

Insights

Last week, the National Council for Applied Economic Research (NCAER) projected that India's GDP growth might surpass the central bank's estimated 7% for the fiscal year 2024-25.

This follows the International Monetary Fund's (IMF) upgraded global growth forecast of 3.2% for both 2024 and 2025, as well as the World Trade Organization's (WTO) expectation of a 2.6% increase in world merchandise trade volumes this year, rebounding from a 1.2% decline in 2023.

India can adopt several strategic approaches to harness its growth potential and tackle these evolving dynamics. Firstly, investing in skilling and education is paramount to equipping the workforce with the necessary proficiencies, particularly in burgeoning sectors like electric vehicles and semiconductors.

Secondly, fostering innovation and R&D culture is crucial for India's ascendancy in high-tech domains, necessitating robust public-private partnerships and an enabling innovation ecosystem.

Thirdly, enhancing the ease of doing business through regulatory reforms can attract more foreign investment and spur domestic entrepreneurship.

Lastly, integrating sustainability into development agendas is imperative for long-term growth, promoting eco-friendly technologies and practices to ensure economic prosperity while safeguarding the environment.

"The projected acceleration in both global growth and trade volumes as well as forecast of an above normal monsoon indicate that the Indian economy can again attain growth rates higher than 7% during the current fiscal year." -
Poonam Gupta, NCAER director general

National

Strong capex, domestic demand behind India's growth performance: IMF

The IMF said that its upgrade of growth projection for the region was due to its higher growth expectations in India and China. The Fund raised its regional growth forecast for calendar year 2024 by 0.3% points to 4.5%, after a 5% expansion in 2023.

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Indian economy expected to achieve higher than 7% growth in 2024-25: NCAER

NCAER expects India to gain further boost from an improvement in the global GDP growth, which will create demands for Indian goods. IMF projected a resilient global economic outlook in its World Economic Outlook to 3.2% in 2025 from 3.1% in 2024.

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OECD raises India's FY25 GDP growth projection by 40 basis points to 6.6%

The Organisation for Economic Co-operation and Development (OECD) raised its growth forecast for India by 40 basis points to 6.6% for 2024-25, holding that buoyant public investment and improved business confidence will propel India's GDP growth.

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April 2024 GST Collection Hits Record High: Surpasses INR 12 Lakh Crore Mark

This surge follows March's GST collection of INR 1.78 lakh crore. Notably, the previous peak in GST collection was recorded at INR 1.87 lakh crore in April 2023. According to ministry reports, the driving force behind this growth was a 13.4% rise in domestic transactions and an 8.3% increase in imports.

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Bilateral

India and Maldives hold talks to enhance trade cooperation

India and Maldives strengthen economic ties through increased trade and export quotas, with India emerging as Maldives' top trade partner. Bilateral trade exceeded US\$ 500 million in 2022, showcasing significant growth.

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India, Nigeria agree to early conclusion of local currency settlement system agreement

The agreement will enhance bilateral trade and mutually beneficial investments in sectors such as crude oil, natural gas, pharmaceuticals, power, renewable energy, agriculture, education, railway, aviation, and MSME development.

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India-UAE trade agreement cementing long-standing economic ties: UAE envoy

The comprehensive economic partnership agreement (CEPA) between India and the United Arab Emirates has emerged as a resounding success story, solidifying the long-standing economic ties between the two sides.

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India, New Zealand look to boost collaboration in pharma, digital trade

Both sides discussed establishing robust bilateral economic dialogue architecture and creating working groups in sectors like agriculture, food processing, storage and transportation, and forestry and pharmaceuticals.

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Multilateral

ADB open to scaling up financing of private sector projects in India

As of 31 December 2023, the total outstanding balances of ADB's non-sovereign transactions in India amounted to US\$ 2.39 billion, representing more than a fifth of ADB's total private sector portfolio.

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Services exports may rise to \$800 bn by 2030: Goldman Sachs report

Goldman Sachs predicts that India's services exports will rise to US\$ 800 billion by 2030, up from US\$ 340 billion in 2023. This growth is expected to make India's external sector more resilient to supply-side shocks.

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China, Hong Kong account for 56% of India 's total imports of electronics, telecom, electrical products

India's imports of electronics, telecom, and electrical products surged to USD 89.8 billion in 2023-24, with over half of these imports coming from China and Hong Kong, according to the Global Trade Research Initiative (GTRI).

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Kazakhstan-Turkmenistan-Afghanistan discuss possible transport corridor to India & West Asia

Key officials highlighted the importance of the Kazakhstan-Turkmenistan route within the International North-South Transport Corridor and agreed to form a working group to implement it.

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Editorial

Structural transformation driving services-led employment generation in India

India's journey post-economic reforms reveals a consistent decline in the capital-output ratio coupled with a noticeable growth in the capital-labour ratio. The reduction in the capital-output ratio signals enhanced capital productivity due to technological innovations. In contrast, the increase in the capital-labour ratio indicates a shift towards more capital-intensive production methods driven by technological advancements in manufacturing. This dual trend could lead to excess labour, especially as agriculture is already experiencing a surplus. With potential negative impacts on overall employment, it becomes crucial to pivot towards the service sector, which dominates national output and holds significant employment generation potential.

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