



India emerges as a beacon of economic growth at the global stage

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Indian economy is surprising the World with its significant resilience built in the post covid years. The strong and effective policy doses have built steady strides for a strong futuristic growth trajectory in the coming years. The post-COVID years have witnessed a robust GDP growing at 9.1% in 2021–22, 7.2% in 2022–23 and 7.7% (projected) in 2023–24. The financial year 2024-25 is also expected to remain robust according to many national and international forecasting organizations.

The economic growth in the Financial Year 2024-25 will be supported by strong fundamentals of steady domestic consumption, strong manufacturing growth, high exports growth trajectory, softening inflation, robust capital market and ever high FOREX reserves along with consistently improving ease of doing business environment. The enhanced trajectory of bilateral relations with the Middle East and Europe will further strengthen its global integration and attraction for global trade and investments.

India will be a USD 4 trillion economy in the current financial year 2024-25, USD 5 trillion in 2026–27, and a USD 7 trillion economy in 2030 and more than USD 30 trillion in 2047. We are all set to position ourselves as the 2nd largest in the Asia-Pacific region and the 3rd largest in the World by 2030 and “Viksit Bharat” by 2047. According to the recent IMF data (World Economic Outlook April 2023), India is a growth leader among the G 20 countries; the average growth of India during the 2021-2025 is estimated at 7%, followed by Turkiye at 5.4%, China at 4.9% and Indonesia at 4.8%.

India’s consumption story is intact, consumption is growing steadily and stimulating private capacity expansions, motivating manufacturers to expand their production horizons and to create new employment possibilities in their respective factories. According to the Household Consumption Expenditure Survey 2022-23, the per capita monthly consumption spending has increased by about 40% in 2022-23 from 2011-12. This is accompanied by a reduction in inequality as the rural-urban difference in consumption expenditure is diminishing.

The stock market has witnessed a great surge with a market capitalization of USD 4 trillion in 2023, placing India among the top 5 markets in terms of market capitalization. Start-ups number went to new highs and exports performed robust despite geo-political conflicts and uncertain global demand conditions. Tax collections reached at new highs and fiscal deficit is projected at 5.1% for 2024-25 is in line with expectations; the aim is to achieve a fiscal deficit level below 4.5% of the GDP by 2025-26. Inflationary pressures are softening towards normal trajectory; February 2024 CPI inflation at 5%. FOREX reserves have reached a new high of USD 645 billion as of March 29th 2024.

India: A growth leader among the G – 20 countries

Sno.	G20 Countries	2021	2022	2023	2024	2025	Avg (2021-2025)
1	India	9.1	7.2	6.3	6.3	6.3	7.0
2	Türkiye	11.4	5.5	4.0	3.0	3.2	5.4
3	China	8.5	3.0	5.0	4.2	4.1	4.9
4	Indonesia	3.7	5.3	5.0	5.0	5.0	4.8
5	Saudi Arabia	3.9	8.7	0.8	4.0	4.2	4.3
6	Argentina	10.7	5.0	-2.5	2.8	3.3	3.8
7	Mexico	5.8	3.9	3.2	2.1	1.5	3.3
8	United Kingdom	7.6	4.1	0.5	0.6	2.0	3.0
9	Brazil	5.0	2.9	3.1	1.5	1.9	2.9
10	Australia	5.2	3.7	1.8	1.2	2.0	2.8
11	European Union	5.9	3.6	0.7	1.5	2.1	2.7
12	Canada	5.0	3.4	1.3	1.6	2.4	2.7
13	United States	5.9	2.1	2.1	1.5	1.8	2.7
14	Italy	7.0	3.7	0.7	0.7	1.0	2.6
15	France	6.4	2.5	1.0	1.3	1.8	2.6
16	Rep. of Korea	4.3	2.6	1.4	2.2	2.3	2.6
17	South Africa	4.7	1.9	0.9	1.8	1.6	2.2
18	Russia	5.6	-2.1	2.2	1.1	1.0	1.6
19	Germany	3.2	1.8	-0.5	0.9	2.0	1.5
20	Japan	2.2	1.0	2.0	1.0	0.7	1.4

Source: Compiled from IMF, WEO Database

New businesses and Start-Ups are becoming employment-creating innovation ecosystem in India. India is the World's 3rd largest, Asia's 2nd largest, and South Asia's 1st largest startup ecosystem, with more than 1 lakh startups, and over 100 unicorns, creating more than 12 Lakh jobs in the country. India occupies a significant position within the realm of startups, standing prominently in the Asian startup ecosystem. Our nation has earned an international presence, as five (Bengaluru-Karnataka, Kerala, Odisha, Tamil Nadu, and Telangana) Indian startup ecosystems have earned places among the top 15 startup ecosystems in Asia.

The government has significantly improved the Ease of Doing Business. More than 40,000 compliances have been removed and more than 3,400 legal provisions have been decriminalized to enhance Ease of Doing Business in the country. Supported by the dynamic ease of doing business environment, the businesses are flourishing the economy. India's new tax regime is attractive with an effective tax rate of 25% for existing corporates and 17% for the newly

set-up domestic companies, with various benefits extended up to 31st March 2025. This has established one of the best tax ecosystems in India.

India's geopolitical significance is growing, earning praise from international institutions. India posted the highest ever exports at USD 776 billion in FY 2022-23. Despite the tussle in Red Sea, India is maintaining its eExports momentum; in FY 2023-24 as well, India's exports are expected in the positive growth in 2023-24. India's April – February 2023-24 exports are higher at USD 710 billion as compared with April- February of 2022-23 at USD 704 billion. India is on its way to increasing its exports to the target of USD 2 trillion, USD 1 trillion in merchandise exports, and USD 1 trillion in service exports by 2030.

With its outstanding Presidency of the G20, India has emerged as a global thought leader, connecting many regions with its initiative of India-Middle East-Europe Economic Corridor (IMEC). This will re-engineer the global value chains and shift the economic order towards the global South. Three major railway corridors announced during the Interim Budget 2024-25; port connectivity corridor, energy, mineral and cement corridor, and high traffic density corridor, will boost overall economic activity and generate more jobs leading on a higher economic growth in the coming times.

After signing the free trade agreements with East - Asia and South Asian countries, India is moving towards developing bilateral relations with Middle East countries with initiatives including a Bilateral Investment Treaty and a Comprehensive Economic Partnership Agreement and Intergovernmental Framework Agreement between India and UAE on the India-Middle East Economic Corridor among other initiatives. India's bilateral relations with Europe are also gaining pace; recently India and EFTA (European Free Trade Association) signed TEPA (Trade and Economic Partnership Agreement) to enhance India's bilateral outreach towards the European Union.

To support the employment creation and overall economic activity; India's Government CAPEX has been increased from Rs.7.4 lakh crore in 2022-23 to Rs. 9.5 lakh crore in 2023-24 and Rs 11.11 lakh crore for 2024-25. To increase innovation in the country and enhance the competitiveness of the enterprises, a corpus of Rs 1 lakh crore, was announced during the Interim Budget for 2024-25, with a 50-year interest-free loan. This new initiative will have significant impact on the Research and Development in the country and more strong Industry Academia linkages. India has enormous potential for an artificial intelligence (AI) revolution, being the third largest talent pool for AI talent in the World, with investments in India's AI capabilities growing at a CAGR of more than 30%.

The Indian economy is thriving with promising economic developments; the economic outlook is exceptionally positive. The strong economic fundamentals paint a picture of strong resilience, dynamism, and prudent policy management. With a strong foundation in place, India is well-positioned to capitalize on its strengths, foster inclusive growth, and emerge as a beacon of economic growth at the global stage.

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