

Indian economy may grow by average 6.7% till FY31: S&P Global

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Expressing confidence in the medium-term growth potential of the Indian economy, S&P Global on Thursday projected an average annual growth of 6.7 per cent from the fiscal year 2023-24 (FY24) to FY31, with capital accumulation as the main driver of this growth.

In a report titled 'Look Forward: India's Moment', S&P predicted that India's gross domestic product (GDP) would nearly double to \$6.7 trillion by FY31 from \$3.4 trillion in FY23. This increase would correspond to a per capita GDP of around \$4,500, it said.

Last week, a similar forecast was made by Standard Chartered Bank, which had said the Indian economy would nearly double to \$6 trillion by the end of FY30. The bank suggested this growth would be fuelled by external trade and household consumption, with per capita income soaring by nearly 70 per cent to reach \$4,000 from \$2,450 over the same period.

Despite the possibility of a slowdown to 6 per cent in FY24 due to a global slow-

INDIA'S MOMENT

▶ **India will remain the fastest-growing economy** among the G20 nations in FY24

▶ **The country's short-term economic growth** to be underpinned by its 678.6 million-strong labour force

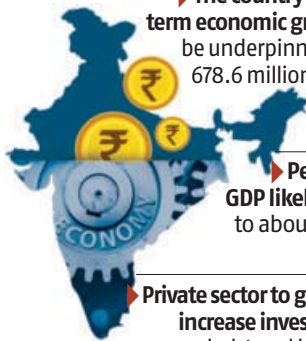
▶ **Per capita GDP likely to rise** to about \$4,500 by FY31

▶ **Private sector to gradually increase investments,** bolstered by robust corporate balance sheets

Source: S&P Global report

down and the delayed effects of policy rate increases by the Reserve Bank of India (RBI), the S&P report maintained that India would remain the fastest-growing economy among the G20 countries.

Turn to Page 6 ▶



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TEADY

nsolidated figures

cr	% change	
	QoQ	YoY
24	4.0	14.1
48	22.3	81.2
53	-46.4	0.3

age revenue per user of ₹200. se, and our digital businesses ibit strong growth momen- he resilience and strength of folio,” said Bharti Airtel Chief er Gopal Vittal.

y highlighted that digital TV nsolidate its strong market 5.9 million customer base at quarter. A focus on market- coupled with simplified pric- ence portfolio, ensured that ntinues to hold its market

rose by as much as 24 million year-on-year.

“We have been focusing on acquiring quality customers and promoting premiumisation. This has enabled us to add 5.6 million new 4G customers and achieve the highest-ever postpaid customers in a single quarter. We concluded the quarter with an industry-leading ARPU of Rs 200,” Vittal stated.

Mobile data consumption increased by 21.6 per cent year-on-year, with consumption per customer rising to 21.1 GB per month.

The company also stepped up customer additions in the highly sought-after postpaid segment, which typically involves higher customer spending. In the latest quarter, it added 0.8 million postpaid users, resulting in a total postpaid customer base of 20.48 million. These customers currently constitute approximately 6 per cent of Airtel’s total subscriber base, compared to about 5 per cent for Reliance Jio.

Economy...

“Capital accumulation will be

the main driver of Indian growth. The government has substantially stimulated investment by supporting infrastructure projects and incentivising manufacturing. We foresee the Indian private sector gradually increasing investments, bolstered by robust corporate balance sheets,” the report stated.

Chief Economic Advisor V Anantha Nageswaran in an interview included in the report emphasised the importance of the manufacturing sector and the need for a shift to high-value-added services. This shift would be essential to sustain a growth rate of 7-7.5 per cent until 2030. He cited India’s comparative advantages, including skilled labour, improved physical infrastructure, a well-established industrial ecosystem, and a large domestic market.

“The Indian economy, in real terms, needs to grow annually at 7-7.5 per cent until 2030. The share of manufacturing in total gross value added must rise from 16 per cent at present to at least 25 per cent of GDP, displacing agriculture and low-value-added services. The composition of services should also pivot towards high-value-added services, attracting foreign demand and improving earnings,” said Nageswaran.

However, the report cautioned that success would depend on India’s ability to harness its demographic dividend and increase labour force participation, including skilling. The report also stressed the necessity for structural reforms in land, logistics, and labour to boost private investment and increase competitiveness driven by foreign direct investment.

“India’s short-term economic growth will be underpinned by its 678.6 million strong labour force,” the report concluded, underlining that enticing more women into the labour force, of which only 24 per cent participated in 2022, would be critical for future growth.

Speaking at the report’s launch, DK Joshi, chief economist at CRISIL, noted that the government adopted a capital expenditure strategy following the pandemic, as opposed to a consumption expenditure-led approach. He suggested the private sector would be the next key player in investments.

“Public investment will gradually diminish as the government must remain cognizant of fiscal deficit targets. While the private sector is not currently very aggressive in investments due to global uncertainty and the upcoming general elections, the government’s interventionist investment strategy, such as the production-linked incentive scheme and increasing capacity utilisation across sectors, will help revive private investments going forward,” he added.

Imports of laptops...

An exemption from the import-licensing norm has been granted for up to 20 items per consignment intended for research and development, testing, benchmarking, evaluation, repair, re-export, and product development. The notification states the goods must be used only for these

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SOLUTION TO #4041

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