

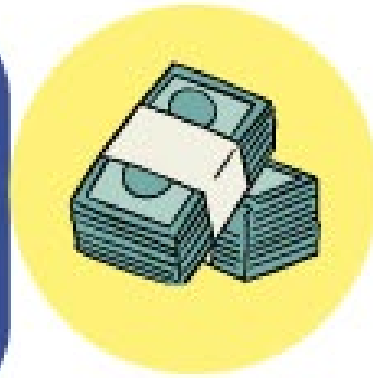
Indian Economy



October 20 23
report

Indian Economy Overall

India's exports have grown by 20% in the first six months of 2023. This is driven by strong demand for Indian goods and services from global markets.



India's foreign exchange reserves have reached a record high of \$630 billion. This provides India with a strong buffer against any external shocks.



India's manufacturing PMI has risen to a two-year high in September 2023. This indicates that India's manufacturing sector is expanding at a rapid pace.



India's services PMI has remained strong in September 2023. This suggests that India's services sector continues to be a key driver of economic growth.



The International Monetary Fund (IMF) has projected that India will become the world's third-largest economy by 2027. This growth will be fueled by India's young and dynamic workforce, its growing middle class, and its increasing integration into the global economy.

India is a major player in the global technology sector. Indian companies are leading the way in areas such as artificial intelligence, fintech, and e-commerce. India is also a major exporter of IT services.

India is investing heavily in infrastructure development. The government is spending trillions of dollars on new roads, railways, airports, and ports. This investment is boosting economic growth and creating jobs.

India has made significant progress in improving its ranking on the World Bank's Doing Business index. India has jumped 67 places in the past five years to reach 63rd position in the World Bank's Doing Business 2023 index.

India is a reformer's nation. The government has taken a number of steps to improve the business environment and boost FDI inflows. These reforms have made India more attractive to foreign investors.

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Growth Drivers

- **Strong domestic demand:** Domestic demand remains strong, supported by rising incomes and a growing middle class. India's middle class is expected to reach 570 million people by 2023, which will create a huge demand for goods and services.
- **Pickup in global growth:** The global economy is recovering in 2023, which is boosting India's exports. India's exports are expected to grow by 8% in 2023, up from 7% in 2022.
- **Government reforms:** The Indian government is continuing to implement reforms to boost economic growth, such as the Production-Linked Incentive (PLI) scheme and the National Infrastructure Pipeline. The PLI scheme is providing incentives to businesses to manufacture goods in India, and the National Infrastructure Pipeline is a \$1.4 trillion investment plan to develop India's infrastructure.
- **Favorable demographics:** India has a young and growing population, which is a major driver of economic growth. India has the second largest population in the world, and the median age of the Indian population is just 27.5 years old. This means that India has a large workforce that is ready to contribute to the economy.
- **Investment in infrastructure:** The Indian government continues to invest heavily in infrastructure, such as roads, railways, and airports. This is boosting economic growth and creating jobs.
- **Digital transformation:** India's digital transformation is accelerating. This is creating new opportunities for businesses and consumers. India now has over 1.2 billion mobile phone users and over 800 million internet users.
- **Growth of the startup sector:** India's startup sector continues to grow rapidly. India has over 100 unicorns, which are startups valued at over \$1 billion. The Indian startup sector is creating new jobs and driving innovation.
- **Increased foreign direct investment (FDI):** India is attracting increasing amounts of FDI. FDI inflows into India reached \$83.5 billion in the financial year 2022-23, the highest level ever. FDI is flowing into a variety of sectors, such as manufacturing, services, and infrastructure.

GDP GROWTH

AGRICULTURE: THE AGRICULTURAL SECTOR IS EXPECTED TO GROW BY 3.5% IN 2023, DRIVEN BY STRONG GOVERNMENT SUPPORT AND INCREASING DEMAND FOR HIGH-VALUE FOOD PRODUCTS.



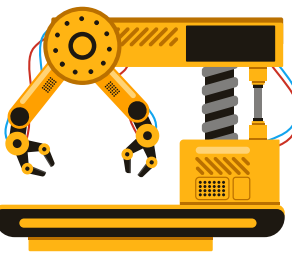
SERVICES: THE SERVICES SECTOR IS EXPECTED TO GROW BY 9% IN 2023, DRIVEN BY THE GROWING MIDDLE CLASS AND THE INCREASING USE OF TECHNOLOGY.



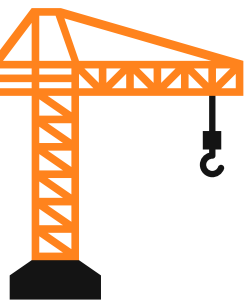
TOURISM: THE TOURISM SECTOR IS EXPECTED TO GROW BY 12% IN 2023, DRIVEN BY THE INCREASING NUMBER OF PEOPLE VISITING INDIA.



MANUFACTURING: THE MANUFACTURING SECTOR IS EXPECTED TO GROW BY 8% IN 2023, DRIVEN BY THE MAKE IN INDIA PROGRAM AND THE GLOBAL ECONOMIC RECOVERY



CONSTRUCTION: THE CONSTRUCTION SECTOR IS EXPECTED TO GROW BY 10% IN 2023, DRIVEN BY GOVERNMENT INVESTMENT IN INFRASTRUCTURE AND HOUSING.



Indian Export

India's merchandise exports in October 2023 were USD 34.97 billion, an increase of 17.3% over October 2022. This growth was driven by strong performance in sectors such as engineering goods, petroleum products, and gems and jewellery.

Engineering goods exports grew by 29.4% in October 2023, to USD 9.2 billion. This growth was driven by strong demand from the United States, Europe, and the Middle East.

Petroleum products exports grew by 19.8% in October 2023, to USD 5.3 billion. This growth was driven by high oil prices and strong demand from the United States and China.

Gems and jewellery exports grew by 17.6% in October 2023, to USD 3.9 billion. This growth was driven by strong demand from the United States, China, and Hong Kong.

Benefits of trade agreements

- For the importing country: Lower prices for goods and services.
- For the exporting country: Increased exports and economic growth.

Impact of Export Growth on the Indian Economy

India's export growth in October 2023 was 17.3% year-on-year, driven by strong performance in sectors such as engineering goods, petroleum products, and gems and jewellery. This export growth is having a positive impact on the Indian economy in a number of ways, including:

Job creation Export growth is creating new jobs in the manufacturing and services sectors. For example, the engineering goods sector, which grew by 29.4% in October 2023, is a major employer of skilled workers.



Economic growth: Export growth is contributing to India's overall economic growth. The Reserve Bank of India estimates that export growth contributed 0.6 percentage points to India's GDP growth in the first quarter of 2023-24.



Foreign exchange reserves: Export growth is increasing India's foreign exchange reserves. India's foreign exchange reserves stood at USD 572.9 billion on October 28, 2023, up from USD 562.5 billion a month earlier. This increase in foreign exchange reserves provides India with a cushion against external shocks.



Trade deficit: Export growth is helping to reduce India's trade deficit. India's trade deficit narrowed to USD 20.05 billion in October 2023, from USD 23.11 billion in September 2023.



Impact of Export Growth on the Indian Economy for October

Improved logistics efficiency: Infrastructure development also helps to improve the efficiency of the logistics sector. This reduces the time it takes to export goods, which is important for time-sensitive products.

Increased access to export markets: Infrastructure development, such as the development of new ports and airports, can help to expand India's access to export markets. This gives Indian exporters more opportunities to sell their products overseas.

Reduced transportation costs: Well-developed transportation infrastructure, such as roads, railways, and ports, helps to reduce the cost of transporting goods to and from export markets. This makes Indian exports more competitive in the global market.

Attracting foreign investment: Well-developed infrastructure is also a key factor in attracting foreign investment into India. Foreign investors are more likely to invest in countries with good infrastructure, as this reduces their operating costs and makes it easier to do business.

Public-private partnerships (PPPs): The government is partnering with the private sector to develop infrastructure projects. This is helping to increase the pace of infrastructure development and reduce the burden on the government's finances

Infrastructure investment trusts (InvITs): The government has introduced InvITs to make it easier for investors to invest in infrastructure projects. InvITs are investment vehicles that pool investors' money to invest in infrastructure projects.

National Infrastructure Pipeline (NIP): The government has launched the National Infrastructure Pipeline (NIP), which is a Rs 111 lakh crore plan to develop infrastructure projects across the country. The NIP is expected to boost India's economic growth and create millions of jobs.