

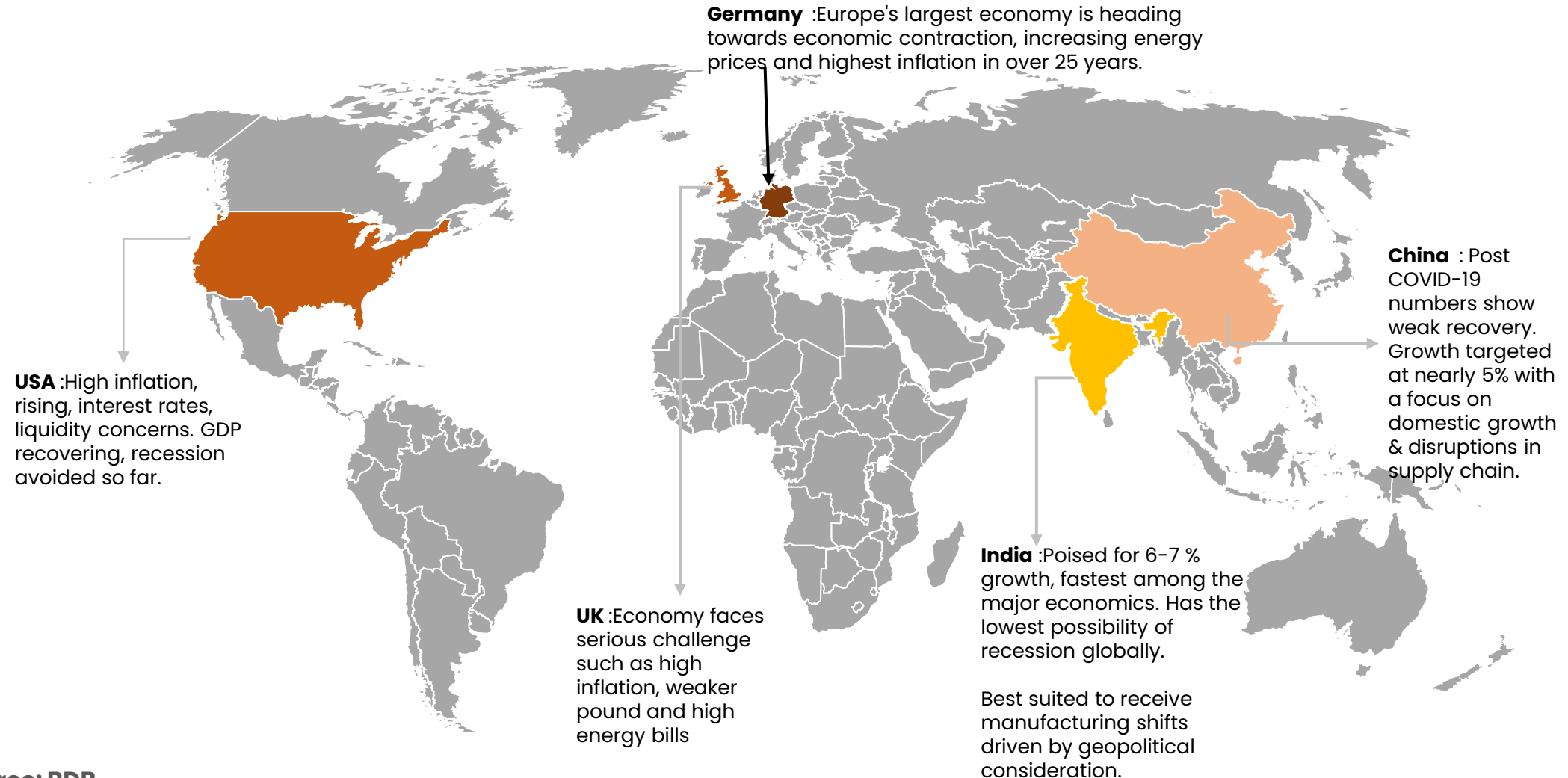


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# **Key Economic Growth Indicators of India**

**Julio 2024**

# Global Economic Trends Position India Uniquely For New Investments



Source: BDB

# Political Stability leading to Economic prosperity

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**India's consumer price inflation is much lower than inflation in advanced economies**

**INR depreciation is much lower than the depreciation of EUR vis a vis USD**

**India's external position strong with low external debts and strong forex reserves**

**India's strong external position with increasing leadership at G20, membership in QUAD while maintaining economic relations with Russia**

**Large domestic consumption base growing at 7% and base for digital services exports preserves from global shocks in trade**

**Relative political stability and strong commitment to pro-growth reforms**

**Increased policy certainty (eg: cut in corporate tax, removal of retrospective taxation provisions, ease of doing business reforms)**

**RELATIVE MACRO  
ECONOMIC STABILITY**

**ROBUST OR EVEN  
ANTI-FRAGILE TO  
GEO-POLITICAL  
SHOCKS**

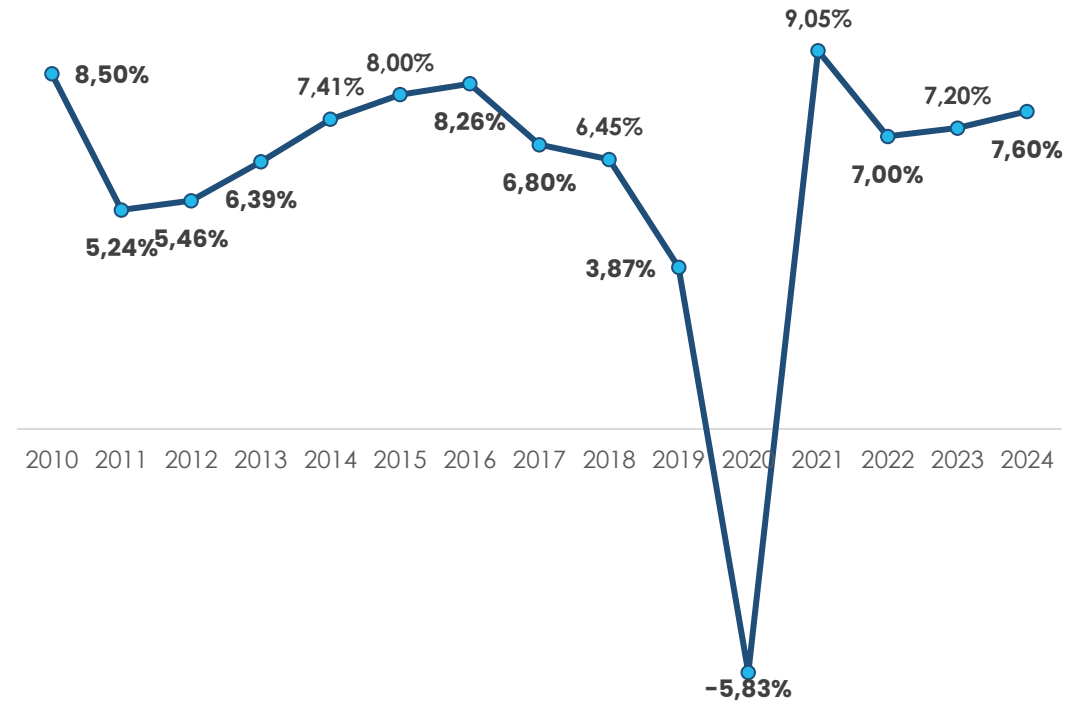
**POLITICAL AND  
ECONOMIC POLICY**

# India's GDP growth rate is higher than the major economies

## India's GDP estimates for various growth scenarios

Average growth rate	Nominal GDP
<b>Scenario 1</b> : at 5.2 – 5.4% growth rate per annum	USD 23 trillion
<b>Scenario 2</b> : at 6.1% growth rate per annum	USD 28 trillion
<b>Scenario 3</b> : at 7.7% average growth rate per annum	USD 40 trillion

## India: GDP Growth Rate Trends



Source : Ministry Of Statistics and Programme Implementation

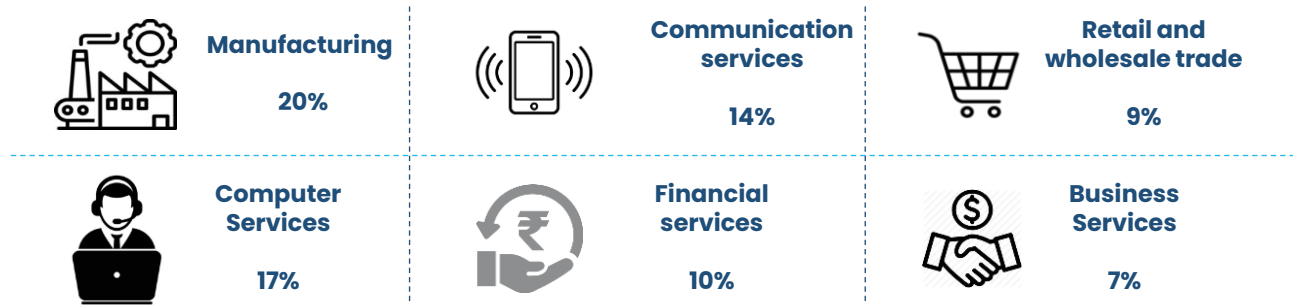
# India's reforms focus and economic growth gives rise to FDI opportunity

## What is driving India FDI?

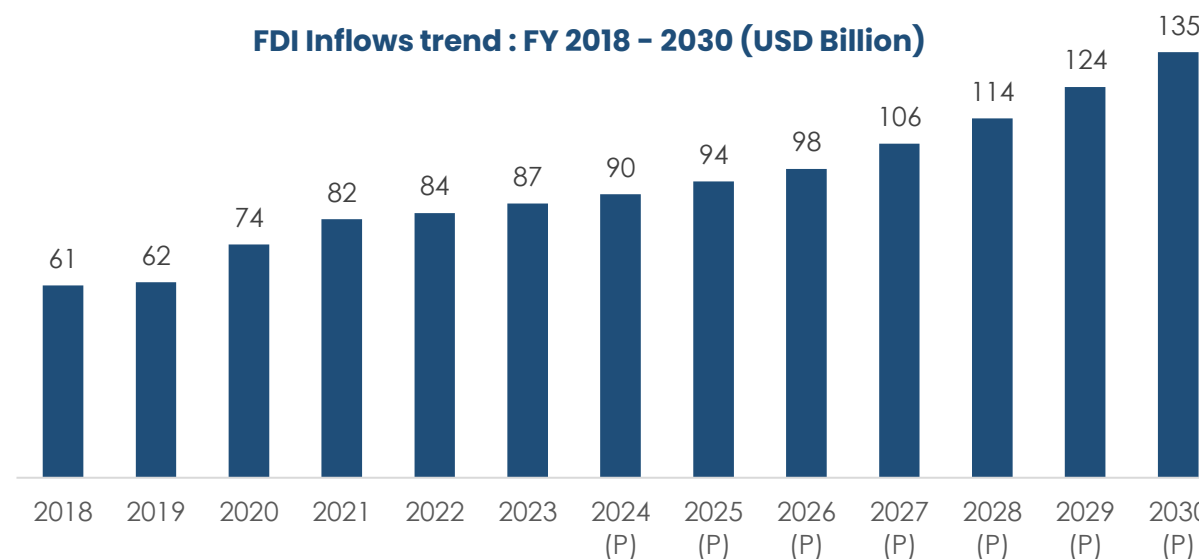
- India is projected to grow and become 4<sup>th</sup> largest economy in 2026 overtaking Japan and 3<sup>rd</sup> largest in 2027 overtaking Germany
- This growth in India would be transformative, creating numerous opportunities for the MNCs

GDP Ranking	2013	2023	2026 (E)	2027 (E)
1	US	US	US	US
2	China	China	China	China
3	Japan	Germany	Germany	India
4	Germany	Japan	India	Germany
5	France	India	Japan	Japan
6	UK	UK	UK	UK
7	Brazil	France	France	France
8	Russia	Italy	Brazil	Brazil
9	Italy	Brazil	Canada	Canada
10	India	Canada	Italy	Italy

## Sector wise FDI share



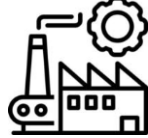









## FDI Inflows trend : FY 2018 - 2030 (USD Billion)



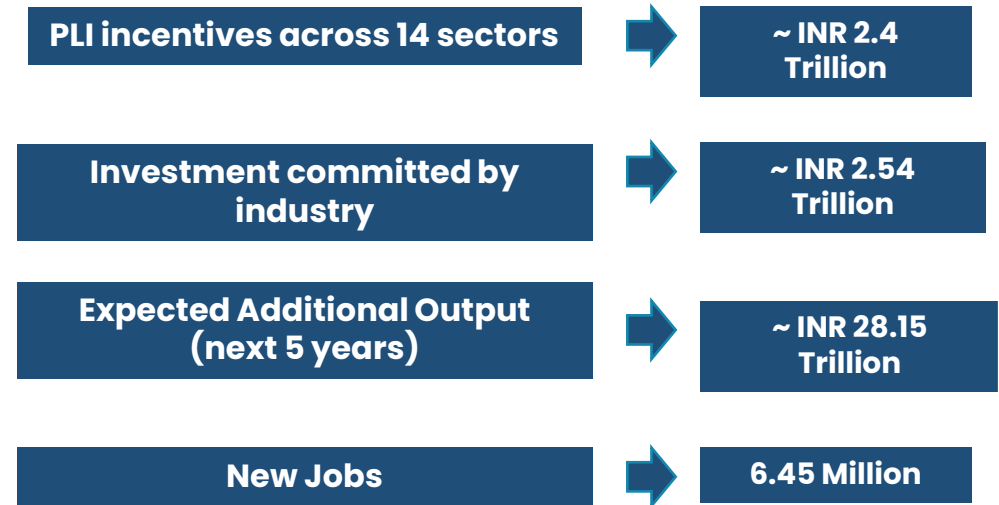
Source : FDI Statistics, Department for Promotion of Industry and Internal Trade

# 10 Priority Segments to help India realize its vision

	Segment	Drivers	From 2022	To 2030		Segment	Drivers	From 2022	To 2030
1	 <b>Agriculture</b>	Exports (USD Bn)	USD 50 Bn	USD 100 Bn	6	 <b>Healthcare</b>	Medical doctors per 10,000 population	7 - 8	20
2	 <b>Manufacturing</b>	High value exports in prioritized value chains	USD 140 Bn	USD 400 Bn	7	 <b>Infrastructure and Logistics</b>	Logistics cost (% of GDP)	13 - 14%	8 - 10%
3	 <b>Consumer Tech</b>	No. of E-retail transactors	160 Mn	770 Mn	8	 <b>Emerging Energy</b>	Share of RE generation capacity	155 GW	500 GW
4	 <b>IT/ITES</b>	Workforce trained in digital skills (%)	25-30%	100%	9	 <b>Water</b>	Households with tap water connection	50%	100%
5	 <b>Financial services</b>	MSME format credit lending (%)	< 40%	> 80%	10	 <b>Education</b>	Higher education Gross enrolment ration	27%	40 - 50%

# Manufacturing sector will create a large opportunity

- As India's flagship program "Make in India" completes 10 years this year, various reforms have been undertaken to make India competitive.
- **Reduction in corporate taxation** in manufacturing sector from over 30% to as low as 17% which makes India a competitive destination in terms of taxation
- **Infrastructure development** to reduce the infrastructure gap, including development of dedicated industrial and freight corridors
- **Ease of doing business** in manufacturing across various areas like setting up business, single windows for various permits, ease in accessing utilities, reduction in compliance requirements, digital platform for taxation filing, etc.
- **Production-linked incentives** are valued at INR 2.4 trillion across 14 sectors over the life of their schemes. This has attracted investment commitments of INR 2.5 trillion.



## PLI sectors

Automobile and auto components	Advanced chemistry and cell battery	Large scale electronics manufacturing	Telecommunication and telecom network	Textiles	White Goods	Medical devices
Semiconductors and display fabs	Drones	Specialty steel	Pharmaceutical	IT Hardware	Food Processing	High efficiency solar PV modules

# Industry wise growth rate – Key reasons

Segment	Industry Size (FY23)	Likely CAGR FY 25–30
Power	Installed Generation Capacity : 412.21 GW	~ 9%
Cement	Total production : 356 Million Tons	~ 7%
Steel	Crude steel production : 120.29 MT	~ 7.5%
Refinery	Refining capacity : 249.22 Million Metric Tons	~ 6.5%
Automobile	Number of automobiles produced : 22.93 Million	~ 9%
Auto Components	≈ USD 50 Billion	~ 10%
Electronics	≈ USD 67 Billion	~ 22%
Pharmaceutical	≈ USD 22 Billion	~ 12%
Chemical	≈ USD 220 Billion	~ 10%
Food Processing	≈ USD 365 Billion	~ 14%
Textile	≈ USD 200 Billion	~ 8%
Mining	≈ USD 23 Billion	~ 5%

- **The Production-Linked Incentive (PLI) plan, PM Gati Shakti and National Logistics Policy (NLP)** are the main drivers of India's domestic manufacturing and export competitiveness
- One of the main forces driving the Indian economy in 2023 is the government's **increasing expenditure on infrastructure** and the resurgence of capex
- After receiving its **highest-ever FDI inflow of USD 84 billion** for the fiscal year FY 2022, India remained a significant recipient of FDI.
- PLI invests in new-age sectors to a degree of 67%, and 70% of its investments are green

# India to capture significant value pools

## Global Trends

## Opportunities from India

### 1 Talent factory to the world



25 - 30%

Population in advanced economies expected to be >60 by 2047

**Become leading global exporter of talent – e.g., in digital services, healthcare, STEM, and professional services**

~ 20%

India's share of world's working age population by 2047

20%

Annual growth rate of high skilled digital talent in India

### 2 Manufacturing leadership, backed by shifting supply chains



USD 4 - 5 Trillion

Expected shift in global trade flows by 2030

**Boost India's share of global trade in key value chains, e.g., auto, electronics, chemicals and medical device exports by 2030**

USD 0.8 - 1.2 Trillion

Potential value India could capture in from trade flow shifts by 2030

~ 3 times

Increase in high-value manufacturing exports by 2030

### 3 Digital economy to fuel massive digital consumption



USD 13 - 15 Trillion

Expected increase in global GDP attributable to digital economy by 2030

**Achieve global leadership as consumer and provider of digital products and services, and become world's largest exporter of digital content**

> 10%

Share of global ICT spending by 2030 (2 times current share)

USD 1 Trillion

Potential value creation attributable to India SaaS market by 2030

# India – The New Data Hub

- The world is experiencing a data revolution. Data traffic is soaring higher than ever, especially since the pandemic induced lockdowns. Digital adoption has become critical for personal and business needs
- India has witnessed a digital thrust since the incumbent Government took charge in 2014
- This improved focus by the Government on Digital India (a flagship program) to improve online infrastructure and increase digital literacy and penetration, set the ball rolling for several initiatives, leading to an unprecedented digital explosion
- **Data localisation spurring data Center growth** : The Government of India, over the past few years, has realized the potential of data and criticality of data protection
- With the proposed rules for data localization under the Personal Data Protection Bill, the steps to ensure data sovereignty has been initiated. Under the proposed rules, data generated in India must be stored within India, protecting personal and financial data from foreign surveillance.
- With the data localization rules coming in, existing data center capacity will end up being highly constrained. Data localization has laid the stone for development of hyperscale data centers in India to cater this increasing data consumption demand.

## Data Consumption By Indian Users – Growing

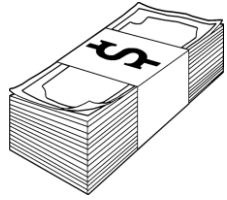
<b>2014</b>	<b>0.3 GB/user/month</b>
<b>2018</b>	<b>10 GB/user/month</b>
<b>2025 E</b>	<b>25 GB/user/month</b>

## India Internet Demographics (2023)

		Annual growth over last 5 years
<b>Total population</b>	<b>1,430 Mn</b>	<b>1%</b>
<b>Internet Users</b>	<b>1,250 Mn</b>	<b>18%</b>
<b>Active Mobile Internet Users</b>	<b>800 Mn</b>	<b>8%</b>
<b>Active Social Media Users</b>	<b>520 Mn</b>	<b>11%</b>

# India Digital Infrastructure – Growth Drivers

## Key metrics driving demand for digital infrastructure



**2x**

Growth in the per capita income in 7 years



**2<sup>nd</sup>**

Largest smartphone market (920 million subscribers)



**> 91 Billion**

Digital Transactions (largest number worldwide)



**Top 3**

Global economy for digital consumption



**USD 9.2 Billion**

Market size of IoT by 2025 (13% CAGR from USD 5 Billion in 2020)



**1.4 Million**

Digitally skilled employee base



**50%**

Global capabilities Centre's (GCC3) set up in India



**6<sup>th</sup>**

Largest OTT market (28% CAGR)



**> 35%**

Of technology workforce in MNCs



**> 65%**

Data revenue from 5G service by 2026

# Sustainability Investments

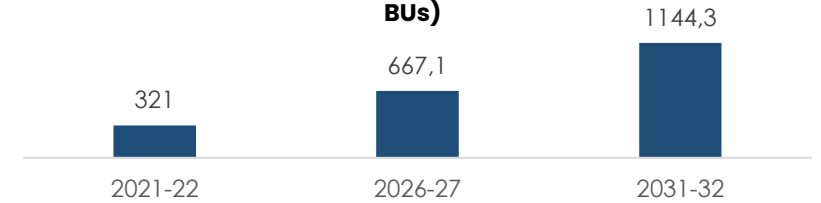


- India has set itself the target to become net-zero by 2070
- It has also set the target of meeting 50% of its energy requirements from renewable energy by 2030



- Renewable energy capacity increased from 40 GW in 2014 to 151 GW in 2021
- Projected to further increase by 107% by 2026-27 and 171% between 2026-2032

**Renewable energy demand projection in power sector (in BUs)**



- India has set a target for aggressive use of electric vehicles in India and has seen large growth in use of electric vehicles in the two wheeler, three wheeler and buses segment
- By 2030, India had set a target of EV sales penetration of:
  - 30% of private cars
  - 70% of commercial cars
  - 40% of buses
  - 80% of two and three-wheelers



- India announced a green hydrogen mission aimed at making India a hub for the production and export of green hydrogen
- Green hydrogen demand is projected at 15-20 MT by 2030



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