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Embracing Innovation and Sustainability

INDIA UPDATE Q1 2024



India saw a story full of optimism and resilience in the year 2023. Beyond the realms of aviation to the domains of environmental sustainability, sentiments transcended the boundaries of mere optimism, manifesting themselves in a tapestry of noteworthy triumphs.

The successful landing of Chandrayaan-3 near the lunar southern pole—a triumph in itself—and Air India's largest aircraft deal with Airbus and Boeing were among the most significant of these achievements. In addition, India achieved a record-breaking 89.5 million recorded digital transactions, reinforcing its position as the biggest economy with the highest rate of growth in the world. This ascension was marked by India's surpassing of the United Kingdom, achieving the renowned fifth position on the economic echelon for the country.

2023: A MOSIAC OF MOMENTS, MILESTONES, AND MEMORIES



India's economy has grown to become the fifth largest in the world, with a strong GDP of US\$3.75 trillion. The nation's real gross domestic product (GDP), increased by 7.6 percent in the July–September quarter of 2023, exceeding forecasts and exhibiting a remarkable growth rate. The International Monetary Fund (IMF) predicted in October that India's real GDP will grow by more than 6 percent in 2023 and 2024.



India proudly hosts the world's most rapidly advancing 5G network. Every 10 seconds witnesses the installation of a new 5G cell tower, a feat primarily attributed to the ongoing monumental deployment of 5G infrastructure. Remarkably, India has now secured the position of possessing the second-largest 5G network globally, achieved through an unparalleled pace of 5G rollout—setting up 300,000 sites across 700+ districts.



The Asian Games in Hangzhou represented a record-breaking achievement for the Indian team, resulting in a remarkable result. India finished the competition with an incredible 107 medals, including 28 gold, 38 silver, and 41 bronze. In the history of the Asian Games, India had never before achieved more than 100 medals, hence this milestone was a momentous one.



In 2023, India's tourism sector brought in 7.2 million international visitors between January and October, showing signs of growth. With an emphasis on inclusive growth and cruise tourism, the government aims to generate \$56 billion in foreign money and 140 million jobs by 2030. The 'MV Ganga Vilas,' the world's longest river cruiser, has recently returned after an incredible 50-day journey through 27 river systems in Bangladesh and India, showcasing the country's dedication to a flourishing tourism sector.



The remarkable growth of the Indian real estate market in 2023 shows resilience and presents a wealth of chances for investors. The completion of the world's largest office building, the 659,611-square-meter Surat Diamond Bourse in Surat, Gujarat, set a Guinness World Record. Inflows into India's real estate increased to \$5.1 billion, with land acquisitions accounting for 40% of this outstanding expansion..



Defense exports reached an unprecedented high of almost Rs 16,000 crore in FY 2022–2023 — a notable rise of nearly Rs 3,000 crore from the previous fiscal year — thanks to continuous government policies and considerable contributions from the defense industry. Major exports like Dornier-228, 155 mm Advanced Towed Artillery Guns, Brahmos and Akash Missiles, Radars, Simulators, Mine Protected and Armored Vehicles, PINAKA Rockets & Launchers, Ammunitions, and many more are part of this amazing growth — it has grown by almost 10 times between 2016 and 2017.

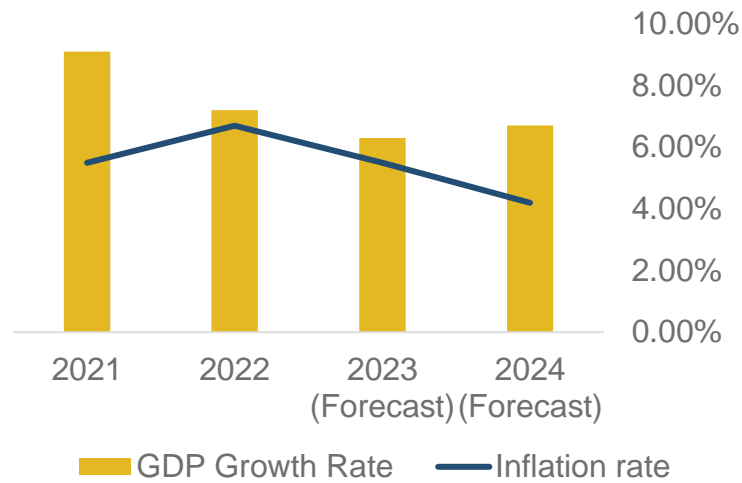
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MACROECONOMIC OVERVIEW AND FACTORS THAT WILL DRIVE GROWTH

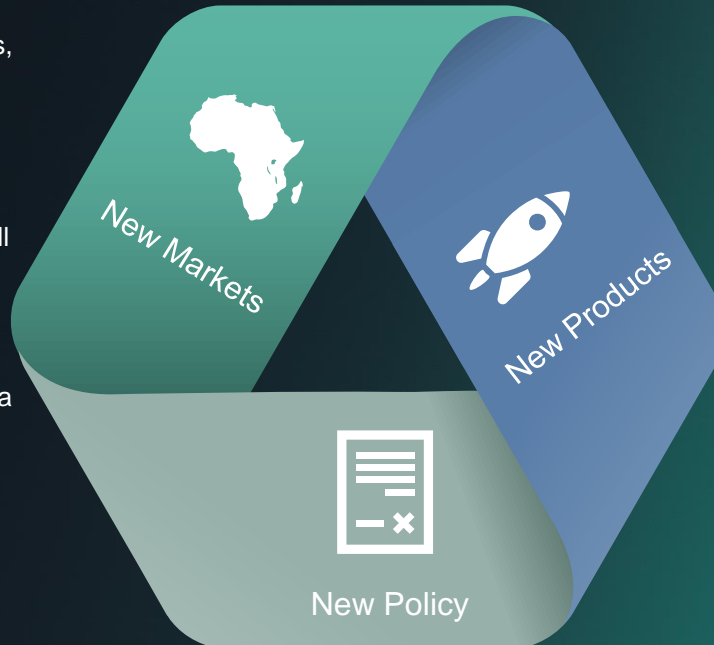
India's economy is poised to achieve a growth of 6.5 percent in the fiscal year 2024-25, followed by a projected ascent to 7 percent in 2026, according to global analysts. This propels the nation as an enticing foreign investment hub, surpassing China's growth forecast of under 5 percent in 2024. Even under the conservative estimates of the IMF, India is destined to emerge as the world's third-largest economy by 2027, surpassing Japan and Germany, with a GDP surpassing the \$5 trillion mark.

Economic forecasts for India



DECISIONS: NEW POLICY, NEW MARKETS, NEW PRODUCTS

In 2024, India plans to focus on growing areas such as Latin America and Africa in order to expand its exports. Electrical and electronics, machinery, car and auto components, high-tech products, pharmaceuticals, and medical and diagnostic equipment exports are all expected to expand significantly. Furthermore, increased exports of leather and textiles are expected as a result of the India-Australia Economic Cooperation and Trade Agreement (ECTA).



India is making great advances in AI and deep space innovation, thanks to a young workforce and a plethora of expertise in these fields. Startups specialized in LLM operations, AI training, vertical generative AI, and localized LLMs are likely to gain importance in the coming year, with India-specific models taking center stage. The start of 2024 was marked by a dramatic milestone on January 1, when the Polar Satellite Launch Vehicle (PSLV-C58) successfully launched XPoSat, the nation's first X-Ray Polarimeter Satellite, putting India at the forefront of space-based polarimetry.

The Production Linked Incentive (PLI) scheme is intended to boost domestic production and improve the global competitiveness of Indian businesses in 14 key areas. The government extended the duration of the Production Linked Incentive (PLI) Scheme for the Automobile and Auto Components sector by one year on January 1, 2024, with some adjustments. Concurrently, work is being done to develop the next version, known as the Production Linked Incentive (PLI) scheme 2.0, as well as initiatives to ensure enough raw material provisions for the steel sector in 2024.

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STARTUP NATION: INCUBATING TOMORROW'S GIANTS



India is a great resource for growing businesses because of its large and skilled labor force. The country produces a sizable number of engineers, business graduates, and entrepreneurs each year, providing startups with a wealth of diverse and skilled talent. Moreover, startups benefit greatly from India's relatively low labor costs compared to their rivals in the West in terms of operating costs. Acknowledging the critical role that startups play in driving economic growth, the Indian government has put in place a range of laws and programs designed to support the startup community. The provision of crucial resources, mentorship, tax incentives, and regulatory support to emerging enterprises has been made possible by initiatives like Startup India and the Atal Innovation Mission. This has helped to foster an atmosphere that is favorable to innovation and growth.

Several prominent companies that have successfully navigated the current economic and professional obstacles and distinguished themselves to investors and top talent in the process include:

Zepto, a rapid commerce startup that supplies groceries and supplies to 10 Indian cities, became the country's first unicorn in 2023.

Ditto – an Insurtech startup helps compare, understand and buy insurance policies online.

Skyroot Aerospace specializing in constructing futuristic space launch vehicles became the first Indian private enterprise to launch a rocket into space.

Recently, e-Sprinto, an electric two-wheeler manufacturer, introduced its affordable Roamy and Rapo e-scooters in India.

Based in Indore SuperSourcing is an AI-powered platform that assists businesses in contracting out remote development work.

Fasal monitors sales, expenses, and cash flow while giving you real-time insight into the daily progress of your crops and agriculture operations.

A firm called Exponent Energy proposes a speedy 15-minute charging option for electric vehicles (EVs) and is dedicated to making energy for EVs simpler.

TravClan - An unique platform that allows travel agents to book flights, hotels, packages, fast destination quotes, share rates with customers and more.

Vernacular.ai is a SaaS firm that offers speech recognition and virtual assistants to the banking, food & beverage, and hospitality industries.

Bengaluru has once again taken the top spot, topping the rankings with 433 businesses based there that raised an astounding amount of capital—more than \$6.2 billion—during the course of 2023. This represents a sizable 55% portion of the whole financial landscape. In line with this, Delhi-NCR-based companies took the second spot, arranging 217 transactions totalling an impressive \$2.2 billion. Mumbai, Chennai, and Pune have once again locked up spots in the coveted top 5 list for the current year, following a pattern that is reminiscent of 2021 and 2022.

ARTIFICIAL INTELLIGENCE IN THE INDIA LANDSCAPE

In recent years, India has seen a surge in interest and adoption of artificial intelligence (AI) across a wide range of industries, as businesses grasp the revolutionary potential of this cutting-edge technology.

Adopting artificial intelligence (AI) is becoming a strategic need for firms looking to improve productivity, decision-making processes, and overall competitiveness.

As India advances to the forefront of the global technological landscape, widespread AI integration is projected to accelerate innovation, productivity, and economic growth across multiple industries.



AI applications are poised to revolutionize diagnostics, personalized treatment plans, and drug discovery, thereby improving patient outcomes. Some AI startups in Healthcare sector of India include SigTuple, Niramai, Qure.ai etc.



In the financial industry, banks are leveraging AI algorithms for fraud detection, risk management, and customer service, leading to more secure and efficient financial operations. CreditVidya, CASHe, Lentra are some of the AI-enabled startups dominant in the Financial sector.



AI is employed in supply chain management to optimize inventory levels, predict demand, and streamline logistics, improving overall operational efficiency in the retail industry. LogiNext, Freightbro, Shipy etc. provide AI-enabled solutions in the logistics and supply chain management domains.



AI is poised to revolutionize the traditional methods of teaching and learning. Educational institutions in India are increasingly incorporating AI-driven tools for personalized learning experiences, adaptive assessments, and intelligent tutoring systems. HackerRank, Miko, Embibe, Collpoll, EduGorilla etc. are growing AI-enabled startups in this domain.



In manufacturing, AI plays a crucial role in predictive maintenance and quality control. Sensors and IoT devices collect real-time data from manufacturing equipment, which is then analyzed by AI algorithms. Top AI in Manufacturing startups in India include Infinite Uptime, Detect Technologies, Haber, Fashinza, Maximl Labs etc.

SUSTAINABLE INNOVATION: PAVING THE GREEN PATH

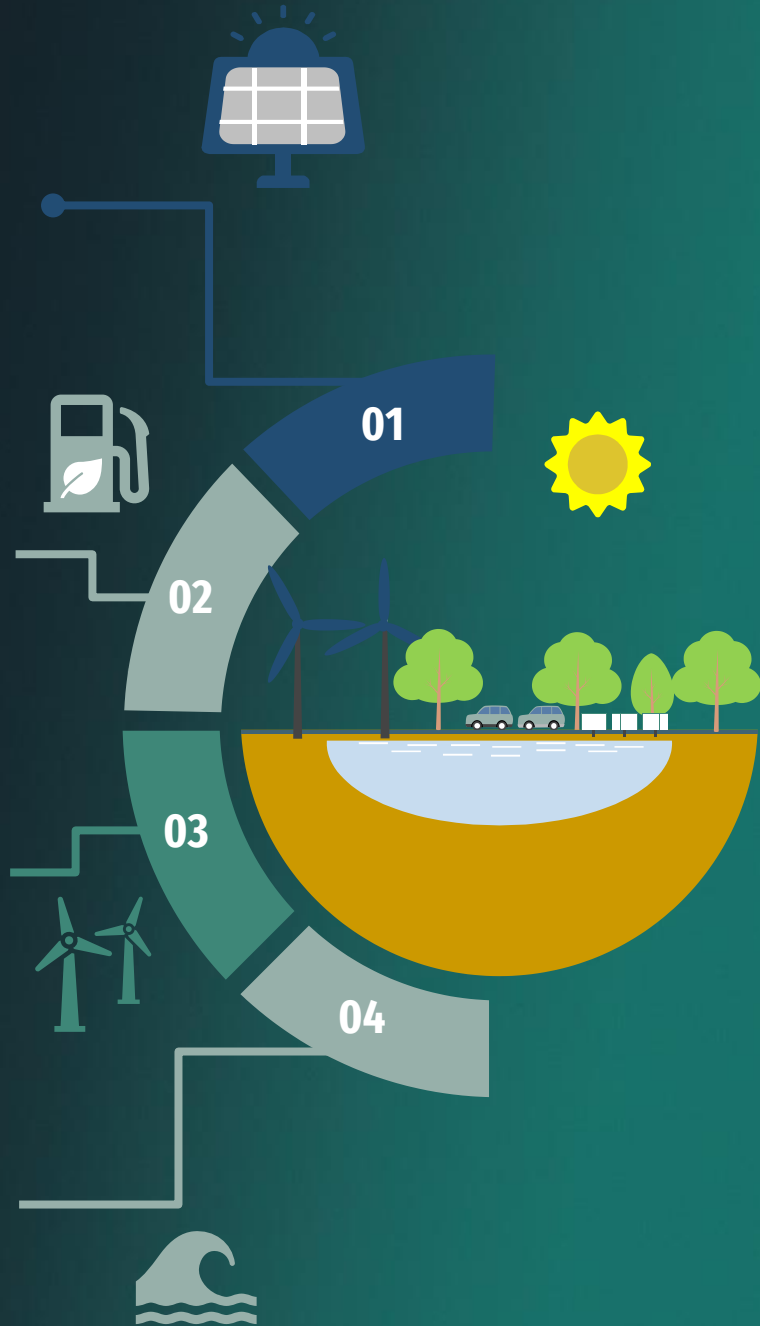
A spectacular tapestry is unfolding in the intricate mosaic of India's energy landscape, embellished with the bold threads of sustainable innovation, transformational legislative endeavors, and discriminating global alliances. Each beautifully woven part in this vibrant fabric represents not only the fruition of efforts, but also a promise for the voyage ahead into the new year, casting a dazzling glow over the outlines of 2024. With the arrival of 2024, India's energy landscape will be a tribute to the country's commitment to rewriting the story of power generation. In this transition, innovative technologies are pushing breakthroughs in renewable energy sources, smart grids, and energy-efficient solutions. The year 2024 is a watershed moment in India's steadfast commitment to green energy goals, and it signifies a huge step toward global leadership in the relentless transition to renewable sources. The scenario is set for sustainable innovation to drive the green road, leveraging technical prowess to propel the country toward a future distinguished by environmentally sensitive behaviors and a persistent commitment to environmental stewardship.

India has achieved great advances in renewable energy in recent years, with a special emphasis on solar power. The September 2023 statistics show a marked shift in the energy landscape, with solar power capturing an astounding share, accounting for nearly half of India's total renewable energy generation, an outstanding 9,221 million units in scale. Government actions aimed at increasing solar infrastructure are fueling this excellent trajectory, which is synergized with smart policies and incentive measures, attracting large investments. Notably, India now has a cumulative solar photovoltaic (PV) installed capacity that exceeds the formidable threshold of 70 gigatonnes (GW).

Because of the country's specific agrarian nature, India has enormous potential in the field of bioenergy. Biofuels and green hydrogen play an important role in India's energy transition, propelling the country toward the ambitious goal of attaining net-zero emissions by 2070 and fulfilling 50% of its electricity demands from renewable sources by 2030. The establishment of the Global Biofuels Alliance (GBA) under India's G20 presidency is an important step in this direction.

The rise of wind power capacity in India has been excellent. By March 2023, the country's wind power capacity had grown to an astounding 43 GW, up from 1.2 GW in 2000. This incredible accomplishment propels India to fourth place in the world in terms of installed wind capacity. Wind power now accounts for approximately 10% of total installed capacity in the country, and a significant 25% of total renewable capacity.

In 2023, India's hydroelectric prowess was estimated to be at 46,865 megawatts, accounting for a respectable 11% of the country's total power producing capacity. According to estimates, India's hydropower generation in the same year would reach a whopping 162.80 billion kilowatt-hours, with an annual growth rate of 7.13% from 2023 to 2028. According to the Central Electricity Authority (CEA), India has a large hydropower potential of 145 GW, of which only 29% has been realized in physical infrastructure. In India's hydroelectric landscape, this research emphasizes both existing accomplishments and unexplored reservoirs.



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TOWARDS A GREENER INDIA

India ranks seventh in the recently released Climate Change Performance Index (CCPI) 2024, highlighting its substantial role and contribution to global efforts to combat climate change. The CCPI ranks countries based on four key factors: greenhouse gas (GHG) emissions (40%), renewable energy (20%), energy use (20%), and climate policy (20%).



The launch of the National Green Hydrogen Mission marked a watershed point in India's green energy history. The government's commitment to increasing renewable energy capacity was reiterated by its ambitious plan to add 50 GW of renewable energy capacity each year until FY28.



Solar cells and modules have seen significant price reductions of 65% and 50%, respectively, in recent years, significantly increasing the economic appeal of launching new solar power plants.



The Jal Jeevan Mission aims to provide safe and plentiful drinking water to every rural household in India by 2024, supported by individual household tap connections.



In India, sales of electric vehicles (EVs) increased by about 47%, reaching 1.5 million units by 2023. Analysts predict a further boom, with EV sales in India increasing by 30-40% in 2024.



In the salt deserts of Gujarat's Rann of Kutch, India is constructing the world's largest renewable project, spanning 726 square kilometers.

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2024: A YEAR EMBARKING UPON UNEXPLORED HORIZONS

As the dawn breaks over 2024, India stands at an intriguing juncture. A tapestry woven with the threads of a flourishing economy, a youthful and aspirational populace, and an expanding global prominence portrays the nation ascending to greater heights. Simultaneously, an intricate fabric of geopolitical complexities lies beneath the veneer, poised to assess its tenacity and potentially veer off its ambitious path of growth.



The long-standing Himalayan impasse looms large over India's geopolitical landscape. This decades-long territorial dispute with China has recently worsened, entangling thousands of soldiers in a tense standoff that has lasted three hard winters. Any miscalculation or escalation has the potential to be disastrous for both countries and the region.

Experts predict a Ukraine-Russia conflict stalemate. U.S. and EU elections complicate aid prospects for Ukraine. Ukraine's survival and territorial integrity hinges on Western support, carefully calibrated to avoid direct confrontation with Russia on its sovereign territory.

At the onset of 2024, the US federal debt hits \$34 trillion, triggering urgent congressional discussions on spending. Rising debt may impede corporate investments, slowing economic growth. Despite predictions of a softer landing in 2024, recession risk still remain accompanying an economic slowdown in the largest economy in the world.

The end of 2023 saw the Gaza conflict claiming over 17,000 lives. Yemen's Houthi rebels, aligned with Iran, retaliated with attacks on a dozen Red Sea ships since mid-November, endangering global supply chains. Soaring maritime insurance costs compel shipping firms to choose a long and expensive detour around Africa, anticipating trade disruptions, causing delays, and price hikes.

2024 INDIA OUTLOOK

In 2024, India is poised to exhibit the most robust growth among 13 major economies, projecting an impressive rate of 6.2%. Fueled by formidable consumer demand, India is set to uphold its position as the world's fastest-growing economy, steadfastly navigating global challenges. This resilience and substantial growth reflect the nation's economic dynamism and its ability to carve a path of prosperity despite prevailing international uncertainties.



The Indian aviation sector is expected to grow 8–13% in 2024, reaching 150–155 million domestic air passengers. India's aviation sector is estimated to be the fastest growing in the world, with airlines expanding their fleets.

Anticipated to flourish, the Indian logistics market is projected to achieve a robust compound annual growth rate (CAGR) of 7.85% between 2024 and 2032, signaling sustained industry expansion.



Analysts in the industry forecast a compound annual growth rate (CAGR) of 10.7% for the Indian pharmaceutical market until 2030. Projections indicate a market valuation of \$65 billion by 2024, set to double to \$130 billion by 2030.

The Indian chemical commodity market is expected to grow by 8% in 2024. Indian chemical companies are poised for a promising resurgence in margins, anticipated to materialize from the second half of FY24.



India's oil demand growth is expected to slow to 150,000 barrels per day in 2024, down from 290,000 barrels per day from 2021 to 2023. Conversely, LNG imports may rise 7–8%.

India's peak power demand is projected to surge to 256.53 GW in FY 2024-25, a substantial rise from the 2023 demand of 240 GW. To fulfill this, India plans to augment its renewable capacity.



In 2024, the Indian banking system is poised for continued enhancement and growth, albeit at a more measured pace compared to the vigor observed in 2023. Profitability across several regions may face scrutiny due to elevated funding costs and sluggish revenue expansion.

In 2024, the IT sector is poised for challenges, foreseen to encounter a pronounced deceleration. Deferment in discretionary spending is anticipated, likely resulting in a slowdown in deal wins. Additionally, the absence of favorable currency tailwinds may pose challenges.



In conclusion, India stands as the epitome of promise and potential on the global stage, with its unparalleled consumption capacity and economic prowess. The nation's dynamic and resilient economy, coupled with a burgeoning population, positions it as an unparalleled investment destination. As India charts a course toward sustainable innovation and economic growth in 2024, it will not only navigate challenges but likely emerges as the world's best bet for transformative opportunities and a beacon of prosperity on the horizon.

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