

Indian Economy at Glance

India has emerged as the fastest growing major economy in the world and is expected to be one of the top three economic powers in the world over the next 10-15 years, backed by its robust democracy and strong partnerships. Strong economic growth in the first quarter of FY23 helped India overcome the UK to become the fifth-largest economy and showed a strong recovery from the COVID-19 pandemic shock.

2023 marked a landmark year for India as it assumed presidency of the world's highest profile global economic assembly, the G20, and showcased its economic prowess and diplomatic finesse to the world.

Current State Of The Economy

- Indian economy remained resilient with robust 7.6% growth rate of GDP in FY 2023-24 over and above 7% growth rate in FY 2022-23. India has been a key growth engine for the world, contributing 16% to the global growth in 2023. (Source: PIB India & World Economic Forum).
- The International Monetary Fund (IMF) has raised India's growth forecast for 2024-25 to 6.8% from 6.5% on the back of strong domestic demand and a rising working-age population. According to the PHD Chamber of Commerce and Industry (PHDCCI), India's economy is poised to grow between 8 to 8.3% in the current fiscal year emphasizing the country's robust growth fundamentals, projecting an average GDP growth rate of 6.7% over the next 23 years.
- Double-digit growth rate of Construction sector (10.7%), followed by a good growth rate of Manufacturing sector (8.5%) have boosted the GDP growth in FY 2023-24. Private consumption in the first half of FY 2023-24 was the highest since FY15 and this led to a boost to production activity resulting in enhanced capacity utilisation across sectors.
- The central government's fiscal deficit shrank from 6.4% of GDP in FY2022 to an estimated 5.8% in FY2023. Revenue performance exceeded expectations and pushed the deficit lower than the budget target of 5.9% of GDP in FY2023.
- Personal income tax collections are estimated to have grown by 23.0% in FY2023, highlighting surging incomes for salaried professional. This was also a sign of successful government effort to widen the tax base by keeping tax exemption limits stable and using digital tools to prevent tax leakage. (Source: PIB India)

- Strong domestic demand for consumption and investment, along with Government's continued emphasis on capital expenditure are seen as among the key driver of the GDP in the first half of FY2023-24.
- Cumulative FDI Equity Inflow were estimated to be at US\$ 953.14 billion (from April 2000-September 2023). The share of the top investing countries in FDI Equity Inflow were- Mauritius (25%), Singapore (23%), the US (10%), Netherlands (7%), Japan (6%), the UK (5%), the UAE (3%), the Cayman Islands (2%), Germany (2%), and Cyprus (2%) (data from April 2000-September 2023).
- Key sectors attracting the Highest FDI equity inflow were Services Sector (16%), Computer Software & Hardware (15%), Trading (6%), Telecommunications (6%), Automobile (5%), Construction Activities (5%), Construction Development (4%), Drugs and Pharmaceuticals (3%), Chemicals (3%), and Metallurgical Industries (3%) (data from April 2000-September 2023).

Sources:

India – A Snapshot: <https://www.ibef.org/economy/indiasnapshot/about-india-at-a-glance>

Indian Economic News: <https://www.ibef.org/indian-economy-news.aspx> □

PIB India : <https://indbiz.gov.in/indias-economy-to-grow-at-8-to-8-3-phdcci/>

Ministry of Commerce & Industry: <https://commerce.gov.in/press-releases/>