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.



- 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

