

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 4th 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 **14 key sectors** 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 **\$70.95 billion**, with equity inflows at \$44.42 billion.



- **Improved Ease of Doing Business (EoDB)** - India improved its business environment, climbing from 142nd in 2014 to **63rd** 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.
- 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.

India's UPI Outshines Global Payment Giants

Surpassed World's Leading Digital Payments Platforms

46% global real-time payment transactions happening in India

Processed nearly **₹81 lakh crore** transactions in just Apr-Jul 2024

The infographic features a central image of a woman in a green and gold sari holding a smartphone displaying the UPI logo and a QR code. Above her is a graphic of a smartphone with the UPI logo and a green checkmark, set against a blue gear-like background. Below her is a graphic of a smartphone with a QR code, set against a blue background. The background is a light green with a subtle gear pattern.

- 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**
 - Pradhan Mantri Kaushal Vikas Yojana
 - Craftsmen Training Scheme
 - Jan Shikshan Sansthan
 - 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.
- **G20 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](#)

