



WHY INDIA IS NOT THE NEXT CHINA

Agenda:

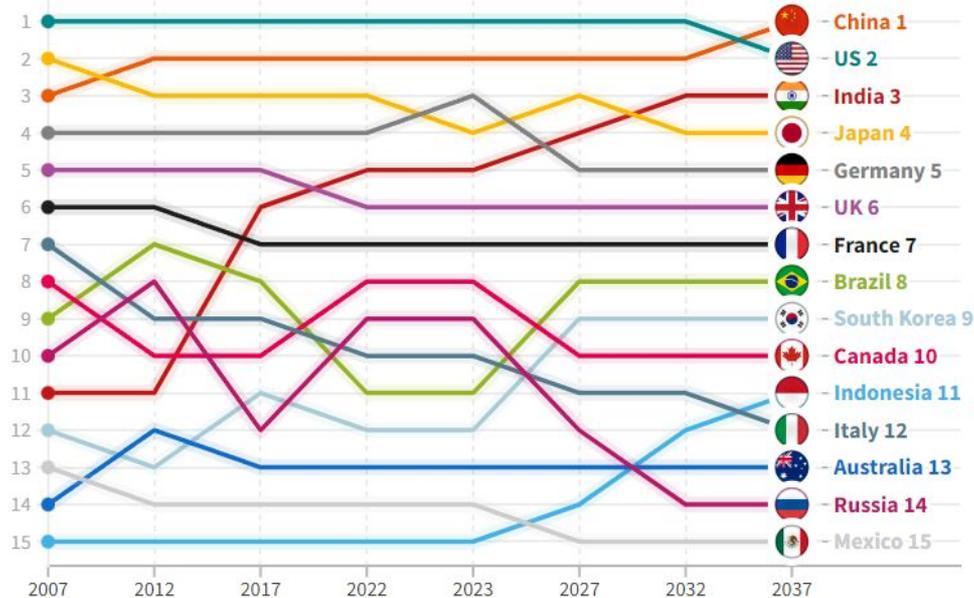
- The Bull Case
- Gershenkron growth models
- Demographics
- Immigration
- Student “exports”
- Resources
- Geopolitics

The Bull Case: Demographics

Race to the top

Countries ranked by economy size

Replay



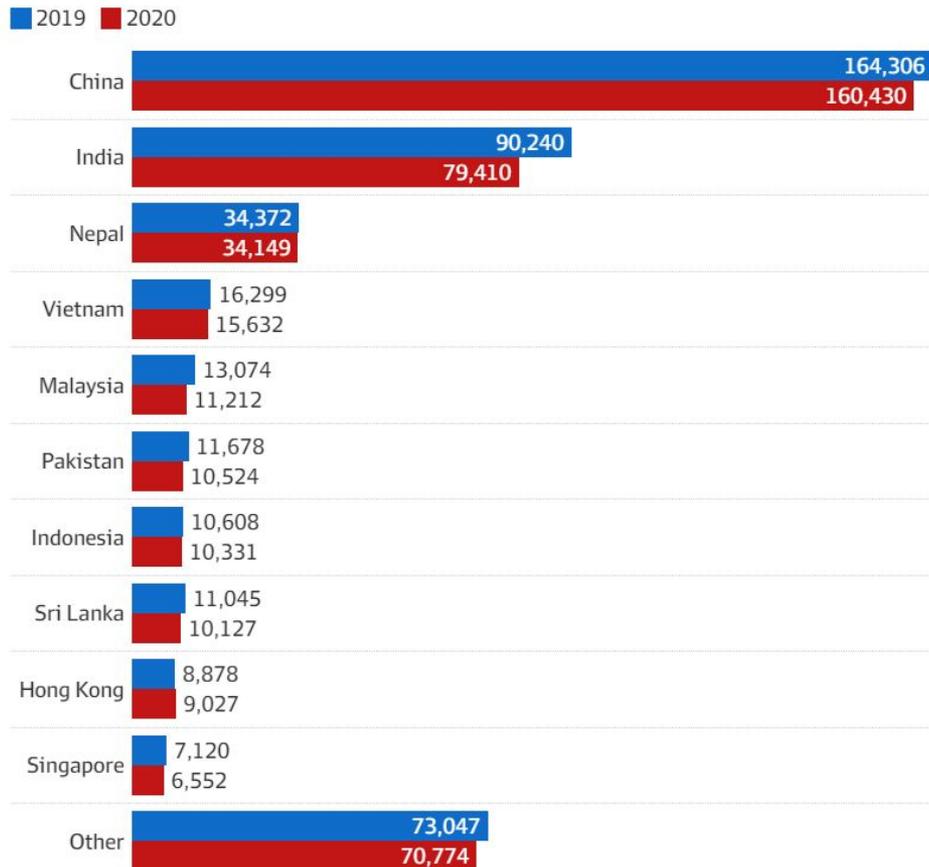
Source: CEDR

* The World Economic League table is calculated using GDP, inflation and exchange rate data

FINANCIAL REVIEW

The Bull Case: Education

Overseas student higher education enrolments, top 10 nationalities



The Bull Case: Skilled Migrants

Australia's top five migrant countries of birth

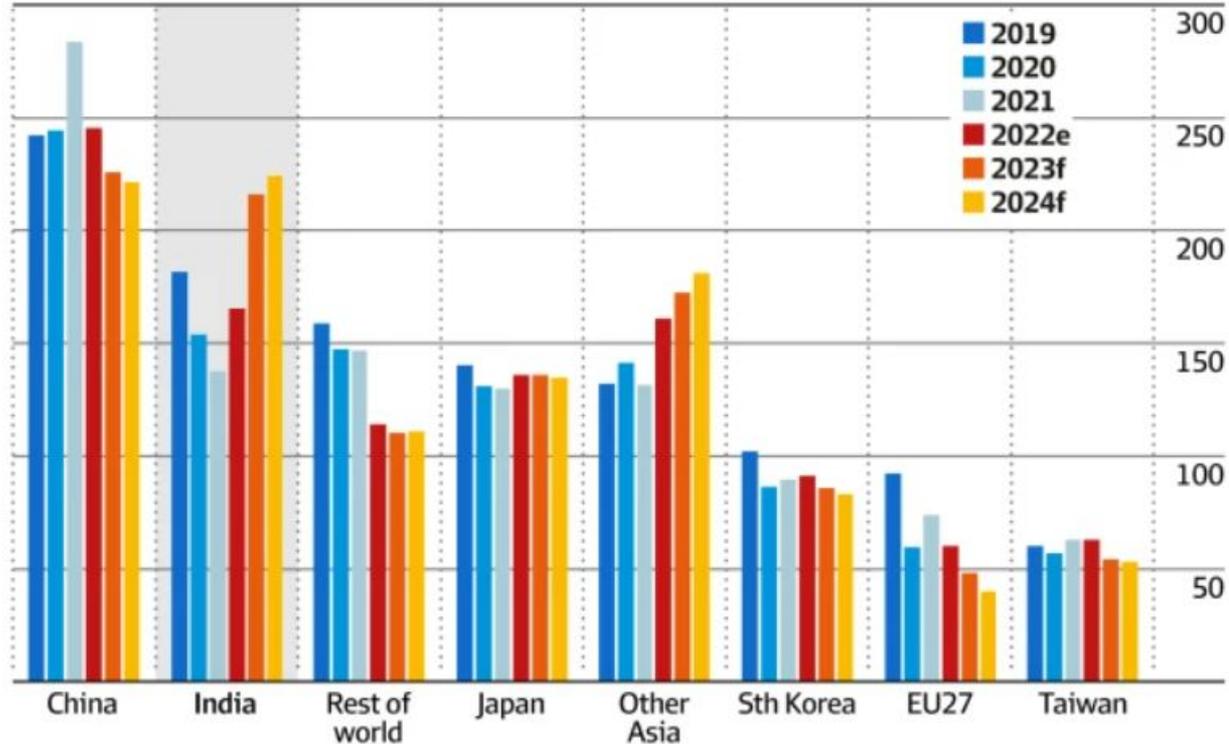


* Ex SARs and Taiwan
SOURCE: ABS, CENSUS 2021



The Bull Case: Resources

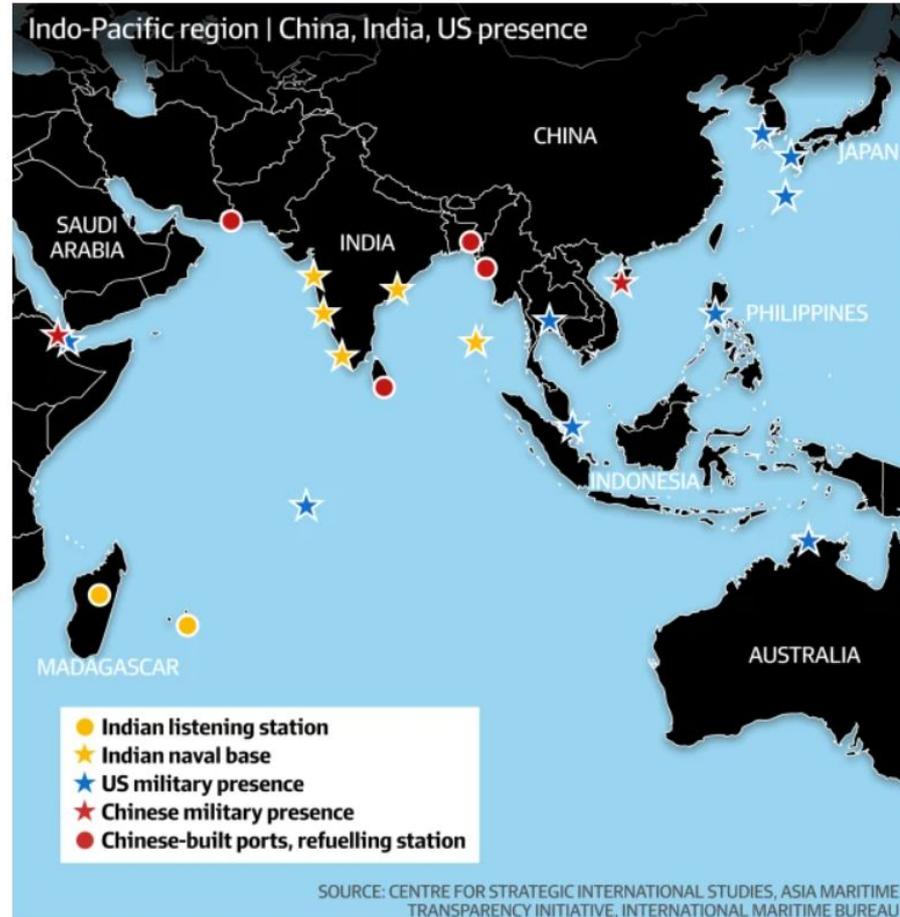
Thermal coal imports (million tonnes)



e: Estimate; f: Forecast

SOURCE: DEPARTMENT OF INDUSTRY, SCIENCE AND RESOURCES

The Bull Case: Geopolitics



Gershenkron growth models:

- Technology theft, trade protection, finance, capex/infrastructure
- Examples
 - US in the 1800s
 - Germany under Hitler
 - Soviet Union (early cold war)
 - Brazilian Miracle during 1970s
 - South Korea
 - Japan
 - China



Build Your Portfolio

Need help with this page? Video Tutorial

Account Selection

Investment Choice

Risk Profile

Build Your Portfolio

Ethical Overlay

Review

Applicants

Bank Details

Compliance

Final Review

* How much money are you looking to invest?

\$ 100,000

Multi Asset Portfolios

Tactical Growth

Tactical Income

Tactical Accumulation

Direct Portfolios

Core International

Core Australia

Passive Portfolios

Australian Leaders

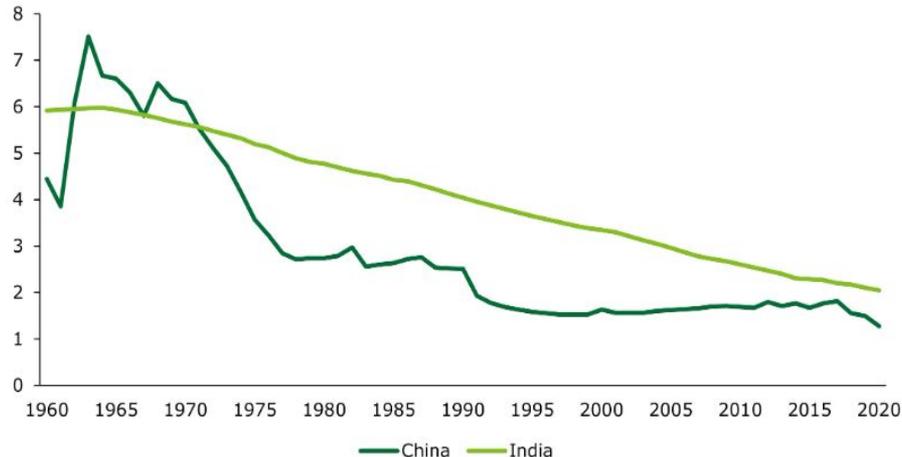
Global Leaders

Government Bond Ladder

Indian Demographics

- UN predicts India to become world's most populous economy this year (1.4 billion).
- India's fertility rate has been higher than China's since the 1970s.
- India's fertility rate is 2.0, just below the 'replacement rate' of 2.1 (China's fertility rate 1.1).
- India's population is relatively young compared to other developed economies. India has a median age of 28, compared to 37 in Australia and 38 in China and the United States.
- Goa (rich) 1.3, Bihar (poor) 3.0 fertility rate

Chart 1: Fertility rate of China and India (1960 – 2020)



Indian immigration to Australia

- Due to strong migration, the number of Australians who were born in India increased 56% between the 2016 and 2021 census.
- India is now the third largest country of birth for Australian residents, behind Australia and England.
- Also the fastest growing diaspora.
- India had the largest number of student visa applications to Australia in 2022 and is now the second largest visa source.

Top 10 Student Visa holders by Nationality as of March 2023

Citizenship Country	In Australia	Outside Australia	Total	% Outside Australia
China	111,227	24,660	135,887	18%
India	85,922	6,590	92,512	7%
Nepal	48,653	2,058	50,711	4%
Colombia	22,795	4,081	26,876	15%
Vietnam	21,429	1,772	23,201	8%
Thailand	18,684	2,592	21,276	12%
Philippines	19,505	1,742	21,247	8%
Brazil	14,951	2,031	16,982	12%
Pakistan	15,260	1,513	16,773	9%
Indonesia	15,199	1,388	16,587	8%
Other	145,227	16,929	162,156	10%
Total	518,852	65,356	584,208	11%

1. Choose how many stocks in your base portfolio

Choose how many stocks to include in your portfolio

Australian Leaders

 ▼

Global Leaders

 ▼

- 15
- 25
- 40

2. Choose what tilts to include in your portfolio

Investment Style Factors

Climate Change

Technology

Consumption

Commodities

War

GICS Sectors

Climate Change

Add these stocks to my portfolio	Type of Tilt
Battery Supply Chain 	Small Weight 
Clean Energy 	Select Weights 
Nuclear Power 	Select Weights 

3. Choose what themes or ethics to exclude from your portfolio

Climate Change

War

Human Rights

Health

Vices

Animal Rights

Religion

Asset Class

Thematic

Climate Change

- No Fossil Fuels (Worst Offenders) ?
- No Fossil Fuels (Any) ?
- No Coal Seam Gas or Fracking ?
- No Nuclear Power ?
- No Old Growth Forest Logging ?

Indian students provide less economic benefits

- There are only one-eighth as many families in India who can afford an Australian education for their children as there are Chinese families (Salvatore Babones 2021).
- Most Indian students come to Australia for work and immigration, not an education.

Students from some countries are more likely than others to participate in the workforce

Workforce participation rate of international student visa holders according to the 2016 census

Country of citizenship	Total primary student visa holders (as of 24 Jan 2022)	Pre-pandemic workforce participation rate (2016 census)
China (excl SARs)	128,768	20.6%
India	67,335	77.8%
Nepal	32,735	87.2%
Vietnam	18,278	54.0%
Indonesia	12,186	54.0%
Malaysia	12,012	41.1%
South Korea	10,636	55.3%
Pakistan	10,565	74.1%
Philippines	10,526	80.8%
Colombia	10,461	88.0%
All students	426,168	51.8%

Figure 2: Ranking of issues response to "What are currently the most important factors influencing student choice of study destination?" – Summary

Global ranking May 2022	South Asia	Sub-Saharan Africa	SEA: Indonesia, Philippines, Thailand, Vietnam	
Cost of study	Access to post-study work rights	Access to post-study work rights	Cost of study	Affordability factors
Quality of education	Cost of study	Cost of study	Opportunities to work while studying	Quality factors
Access to post-study work rights	Opportunities to work while studying	Opportunities to work while studying	Quality of education	Employability and migration
Opportunities to work while studying	Opportunities for permanent migration	Opportunities for permanent migration	Access to post-study work rights	Quality of life factors
Opportunities for permanent migration	Quality of education	Quality of education	Opportunities for permanent migration	
Greater China	SEA: Malaysia and Singapore	Europe	Latin America	
Safety and security	Cost of study	Cost of study	Opportunities to work while studying	
Quality of education	Access to post-study work rights	Quality of education	Cost of study	
Ranking of institution	Quality of education	Ranking of institution	Opportunities for permanent migration	
Cost of study	Ranking of institution	Opportunities to work while studying	Access to post-study work rights	
COVID-19 impact	Safety and security	Opportunities for permanent migration	Quality of education	
		Access to post-study work rights	Quality of life in destination	

Source: Navitas Agent Perception Survey – May 2022 (n=603)

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- Affordability factors
- Quality factors
- Employability and migration
- Quality of life factors

Source: Navitas Agent Perception Survey – May 2022 (n=603)

Indian skilled migrants low-paid

- Indian skilled migrants are low-paid.
- Median income of only \$59,900 in 2016-17, according to ABS.

Migrants, Sources of total income, By selected Country of birth–Skilled visas 2016-17
Employee income

Country of birth	Persons No.	Total income \$'000	Median income \$
India	208,068	14,353,620	59,903
United Kingdom, Channel Islands and Isle of Man	162,903	14,376,036	70,367
China (excludes SARs and Taiwan) (d)	118,244	6,139,524	45,154
South Africa	59,744	5,094,252	65,245
Philippines	63,504	4,108,948	59,800
Malaysia	33,285	2,475,211	64,688
Sri Lanka	29,182	1,968,911	58,745
Korea, Republic of (South)	23,265	1,107,852	40,305
Nepal	26,453	1,433,913	52,171
Ireland	24,858	2,330,842	82,865
Born Elsewhere	286,296	21,112,609	60,295
Total (e)	1,036,487	74,544,028	59,304

Other:

- Resources
- Geopolitics
- Services vs Manufacturing
- AI and outsourcing

Viewer question of the week:

Will the long awaited Indian boom deliver before 2030?

Drop your answers in the comments

Investment Outlook

- If things change, India could become the next China. So could Africa. Or South America. But wait for the change before investing on that basis.
- Banking crisis settling. Now for the credit crunch
- Recession indicators heading in same direction
- Earnings still too optimistic
- Caution

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