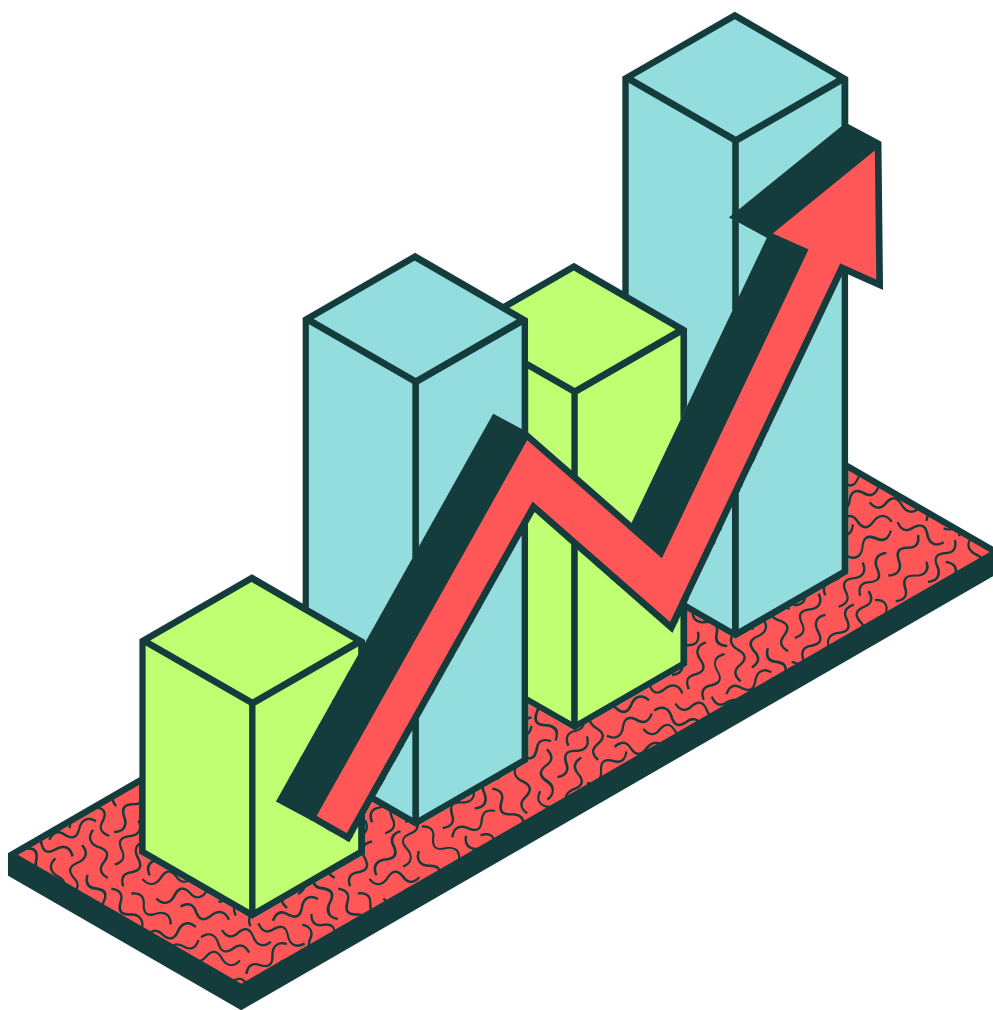


DICCI

Indian Economy



November 2023

India's IT spending trajectory aligns closely with global trends, showcasing a similar pattern. Gartner forecasts that the overall growth in IT spending will escalate from 3.5% in 2023 to 8% by 2024. Furthermore, the IT services sector, which experienced a modest growth rate of 7.3% in 2023, is expected to expand by a remarkable 10.4% in 2024. These projections highlight the industry's positive momentum and the potential for continued growth in the coming years.

When analyzing the year-over-year growth in spending, it becomes evident that the devices and IT services segment is experiencing significant increases. As per Gartner's predictions, device spending is projected to transition from a negative growth rate of -7% in 2023 to a substantial 10% increase in 2024. Similarly, IT services are anticipated to witness a noteworthy surge of 14.6% in 2024, following a growth of 6.5% in 2023.

Indian Economy Overall

1. India's economy is expected to grow between 6.5% and 6.8% between FY23 and FY24, followed by an average of 6.65% and 7.95% over the next two years.
2. The Reserve Bank of India (RBI) has reported that inflation readings of around 5% and 4.9% in September and October 2023, respectively, are a welcome relief from the average of 6.7% in 2022-23 and 7.1% in July-August 2023.
3. The Indian government has announced a new policy to promote the use of electric vehicles (EVs) in the country. The policy aims to make India a global hub for EV manufacturing and create 10 million jobs in the sector.
4. The Indian government has also launched a new initiative called "Digital India 2.0" to promote the use of digital technologies in the country. The initiative aims to create a digital infrastructure that will enable the growth of new businesses and industries.
5. The Indian pharmaceutical industry is expected to grow at a CAGR of 11.5% between 2023 and 2028, driven by factors such as the increasing prevalence of chronic diseases and the growing demand for generic drugs.
6. The Indian government has announced a new policy to promote the use of renewable energy in the country. The policy aims to achieve a 175 GW renewable energy capacity by 2025, which includes 100 GW of solar power, 60 GW of wind power, 10 GW of biomass power, and 5 GW of small hydropower.
7. The Indian government has also launched a new initiative called "Startup India 2.0" to promote the growth of startups in the country. The initiative aims to provide funding, mentorship, and other support to startups, as well as create a favorable regulatory environment for them.
8. The Indian government has announced a new policy to promote the use of artificial intelligence (AI) in the country. The policy aims to create a \$1 trillion AI industry in India by 2035, which includes \$500 billion from the domestic market and \$500 billion from exports.
9. The Indian government has also launched a new initiative called "Skill India 2.0" to promote the development of skills in the country. The initiative aims to provide training and certification to millions of people in various sectors, including healthcare, tourism, and construction.

Indian Economy Growth

The Indian economy is expected to grow at 7.8% in the current financial year, according to the National Council of Applied Economic Research (NCAER). This growth will be driven by a number of factors, including a strong domestic market, a growing middle class, and a favorable investment climate.

The services sector is expected to grow at 8.5% in the current financial year. This sector includes a wide range of industries, such as tourism, hospitality, and healthcare. The services sector has been growing at a steady pace in recent years and is expected to continue to grow in the coming years.

The manufacturing sector is expected to grow at 7.5% in the current financial year. This sector includes a wide range of industries, such as automobiles, electronics, and pharmaceuticals. The manufacturing sector has been growing at a steady pace in recent years and is expected to continue to grow in the coming years.

The agricultural sector is expected to grow at 4% in the current financial year. This sector includes a wide range of industries, such as farming, fishing, and forestry. The agricultural sector has been growing at a steady pace in recent years and is expected to continue to grow in the coming years.

The overall outlook for the Indian economy is positive. The economy is expected to continue to grow at a steady pace in the coming years. This growth will be driven by a number of factors, including a strong domestic market, a growing middle class, and a favorable investment climate. The services sector, the manufacturing sector, and the agricultural sector are all expected to continue to grow in the coming years. This growth will create jobs and boost incomes, which will further fuel economic growth.

The Indian economy has been experiencing significant growth in various sectors, which has contributed to its positive outlook. Some of the key sectors that have shown growth include:

Manufacturing: The manufacturing sector, which accounted for just 17% of the economy, expanded 13.9% year-on-year in the September quarter, compared to a revised 4.7% in the previous three months. This growth is attributed to factors such as robust corporate profits, a strong fiscal impulse, and a boisterous financial sector.



Government Spending: Government spending and investments have increased, contributing to faster-than-expected economic growth. This spending has been particularly evident in the run-up to elections, with the government boosting spending before elections to stimulate growth.



Small and Medium Enterprises (SMEs): The MSME sector has experienced an uptick in the past two quarters, which is expected to help India achieve broad-based growth at the grassroots levels. This growth is essential for ensuring sustained economic activity and reaping the potential benefits of India's demographic dividend.





Domestic Demand: The Indian economy has been driven by robust domestic demand, strong investment activity, and government investment in infrastructure and development projects. This demand has contributed to the expansion of the middle-income class and the aspirations of the young population, which is the largest in the world.

Emerging as a Fast-Growing Economy: India's real GDP expanded at an estimated 6.9% in FY22/23, underpinned by strong investment activity and robust domestic demand. This growth has led to India emerging as one of the fastest-growing economies in the world, despite challenges in the global environment, such as supply chain disruptions, tightening of global monetary policies, and inflationary pressures



Growth Divers

High Income Elasticity of Demand: The demand for services has been observed to increase at a faster rate than the demand for commodities with the increase in income, as the income elasticity of demand for services is more than one.

Technological and Structural Changes: The Indian economy has undergone significant technological and structural changes, leading to a shift from the primary to the tertiary sectors in terms of economic dependence. This shift has contributed to the growth of the service sector.

Information Technology Revolution: The advent of the information technology revolution has enabled the delivery of services over long distances at a reasonable cost, leading to an increase in the trading of services worldwide and benefiting India.

Economic Reforms: The economic reforms initiated in 1991 have played a crucial role in the growth of the service sector. These reforms increased the demand for the manufacturing industry, which, in turn, benefited the service sector. The liberalization of the financial sector and reforms in certain segments of infrastructure have also contributed to the growth of services.

Global Demand for Services Exports: Growing external demand for services exports has been an important factor contributing to the growth of the service sector in India.

Deregulation of the Services Sector: There is considerable scope for future rapid growth in the Indian service economy, provided that deregulation of the services sector continues.

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GDP Growth

1. The Economic Survey 2022-23 projects a baseline GDP growth of 6.5 per cent in real terms in FY24, depending on the trajectory of economic and political developments globally.

2. The RBI had predicted 6.5 per cent growth in Q2 of 2023-24 and projects headline inflation at 6.8 per cent in FY23, which is outside its target range.

3. The real GDP in Q1 of 2023-24 registered a year-on-year growth of 7.8 per cent over the previous year and a sequential growth of 7.8 per cent as compared to 13.1 per cent in Q1 of 2022-23, indicating the sustenance of growth momentum in the financial year.

4. The growth drivers of the Indian economy in the current year include a rebound of private consumption, higher capital expenditure, near-universal vaccination coverage, return of migrant workers to construction activities, strengthening of the balance sheets of the corporates and the banking sector, and a surge in exports.

Indian Export

1. **Economic Growth:** Exports play a crucial role in driving India's economic growth. By selling its goods to foreign markets, India generates foreign exchange earnings, which can be used to finance imports, infrastructure development, and other economic activities.
2. **Job Creation:** Export-oriented industries are a significant source of employment in India. As exports increase, these industries expand, creating new job opportunities for skilled and unskilled workers.
3. **Increased Productivity and Competitiveness:** Participating in international trade forces Indian businesses to become more efficient and adopt globally competitive practices. This leads to improved productivity, lower costs, and enhanced competitiveness in the global market.
4. **Diversification of Markets and Reduced Vulnerability:** Exporting to multiple countries helps India reduce its reliance on a single market, mitigating the risks associated with economic downturns or political instability in any particular region.
5. **Access to Technology and Knowledge:** Engaging in international trade exposes Indian businesses to new technologies, innovations, and best practices from around the world. This knowledge transfer can foster technological advancements and enhance India's overall competitiveness.
6. **Improved Brand Image and Recognition:** Exporting India's products to foreign markets helps establish the country's brand reputation and recognition on the global stage. This international exposure can attract foreign investment and partnerships, further boosting India's economic growth.
7. **Strengthened International Relations:** Active participation in international trade fosters stronger diplomatic and economic ties with other countries. These relationships can lead to increased cooperation, collaboration, and mutual benefits in various spheres.
8. **Improved balance of payments:** When India exports more goods and services than it imports, it has a trade surplus. This can help to improve the country's balance of payments, which is a measure of the country's overall economic health. In 2023, India's trade surplus was \$150.5 billion, the highest level ever recorded.
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10. **Increased foreign exchange earnings:** When India exports goods to other countries, it earns foreign currency, which can be used to import goods and services that are not available domestically or to invest in new businesses and infrastructure. In November 2023, India's foreign exchange reserves were at \$630.6 billion, the highest level ever recorded.

What's New In SC/ST in November 2023?

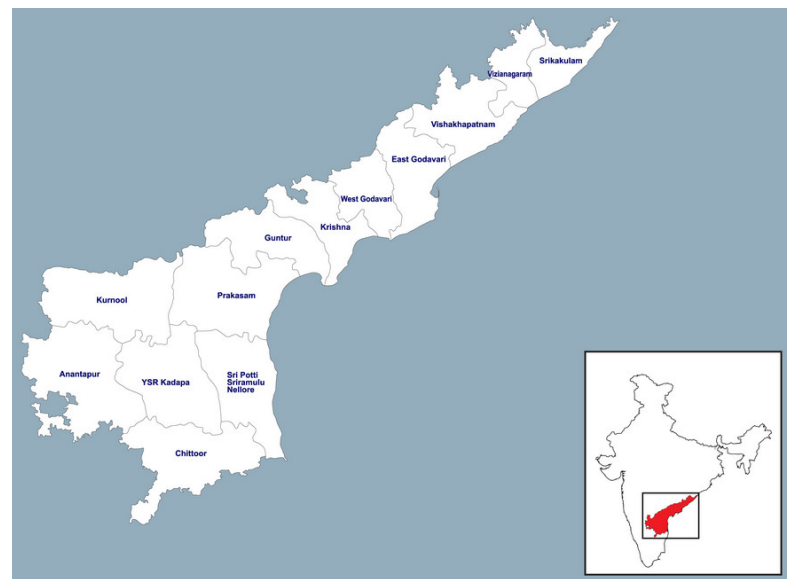
MLA Launches Schemes for SC/ST Upliftment in **Lucknow**

1. An MLA in Lucknow, India, has introduced schemes to uplift the SC/ST communities, aiming to provide financial assistance, skill development, and educational support.
2. Initiatives such as scholarship programs, vocational training centers, and financial aid for entrepreneurship have been implemented to empower the marginalized sections of society.
3. The schemes are expected to enhance the socio-economic status of SC/ST individuals by enabling them to acquire necessary skills and access better educational opportunities.



Andhra Pradesh's Industrial Growth Soars

Andhra Pradesh's industrial growth has tripled, reaching a notable **10.59%**, reflecting the state government's efforts to foster a conducive environment for industrial development and showcasing the positive impact of initiatives aimed at attracting investments, promoting entrepreneurship, and boosting the overall economic landscape.



According to the United Nations Development Programme (UNDP) and the Oxford Poverty and Human Development Initiative (OPHI)'s global multidimensional poverty index (MPI), half of scheduled tribes were considered poor compared to **15%** of higher castes

Additional Insights

Sarojininagar MLA Rajeshwar Singh initiates schemes to uplift SC/ST communities, offering a Rs 20 lakh grant for tribal society office and toilets.

Singh's initiatives include establishing a space for tribal gatherings and empowering women with a sewing center, while also honoring Birsa Munda with a gate and housing for 140 families.

Government of India supports Shree Gautam Buddha Secondary School in Nepal, inaugurating school and lab buildings to strengthen bilateral development cooperation and uplift Nepal's education sector.

Jharkhand CM criticizes Centre's anti-tribal stance, launches initiatives, and challenges opposition, aiming to address tribal rights and welfare while announcing development projects worth Rs 212 crore.

Stay tuned for the December month's Indian Economy Report