

## India's Elections 2024: Impact on its Economic Rise

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### Summary

India's general elections are grabbing great attention for their scale and impact on the country's future economic progress. Tipped to become the world's third largest economy soon, the new government chosen by the people has to deliver on pending reforms amidst challenges.

India's general elections will commence on 19 April 2024. They are being held in a year when more than [80 countries of the world](#), comprising more than half of the global population, already have, or will vote soon, to choose their governments.

Russia, Indonesia, Iran, Pakistan and Bangladesh, all populous economies with strong geopolitical significance, have already chosen their governments earlier in the year. India's elections will be followed by those in Mexico, South Africa, Uruguay, the United Kingdom (UK) and the United States (US).

From a larger global perspective, many elections held in 2024 will significantly impact world politics and economics. The impact will be felt by the G20. Several key members of the G20 – the US, UK, Mexico, South Africa, Russia, South Korea, Indonesia and India – are voting, or have already voted. Regionally, election activity is at a feverish high in Africa, Europe and South Asia, making their outcomes significant for the specific geographies.

Among all the elections in 2024, those to be held in India attract great attention. This is partly due to their enormous scale. India has more than [900 million registered voters](#). If all the registered voters cast their votes, it will mean more than 10 per cent of the global population of 8.1 billion, participating in the elections. The expenses incurred in the elections will also be huge. Estimates suggest spending by political parties and their candidates will be around [US\\$14.4 billion \(S\\$19.44 billion\)](#), as much as what was spent in the US presidential and congressional elections in 2020 and double of what India spent in its last general elections in 2019. The estimated spending is as much as the [economic size of Congo](#) and larger than those of Malawi, Mauritius and Rwanda.

Apart from the scale though, there are other reasons for which the Indian elections and their results will be closely followed.

India is tipped to become a [US\\$5 trillion \(S\\$6.75 trillion\)](#) economy and the [world's third-largest](#) in the next few years. At present, it is the fifth largest economy with an economic size of [US\\$3.3 trillion \(S\\$4.45 trillion\)](#). There is great interest among global businesses, politics and strategic communities in learning how the outcomes of the current election will impact India's future economic rise.

A major impact of the election results on the Indian economy will be from the economic policies of the new government. Rising to the rank of the third largest economy will require India to pursue some outstanding economic reforms. These include invigorating the banking sector through the privatisation of under-performing state-owned banks; working with state governments to ensure the adoption of new labour standards across the country in a coordinated and uniform manner; monetising assets of non-performing state enterprises; enhancing logistics efficiency and multi-modal connectivity within the country and beyond; and quickly concluding ongoing free trade agreement negotiations.

All these reforms have been on the agenda of the incumbent government. There has been varied progress on these over the last few years. However, more results are required in quick time. Furthermore, politically challenging reforms like privatising banks and reforming the agriculture sector have had to be stalled or rolled back. The new government needs to act fast on executing the unfinished tasks. It also has to work on deepening and extending recent innovative economic policies, such as greater domestic and global use of the sovereign digital currency and interoperability of cross-border digital payment platforms.

The new government will face significant domestic and external challenges. The former include creating sufficient economic opportunities for its vast young population. Sustaining income support schemes is fiscally draining. Jobs with reasonable incomes must be created in large numbers. The daunting challenge can become more formidable from unanticipated external developments. Supply disruptions created by conflicts and calamities ( such as the Russian-Ukraine war, militant attacks in the Red Sea, the COVID-19 pandemic and the Baltimore Bridge collapse) will generate shortages of essentials and enhance their prices. Staying committed to the course of reforms in such conditions will require great resolve.

India's rise to the top five bracket of the global economy has generated great expectations and interest in its future progress. This is particularly so given the decline in [growth rates in China](#), the main driver of the global economy for several years. The next few years could be historic and game-changing for both the Indian and global economies. All attention will be on the new Indian government's stewardship of the economy and success in implementing major reforms amidst challenges.

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