KEY MESSAGES

• India can grow at 10 per cent over the next 10 years. A 10 per cent GDP growth is not only possible but also necessary.

• To grow at 10 per cent, India needs to not only maintain the momentum on export-driven services but also drive growth in:
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• China is the gold-standard on rapid manufacturing growth, and offers valuable lessons for India.

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  – Targeted strategies from Indian companies to drive exports
10 PER CENT GROWTH IS NECESSARY TO PREVENT HIGH UNEMPLOYMENT

<table>
<thead>
<tr>
<th>Status Quo</th>
<th>Complete reforms</th>
</tr>
</thead>
<tbody>
<tr>
<td>GDP growth rate</td>
<td>5.5</td>
</tr>
<tr>
<td>Jobs created outside agriculture by 2010</td>
<td>24</td>
</tr>
<tr>
<td>Unemployment rate in 2010*</td>
<td>16</td>
</tr>
</tbody>
</table>

* Current Daily Status, assuming that labour participation rate remains constant

Source: McKinsey analysis
WE RECOMMEND THAT INDIA FOLLOW A PRODUCTIVITY-LED GROWTH PATH

Per cent of US; 1995

Per capita GDP

Total labor and capital input per capita

Source: OECD; O’Mahony; McKinsey analysis

Exhibit 4
MODERN SECTORS WILL BE THE KEY DRIVERS OF PRODUCTIVITY GROWTH

<table>
<thead>
<tr>
<th>Sector</th>
<th>Current productivity</th>
<th>Estimated productivity in 2010 for sector (complete reforms)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture</td>
<td>1</td>
<td>1.9</td>
</tr>
<tr>
<td>Modern</td>
<td>6.9</td>
<td>7.0</td>
</tr>
<tr>
<td>Retail</td>
<td>9</td>
<td>32</td>
</tr>
<tr>
<td>Apparel</td>
<td>25</td>
<td>45</td>
</tr>
<tr>
<td>Dairy processing</td>
<td>16</td>
<td>46</td>
</tr>
<tr>
<td>Wheat milling</td>
<td>7</td>
<td>17</td>
</tr>
<tr>
<td>Automotive</td>
<td>24</td>
<td>24</td>
</tr>
<tr>
<td>Retail banking</td>
<td>12</td>
<td>28</td>
</tr>
<tr>
<td>Housing construction</td>
<td>15</td>
<td>12</td>
</tr>
<tr>
<td>Power (T&amp;D)</td>
<td>1</td>
<td>12</td>
</tr>
<tr>
<td>Power (generation)</td>
<td>10</td>
<td>55</td>
</tr>
<tr>
<td>Steel</td>
<td>11</td>
<td>55</td>
</tr>
<tr>
<td>Telecom</td>
<td>25</td>
<td>90</td>
</tr>
<tr>
<td>Software</td>
<td>44</td>
<td>100</td>
</tr>
<tr>
<td>Average*</td>
<td>15</td>
<td>43</td>
</tr>
</tbody>
</table>

* Grossed up to the overall economy
Source: Interviews; McKinsey Analysis

Exhibit 5
KEY MESSAGES

• India can grow at 10 per cent over the next 10 years. A 10 per cent GDP growth is not only possible but also necessary

  • To grow at 10 per cent, India needs to not only maintain the momentum on export-driven services but also drive growth in
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  – A seven-point reform agenda from the government
  – Lower price points from Indian companies to stimulate domestic demand
  – Targeted strategies from Indian companies to drive exports
MOMENTUM ON EXPORT-DRIVEN SERVICES LIKE SOFTWARE AND BPO MUST BE MAINTAINED

By 2008, the software and BPO sector will contribute
- 10% to India’s GDP
- 30% to forex inflows
- Over 2 million new jobs

Indian software and IT enabled services industry revenues
$ billion

- 1998: 3.1
- 2001-02E: 10.6
- 2008E: 77

Historical growth 46%
NASSCOM/ McKinsey estimates 38%

Source: NASSCOM-McKinsey report 1999; McKinsey analysis

Exhibit 7
HOWEVER, CRITICAL DOMESTIC SERVICE SECTORS LIKE HEALTHCARE NEED DRAMATIC IMPROVEMENT

<table>
<thead>
<tr>
<th></th>
<th>Beds Per '000 population, 2001*</th>
<th>Physicians Per '000 population, 2001*</th>
<th>Nurses Per '000 population, 2001*</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>India</strong></td>
<td>1.5</td>
<td>0.5**</td>
<td>0.9</td>
</tr>
<tr>
<td>Other low income countries (e.g., sub-Saharan Africa)</td>
<td>1.5</td>
<td>1.2***</td>
<td>1.6</td>
</tr>
<tr>
<td>Middle income countries (e.g., China, Brazil Thailand, South Africa, Korea)</td>
<td>4.3</td>
<td>1.8</td>
<td>1.9</td>
</tr>
<tr>
<td>High income countries (e.g., US, Western Europe, Japan)</td>
<td>7.4</td>
<td>1.8</td>
<td>7.5</td>
</tr>
<tr>
<td>World average</td>
<td><strong>3.3</strong></td>
<td><strong>1.5</strong></td>
<td><strong>3.3</strong></td>
</tr>
</tbody>
</table>

* Latest data available used (1997-2001)
** Registered allopathic physicians only
*** Including registered Indian Systems of Medicine (ISM) physicians but excluding unregistered practitioners

Source: Asian Health Services; Indian Nursing Council; World Development report, 200; World Bank report, 2001; McKinsey analysis
Exhibit 9

Improvement in health can impact long-term economic growth of the nation through multiple channels

**Healthcare outcomes**

- **Lower prevalence of diseases**
  - Improvement in health can impact long-term economic growth of the nation through multiple channels

- **Decrease in infant mortality rate**
  - Economic growth of the nation
  - Consumption
  - Human capital
  - Investment

- **Increase in life expectancy**
  - Consumption
  - Human capital
  - Investment

**Impact on macroeconomic drivers of growth**

- Increase in individual income due to reduced absence from work
- Increase in productivity due to better health
- Increase in education levels due to greater cognitive potential and reduced absenteeism
- Greater availability of public resources for investment in infrastructure
- Reduced fertility rate
  - Families with less children are able to invest more in education (inversion of “quality-quantity trade off”)
  - Greater share of population at working age
- Increase in individual income due to greater number of working years
- Increase in share of population with high savings rate

* * Parents do not need any more to have many children just to assure themselves that at least one of them will survive till the parents’ old age

Source: Macroeconomics and Health, WHO 2001; McKinsey analysis
THERE ARE 5 MAJOR AREAS THAT NEED URGENT ACTION FROM THE GOVERNMENT AND INDUSTRY

By 2012, the healthcare delivery sector will

1. Grow to about Rs 200,000 crore from about Rs 86,000 crore today
2. Require about Rs 100,000 crore of private investments over and above the Rs 40,000 crore expected from the Government and multilateral aid agencies
3. Create about 5 million new direct and indirect jobs
4. Spur private investment in under-served areas
5. Reform the Government’s own role as payor and provider
6. Define and enforce minimum quality standards for healthcare facilities
7. Vibrant and high-quality healthcare sector in India
8. Stimulate the growth of private, social and community insurance
9. Facilitate adequate supply of quality healthcare manpower

Exhibit 10
INDIA’S CURRENT MANUFACTURING SECTOR SMALLER THAN OTHER HIGH-GROWTH ECONOMIES

<table>
<thead>
<tr>
<th>Country</th>
<th>Era</th>
<th>Manufacturing sector size</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Per cent of GDP</td>
</tr>
<tr>
<td>Japan</td>
<td>70s</td>
<td>35</td>
</tr>
<tr>
<td>S. Korea</td>
<td>70s</td>
<td>26</td>
</tr>
<tr>
<td>Singapore</td>
<td>70s</td>
<td>24</td>
</tr>
<tr>
<td>Indonesia</td>
<td>90s</td>
<td>24</td>
</tr>
<tr>
<td>Thailand</td>
<td>80s</td>
<td>22</td>
</tr>
<tr>
<td>India</td>
<td>2000</td>
<td>16</td>
</tr>
<tr>
<td>Malaysia</td>
<td>90s</td>
<td>31</td>
</tr>
<tr>
<td>China</td>
<td>2000</td>
<td>35</td>
</tr>
</tbody>
</table>

Source: World Development Indicators

Exhibit 11
IN ADDITION TO SERVICES, MANUFACTURING IS AN ESSENTIAL GROWTH DRIVER FOR THE ECONOMY

Source: World Development Indicators; McKinsey analysis
KEY MESSAGES

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THERE ARE SEVERAL MYTHS ABOUT CHINA’S MANUFACTURING SUCCESS

Myth 1: China’s growth was driven by investments, not productivity

Higher growth in China was also driven by rapid growth in productivity
HIGHER GROWTH IN CHINA WAS DRIVEN BY HIGHER LABOUR PRODUCTIVITY GROWTH

Per cent, CAGR, 1990-2000

GDP/capita growth
- India: 3.6
- China: 9

Employment per capita growth
- India: 0.4
- China: 0.05

Productivity growth
- India: 3.2
- China: 8.9

Industry/manufacturing
- India: 2.2
- China: 5.5 x

Others
- India: 3.6
- China: 7.4 x

Source: World Development Indicators, McKinsey analysis
THERE ARE SEVERAL MYTHS ABOUT CHINA’S MANUFACTURING SUCCESS

<table>
<thead>
<tr>
<th>Myth</th>
<th>China’s growth was driven by investments, not productivity</th>
<th>Higher growth in China was also driven by rapid growth in productivity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Myth 1</td>
<td>China’s manufacturing success is driven only by exports</td>
<td>The domestic sector accounts for most of the difference in manufacturing GDP per capita</td>
</tr>
</tbody>
</table>
TWO-THIRDS OF THE DIFFERENCE IN MANUFACTURING GDP PER CAPITA IS DUE TO THE DOMESTIC SECTOR

Manufacturing GDP per capita

<table>
<thead>
<tr>
<th>Product</th>
<th>Ratio of Chinese to Indian domestic consumption</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beer</td>
<td>41.0</td>
</tr>
<tr>
<td>Cigarettes</td>
<td>21.3</td>
</tr>
<tr>
<td>Air-conditioners</td>
<td>20.0</td>
</tr>
<tr>
<td>Aluminium</td>
<td>6.4</td>
</tr>
<tr>
<td>CTVs</td>
<td>6.0</td>
</tr>
<tr>
<td>Cement</td>
<td>5.8</td>
</tr>
<tr>
<td>Steel</td>
<td>5.0</td>
</tr>
<tr>
<td>PVC</td>
<td>3.4</td>
</tr>
</tbody>
</table>

* Exports GDP calculated assuming that half of total exports are from re-exports of imported products, where value-added is 20%

Source: World Development Indicators

Exhibit 17
CHINESE RETAIL PRICES ARE MUCH LOWER THAN THOSE OF COMPARABLE PRODUCTS IN INDIA

Rupees ‘000 per unit

<table>
<thead>
<tr>
<th>Product</th>
<th>India</th>
<th>China</th>
<th>Difference</th>
<th>% Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>MNC 21” Colour TV</td>
<td>13.2</td>
<td>8.8</td>
<td>4.4</td>
<td>33%</td>
</tr>
<tr>
<td>3 blade, 48” Ceiling Fans</td>
<td>1.0</td>
<td>0.7</td>
<td>0.3</td>
<td>30%</td>
</tr>
<tr>
<td>100 cc, 4-stroke Motorcycles</td>
<td>33.7</td>
<td>28.9</td>
<td>4.8</td>
<td>14%</td>
</tr>
<tr>
<td>MNC Desktop Computer</td>
<td>40.0</td>
<td>29.6</td>
<td>10.4</td>
<td>26%</td>
</tr>
<tr>
<td>MNC Washing Machine</td>
<td>18.0</td>
<td>13.9</td>
<td>4.1</td>
<td>23%</td>
</tr>
<tr>
<td>MNC DVD players</td>
<td>17.0</td>
<td>8</td>
<td>9</td>
<td>53%</td>
</tr>
</tbody>
</table>

Note: 8.28 RMB = 1 USD, Rs. 49 = 1 USD
Source: Retail surveys, 2002
# THERE ARE SEVERAL MYTHS ABOUT CHINA’S MANUFACTURING SUCCESS

<table>
<thead>
<tr>
<th>Myth</th>
<th>China’s growth was driven by investments, not productivity</th>
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</tr>
</thead>
<tbody>
<tr>
<td>Myth 2</td>
<td>China’s manufacturing success is driven only by exports</td>
<td>The domestic sector accounts for most of the difference in manufacturing GDP per capita</td>
</tr>
<tr>
<td>Myth 3</td>
<td>China’s domestic prices are driven by marginal pricing and by subsidies</td>
<td>Lower prices are driven by strong fundamentals</td>
</tr>
</tbody>
</table>
THE DRIVERS OF CHINA’S LOW PRICES ARE TAXES, DUTIES, PRODUCTIVITY AND INTEREST RATES

Price structure comparison across products

Indian prices indexed to 100

- India: 100
- Indirect taxes: 14-16
- Import duties*: 4-7
- Labour productivity: 3-4
- Interest costs: 2-5
- Others**: 2-5
- China: 67-72

* Import duties drive lower margins and lower material costs
** Includes capital productivity and lower specifications for products in China

Source: Interviews; plants and store visits; data analysis; McKinsey synthesis

Exhibit 20
## THERE ARE SEVERAL MYTHS ABOUT CHINA’S MANUFACTURING SUCCESS

<table>
<thead>
<tr>
<th>Myth 1</th>
<th>China’s growth was driven by investments, not productivity</th>
<th>Higher growth in China was also driven by rapid growth in productivity</th>
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</thead>
<tbody>
<tr>
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<td>China’s manufacturing success is driven only by exports</td>
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</tr>
<tr>
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</tr>
<tr>
<td>Myth 4</td>
<td>China’s exports are driven by marginal pricing</td>
<td>Apart from price competitiveness, China’s exports are driven by FDI</td>
</tr>
</tbody>
</table>

Exhibit 21
## THERE ARE SEVERAL MYTHS ABOUT CHINA’S MANUFACTURING SUCCESS

<table>
<thead>
<tr>
<th>Myth</th>
<th>Myth Statement</th>
<th>Alternative Statement</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>China’s growth was driven by investments, not productivity</td>
<td>Higher growth in China was also driven by rapid growth in productivity</td>
</tr>
<tr>
<td>2</td>
<td>China’s manufacturing success is driven only by exports</td>
<td>The domestic sector accounts for most of the difference in manufacturing GDP per capita</td>
</tr>
<tr>
<td>3</td>
<td>China’s domestic prices are driven by marginal pricing and by subsidies</td>
<td>Lower prices are driven by strong fundamentals</td>
</tr>
<tr>
<td>4</td>
<td>China’s exports are driven by marginal pricing</td>
<td>Apart from price competitiveness, China’s exports are driven by FDI</td>
</tr>
<tr>
<td>5</td>
<td>Chinese products are always of poor quality</td>
<td>There are several Chinese manufacturers who make products of world-class standards</td>
</tr>
</tbody>
</table>
CHINA HAS UNDERTAKEN A SERIES OF ECONOMIC REFORMS OVER THE LAST TWO DECADES

1979
1. Creation of SEZs to attract foreign investment

1984
2. Labour reforms

1992
3. Lowered interest rates

1994
4. Reduced import duties
5. Reduced indirect taxes

Exhibition to pull people out of agriculture
TAXES AND DUTIES WERE REDUCED AND SIMPLIFIED

- Number of rates dramatically reduced
- WTO driving further reductions
- Uniform VAT across products/states
- Earlier system had over 250 different tax rates

Average import duties
Per cent, trade-weighted

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1992</td>
<td>45</td>
<td>13</td>
<td>9</td>
<td>24</td>
</tr>
<tr>
<td>2000</td>
<td>13</td>
<td>9</td>
<td>24</td>
<td>24</td>
</tr>
</tbody>
</table>

Average VAT/domestic taxes
Per cent of retail price

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1990</td>
<td>32</td>
<td>14</td>
<td>25-30</td>
<td>24</td>
</tr>
<tr>
<td>2000</td>
<td>24</td>
<td>14</td>
<td>32</td>
<td>24</td>
</tr>
</tbody>
</table>

Source: ADB-China Country Economic Review; EIU; CMIE; World Bank discussion papers on China

Exhibit 24
KEY MESSAGES

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  – A seven-point reform agenda from the government
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  – Targeted strategies from Indian companies to drive exports.
SEVEN KEY GOVERNMENT INITIATIVES REQUIRED

1. Replace all indirect taxes with a VAT, and reduce the rate to 15% of retail price
2. Reduce import duties to 10% by 2006
3. Reform labour laws
4. Kick-start SEZ growth
   - Allow sales to DTA by paying domestic duties
   - Ease labour laws
5. Power Reforms
   - Privatise distribution
   - Allow direct sales to consumers of over 0.1 MW
6. Eliminate SSI reservations and fiscal concessions to small scale players
7. Enable lower interest rates through fiscal reforms and by modifying the bankruptcy act
INDIAN COMPANIES SHOULD STIMULATE DOMESTIC DEMAND THROUGH LOWER PRICES

Volumes of room ACs

‘000 units

CAGR
’93-'97 = 9.2%

CAGR
’98-'01= 16.5%

Excise duty cut from 40% to 30%

Source: World Development Indicators, ACMA; ICRA; Francis Kanoi

Exhibit 27
INDIAN COMPANIES CAN USE SEVERAL IMPROVEMENT LEVERS – AUTOMOTIVE EXAMPLE

Equivalent cars per equivalent employee, Indexed to US average in 1998 = 100

Source: MGI, India: The Growth Imperative
INDIA HAS A LARGE EXPORT OPPORTUNITY

<table>
<thead>
<tr>
<th>Sector</th>
<th>Breakup of World Trade, 2000</th>
<th>Indian and Chinese shares</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Per cent of total</td>
<td>Per cent of world trade</td>
</tr>
<tr>
<td>Labour-intensive</td>
<td>12</td>
<td>3.0</td>
</tr>
<tr>
<td>Skill-intensive</td>
<td>54</td>
<td>18</td>
</tr>
<tr>
<td>Raw-material based</td>
<td>9</td>
<td>2.0</td>
</tr>
<tr>
<td>Capital-intensive</td>
<td>20</td>
<td>3.2</td>
</tr>
<tr>
<td>Agricultural input-based</td>
<td>5</td>
<td>1.2</td>
</tr>
</tbody>
</table>

Source: CMIE (India Trades); industry reports; McKinsey analysis
INDIAN MANUFACTURERS CAN BE VERY COMPETITIVE ON EXPORTS IN SEVERAL SECTORS

Example sectors:
- Readymade garments
- Footwear
- Toys & Sports goods

Summary of assessment:
- Play catch-up with China

% Indian Output
- 6

Labour intensive sectors:
- Indian Output
INDIAN MANUFACTURERS CAN BE VERY COMPETITIVE ON EXPORTS IN SEVERAL SECTORS

**Example sectors**

- **Labour intensive**
  - Readymade garments
  - Footwear
  - Toys & Sports goods

- **Skill intensive**
  - Passenger cars/MUVs & CVs
  - Drugs and pharmaceuticals
  - Play catch-up with China
  - Build IT-like dominance

**Summary of assessment**

- 6% Indian Output
- 40% Indian Output
INDIA HAS A LARGE OPPORTUNITY IN SKILL-INTENSIVE SECTORS – AUTO COMPONENTS EXAMPLE

Availability of qualified engineers
IMD survey scores, 2000; 1=low, 10 = high

<table>
<thead>
<tr>
<th>Country</th>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>India</td>
<td>8.5</td>
</tr>
<tr>
<td>USA</td>
<td>7.4</td>
</tr>
<tr>
<td>Germany</td>
<td>6.6</td>
</tr>
<tr>
<td>China</td>
<td>4.2</td>
</tr>
</tbody>
</table>

Three key actions for Indian companies

• Strengthen OEM relationships
• Offer technical support/product development services
• Focus on China as a market through JVs

Growth in auto components outsourcing
Indexed to trade in ’00=100

<table>
<thead>
<tr>
<th>Year</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>100</td>
</tr>
<tr>
<td>2005P</td>
<td>170</td>
</tr>
<tr>
<td>2010P</td>
<td>258</td>
</tr>
</tbody>
</table>

CAGR 10%

Source: IMD World Competitiveness Yearbook, 2001; Auto Business UK; Automotive News

Exhibit 32
Indian manufacturers can be very competitive on exports in several sectors.

### Example sectors

<table>
<thead>
<tr>
<th>% Indian Output</th>
<th>Labour intensive</th>
<th>Skill intensive</th>
<th>Raw material based</th>
</tr>
</thead>
<tbody>
<tr>
<td>6</td>
<td></td>
<td>40</td>
<td>24</td>
</tr>
</tbody>
</table>

#### Summary of assessment

<table>
<thead>
<tr>
<th>Example sectors</th>
<th>Labour intensive</th>
<th>Skill intensive</th>
<th>Raw material based</th>
</tr>
</thead>
</table>
| Labour intensive | • Readymade garments  
                  | • Footwear  
                  | • Toys & Sports goods  
                  | • Play catch-up with China  
                  | • Passenger cars/MUVs & CVs  
                  | • Drugs and pharmaceuticals  
                  | • Build IT-like dominance  
                  | • Aluminium & products  
                  | • Steel & products  
                  | • Grow exports in sectors where India has abundant raw materials |

Exhibit 33
**INDIAN MANUFACTURERS CAN BE VERY COMPETITIVE ON EXPORTS IN SEVERAL SECTORS**

<table>
<thead>
<tr>
<th>Example sectors</th>
<th>% Indian Output</th>
<th>Summary of assessment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Labour intensive</td>
<td>6</td>
<td>Play catch-up with China</td>
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<tr>
<td>Skill intensive</td>
<td>40</td>
<td>Passenger cars/MUVs &amp; CVs, Drugs and pharmaceuticals, Build IT-like dominance</td>
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<tr>
<td>Raw material based</td>
<td>24</td>
<td>Aluminium &amp; products, Steel &amp; products, Grow exports in sectors where India has abundant raw materials</td>
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<tr>
<td>Capital intensive</td>
<td>23</td>
<td>Petroleum products, Organic chemicals, Evaluate sourcing from China</td>
</tr>
</tbody>
</table>

- Indian manufacturers can be very competitive on exports in several sectors.
- They can play catch-up with China in labour-intensive sectors like readymade garments, footwear, and toys & sports goods.
- In skill-intensive sectors such as passenger cars/MUVs & CVs, drugs and pharmaceuticals, and IT-like dominance, they can build IT-like dominance.
- In raw material-based sectors like aluminium & products, steel & products, they can grow exports in sectors where India has abundant raw materials.
- In capital-intensive sectors such as petroleum products, organic chemicals, and evaluate sourcing from China, they can focus on specific areas.
**INDIAN MANUFACTURERS CAN BE VERY COMPETITIVE ON EXPORTS IN SEVERAL SECTORS**

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**Summary of assessment**

- **Labour intensive**
  - Readymade garments
  - Footwear
  - Toys & Sports goods
  - Play catch-up with China

- **Skill intensive**
  - Passenger cars/MUVs & CVs
  - Drugs and pharmaceuticals
  - Build IT-like dominance

- **Raw material based**
  - Aluminium & products
  - Steel & products
  - Grow exports in sectors where India has abundant raw materials

- **Capital intensive**
  - Petroleum products
  - Organic chemicals
  - Evaluate sourcing from China

- **Agriculture based**
  - Dairy products
  - Poultry & meat products
  - Grow exports significantly

*Exhibit 35*
KEY MESSAGES

• India can grow at 10 per cent over the next 10 years. A 10 per cent GDP growth is not only possible but also necessary

• To grow at 10 per cent, India needs to not only maintain the momentum on export-driven services but also drive growth in
  – Domestic services (particularly, healthcare)
  – Manufacturing

• China is the gold-standard on rapid manufacturing growth, and offers valuable lessons for India

• India must and can revive its manufacturing sector. This will require
  – A seven-point reform agenda from the government
  – Lower price points from Indian companies to stimulate domestic demand
  – Targeted strategies from Indian companies to drive exports
McKinsey & Company