

Etsior Monthly Opinion 15 March 2010 - Back from India

I am back from a trip in Northern India, more particularly Rajasthan. Rajasthan is famous for its fortresses in the Thar desert (Jaisalmer, Jodhpur), its extraordinary Jain temples (Jaisalmer, Ranakpur, Mount Abu) and the old capitals (Chitorgarh, Amber, Fatepuhr-Sikri) without forgetting such nice cities as Udaipur and Jaipur, the pink city. All this, on top of the people and the colors, makes the travel worth it and very interesting.

During this entire trip, I referred to a book written by the famous French author Pierre Loti after he travelled to India in 1900 (*).

It is interesting to see how deeply this part of India has changed in one century. Concerning Udaipur, Pierre Loti describes the Maradjha palace in the middle of the Udaipur lake in ruins, invaded by weeds and wild vegetation. This is now the exclusive Lake Palace Hotel. More impressive, he describes how people were literally dying from hunger in the streets of Jaipur, after a few years of dryness. This city, the "pink city" is now a prosperous and vibrant city. Jaisalmer, in the western part of Rajasthan, only 100 km from the Pakistan's border, receives now plenty of water from the Indira Gandhi canal, which brings water all the way from Himalaya.

I do not pretend to assimilate Rajasthan to India. Rajasthan is a small part of India, in the desert and a poor, dry area if it were not for tourism. Just to put things in perspective India is still a developing country. Its 2009 GDP is estimated (**) to 1,243 B\$ (1,100 \$ per capita), compared to 4,758 B\$ (3,600 \$ p.c.) for China, 3,235 B\$ (39,300 \$ p.c.) for Germany and 1,482 B\$ (7,500\$ p.c.) for Brazil. Though we were surprised by some of

Etsior selects strategies and funds that can bring an edge in asset allocation and portfolio construction.

Etsior focuses on funds that:

- Have an original strategy or approach
- Bring a real diversification
- Offer a good performance coupled with an acceptable risk
- Emerge from a strong idea, a forceful manager's personality or both

Etsior connects Fund Managers (Single Hedge Funds, Funds of Funds managers, Private Equity as well as Long only Funds) with Institutional Investors.

Well introduced in the Geneva area, we are focused on an unparalleled level of service.

Through our website, Etsior offers an easy access to reliable, up to date and accurate information on the funds we introduce as well as on third party funds.

Our selection is always put in the macro-economical perspective to exploit the short to medium term market trends.

the infrastructure such as a reasonable network of 2x2 lanes highways, an excellent coverage by the cell phone networks and new airports, India has still a long way to go to catch up with the other countries of the BRIC group. India will have to invest massively in improving its highways network, which it currently does, its sewage systems and also its long, dense railroad network. Investments are visible from the metro extension in Delhi to the highway construction works etc...

We were in India during the budget discussion. The expected growth rate for 2010 is 7.5%, which is quite high. But it will take years before India experiences the level of growth that China has known these last years. The sectors that will benefit the most in 2010 from the budget fiscal options will be consumer durables, automobile and telecommunications (133M new cell phones lines in 2009!).

It was highly interesting to see how the Indian society is evolving. There is a growing middle class (about 300 M people...) with a reasonable buying power. These people tend to buy in new shopping malls popping up everywhere. It is amazing to see how the shopping habits develop going from very traditional boutiques to shopping malls, the American way.

This middle class is also lured in new housing developments (the "colonies" or "townships"). These housing programs develop in the outskirts of the cities. They are quite autonomous, clean, secured, leaving poverty and garbage outside of the premises. They seem very popular. This middle class has money and do not hesitate to spend it: we were in a rather good hotel in Udaipur at the time of the Holi festival (the celebration of colors) and a good part of the hotel clients were Indian people, with rather small families (2 to 3 children).

It is also interesting to see how the Indian society is transforming itself from a desire of the younger people not to have marriage arranged by the parents, especially in big cities, to the shaking of the cast system, still present though officially abolished.

India will have great challenges to meet in the future from the development of its infrastructure, the fight against pollution, which is a visible problem everywhere, the reduction of the rural population which will ineluctably go with the growth increase and certainly a greater and greater reject of differences of wealth.



Michel Benveniste
Tel. +41 79 792 3667
mbe@etsior.com

ETSIOR Sarl
112 Route de Florissant
1206 Geneva (Switzerland)
<http://www.etsior.com>

India has also a unity challenge as more than 240 M people are Muslim (more than in Pakistan) and fundamental groups, probably with complicities in Pakistan and Bengla Desh, are trying to generate troubles between communities.

The way is long but India, through its diversity, the intelligence of its different peoples and its democracy history has certainly a great future.

(*) Pierre Loti – L'inde (sans les Anglais)

(**) CIA World Factbook

We care for you!

Should you wish not to receive the Etsior Monthly Opinion anymore, please reply to this e-mail quoting « CANCEL » in the subject line.
