

S&P Global Market Intelligence Finds India's influential growth potential rests on its labor force, exports and startups

Short-term economic growth will stand on India's strong labor force of 678.6 million

Immense opportunity for India to increase its share of global manufacturing exports by developing a strong logistics framework

The financial technology sector has topped the funding charts in India in recent years, attracting a cumulative \$9.7 billion over two years

GURUGRAM, India, Aug. 17, 2023 [/PRNewswire/](#) -- S&P Global Market Intelligence, a provider of information services and solutions to global markets, found that for India to meet its growth potential in the coming years, the country must leverage its strong and growing labor force, hone in on the growth of its global manufacturing exports, and lean into the boom in local fintech startups. The findings are part of the [latest edition](#) of S&P Global's Look Forward Journal, which shines the spotlight on India and its potential over the coming decade as the country contends with multiple overlapping transitions.



Contributions from S&P Global Market Intelligence analysts and research leaders focus on demographic dividend, capital markets potential, digital and physical infrastructure, supply chain and geopolitical shocks.

"India's path to becoming a more influential global actor will be determined by how effectively it can manage its federalism balancing act and mobilize the participation of grassroots interests," said **Deepa Kumar, Head of Asia-Pacific Country Risk, S&P Global Market Intelligence**. "Mutual support and coordination across cities, states and the central government will be necessary if India is to fulfill its ambition of becoming a global manufacturing hub as well as realizing its goals in energy transition and agriculture."

Key highlights include:

- India's short-term economic growth will stand on the shoulders of its 678.6 million strong labor force, as estimated by S&P Global Market Intelligence, but labor market reforms could help to unlock sustainable long-term growth. Skill development will help shift India's economic focus to manufacturing. The lower skill level in Indian manufacturing means that each employee added just \$8,076 of value on average in 2021, according to S&P Global Market Intelligence. That's far behind the \$18,308 achieved in Thailand and the \$34,402 seen in Malaysia.
- India's realized — and unrealized — potential over the next decade will be a story about the successes and opportunities of its diverse states. S&P Global Market Intelligence estimates Maharashtra, Tamil Nadu, Karnataka, Uttar Pradesh will be India's top 5 growing states over the coming decade (nominal by state). Maharashtra GDP is expected to reach USD824.51bn and Tamil Nadu is forecast to reach USD650.34bn — both by 2030.
- India has an immense opportunity to increase its share of global manufacturing exports, and the government is seeking to raise manufacturing to 25% of GDP from 17.7% by 2025. India's policy interventions in the smartphone sector illustrate its ambitions for manufacturing as a conduit to service the domestic market as well as its geopolitical aims. India's export industry for telecom equipment, including smartphones, is rapidly expanding. Exports reached \$11.8 billion in the 12 months to March 31, 2023, data from S&P Global Market Intelligence shows.

- Higher foreign participation in India's domestic government debt market would increase demand and meaningfully lower the cost of new government debt issuance. S&P Global Market Intelligence's Banking Risk Service forecasts credit expansion growth to average 13% annually from 2023 to 2030 due to fast economic growth and banks strengthening following the recent large-scale bad loan write-off.
- Although the global technology market decelerated recently, India's startup ecosystem continues to enjoy tailwinds. As a result, the share of global venture capital flowing into Indian startups may roughly double by 2030. India emerged as the fourth-most popular destination for startups in the world in 2022, attracting 4.2% of global venture capital, behind the US (41%), mainland China (18%) and the UK (6%), according to S&P Global Market Intelligence.

For more insights from Look Forward India's Moment (Volume 3 | August 2023), please visit: <https://www.spglobal.com/en/research-insights/featured/special-editorial/look-forward/look-forward-volume-3-2023>. Here are some insights from our recent podcast episode on [India's global ambitions](#).

To request a copy of the report or speak with our experts, please contact press.mi@spglobal.com.

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