



INDIAN ECONOMY UPDATE
OCTOBER 2024

Overview:

India's economy is emerging with resilience post-elections; while GDP grew at 6.7 YoY, the growth is likely to pick up and witness increased consumer spending, especially in rural India, making inflation subside with favorable monsoon to boost up agricultural output.

The Global Economy remained resilient in H1 2024, In spite of geopolitical tensions, India's growth outlook have been widely supported by robust domestic engines, Private Investments are showing encouraging signs.

The production approach points stronger than anticipated manufacturing activities, in spite of sluggish and delayed synchronized recovery in the west : slowing Global Trade, Supply Chain Disruption and Intensified Geopolitical Uncertainties

Overview:

The strong foundation set a decade ago for the digital Economy has turned India into a major Technology Hub for Innovation and Technology Services

India's export landscape experienced remarkable growth in October 2024 with the core group of exports rising by 27.7% compared to the previous year and this growth spanned various sectors reflecting a robust economic performance.

Manufacturing sector followed by services sector is leading the Job Market followed closely by the construction Sector.

Overall Export Growth:

India's total merchandise exports reached \$39.2 billion in October, marking a 17.3% year-on-year increase. This growth represents the fastest rate in 28 months. Services exports also grew, increasing by 14.6% in September.

Services Trade Surplus:

India's services trade surplus expanded to \$16.1 billion in September. This figure represents an increase from \$13.8 billion in September 2023. The surplus is the highest recorded since January 2024.

Key Export Sectors:

Engineering goods led the charge with a 39.4% increase. Electronic goods followed closely, showing a staggering 45.7% growth. Chemicals also performed well, rising by 27.4%. Drugs and pharmaceuticals saw an 8.2% increase, indicating steady demand.

Agricultural Exports:

Agricultural exports thrived particularly rice, which surged by 85.8%, which followed the government's decision to lift rice export restrictions. Other agricultural products like cashews (7.2%), fruits and vegetables (15.9%), tea (9.3%), and spices (30.9%) also reported important growth.

Labor-Intensive Sector Performance:

Labor-intensive sectors showed strong export performance. Readymade garments increased by 35.1%. Handicrafts rose by 32.7%, and leather products grew by 12.3%. However, ceramic products and glassware experienced a decline of 6.1%.

Import Trends:

Imports of gold fell by 1.4%, and imports of precious stones dropped by 29%. Electrical goods imports remained positive but slowed to 8.7%. Conversely, vegetable oil imports surged by 50.9%, reversing the previous month's decline.

UPI Transactions:

UPI transactions grew 34.5 percent in value in April-September to Rs 122 lakh crore from Rs 90.7 lakh crore in the year-ago period. The volume grew 46 percent as 8,566.52 crore.

Indian Micro, Small and Medium Enterprises (MSMEs) are rapidly adopting digital payments over cash, with 72% payments done through the digital mode compared with 28% cash transactions. Rise in digital adoption presents prospects for further growth in the sector.



Goods and Services Tax (GST) Collections:

India's Gross Goods and Services Tax (GST) collections for October 2024 reached Rs 1.87 lakh crore, representing a 9% year-on-year increase and solidifying its position as the second-highest monthly collection ever recorded.

As of September 17, 2024, India's direct tax collections for the fiscal year (FY) 2024-25 reached ₹12,01,073 crore, reflecting a 21.48% increase compared to ₹9,88,724 crore for the same date in FY 2023-24. The gross collections included corporate tax, personal income tax, securities transaction tax, and other taxes. Corporate tax collections rose from ₹4,72,904 crore to ₹5,58,616 crore, while personal income tax increased from ₹5,00,822 crore to ₹6,14,459 crore.



Government e-Marketplace (GeM):

India's public procurement portal Government e-Marketplace (GeM) has facilitated sales of around Rs 3 trillion so far in the current financial year, which suggests that it will surpass last year's performance by a wide margin.

In 2023-24, the portal handled procurement of Rs 4 trillion by the government departments in both centre and states and public sector enterprises. In the last financial year, the gross merchandise value of transactions on the portal had doubled on year.

Since the start of operations in 2017-18, the GeM has enabled transactions of close to Rs 11 trillion, a senior official said.

The GeM started offering services to its clients from 2021 and since then the total value of services procured using the portal has crossed Rs 4.84 trillion. Procurement of services through GeM was Rs 1.73 trillion in the first seven months of this financial year.

Marginalized Communities (SC/ST) MSME Udyam Registration

As of October 2024, the number of MSMEs registered on the Udyam portal is 5,54,69,542. This includes: 5.47 crore micro enterprises, 7.29 lakh small enterprises, and 68,772 medium-sized enterprises

As a Marginal Communities registered on the Udyam portal is 7,662,847. This includes 58.21 lakh Scheduled Castes (SC) and 18.42 lakh Scheduled Tribes (ST) & Women Entrepreneur is 2.20 crore.

The Udyam portal was launched on July 1, 2020. The Udyam Assist Platform (UAP) was launched in January 2023 to bring informal micro enterprises into the formal economic fold.

India's Rise as a Startup Powerhouse- Reverse Flipping Investment in India:

The Indian startup ecosystem, once marked by a trend of flipping operations overseas, is now witnessing a significant reversal as startups return to India. This phenomenon, termed reverse-flipping, reflects India's growing appeal as a global business hub and the effectiveness of recent regulatory reforms. From cutting bureaucracy to providing competitive valuations, this shift is reshaping India's entrepreneurial landscape.

Key Drivers of Reverse-Flipping:-

1. **Regulatory Reforms** in September 2024, a landmark amendment to the **Companies (Compromises, Arrangements, and Amalgamations) Rules 2016** removed the need for National Company Law Tribunal (NCLT) approvals for cross-border mergers. This streamlined the process, cutting timelines from up to 18 months to just a few weeks.

2. Investor Sentiment Global investors now view India's stock markets and IPO ecosystem as competitive. Indian markets have shown resilience and growth, with over 10 crore unique investors in 2024, compared to just 3 crore in 2020.

3. Cost Efficiency and Talent Pool India's burgeoning talent pool, lower operational costs, and pro-business environment are motivating companies to reverse-flip. Moreover, Indian regulators often favor domestic firms for granting operational licenses, especially in regulated sectors like fintech.

Reverse-flipping signifies more than just a regulatory change—it reflects India's growing dominance in the global startup ecosystem. The country's appeal lies in its ability to combine robust local markets with supportive government policies, creating an environment where startups can thrive.

As India strengthens its position as a global startup hub, the return of companies is a testament to the country's evolving entrepreneurial landscape. The next phase could see more startups choosing to grow and list in India, marking a new era of innovation and economic growth.