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For every one to attain financial well-being

INDIA, THE US, AND THE UNEASY LESSON FOR INVESTORS AT THE EDGE OF THE WORLD

For most of the past 70 years, India was the global economy's great 'almost'. It had scale, democracy, and ambition, but never grew. Economists even coined a term for it: The "Hindu rate of growth", a pace so slow that it feels culturally ordained. Today, something different is happening. And for South African investors, watching from another large, complex, often-frustrated emerging market, India's story is more than a curiosity; it is a mirror.

India is growing at more than 8%, inflation has collapsed to near 1%, and fiscal deficits are shrinking. This is happening despite tariffs from Donald Trump, a weak currency, and foreign investors selling down Indian equities. The usual excuses (hostile global conditions, volatile capital flows, and political risk) are all present. And yet growth persists. Why? Because India has quietly aligned three forces that rarely move together: Luck, discipline, and reform.

Let us start with luck. Good monsoon rains matter more than most investors realise. Food makes up nearly half of India's inflation basket. Two strong agricultural years pushed food prices down, lifted real incomes, and gave consumers room to spend. Lower inflation also flatters real gross domestic product growth. This reminds us how fragile growth can be when it depends on the weather rather than on institutions.

The second force is discipline. India cut its budget deficit from pandemic-era excesses and resisted the temptation to spend its way out of trouble. Even when tariffs hit, the response was targeted: Simplify taxes, bring forward infrastructure spend, and ease monetary policy only because inflation allowed it. The Reserve Bank of India allowed the currency to weaken rather than to burn reserves or to defend a political line in the sand. This is a reminder that sometimes flexibility, not stubbornness, is the more credible form of monetary discipline.

The third, and most important, shift is structural reform. India has cleaned up its banks, digitised payments, simplified labour laws, opened sectors to private capital, and, crucially, started dismantling its own protectionism. Tariffs are coming down, quality-control barriers are being rolled back, and trade deals are being signed.

Here is the uncomfortable truth: United States (US) tariffs forced India to reform faster. When easy growth disappeared, political resistance weakened. Reform became less risky than stagnation. That is a lesson many countries learn only after wasting a decade. Now, contrast this with the US, the supposed anchor of global markets: Investors complain endlessly about US deficits, trade wars, and political chaos. And yet money keeps flowing in. US equities dominate global portfolios. US bonds still attract buyers. Why? Because productivity, earnings growth, and technological leadership outweigh institutional decay. Markets are amoral. They follow cashflows, not constitutions.

This creates a global paradox. India is reforming into relevance. The US is drifting politically, but still compounding economically. Europe, stuck in between, is scrambling for trade partners and strategic autonomy. For investors, this means the world is not divided into 'safe' and 'risky' markets anymore. Risk now lies in complacency; in assuming yesterday's winners will always be tomorrow's.

For South Africans, the parallels are striking. Like India, we are (relatively) large, unequal, democratic, and administratively complex. Like India, we have world-class firms alongside failing institutions. And like India, we face a choice: Reform early and painfully, or drift until crisis removes the choice altogether.

India's experience suggests something hopeful, but demanding. Growth is not primarily a function of ideology, foreign capital, or slogans. It comes from boring, persistent work: Fiscal restraint, credible central banks, functioning infrastructure, and rules that make investment easier rather than harder. Luck helps, but only if institutions are ready to receive it. Markets will forgive a lot. They will tolerate messy politics, noisy leaders, and even tariffs, until productivity falters. When this happens, the rotation out of assets is brutal. India is betting that reform now is cheaper than rescue later. Investors would do well to pay attention, not just to where growth is today, but to where discipline is being built for tomorrow.

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