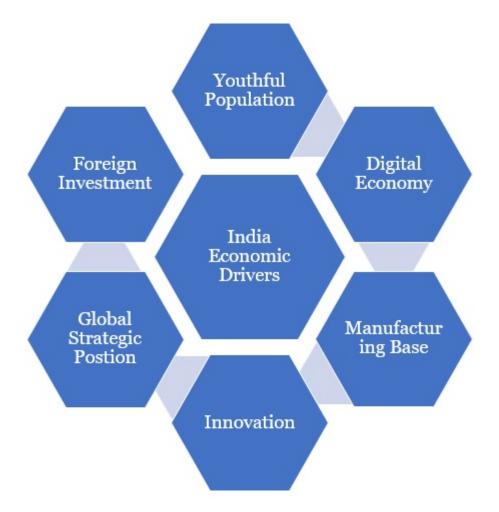


# **India's Growth Trajectory**

### Why in News?

Recently Ministry of Information & Broadcasting has released a multi-sectoral overview of Indian Economy.



#### What was the performance of Financial Markets?

- India's financial markets are currently witnessing unprecedented expansion, capturing the attention of global investors.
- Growth potential of India is intricately linked to its liquidity and valuation dynamics.
- **Stock Market Growth** With the world's 4<sup>th</sup> largest stock market, daily average cash-trading levels of India has surged threefold from pre-Covid levels.
- **Foreign Investments Performance** The retail sector's buying spree, fuelled by high liquidity, is expected to invite further foreign investments.
- Foreign Portfolio Investment (FPI) Although FPI inflows have experienced a recent slowdown, India's high-yielding markets and robust growth potential continue to attract significant interest.

- In the fiscal year 2023-24, foreign portfolio investments amounted to Rs.3,39,066 crore.
  - Significance This influx of capital underlines the resilience and attractiveness of India's financial landscape.
- **Booming IPO Market** The number of initial public offerings (IPOs) rose by 66% in FY24, from 164 in FY23 to 272 in FY24, reinforcing India's growing significance within the global financial ecosystem.
- Market to Partner MNCs are increasingly seeking partnerships with local firms, recognizing the strategic value of collaboration in India's unique business environment.

#### What was the performance of Manufacturing and Services sector?

- India is not only the world's service economy but is increasingly becoming a major player in global manufacturing.
- **Preferred Investment Destination** Government initiatives aimed at strengthening domestic production capabilities and attracting foreign direct investment (FDI). Have positioned India as a preferred destination for companies looking to diversify their global supply chains.



- **Global Manufacturing Hub** Make in India initiative has transformed India into a global manufacturing hub by enhancing industrial capabilities, fostering innovation, and creating world-class infrastructure.
- **PLI Schemes** PLI Schemes were introduced in <u>**14** key sectors</u> aimed at fostering investment in cutting-edge technology and promoting global competitiveness and to boost the country's manufacturing capabilities, enhance exports.

Production Linked Incentive (PLI) is a form of performance-linked incentive to give companies incentives on incremental sales from products manufactured in domestic units.

• **FDI Flow** - In FY 2023-24, total FDI inflows reached <u>\$70.95 billion</u>, with equity inflows at \$44.42 billion.



- Improved Ease of Doing Business (EoDB) India improved its business environment, climbing from 142nd in 2014 to <u>63rd</u> in the World Bank's Doing Business Report (DBR) 2020.
- It reflects the government's sustained efforts to simplify regulations, reduce bureaucratic hurdles, and create a more business-friendly landscape.
- Service Sector Growth India's dominance in areas such as information technology (IT), cloud computing, and data science has solidified its reputation as a global hub for knowledge-based services.

#### How was the performance of Digital India and Technological Innovation?

- India's digital economy is one of the fastest-growing in the world, significantly reshaping the nation's technological landscape.
- Effect of Digital India initiative It has increased the internet penetration and boosted the digital infrastructure across the country.
- Internet subscribers has risen from 25.1 crore in March 2014 to 95.4 crore in March 2024.
- **Growth in Digital Payments** Digital payments have surged exponentially, driven by the innovative Unified Payments Interface (UPI) platform.
- $\bullet$  Currently 46% of global real-time payment transactions occur in India and UPI

processed nearly Rs.81 lakh crore in transactions between April and July 2024 alone.



- The integration of digital technologies into various sectors, including agriculture, healthcare, and education, has enhanced efficiency and improved service delivery across the board.
- **Digital Investment Drivers** India's rapid advancements in artificial intelligence (AI), blockchain, and data science are driving economic growth and attracting global investments.
- IndiaAI Mission It is aimed at building a robust AI ecosystem by democratizing computing access, enhancing data quality, and fostering indigenous AI capabilities.
- IndiaAI Compute Capacity, IndiaAI Innovation Centre, and AI Startup Financing set to propel AI innovation over the next five years.

## What is potential of Demographic Dividend and Geopolitical Positioning?

- **Demographic Dividend** 65% of India's fast-growing population is under 35 and this workforce can be leveraged for next 3 decades.
- Government Initiatives to harness demographic dividend
  - $\circ\,$  Pradhan Mantri Kaushal Vikas Yojana
  - $\circ\,$  Craftsmen Training Scheme
  - $\circ$  Jan Shikshan Sansthan
  - $\circ\,$  National Apprenticeship Promotion Scheme
- Synergy between demographic dividend and ongoing economic initiatives will be critical in shaping a prosperous future.
- India's geopolitical positioning has emerged as a key factor in its growth trajectory.
- South Asian Power Its role as a stabilizing force in South Asia and increasing

engagement with major global powers has enhanced its strategic importance.

- **Influence in Multilateral Forums** India's participation in multilateral forums such as the G20, Quad, and BRICS further strengthens its voice on global issues ranging from climate change to global security.
- This geopolitical stability, coupled with economic reforms, makes India an attractive destination for foreign investors.
- <u>G20</u> Presidency India's approach as G20 president was characterized by inclusivity, ambition, action-orientation, and decisiveness.
- These principles were reflected in the New Delhi Leaders' Declaration, which was unanimously adopted by all G20 members.

#### Reference

PIB | India's Exceptional Growth Trajectory

