

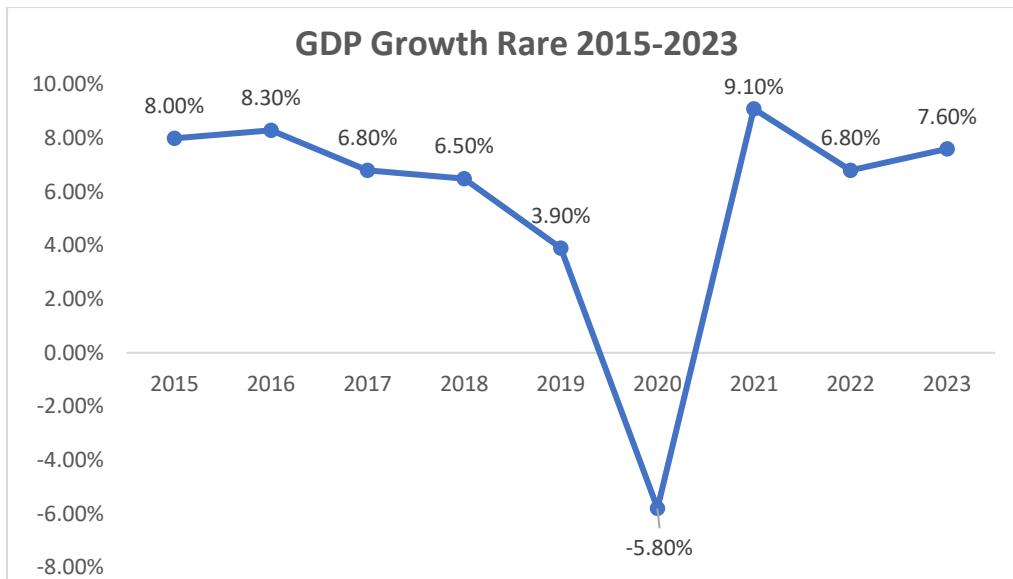
India: From Land of Snake Charmers to A Rising Global Economic Power

Gone are the days when India was merely known as the land of snake charmers and considered a struggling nation. Today, India stands proudly as one of the world's foremost economic powerhouses. To understand India's economic history, it is important to divide it in two phases i.e. pre-liberalization and post-liberalization. In the year 1991, the then finance minister Manmohan Singh convinced the Indian government to adopt liberalization policies. This decision played an important role in paving way for resurgence of the Indian economy.

For the period ranging from 1981-1991 the Indian economy grew at a tepid pace. However, after removal of the infamous license raj scheme, the Indian GDP witnessed a significant increase. Introduction of business-friendly policies and guidelines also played an important role in fostering growth. While Indian economy was exhibiting an upward momentum, the period was marked with political instability. As a result of uncertain political environment, annual GDP growth exhibited a downward trajectory specifically during 2000-2001 period.

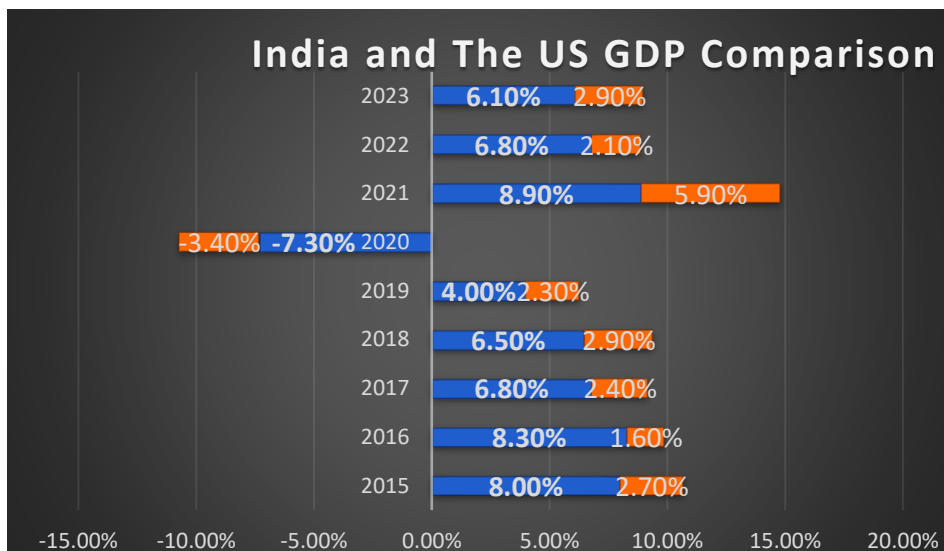
After few years of political instability, the Indian economy once again witnessed an upward momentum as shown in the above graph. Though it declined to 3.8% in the year 2008 due to global recession, the economy continued to maintain its upward trajectory afterwards. The Indian economy achieved a staggering annual GDP growth rate of more than 10% in the year 2010. While it failed to achieve this phenomenal achievement once again, GDP in India continue to maintain its upward momentum.

During the period ranging from 2015-2023, the Indian economy continued to maintain its upward GDP growth trajectory. As exhibited in the graph below, GDP growth rate in India witnesses significant increase. However, Indian economy likewise, various other global economies exhibited a robust decrease. This was due to imposition of stringent trade restrictions for curtailing spread of corona virus. However, after lifting of trade embargo, Indian economy once again got back on track, which was reflected by a significant surge in GDP growth rate. From registering a significant decline to reach -5.8%, Indian economy reached new heights with its impressive 9.10% annual growth rate. This was primarily due to resurgence of global economy, along with key sectors such as manufacturing, construction, and services. Introduction of innovative schemes including product linked incentives (PLI) played a vital role in resurgence of the Indian economy. All these measures provided stimulus to domestic consumption and investment, which accelerated GDP growth.



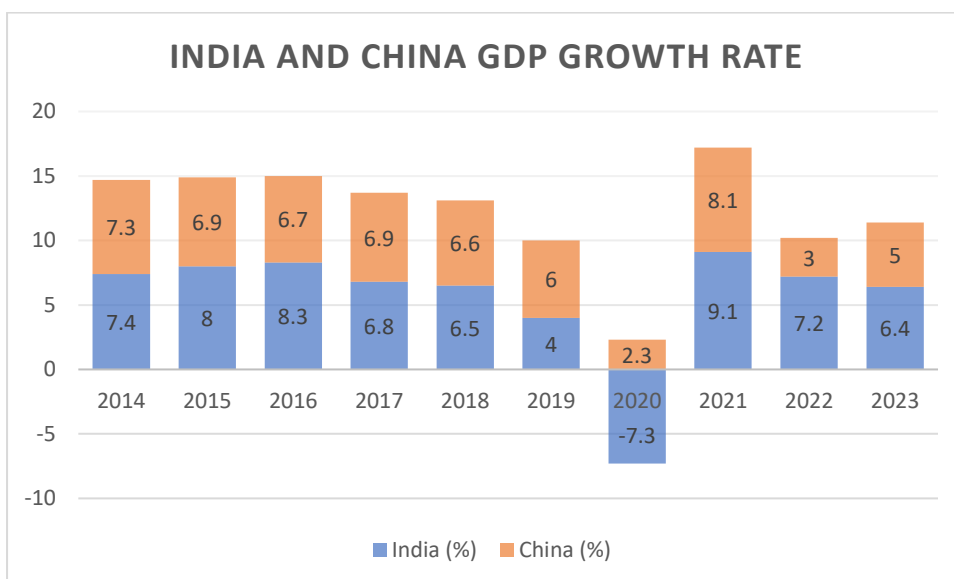
India On Track to Assert Itself as a Global Economic Power House

India is set to emerge as a dominant global economic powerhouse, significantly influencing the future of the world economy. In recent years, India has outpaced major economies like the United States in terms of annual GDP growth rate. From 2014 to 2023, the Indian economy maintained an impressive annual growth rate of over 6%, while the US economy grew at an average annual rate of about 3%. Both countries experienced a notable decline in growth during the COVID-19 pandemic; however, they also showed significant improvement afterward. India demonstrated a comparatively stronger economic performance than the US. The reopening of manufacturing and industrial activities played a crucial role in India's economic resurgence. Additionally, the introduction of incentives and business-friendly policies has further fostered growth in the country. In contrast, the US economy is currently facing challenges due to rising inflation, high interest rates, and labor market disruptions, which have led to slower growth. In response, the US government is implementing several innovative strategies to address these issues. The improvement of the economic situation will be a key focus in the upcoming US presidential elections.



India and China: An Intriguing Tale of Rise of Ancient Civilizations

For the past few years, both India and China have established themselves as some of the leading global emerging economies. Owing to their large workforce and burgeoning industrialization, both countries are exhibiting significant growth. The below mentioned graph clearly exhibits constantly rising global prowess of India and China.



Between 2014 and 2019, the annual GDP growth rates of India and China showed little difference. However, the Indian economy, like many others worldwide, experienced a significant downturn in 2020 due to the Covid-19 pandemic. In contrast, China managed to sustain a 2.3% annual GDP growth rate during the same period. One of the key reasons for this resilience was China's highly developed supply chain networks. Today, China stands as one of the leading global manufacturers and suppliers of finished products, largely due to substantial

investments in advanced logistics and infrastructure. Meanwhile, India is also strengthening its position as a major global economic powerhouse. Driven by rapid industrialization, India is emerging as a significant manufacturing hub. The manufacturing sector currently represents approximately 17-18% of India's overall GDP. The increasing contribution of both the manufacturing and services sectors is supporting economic growth in India. With a positive outlook for the future, the Indian government has launched several flagship initiatives, such as the Production-Linked Incentive (PLI) scheme. This strategic initiative aims to boost production and attract foreign investments. As a result of these innovative policies, the share of the manufacturing sector in the Indian economy is expected to reach around 25% by 2025.

India and China Exhibit Commitment Towards Forging Economic Relationship

Although the US is still a significant trading partner, China now represents the largest share of exports from India. For the 2023-2024 fiscal year, the trade volume between India and China is estimated at US\$ 118.4 billion. Recently, both countries have agreed on procedures to address their longstanding border dispute. If this process is successful, it could lead to a new era of economic progress for both nations.

