

# India 2024 and beyond: A retrospective on 2023 and projections for 2024

## Key takeaways

We are delighted to present highlights from the Reed Smith India Business Team event hosted in March 2024.

### Presenters



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### Theme 1: The “power of digital”

- India’s digital economy continues to expand apace, specifically in regards to digital payments.
- The increasing access to products and services offered to the people of India means the digital market is beginning to present more and more exciting opportunities for investors.
- The Unified Payments Interface (UPI), the country’s main instant payment system designed to instantly transfer funds between two bank accounts, is the crucial pillar of India’s digital transformation.
- More than 100 billion transactions were completed via UPI in 2023, which, when compared to a modest one billion transactions in 2018, evidences India’s increasing transition to a cashless economy.
- UPI’s widespread use across the nation is further helping to break down literacy and language barriers within India, allowing non-English-speaking Indians to transact with English individuals and companies.

### How is the digital appetite changing in India and what additional considerations does this create in regard to strategizing into the Indian digital economy?

- The “willingness to pay for experience” economy is growing substantially in response to an increasing national shift from focusing on saving earnings to spending and enjoying life experiences.
- Companies that have started tailoring products and services to specific dialects and regions across India have successfully penetrated the market, demonstrative of India’s role as a critical consumer in the global services economy.
- The nation’s digitization, fuelled in part by its large startup ecosystem (the world’s third largest), means there has been an insatiable appetite for cloud services, which in the past have been viewed as nothing short of a luxury.
- This increased desire means the costs associated with cloud services and technology (“cloud costs”) are significantly higher in India than in countries such as the United States and the UK. It is vital for companies to consider differing cost structures within India when assessing potential conversion strategies into the Indian digital economy.



UPI’s (Unified Payment Interface) widespread use across India helps break down literacy and language barriers

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## Theme 2: Renewables and green energy

- Given the urgency of climate change, India is having to balance its use of traditional energy sources with a more aggressive transition to renewable energy.
- An estimated 80% of the Indian population lives in districts at direct risk of climate change disasters, and so greater focus has been allocated to the use of renewables.
  - ▶ India is aiming to increase its non-fossil fuel energy capacity by 500 GW by 2030.
  - ▶ India's projected carbon emissions are to be reduced by one billion tons by 2030.
  - ▶ India stands as the world's fourth largest country in both wind and solar power capacity.
- Given the size of the Indian market, marginal progress in India over the next 10 to 20 years has the potential to be just as impactful as the progress made across the west in the last 30 to 40 years.
- Additionally, the scope for expansion is huge, particularly in the commercial and industry (C&I) sector, where renewable energy only accounts for 6% of the overall C&I consumption, currently.
- The key driver of the continued transition is capital funding.



## Theme 3: Unlocking Indian business potential

- The ease of doing business within India continues to grow, along with the nation's confidence in growing its own global market.
- Despite all of the progress made in the last decade, it is imperative that further time is given to enable India to continue growing.
- How can India maintain its upward trajectory?
  - ▶ **"Substance over form"** – any legal or procedural changes need to be structured in such a way that directly impacts the issue rather than increasing any regulatory burden. Indian corporates have been dealing with an ever-changing regulatory framework for several years.
  - ▶ **Bundling** – an opportunity for India to allow a bundling revolution in which different products and services are bundled into combined strategies to provide solutions to different problems in one go.
  - ▶ **Streamlining of regulatory processes** – some of the processes involved in establishing businesses or doing business with other companies can be long-winded and overwhelming; improving the business efficiency process would help to improve the confidence and willingness of businesses to transact.



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The key driver of the continued transition toward renewables and green energy is **capital funding**

Thought leadership from Reed Smith on the Indian market



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