

INDIA – THE SHINING

STAR

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INTRODUCTION –

India's economic journey is a testament to the nation's indomitable spirit, marked by resilience, innovation, and a relentless pursuit of growth. From the ancient civilizations along the banks of the Indus River to the bustling metropolises of the 21st century, India's economic landscape has undergone profound transformations, reflecting the dynamism of its people and the diversity of its culture.

Throughout its history, India has navigated through periods of conquest, colonial rule, and independence, each chapter leaving an indelible imprint on its economic trajectory. Despite facing numerous challenges, including centuries of foreign domination and socio-economic disparities, India has consistently demonstrated a remarkable ability to adapt, innovate, and thrive.

Driven by a potent blend of tradition and modernity, India's economy has emerged as one of the world's fastest-growing, fueled by a burgeoning entrepreneurial spirit, a youthful workforce, and a burgeoning tech industry. From the bustling markets of Mumbai to the

vibrant startup ecosystem of Bangalore, the story of India's economic evolution is a narrative of resilience, ingenuity, and the unwavering determination to forge ahead on the path to prosperity.

GDP GROWTH

India currently has a GDP of 3.7 trillion dollars and by 2050 this is expected to become 44 trillion dollars if you look at the above chart you can see that the GDP of the country has been growing at a highest pace and it is forecasted by the IMF that up until 2028 India GDP will grow at a nice and stable pace of 6%.

POPULATION

The impact of population is straightforward, India's population is also growing very fast, recently India became the most populous country. As of December 17, 2023, India's population is 1,434,661,994, which is 17.76% of the world's population. This makes India the most populated country in the world, surpassing China. This is a 0.8 percent increase from 2022. The UN predicts that India's population will continue to grow for the next three decades, reaching 166.8 crore by 2050. However, the UN

also predicts that India's population will start to decline after 2050.

The higher the population better for the country because the country has an overall larger workforce which is good for all industries but mainly the manufacturing sector, there are also some downsides to , high population it puts a lot of pressure on housing and other basic facilities therefore the cost of these facilities can skyrocket leading to poverty homelessness and a higher disparity between the rich and poor.

The median age in India is 28 years, more than 90% of India's total population is under 60 years of age. All this indicates that India has a very young population. You see India is not only the most populous country in the world it also has one of the youngest population globally and the main advantage of this is that young people can adapt quickly and keep pace with the continuing dramatic and constant technological change, the young population is also very innovative and creative fueling economic growth in India.

As said in the previous paragraph the young population contributes to the innovation in India therefore the Indian government is encouraging its citizens to start a business

and these incentives have worked, entrepreneurship in India is increasing rapidly this in turn created more jobs, increases manufacturing in India and increases exports hence the economy does very well.

GDP PER CAPITA

India's GDP per capita for 2022 was \$2,389, showing a 6.72% increase from 2021. In 2021, it was \$2,238, marking a 16.98% rise from 2020. However, in 2020, it was \$1,913, indicating a 6.68% decline from 2019. The country's GDP per capita is 17% of the world's average. From 1960 to 2022, India's GDP per capita averaged \$767.81. Even though India has a very low average income compared to the world average, they have a high GDP because of the large population India's average income is increasing rapidly as the overall country grows, when the average income in a country increases the people have a lot more disposable income and this will lead to growth of many other industries such as energy drinks and the luxury goods sector.

TAX COLLECTION

The tax collection in India has also increased substantially after the Covid times, tax collection in FY 2020 was around

10 lakh crores and in FY 2022 – 2023 it crossed 18 lakh crores. The reasons for this are -

Economic Growth: As the Indian economy grows, there is a natural expansion in the consumption of goods and services. A larger economy generates more revenue through the GST as it is a consumption-based tax.

Wider Tax Base: The GST regime has expanded the tax base by bringing various goods and services under its purview. This has increased the number of taxpayers and the overall tax collection.

Anti-evasion Measures: The government has implemented various anti-evasion measures, including improved technology and data analytics, to reduce tax fraud and increase compliance. These measures have helped in detecting and preventing tax evasion.

Simplified Tax Structure: The GST simplified the tax structure by replacing a complex system of multiple indirect taxes. This simplification has made it easier for businesses to comply with tax regulations, reducing the scope for evasion.

Better Compliance: The GST regime enforces a unified tax system, which is beneficial in encouraging compliance.

The tax credits available under GST encourage businesses to deal with registered suppliers and pay taxes correctly.

Regular Revisions: The GST Council regularly reviews and revises the GST rates to optimize revenue collection while ensuring the tax burden remains reasonable for consumers.

Increase in the Number of Taxpayers: The GST has led to an increase in the number of registered taxpayers, which contributes to higher tax collections. More businesses have come under the formal tax net.

Improvement in Tax Administration: The government has invested in improving tax administration and compliance mechanisms. This has streamlined the tax collection process.

Digital Transactions: The push for digital transactions and the use of technology have made it easier for the government to track economic activities and collect taxes efficiently.

Changes in Tax Rates: The government has occasionally adjusted GST rates to ensure that they are in line with revenue goals and economic conditions.

All this points out to an investor friendly government.

INDIA'S CHARGED ECONOMY

India has found its place in the world thanks to the exceptional growth and revolutionary policies, it is the only large economy growing at the fastest pace for over a few years now and shining bright, India's economic condition has drastically improved over the past decade.

First let's talk about inflation from 2004 to 2014, the average inflation during these years was 8%, the government in those times failed to control inflation and this ate up the savings of the Indian middle class, even the banking sector was pretty bad with gross non performing assets at 13%, this shows that the banks were lending money recklessly, in fact some people have mentioned that in those times the only thing that banks required you to do was to state the amount of money you needed and you would get a loan.

Capable political leadership has ensured we rally people behind the reform, they have translated a popular desire for change into concrete reform agenda. The most auspicious moment is the arrival of a charismatic leader and Narendra Modi fits this profile when he took over as

the prime minister of India in 2014 when his party won the elections with an astounding victory, in a crisis a nation looks for change and demands change in leadership.

One critical cause of strong growth is the supply of active and talented workforce

CONTROLLING THE CANCER

Inflation would go hand in hand with growing economies, there are very economies who have delivered miracle by growing over 6% for over a decade but managed to have inflation below the emerging world average, South Korea, China, Singapore, Taiwan belong to this league. India's Central Bank has always played an aggressive role as far as taming inflation is concerned, they have never let inflation go out of control, even during our strong growth days hardly has India gone consistently above 6% inflation for a sustained period, this has in turn kept interest rates in control thus sustaining growth. The average inflation in emerging economies is around 9.8% in 2024, whereas in India it is hovering around 5%, India has done a fabulous job of having a growth rate of around 6.5% to 7% and still controlling inflation

THE KISS WITH DEBT

The CAD has come down to a staggering low of 1.3% of GDP for Q3 FY-23-24, what a golden combination of being called as the fastest growing large economy, inflation in control and a reducing CAD....it simply cannot get better, this is an example of perhaps the most well managed nation. When we look at the world around it does not paint a rosy picture as far as their debt is concerned

The above chart clearly reflects what a sweet spot India stands at, one of the lowest debt to GDP and getting lower with every passing year. It's not just the government debt but Indian corporates have been on a deleveraging spree post covid era

India's neighbors have fallen into some serious debt traps and now are unable to service them.

India truly stands out as a shining armor where not being a part of the list is best

It's not just the government but also the India corporate has been on a deleveraging spree in post covid era, the corporate debt to GDP has fallen from a high of 56.45% in 2021 to 51.79% in 2022.

In 2004 India had 17 months of foreign reserves left and by 2013 it only had 6 months of reserves left, the government came up with a scheme to boost forex where

people of Indian origin could transfer money to India and store it and would also get paid with interest in their original currency. This way India attracted a lot of forex, but when it was time to pay these people back there was a new government in power and they had to pay back the forex and the high rate of interest which created a big problem for them.

After the financial crisis the government came up with fiscal stimulus where in order to improve economic activity there are tax cuts and lowering of interest rates, therefore the government had a huge fiscal deficit.

Parameter	2014	2024
GDP (Value)	2 trillion USD	3.4 trillion USD
Income Tax collection(Rs)	Rs 7 lakh crore	Rs 13 lakh crore
Indirect Tax collection(Rs.)	Rs 6 lakh crore	Rs 15 lakh crore
Exports (Rs.)	317 million USD	765 billion USD
Per Capita Income(Rs)	Rs 70 thousand	Rs 1 lakh
Inflation	10%	5.5%

WHEN SPENDING MAKES YOU POOR –

It's a tricky subject, the reality is that building infrastructure, roads, bridges, logistics smoothening, good rail network are some of the basics where any nation is expected to spend, the problem occurs when a state starts spending lavishly on subsidies, running loss making companies, getting weak in collecting taxes, the current govt under the leadership of Narendra Modi has scored full marks on almost all of the above parameters, they are spending billions to build solid road network resulting in smoother logistics and movement of people and good, in FY 21-22, the railway budget was around 5.5 lac Crore, almost 35% of the entire budget, the govt has they divest loss making companies in case they are unable to make them profitable, for ex., they divested Air India, perhaps the most self-defeating aspect of the governments involvement in economy is energy subsidies which play a major role in draining national treasuries, Narendra Modi made the OMC like HPCL and BPCL more profitable by reducing the fuel subsidies.

TRANSFORMING MANUFACTURING THROUGH MAKE IN INDIA AND PLI SCHEMES

The Indian government have set certain policies in early 2023 which not only encourage but make it compulsory for companies to manufacture in India. For example – Apple is setting up various factories in India to manufacture various parts as well as assemble them... even though Apple has been assembling parts in India for the last 5 to 10 years already it has started manufacturing in India also. Apple is trying to make its main manufacturing center India over China, yes Apple is still doing most of its manufacturing in China its slowly coming towards India one of the main reasons could be that the Indian government is offering various benefits or incentives to make companies to manufacture in India.

I believe that the likes of giants like Apple, Boeing, Airbus etc. coming to manufacture to India is no small thing, it's an extremely important milestone as this will lead to birth of many manufacturing units associated with the apple phone, this creating huge employment, this milestone is

similar to what happened to Electronic manufacturing when GE came to India.

When GE came to India, it established a significant presence and formed partnerships with various Indian companies. In 1902, GE installed India's first hydro power plant, marking its initial venture in the country. In 1990, GE created a joint venture with Azim Premji's Wipro Group and started setting up manufacturing plants in India. In the early 1990s, GE also pioneered the back-office outsourcing industry by shipping back-office work to India. Additionally, GE formed a technology partnership with India in 2005, aligning with the country's economic opening. Furthermore, GE has developed a significant partnership with Hindustan Aeronautics Limited (HAL) in the Indian armed forces.

The 4 pillars of Make in India initiative are New Mindset, New Sectors, New Infrastructure, and New Processes. Hence, the Make in India initiative not only aims to boost the manufacturing sector but also other sectors. Production Linked Incentive (PLI) Schemes for 14 key sectors (with an incentive outlay of Rs. 1.97 lakh crore) are under implementation to enhance India's manufacturing capabilities and exports. With announcement of PLI Schemes, exponential significant improvement in

production, skills, employment, economic growth and exports is expected over the next five years and more. As of now 733 applications have been approved across the country in 14 sectors.

PLI has the potential for creating 60 lakh new jobs, Minister of State for Labor and Employment Rameswar Teli said in Parliament, it will also generate an extra Rs 5 trillion in tax revenue and the PLI scheme also helped improve the export mix in local production from 16% on-year to 25%, adding that this can enable India to become a credible global supply chain alternative for mobile phones and electronics.

Some other schemes to boost Make in India are - National Infrastructure Pipeline (NIP) and National Monetization Pipeline (NMP), India Industrial Land Bank (IILB), Industrial Park Rating System (IPRS).

Due to the Make in India scheme FDI investment in India has grown rapidly from around 45 billion dollars in 2014 – 2015 to around 80 billion dollars in 2022 – 2023. Since India is offering many benefits and schemes to companies that Make in India, some of the prominent brands that have made products through this initiative include Apple, Samsung, Xiaomi, Oppo, Vivo, Lenovo, Ford, and General

Electric, even many global carmakers – such as Renault, Suzuki, Honda, Volkswagen - have set up their manufacturing base in the country. India is set to become a manufacturing hub in the next few years. India can expect to attract 120 billion dollars to 160 billion dollars of FDI annually by 2025 if it manages to increase the FDI to GDP ratio between 3% to 4% range by 2025. Because of all this India is set to create 100 million jobs over various sectors. Since unemployment rate is decreasing people will spend more therefore the economy will do well.

BRAIN DRAIN

A major issue that India is facing is that of brain drain, this is a phenomenon where the youngest and most talented Indian workers leave the country to offer their services to other countries... this usually happens when students go abroad for education but never end up coming back to their home country and end up pursuing their career in the same country, now this is a problem because the young population takes its skill, innovation, talent and creativity to another country also the young population contributes to a lot to the job market and entrepreneurship, they are also the main consumers of

certain businesses, products and sectors and therefore when they leave these businesses are affected.

The Indian government has been successful in tackling this problem by setting up various high quality colleges and universities in India and giving subsidies and incentives to people who start businesses in India. The professional opportunities that India is generating are tremendous and this is resulting in a large number of Indians coming back and exploring the opportunities

REVOLUTIONIZING ONLINE TRANSACTIONS

UPI is an online payment service which was introduced by the Indian government, UPI has become extremely popular in India and also supports payment companies such as Paytm, Phonepe etc. In fact, UPI in India has become so popular that even the small tea shops or the local cab drivers have an account and therefore it has become extremely easy and convenient to pay small amounts online.

Other than the obvious benefit of UPI there are a few more benefits –

Official money – When more people use UPI there is a lot more official money, this means that there is more taxed money that the government knows about.

Money is circulation – When there is more white money the government can track the amount of money in the economy more efficiently.

Higher tax collection – More white money results in an overall higher tax collection.

One possible advantage of UPI could be that it makes people spend more money because of ease and convenience of payments, but there is no way that we can track this.

In FY22 UPI recorded more than 45 billion transactions amounting over 85 trillion rupees, and it was estimated that more than 22 crore transactions take place through UPI every day.

This was just UPI 1.0, UPI 2.0 is even better, with UPI 2.0 you can make UPI payments through credit cards where your UPI is linked to your credit card and you will also be able to make payments without internet by simply giving a missed call.

Moreover, India's digital revolution has been another game-changer with over 800 million internet users India's online market is the second largest in the world after China, this has been creating enormous business opportunities across India which have been growing rapidly. India is also becoming a hub for technology with emerging startups which have been growing rapidly and attracting global attention. Having a lot of internet is also good because these people have full access to the internet and can learn online, start businesses and do many more things.

Because of all this many countries have started implementing UPI, Bhutan has already done it and countries like the UK, France and Singapore have been talking about doing so as well. Because many other countries are adopting UPI it is possible that we may not even have to carry foreign currency while travelling there.

POWERING THE POWER SECTOR

India is the 3rd largest energy consuming country in the world.

India stands 4th globally in Renewable Energy Installed Capacity (including Large Hydro), 4th in Wind Power

capacity & 4th in Solar Power capacity (as per REN21 Renewables 2022 Global Status Report). The country has set an enhanced target at the COP26 of 500 GW of non-fossil fuel-based energy by 2030. This is the world's largest expansion plan in renewable energy.

India's installed non-fossil fuel capacity has increased 396% in the last 8.5 years and stands at more than 179.57 GW (including large Hydro and nuclear), about 42% of the country's total capacity (as of November 2023). India saw the highest year-on-year growth in renewable energy additions of 9.83% in 2022. The installed solar energy capacity has increased by 30 times in the last 9 years and stands at 74.30 GW as of January 2024. India's solar energy potential is estimated to be 748 GWp as estimated by National Institute of Solar Energy (NISE). The installed Renewable energy capacity (including large hydro) has increased by around 128% since 2014.

Up to 100% FDI is allowed under the automatic route for renewable energy generation and distribution projects subject to provisions of The Electricity Act 2003.

Solar Rooftop Scheme 2024 was started by the Prime Minister of the country, Narendra Modi. Through this scheme, energy bill reduction benefits are given to people

who belong to the poor category or have weak economic situations. In this scheme, the solar panels are installed on their rooftops and give them free Energy. Emphasis can be laid on doing so that poor citizens will now not need to pay energy bills, and they will be able to emerge as self-reliant and may be able to use Energy without any hassle.

Through this scheme, one crore solar panels may be set up so one can make certain energy deliveries and additionally reduce energy bills. With the launch of this scheme, the citizens of the country could be encouraged to use solar panels and reduce the use of fossil fuels. It makes a good approach towards renewable sources of Energy. To get solar panels set up from Solar Rooftop Subsidy Scheme 2024, all the eligible residents of the country Will meet the eligibility criteria and apply for it online at the official portal.

The essential aim of the solar rooftop subsidy scheme, which was installed by the vital government, is to get a greater number of people to use solar panels on their roofs so that less Energy is needed from the grid station. The scheme not only facilitates the authorities or the complete country, but it additionally facilitates people locally. It also helps the people a lot as once they have the solar panels installed they do not need to make a monthly

expense to get electricity and have free electricity for life
(excluding maintenance charges)

INDIA'S INVESTMENT ALLURE

India's strategic location and its influence in global affairs are making it an attractive destination for foreign investment. India's close proximity to large markets such as Middle East, Europe and Southeast Asia, coupled with its growing economic and political clout make it a preferred destination for foreign multinational corporations looking to expand in the region.

India has a large and healthy middle class, making it an attractive consumer market. Indeed, India is the world's largest market for manufactured goods and services, and ranks number 3 out of 141 economies for market size according to the WEF's Global Competitiveness Index. That market is only anticipated to grow. The WEF estimates that India's total consumption expenditure will grow to \$5.7-6 trillion by 2030.

The sheer size and fragmented nature of the Indian market can also present a challenge for investors and businesses. Indian states are often compared to individual nations, given their size and diversity in language, culture,

talent and infrastructure. This creates a considerable variance in business landscapes. Additionally, regulations, rules, and policies can vary from state to state, as can subjective interpretations of prevailing laws. Cultural differences, too, must be understood and navigated. South India is wealthier and older, for example, while the northern part of the country is younger and poorer. North Indians prefer communicating in Hindi, while southern Indians use English or their respective state language for business transactions.

INFRASTRUCTURE PROJECTS

The Indian government is investing heavily into infrastructure, I spoke about this in the first paragraph, the three biggest sectors in which the government is investing are defense, railway and infrastructure. India is building new roads, highways tunnels etc.

The government has also built the Chenab railway bridge. The Chenab Rail Bridge is a steel and concrete arch bridge located between Bakkal and Kauri in the Reasi district of the Jammu Division of Jammu and Kashmir, India. The bridge spans the Chenab River at a height of 359 m above the river, making it the world's highest rail bridge which is also taller than the Eiffel tower and costs Rs 1500 crores.

The main purpose of this bridge was to help transport soldiers, food and water, arms and equipment during the time of war this bridge will reduce the time between the two towns from 7 hours to 3.5 hours, the train track, train and bridge is immune to bomb blasts, explosions and earthquakes.

A few more of India's most innovative ongoing infra projects are - Bullet Train. The National High-Speed Rail Corporation launched the very first bullet train project in India that runs between Mumbai and Ahmedabad. Government of India is developing the Delhi Mumbai Industrial Corridor (DMIC), first industrial corridor on the backbone of Western Dedicated Freight Corridor (DFC) between Delhi and Mumbai covering an overall length of 1504 km and passing through the states of Uttar Pradesh, Delhi NCR, Haryana, Rajasthan, Gujarat and Maharashtra, with end terminals at Dadri in the Delhi NCR and Jawaharlal Nehru Port (JNPT) near Mumbai. Gujarat International Finance Tech-City is a central business district under construction in Gandhinagar district in Gujarat, India. It is India's first operational greenfield smart city and international financial services center, which the Government of Gujarat promoted as a greenfield project.

INDIA: ENTREPRENEURSHIP, DEFENSE, POPULATION, STABILITY ASCEND

India is more like a back office to the world, a lot of things are manufactured there and a lot of services are provided by the economy but innovation and entrepreneurship has always been low in the country, recently though this has also been on the rise in India, the government offers various subsidies to make in India and entrepreneurship is encouraged, even shows like shark tank India has encouraged and inspired many young entrepreneurs. Entrepreneurship in India is on the rise, with the country's entrepreneurial activity rate increasing from 5.3% in 2020 to 14.4% in 2021.

Entrepreneurship recently is a driving force behind India's economic growth, job creation, and innovation. Entrepreneurs contribute to social change by developing products and services that reduce people's dependence on outdated technologies. Entrepreneurship can take India to another league and can make India the 3rd largest economy by 2030.

The Defense sector in India is has gained a lot of traction thanks the focus of govt on this sector, the Indian government realized that they did not have enough emergency stock of ammunition needed in case of a war and therefore started producing more with the intention of also exporting it to other countries and tripling defense exports to 5 billion dollars. India is exporting defense products including bullet proof jackets, helmets, ALH (Advanced light helicopter), ammunition, fast interceptor boats, electronic products, offshore patrol vehicles, coastal surveillance system, torpedo, warfare simulators and many more. The main companies manufacturing these are HAL and BEL. The defense sector in India got a budget allocation of 6 lakh crore in 2023 - 2024 which is a 13 percent jump from the previous budget, the FDI in the defense sector has jumped thanks to the initiatives of the govt, India now says that any international company who wants to participate in defense tenders will either have to get into a technology transfer arrangement with their counterpart or the company has to set up shop in India, the results – giants like Airbus, Boeing etc. are already putting factories in India.

India is a very politically stable economy which is a big advantage for its economy, BJP (Bharat Janta Party) has

been In power in India as the central government since 2014 with Mr Narendra Modi as the prime minister, under his governance India has grown very well and has made its mark as one of the most important economies, the elections in 2024 will have a huge impact on the Indian economy, BJP has already won the elections in 3 out of 4 states, this gives us an idea of how the central elections are going to be, if BJP does win in the central elections the Indian economy is set to do very well and the stock markets in India are expected to break existing levels, this is not because one particular party is better but because there will be no change in the government, when there is a more stable governance the economy and stock markets do much better and it is taken very positively. Usually around 6 months before the elections the economy and the financial markets do very well because the existing government spends a lot of money on public development, welfare of the public and in giving freebies and even the competing parties do so, therefore the economy grows as a whole.

India stands as an economic powerhouse, marked by rapid growth, global admiration, and an unparalleled tapestry of cultural diversity. Its impressive achievements, both on the global stage and within its borders, have positioned it

as a beacon of progress. A pivotal driver of this success is the government's strategic encouragement of local businesses through subsidies, fostering an environment where manufacturing thrives.

This proactive approach has created a domino effect of positive outcomes. As manufacturing flourishes, employment opportunities multiply, ushering in new enterprises, elevating income levels, as factories pop up around cities, service business from restaurants to insurance companies emerge to cater to the growing middle class and subsequently boosting tax revenues. India's share of manufacturing in its GDP stands at around 13%, it has been observed that economies which are growing strongly can peak out the manufacturing contribution anywhere between 30 to 35%, thus India has a long way to go. This surge in economic activity not only fuels individual prosperity but also contributes significantly to the overall economic landscape. It's a symbiotic relationship where increased capital expenditure becomes the catalyst for the nation's sustained growth. India's trajectory holds the promise of breaking through barriers in the coming decades. The stage is set for a remarkable journey, fueled by innovation, resilience, and a vibrant entrepreneurial spirit. In a world

where bets are placed on countries shaping the future, India stands out as a compelling contender.

TIES WITH THE WORLD

The ministry of external affairs has been at its best like never before, we have an extremely able minister – Mr. S Jaishankar, who has mastered the art of creating bonds and balancing delicate situations. India has had never had such strong relations in almost every part of the world, our ties with the United states are the best in our history, India has maintained diplomatic relations with many nations over the years, India has many friends and allies as they have helped them in some way or the other India's growing economy, strategic location, a mix of friendly and diplomatic foreign policy and large and vibrant diaspora has won it more allies than enemies. India has friendly relations with several countries in the developing world. Though India is not a part of any major military alliance, it has a close strategic and military relationship with most of its fellow major powers.

The Crown Prince of Abu Dhabi, Deputy Supreme Commander of U.A.E. Armed Forces, General Sheikh Mohammed Bin Zayed Al Nahyan being received by the

President, Shri Pranab Mukherjee and the Prime Minister, Shri Narendra Modi

Countries considered India's closest include the United Arab Emirates, Russian Federation, Israel, Afghanistan, France, Bhutan, Bangladesh, and the United States. Russia is the largest supplier of military equipment to India, followed by Israel and France. According to some analysts, Israel is set to overtake Russia as India's largest military and strategic partner. The two countries also collaborate extensively in the sphere of counter-terrorism and space technology. India also enjoys strong military relations with several other countries, including the United Kingdom, the United States, Japan, Singapore, Brazil, South Africa and Italy. In addition, India operates an airbase in Tajikistan, signed a landmark defense accord with Qatar in 2008, and has leased out Assumption Island from Seychelles to build a naval base in 2015.

India has also forged relationships with developing countries, especially South Africa, Brazil, and Mexico. These countries often represent the interests of developing countries through economic forums such as the G8+5, IBSA and WTO. India was seen as one of the standard bearers of the developing world and claimed to speak for a collection of more than 30 other developing

nations at the Doha Development Round. Indian Look East policy has helped it develop greater economic and strategic partnerships with Southeast Asian countries, South Korea, Japan, and Taiwan. India also enjoys friendly relations with the Persian Gulf countries and most members of the African Union.

The Foundation for National Security Research in New Delhi published India's Strategic Partners: A Comparative Assessment and ranked India's top strategic partners with a score out of 90 points: Russia comes out on top with 62, followed by the United States, France, UK , Germany , and Japan . One of the outcomes of the 2023 G20 summit is a transportation project that would facilitate Indian trade to the Middle East and Europe. India is a member of several intergovernmental organizations, such as the United Nations, the Asian Development Bank, BRICS, and the G-20. which is widely considered the main economic locus of emerging and developed nations. India exerts a salient influence as the founding member of the Non-Aligned Movement. India has also played an important and influential role in other international organizations, such as the East Asia Summit, World Trade Organization, International Monetary Fund (IMF), G8+5 and IBSA Dialogue Forum. India is also a member of the Asian

Infrastructure Investment Bank and the Shanghai Cooperation Organization. As a former British colony, India is a member of the Commonwealth of Nations and continues to maintain relationships with other Commonwealth countries.

India is the world's third-largest importer and consumer of oil, and imports nearly 80 percent of its needs. In the 10 months after Russia invaded Ukraine, India saved \$3.6 billion by importing heavily discounted crude from Russia, according to data presented by a ruling party lawmaker in parliament.

Economic Benefits: India has secured favorable trade agreements and investments from countries like Japan, the United States, and various European nations, boosting its economy.

Technology Transfer: Collaboration with countries like Israel and the United States has facilitated the transfer of advanced technologies, particularly in defense and agriculture, saving India money on research and development.

Infrastructure Development: Partnerships with countries like Japan and China have led to significant investments in infrastructure projects, such as highways, ports, and

railways, which contribute to India's economic growth and development.

Energy Security: Strategic partnerships with countries like Russia and the United Arab Emirates have ensured a stable supply of energy resources, reducing India's dependence on expensive imports and saving money in the long term.

Defense Cooperation: Military cooperation with countries like Russia, the United States, and France has enabled India to acquire advanced defense equipment and technology at reduced costs through joint development programs and defense deals.

Diplomatic Support: India's strong diplomatic ties with countries in various international forums have helped in securing support for its positions on global issues, saving resources that would have been spent on prolonged negotiations or conflicts.

STOCK MARKETS

India has consistently been an outperformer especially in the equity markets, the two major indices of the Indian stock markets are the Sensex of BSE and Nifty 50 of NSE. In 2023 the CAGR for Sensex stood at 14% for the last 20

years. The markets are doing extremely well currently with elections coming and hopes of the ruling party getting elected once again, I have already talked about this, with the overall economy growing rapidly, FII's are looking for investment opportunities in the country and the equity markets are the best place for this currently.

Easing US inflation has triggered rate cut buzz in upcoming US Fed meeting. This buzz has triggered profit-booking in the currency and bond market, which is a good sign for the global equity market, which includes Dalal Street as well. So, FIIs are expected to pump money into the emerging markets where Brazil, China, and Indian markets have remained a traditional destination for the FIIs. As Brazil is facing political uncertainty and China has become a Pandora box after the outbreak of COVID-19, the Indian stock market is expected to remain a favorable destination for the FIIs in the short to medium term, said Avinash Gorakshkar, Head of Research at Profitmart Securities.

Indian Benchmarks Outperform Global Peers In 2022 (% Change)

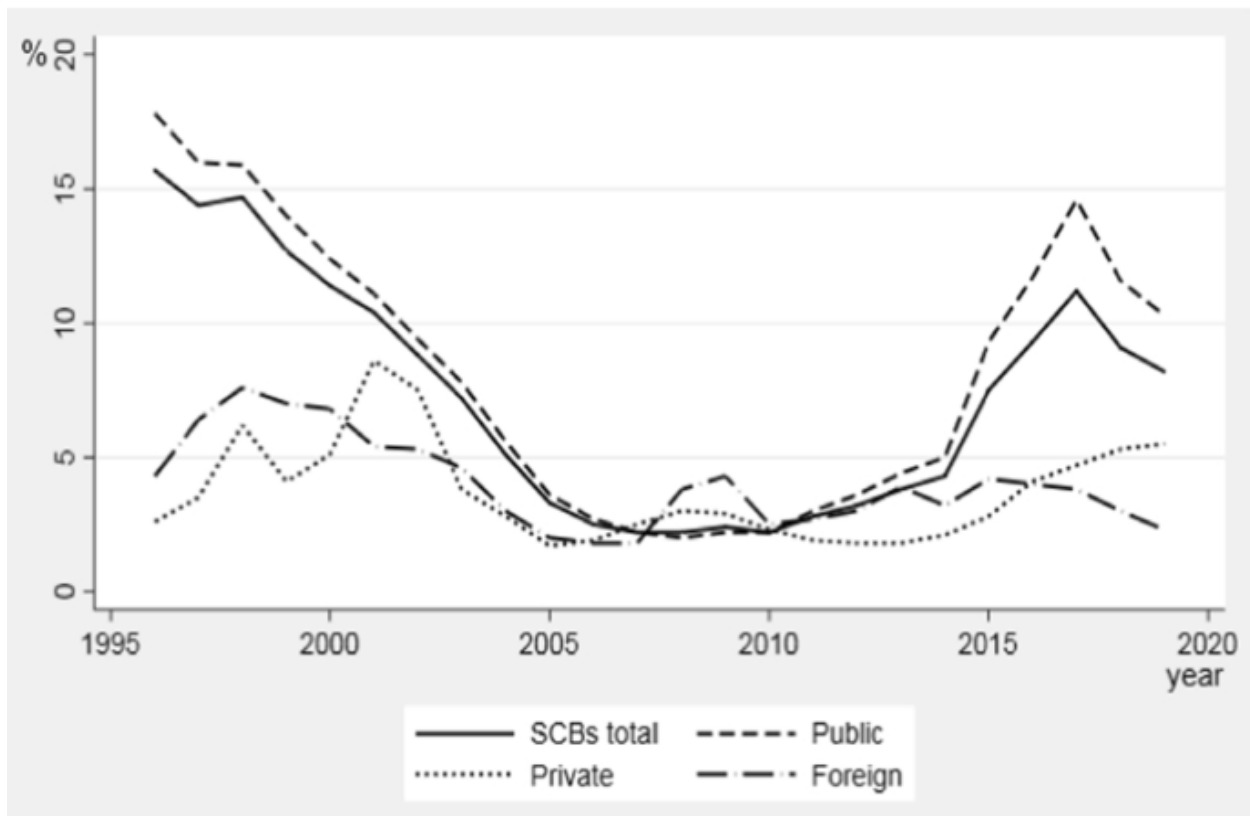


In 2024 Sensex crossed 75 thousand points which is an all time high and Nifty crossed 22750 thousand points also an all time high, India recently became the 4th largest stock market in the world with a 4.8 trillion dollar valuation... investors are bullish on the markets because of well managed inflation with better monetary policy and robust growth in corporate earnings, global interest in India is rising by the day and investors continue to grow optimistic on the country... by 2030 the Indian stock market is estimated to be valued at 10 trillion dollars. The country's stable political system and consumption driven economy are additional factors contributing to the strong performance. NSE data shows that in the five years between 2019 and 2023, over 120 million investors were

registered. In January 2024 alone, more than 5.4 million investors were added. As per BSE, as on February 9, 2024, the number of registered investors stood at nearly 161 million.

BANKING

This is one sector where India has done very well recently, there was a time when the Indian banking system was terrible, after the 2008 financial crisis there were many scams in the country with the PNB crisis and commonwealth scam. In 1992 the NPA in India was 25% which came down drastically by 2007 to 5% but then again shot up to 15% in 2018.



From 2008 to 2018 the NPA's in India shot up like crazy because of a new rule wherein banks did not have to keep a percentage of NPA as reserves, therefore banks kept lending to people with bad credit and NPA increased, also the scams that went on from 2008 to 2012 had a role to play in this... the Indian government along with the RBI revived the banking system, by infusing 38 billion dollars of capital and merging the small and weak psu's with larger ones. The PCA which is prompt corrective action system was also introduced to keep the banks in check as to their lending habits, if any threshold was crossed the RBI was notified immediately. The basel 3 framework was

also implemented which is a set of international rules telling a bank how strong their walls need to be, the reserve bank has extra protection for the banks so the limitations are stricter than the basel 3 framework. In 2022 when banks like the Silicon Valley bank and Credit Suisse were failing, the Indian banks did not take a hit which indicates how strong the system has become.

There was another major reform in 2016 with the introduction of the insolvency and bankruptcy court, this has saved 3.16 lakh crore rupees for the banks, there were many courts for money recovery but these cases were very complicated and these organizations did not work together, cases took years to end, banks had to disclose all their information which could be bad for their reputation, the average case took 4.3 years to solve and only 26% of the money was recovered, after the insolvency and bankruptcy court was introduced the recovery rate became 71%... with the new system anyone can initiate a request to the NCLT for initiating the insolvency process, the banks are asked to show proof of money owed and the NCLT appoints a committee to keep the company running, here the bank can reduce the interest rate on the loan, increase the tenure and sell assets to recover money, This produces cheap debt and

ease of doing business, there are challenges with the system that need to be worked on such as the average time of case is supposed to be 330 days but is currently 653 days in 2024, there is also a shortage of judges and overall experienced judges which has also led to a decrease in the recovery rate.

LOW CREDIT RATING

India's credit Rating has been terribly low for far too long, but before talking about that let me explain how having a bad credit rating is a terrible thing for the country, 1.5% Indians pay income taxes, Similar comparative %s for certain other developed countries are – France 78.3%, USA 50.1%, Germany 61.3%, UK 59.7%, out of this 0.4% of the population make up for 80% of the total tax collection, I agree that tax collection is rapidly increasing but as of now most of the affluent class pay a lot of the taxes in the country, every developing country needs money to grow, build industries and infrastructure and since most Indians don't even contribute to the tax collection India has to take on a lot of debt, which is fine, but when the interest rates for the loan is too high a lot of the country's money goes into just interest payments, sometimes more debt needs to be taken to pay for this and then more money is

needed to pay for the interest component of the new loan.

Now let's get into why such a low credit rating is bad for India, the country gets loans at a very high interest rate because of this very reason, the rating of bonds of Indian government is BBB-, the rating agencies such as Moody, Fitch and the S&P have been doing this to India for the past 20 years, India is growing extremely fast and definitely should have a much better rating, S&P has rated countries like Peru and the Philippines much better than India even though India is growing much faster and has a bigger market, most of the parameters these ratings are based on are purely qualitative, Moody has rated India on 18 parameters, 13 are qualitative and 5 are quantitative, so even though the country obviously deserves a better rating, we cannot argue using numbers or against the expert opinion of these agencies. India's bond yield is 7.5% and for the Philippines it is 6.3%. Let's understand the amount of money India loses by just offering a yield of 1.2% more due to a low credit rating, let's take an example that India offers a bond worth 1 lakh crore rupees over a span of 10 years, and the Philippines offers the same bond with the same conditions, India ends up paying a total of 75 thousand crores in interest and the Philippines pays 63

thousand crores for the same, this is how much money India loses on the debt they take on, a developing country like India cannot survive without taking on debt but it is important for it to be at a good interest rate.

INNOVATIVE CITIES

Lets talk about Dholera Smart City first. Dholera Smart City is a residential township in Dholera, Gujarat, India. It is located in Dholera SIR, India's first smart city, and is being developed by SmartHomes Infrastructure Pvt. Ltd. The project is expected to be twice the size of Delhi and six times the size of Shanghai. Dholera Smart City is a greenfield project that is expected to be a model for other smart cities in India. It is designed to be non-polluted and clean, and its infrastructure and urban development plan includes bicycle lanes, service roads, multipurpose corridors, and walkable pathways. The city is also expected to be a hub for economic growth and attract significant investments.

Dholera Smart City is part of the National Industrial Corridor Development, which includes 32 smart city projects. It is located near the Petro-chemicals and Petroleum Inv. Region (PCPIR) and has access to the

Dedicated Freight Corridor (DMIC) and the Delhi Mumbai Industrial Corridor (DMIC).

Dholera Smart City is a futuristic greenfield city project in the Indian state of Gujarat. It is a pet project of Prime Minister Modi and is expected to be completed by 2025-26. The project aims to build a sustainable city close to Ahmedabad, spanning 920 square kilometers, and accommodating up to 1.2 million people. It is intended to be a model for other cities in India and worldwide that aspire to become more sustainable. The project is focused on creating an economically and socially balanced, new-age greenfield smart industrial city with world-class infrastructure, sustaining a high quality of life that is green and sustainable. It offers residential plots, villas, and apartments, and promises future prosperity and growth. The Dholera International Airport is set to boost connectivity to the city, inviting unparalleled investment opportunities. This project is set to become a manufacturing and power hub for the country, in this city setting up a business is supposed to be very easy because of ease of business policies. Land appreciation here is through the roof with 40% compared to 10 to 12% in tier 1 cities like Mumbai, investors are therefore flooding in to buy land here. Moreover it is also extremely easy for

international companies to set up manufacturing plants now, earlier they had to buy land, develop it, arrange resources and start manufacturing, now this entire system is already provided in Dholera Smart City and all the company has to do is set up a plant and start manufacturing. This smart city also houses the largest solar plant in India with a capacity of generating 2245 megawatts. The city will be extremely up to date on technology and will compete with the likes of Shanghai with cameras at every angle, the whole area being a free wifi zone and traffic and road management will be done through internet and communication technology. The cctv system for managing accidents will be similar the Dubai where if there is an accident the control room identifies it and directs the local authorities for a course of action and also sends emergency services. The criminal tracking system will also be similar to China's Skynet, lets say a criminal escapes, the system can scan through all the cameras and through AI and face recognition technology they can be caught in minimal time. Governance will be completely online handling everything from complaints to education.

There will be a 450 km high speed metro corridor being the largest metro line in India, it will also house an

international airport and port. A zero wastage policy will be strictly followed where 100% waste generated will be recycled compared to only 20% being recycled in the rest of the country. It will also have electricity throughout the day with no power cuts and will be completely solar energy driven.

Moving on to the GIFT city also in Gujarat which stands for Gujarat international finance tech city. Gujarat International Finance Tec-City, also called GIFT City, is a central business district under construction in the Ahmedabad district in Gujarat, India. It is India's first operational greenfield smart city and international financial services centre, which the Government of Gujarat promoted as a greenfield project. In 2020 GIFT IFSC bagged 10th place in Finance Industry and top rank in emerging financial centres in the Global Financial Centres Index. As of June 2023, it is home to 23 multi-national banks, including HSBC, JP Morgan, and Barclays. Furthermore, it includes 35 fintech entities, two international stock exchanges with average daily trading volumes of \$30.6 billion, as well as India's first international bullion exchange with 75 onboarded jewellers.

The city is located on the banks of the Sabarmati River and is around 12 km (7.5 mi) from Sardar Vallabhbhai Patel International Airport. The city is designed so residents can walk to work, and includes commercial, financial and residential complexes. The city is connected through 4-6 lane state and national highways. A metro station is also planned for construction, which would connect GIFT City to the Ahmedabad Metro network. This is expected to be completed by March 2024. The total area for the development of GIFT is 359 hectares (886 acres) out of which the special economic zone (SEZ) constitutes 106 hectares (261 acres). The project area under development can hence be classified under the SEZ area and the non-SEZ area (also known as the Domestic Tariff area or the DTA).

With the opening of the first campuses of two Australian universities on 7 November 2023 in the presence of Indian counterpart Dharmendra Pradhan and Australian Education Minister Jason Clare, GIFT City is beginning to establish itself as the centre of foreign universities in the nation.

GIFT City, through its International Financial Services Centre (IFSC), provides several tax benefits aimed at luring both domestic and international investments. These

incentives include exemptions from certain taxes for companies under the new tax regime, tax holidays for specific sectors, and GST-free services for IFSC SEZ units. Further perks include various state subsidies and tax exemptions for exchanges established under the IFSC.

The vision for this project is clear, to build infrastructure never seen before in the country and to compete with the biggest financial centers of the world.

This project has solved some of the key problems in India such as high taxes by no tax for the first 10 years, slow legal system, overseas banking is made smoother and investing abroad.

SPECIAL ECONOMIC ZONES –

Special Economic Zones or [SEZ] were set up to promote industrial and export oriented manufacturing zones they also aimed to improve ease of doing business, these zones had a lot of incentives for companies and business owners like tax exemptions, easy process of setting up manufacturing and access to better infrastructure. India originally had the idea of these zones in 1970 and China followed but even though India had the original idea and concept, China actually did much better and these zones

were very effective for them whereas in India there are economic zones lying empty today.

The main reason was better implementation and also that policies in India were not consistent, there were also certain sector specific restrictions and therefore huge parcels of these zones remain underutilized as of today, these economic zones did not get a lot of the world class infrastructure that they were promised and the connectivity to ports is extremely poor

Things are changing with Dholera Smart City and GIFT city, and these projects have proven to be successful with time.

Currently India is changing the entire structure of these zones, making it for domestic markets and consumption instead of keeping it export oriented, improving ease of business even more and actually providing world class infrastructure and resources to make it happen.

CONCLUSION

Currently I would say that India is the most fascinating country one could analyze, other than the fact that it is rapidly growing with PLI, Make In India, smart cities, infrastructure self dependent industries and a lot of other things discussed in this paper, the country has a rich

culture, tradition and values going to its very roots, which is what makes it so interesting, India is not going to be the next USA or China of the world its going to be something much bigger than both of those countries ever were, with its young workforce India has the capability to do this...