education.
- Giving large tax benefits to start-ups and smaller shops that employ fewer than 100 people.

Infrastructural Focus:

- Building an average 17 miles of roads every day in India over the last five years.
- Achieving 100% electrification to its last villages/hamlets over the last five years.

I can go on and on about reforms/structural changes, but that would require a book! I hope this has given you some idea of the scale at which growth is happening in that part of the world.

From its #142 rank on the World Bank's ease-of-doing-business list in 2013, India is now #77 out of the 190 countries tracked by the bank.

No country had ever jumped 30 spots, but when India did that in 2017 alone (from 130 in 2016 to 100 in 2017), many investors started taking this country more seriously.

¹Mudras poses are a symbolic hand gesture used in Hindu and Buddhist ceremonies and statuary, and in Indian dance.

For more investing insights, check out our [Economic & Market Outlook](#)

View the online version of this article [here](#).

IMPORTANT INFORMATION

U.S. investors only: Click [here](#) to obtain a WisdomTree ETF prospectus which contains investment objectives, risks, charges, expenses, and other information; read and consider carefully before investing.

There are risks involved with investing, including possible loss of principal. Foreign investing involves currency, political and economic risk. Funds focusing on a single country, sector and/or funds that emphasize investments in smaller companies may experience greater price volatility. Investments in emerging markets, currency, fixed income and alternative investments include additional risks. Please see prospectus for discussion of risks.

Past performance is not indicative of future results. This material contains the opinions of the author, which are subject to change, and should not to be considered or interpreted as a recommendation to participate in any particular trading strategy, or deemed to be an offer or sale of any investment product and it should not be relied on as such. There is no guarantee that any strategies discussed will work under all market conditions. This material represents an assessment of the market environment at a specific time and is not intended to be a forecast of future events or a guarantee of future results. This material should not be relied upon as research or investment advice regarding any security in particular. The user of this information assumes the entire risk of any use made of the information provided herein. Neither WisdomTree nor its affiliates, nor Foreside Fund Services, LLC, or its affiliates provide tax or legal advice. Investors seeking tax or legal advice should consult their tax or legal advisor. Unless expressly stated otherwise the opinions, interpretations or findings expressed herein do not necessarily represent the views of WisdomTree or any of its affiliates.

The MSCI information may only be used for your internal use, may not be reproduced or re-disseminated in any form and may not be used as a basis for or component of any financial instruments or products or indexes. None of the MSCI information is intended to constitute investment advice or a recommendation to make (or refrain from making) any kind of investment decision and may not be relied on as such. Historical data and analysis should not be taken as an indication or guarantee of any future performance analysis, forecast or prediction. The MSCI information is provided on an "as is" basis and the user of this information assumes the entire risk of any use made of this information. MSCI, each of its affiliates and each entity involved in compiling, computing or creating any MSCI information (collectively, the "MSCI Parties") expressly disclaims all warranties. With respect to this information, in no event shall any MSCI Party have any liability for any direct, indirect, special, incidental, punitive, consequential (including loss profits) or any other damages (www.msci.com)

Jonathan Steinberg, Jeremy Schwartz, Rick Harper, Christopher Gannatti, Bradley Krom, Tripp Zimmerman, Michael Barrer, Anita Rausch, Kevin Flanagan, Brendan Loftus, Joseph Tenaglia, Jeff Weniger, Matt Wagner, Alejandro Saltiel, Ryan Krystopowicz, Kara Marciscano, Jianing Wu and Brian Manby are registered representatives of Foreside Fund Services, LLC.

WisdomTree Funds are distributed by Foreside Fund Services, LLC, in the U.S. only.

You cannot invest directly in an index.

DEFINITIONS

Macro : Focused on issues impacting the overall economic landscape as opposed to those only impacting individual companies.