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Key Highlights

Economic Survey 2023-24



Why In News

Union Finance Minister Nirmala Sitharaman Tabled The Economic Survey 2023-24, Which Projects A **Real GDP Growth Of 6.5 To 7 Per Cent**. It Adds That The Reserve Bank Of India Expects Inflation To Be **4.5 Per Cent In FY 25** And 4.1 Per Cent In FY26.



What Is Economic Survey

Prepared By **Economic Division Of Department Of Economic Affairs** Under Ministry Of Finance, Provides An In-depth Look At Economic Indicators For **2023-24**. Offers **Projections & Guidance** For Current Fiscal Year. **Economic Survey Was First Introduced In 1950-51** As Part Of Budget Documents. It Was **Separated In The 1960s** And Is Now Presented A Day Before The Union Budget.



Economic Survey

476-Page Economic Survey Underscores That **India's Economy Has Solidified** Its Post-covid Recovery. Policymakers Have Played A Crucial Role In **Ensuring Economic And Financial Stability**, With The Economy Continuing To Expand Despite **Global Volatility**. Survey Highlights **Necessity Of Substantial Domestic Efforts** To Sustain Recovery, Given Challenging Global Environment.



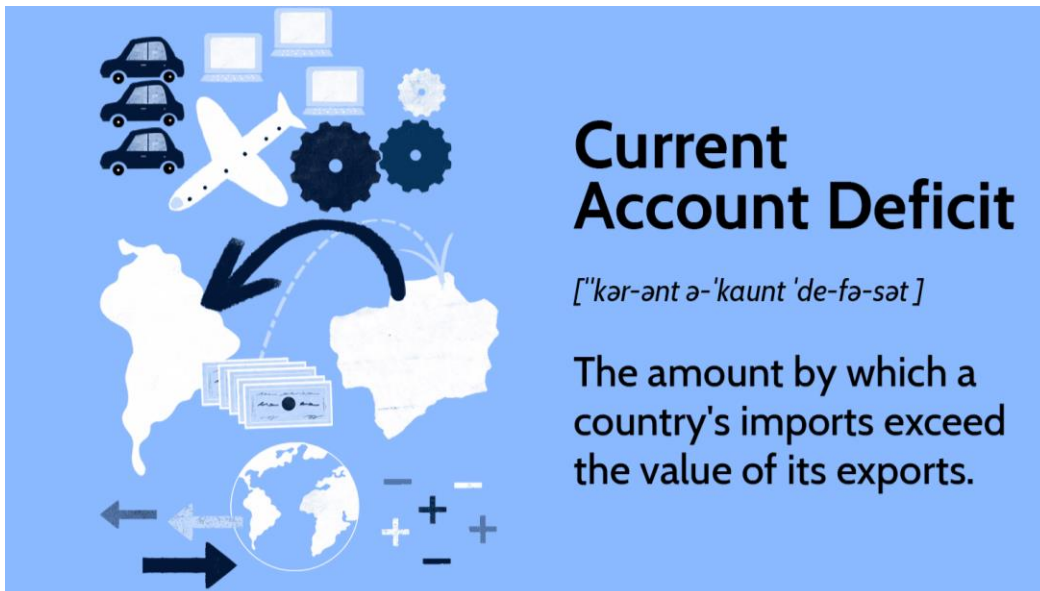
Economic Survey

"For Recovery To Be Sustained, There Has To Be **Heavy Lifting On Domestic Front** Because Environment Has Become Extraordinarily Difficult To Reach Agreements On Key Global Issues Such As Trade, Investment, And Climate," The Survey Read.



Economic Survey

The Survey Indicates That The **Headline Inflation Rate** Is Under Control, Though Some **Specific Food Items** Remain Elevated. The **Trade Deficit** In FY24 Was Lower Compared To FY23, With The **Current Account Deficit** Around 0.7% Of GDP. **Foreign Exchange Reserves** Remain Ample.



Economic Survey

Global Economic Growth Has Been **3.2 % In 2023** As Per April **World Economic Outlook**. The Stark Difference In The Growth Performance Of Countries Has Been On Account Of **Domestic Structural Issues, Uneven Exposure To Geopolitical Conflicts** And The Impact Of Monetary Policy Tightening.

**WORLD
ECONOMIC
OUTLOOK**

GDP

India's **Real GDP Grew By 8.2% FY24**, Exceeding 8% Mark In Three Out Of Four Quarters Of FY24. Focus On Maintaining **Macroeconomic Stability** Ensured That **External Challenges Had Minimal Impact** On India's Economy.



Inflation

Food Inflation Remains A Concern, With Variations Across States. The Survey Emphasizes The Need For Targeted Interventions To Manage Food Prices Effectively, And Makes A Case For **Changing The Inflation Targeting Framework Of The Central Bank By Excluding Food Inflation.**



Employment and Skill Development

Periodic Labour Force Survey Indicates A Surge In **Agricultural Employment**, Attributed To **Reverse Migration** And Increased **Female Participation** In The Labor Force. The Survey Estimates That India Will Require Significant **Job Creation** Until 2036 To Accommodate Its Growing Workforce, Emphasising The Need For Strategic Planning In Employment Generation.

Employee Skill Development

What You Need To Know



India and World Trade

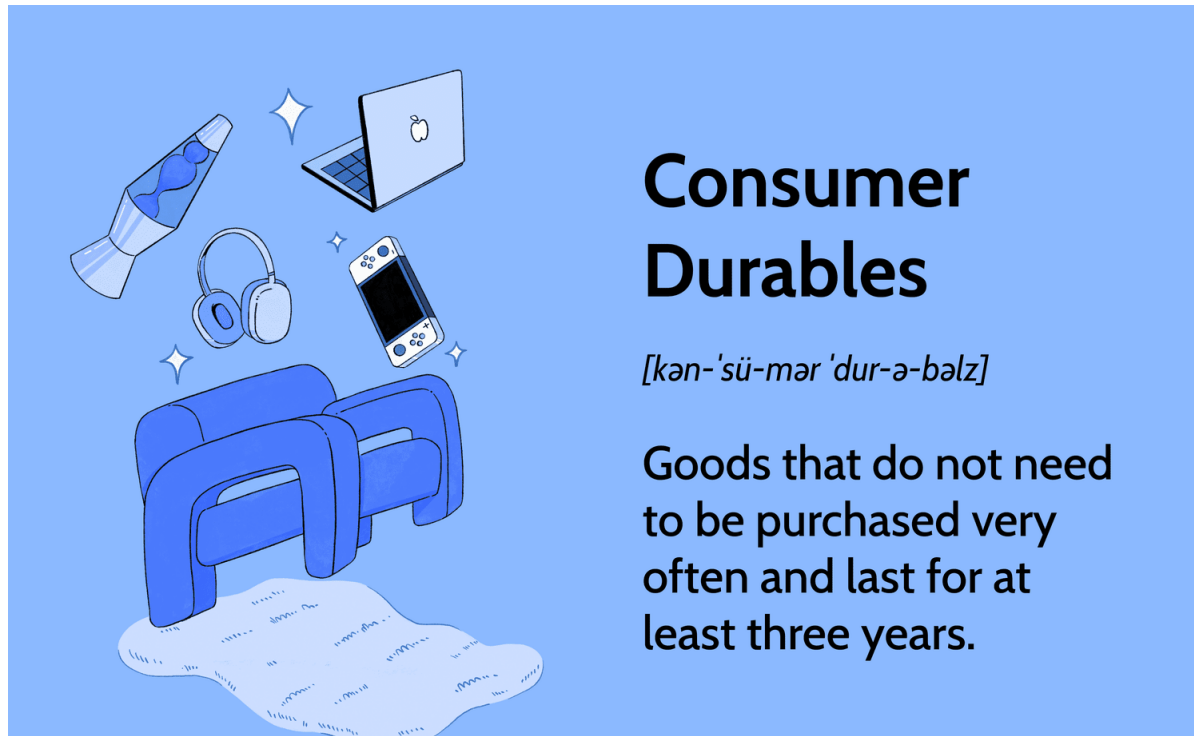
India's Trade Has Stood Tall Amidst Global Turmoil, With A Favorable **Current Account Balance**, According To The Survey. It Indicates A **Reduction In Trade Deficit** Compared To Previous Years. Survey Discusses How **Geopolitical Changes And Global Trade** Dynamics Are Affecting India's Trade Strategies And Emphasises The Need For Diversification Of Trade Partners.



Core Consumer Durables Inflation

Decreased in FY24 Due To Improved Supply Of Key Input Materials.

This Decline Follows A Period Of **Increasing Consumer Durables Inflation** From FY20 To FY23



Monetary Policy Impact

Reserve Bank Of India (RBI) Raised The **Repo Rate By 250 Basis Points** From May 2022 In Response To Inflationary Pressures.

This Policy Action Led To **A Reduction In Core Inflation** By Approximately **Four Percentage Points** Between April 2022 And June 2024.

The Impact of Monetary Policy on the Economy



Food Prices

Impact on India's Agriculture Sector:

India's agriculture sector faced extreme weather events, depleted reservoirs, and crop damage.

These challenges impacted farm output and contributed to rising food prices.

Food Inflation Rates:

Food inflation was 6.6% in FY23.

It increased to 7.5% in FY24.

Banking And Financial Sector Performance

- Showcased Strong Performance In FY24.
- Bank Credit Growth Was Broad-Based And Double-digit.
- Gross And Net Non-Performing Assets Reached Multi-year Lows.
- Improved Bank Asset Quality Reflects Government's Commitment To Stable Banking Sector.



Capital Formation

Primary Capital Markets Facilitated Capital Formation Of **₹10.9 Lakh Crore** In FY24. This Amount Is Approximately **29% Of Gross Fixed Capital Formation** By Private And Public Corporates In FY23.



Capital Formation

['kɑ-pə-təl fôr-'mā-shən]

The net capital accumulation during an accounting period for a particular country.

Stock Market Performance

The **Market Capitalisation** Of The Indian Stock Market Surged Significantly.

India's Market Capitalisation To GDP Ratio Is The Fifth Largest Globally.



RBI Projects Inflation To Fall To:

- 4.5% In FY25.
- 4.1% In FY26, Assuming Normal Monsoon And No External Or Policy Shocks.

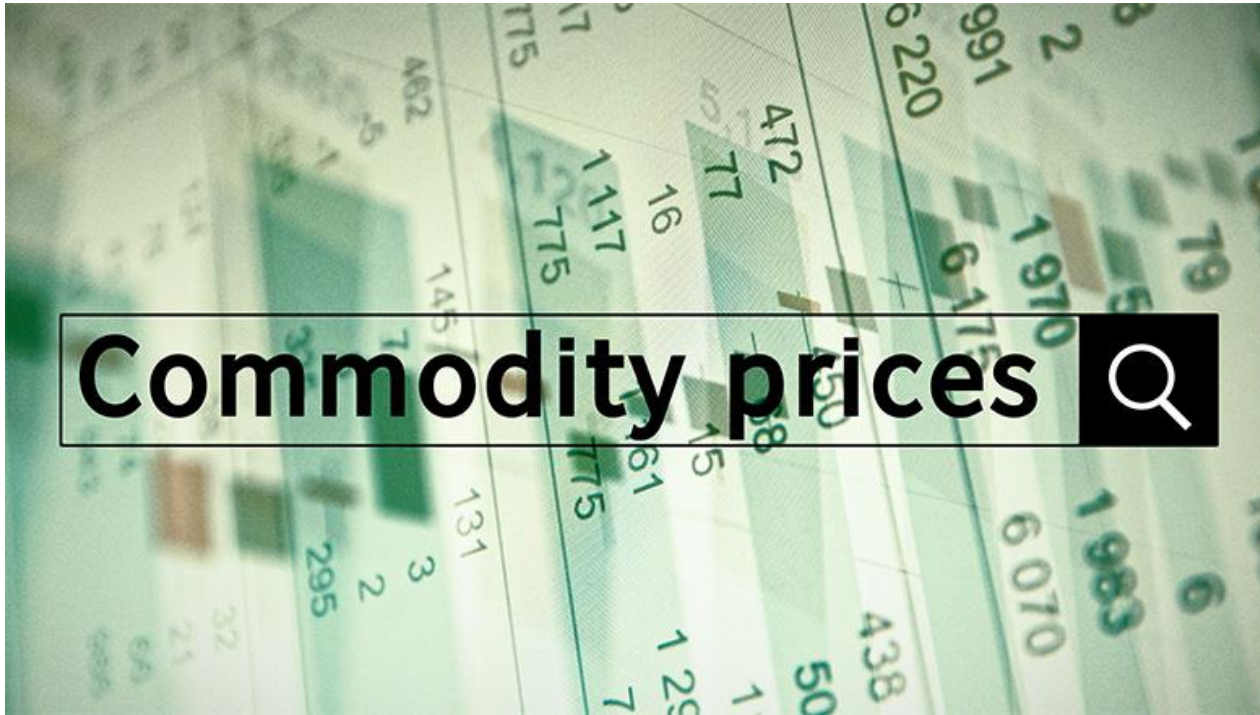
IMF Forecasts Inflation For India At:

- 4.6% In 2024.
- 4.2% In 2025.

Global Commodity Prices

World Bank Predicts Declining **Global Commodity Prices** In 2024 And 2025.

Lower Energy, Food, And Fertiliser Prices May Reduce Domestic Inflation In India.



External Sector: Stability Amid Plenty

Logistics Performance Index: India Improved Its Rank From 44th In 2018 To 38th In 2023 Out Of 139 Countries.

Export Diversification: India Is Adding More Export Destinations, Indicating Regional Diversification.

Current Account Deficit: Narrowed To 0.7% In FY24 Due To Moderation In Merchandise Imports And Rising Services Exports.

Services Exports: Grew By 4.9% To USD 341.1 Billion In FY24. Growth Driven By IT/Software Services And 'Other' Business Services.

External Sector: Stability Amid Plenty

Remittances: Top Remittance Recipient Globally, Reaching USD 120 Billion.

Foreign Portfolio Investment: Positive Net Inflows In FY24 Supported By Strong Economic Growth, Stable Business Environment, And Increased Investor Confidence.

Forex Reserves: Sufficient To Cover More Than 10 Months Of Projected Imports For FY25. Covers 98% Of External Debt As Of March 2024.

Growth Strategy For Amrit Kaal

- Boosting Private Investment.
- Expanding India's Mittelstand
- Recognizing Agriculture As Growth Engine And Removing Policy Impediments.
- Securing Financing For The Green Transition.
- Bridging The Education Employment Gap.
- Building State Capacity And Capability.

Economic Growth Potential

- Indian Economy Can Sustain **Growth At 7%+** If Structural Reforms Of Last Decade Are Built Upon.
- Requires A **Collaborative Effort** Between Union Government, State Governments & Private Sector.



Progress In Climate Action

Significant **Increase In Renewable Energy** Capacity. As Of May 31, 2024, Non Fossil Sources Make Up **45.4% Of Installed Electricity** Generation Capacity. Emission Intensity Of **GDP Reduced By 33% From 2005 Levels** By 2019.



Future Energy Needs

Energy Demand **Expected To Grow 2 To 2.5 Times By 2047** To Support Economic And Developmental Goals. Energy Transition Must Balance Resource Demands For Climate Resilience And Socio-economic Development.



Government Measures

Improved Energy Efficiency To Support Clean Energy Transitions & Energy Security.

Issued Sovereign Green Bonds:

₹16,000 Crore In January- February 2023.

₹20,000 Crore In October- December 2023.



Mission LiFE

Aims To Create A **Mass Movement For Sustainable Living** Based On Conservation & Moderation. **Supports Voluntary Environmental Actions** Like Green Credit Programme To Reward Green Initiatives.



International Initiatives

India Has Led Several **Global Climate Change Mitigation Efforts**, Including:

- International Solar Alliance
- One World, One Sun, One Grid
- Coalition For Disaster Resilient Infrastructure
- Infrastructure For Resilient Island States
- Leadership Group For Industry Transition

Social Sector - Benefits

Education Sector:

- Transformation Driven By NEP 2020.
- Emphasis **On Foundational Literacy And Numeracy** For Children By Third Standard.
- **'Poshan Bhi Padhai Bhi'** Program Aims To Establish A Universal, High-quality Preschool Network At Anganwadi Centres.

Healthcare

Ayushman Bharat Scheme:

- Over 34.7 Crore Ayushman Bharat Cards Issued.
- Covers 7.37 Crore Hospital Admissions.
- Saves More Than ₹1.25 Lakh Crore In Out-of-pocket Expenses For Poor And Deprived Families.

Women Led Development

DAY-NRLM Program:

Covers Over 89 Million Women Through 8.3 Million Self Help Groups.

Associated With Women's Empowerment, Reduced Social Evils, Higher Village Participation, And Better Access To Government Schemes.

DEENDAYAL ANTYODAYA YOJANA
NATIONAL RURAL LIVELIHOODS MISSION
(DAY-NRLM)



Quality Of Life In Hinterlands

- Self-help Movement Has Expanded Outreach.
- Social Capital Benefits From Professional Marketing And Management Support.

MGNREGA Demand:

- Not Always A True Indicator Of Rural Distress.
- Often Linked To State Institutional Capacity And Differences In Minimum Wages.

Agriculture And Food Management

- Average Annual Growth Rate Of 4.18% At Constant Prices Over Last Five Years.
- Provisional Growth Rate For 2023-24 Stands At 1.4%.
- Allied Sectors Like Livestock And Fisheries Show Robust Growth:
- Livestock Sector: CAGR Of 7.38% (2014-15 To 2022-23).
- Fisheries Sector: CAGR Of 8.9% (2014-15 To 2022-23).

Promotion Of Cooperatives And FPO's

- Government Supports **Cooperatives And Farmer-producer Organizations.**
- 8,195 FPO's Registered Under The New FPO Scheme By February 2024.
- **Agriculture Infrastructure Fund** Boost Investments In Agriculture. By July 2024, AIF Mobilized ₹73,194 Crore.



Agriculture Marketing Infrastructure (AMI):

- Improved storage infrastructure.
- 48,357 projects sanctioned with ₹4,570 Crore released as subsidies by April 2024.

Food Processing Sector Initiatives

- Pradhan Mantri Kisan Sampada Yojana (PMKSY).
- Production Linked Incentive Scheme for the Food Processing Industry (PLISFPI).
- Prime Minister's Formalisation of Micro Food Processing Enterprises (PMFME) Scheme.

Free Food Grain Distribution

Free food grains provided to 81.35 crore beneficiaries under PMGKAY for an additional five years.

Manufacturing Sector

- Average annual growth rate of 5.2% in the last decade.
- Major growth drivers: Chemicals, wood products and furniture, transport equipment, pharmaceuticals, machinery, and equipment.

Steel Sector

- India became a net exporter of finished steel over the past decade.
- Achieved highest levels of production and consumption during FY24.

Coal Production

- Accelerated over the past five years, reducing import dependence.
- FY24: Produced 997.2 million tonnes, imported 261 million tonnes, consumed 1233.86 million tonnes.

Pharmaceutical Market

- Valued at USD 50 billion, third largest by volume globally.
- Diverse product range includes generic drugs, active pharmaceutical ingredients, bulk drugs, over-the-counter medications, vaccines, biologics, and biosimilars.

Textile and Apparel Sector

- Second-largest clothing manufacturer, top five exporting nations.
- FY24: Export of textiles and apparel (including handicrafts) increased by 1%, reaching ₹2.97 lakh Crore.

Electronics Manufacturing

- Significant growth since 2014, 3.7% of global market share in FY22.
- Domestic production: ₹8.22 lakh Crore.
- Exports: ₹1.9 lakh Crore in FY23.

Aatmanirbhar Bharat

- Reported over ₹1.28 Lakh Crore of investment until May 2024.
- Led to production/sales of ₹10.8 Lakh Crore.
- Generated employment (direct & indirect) of over ₹8.5 Lakh under PLI scheme.

MSME Support

- Union Budget 2023-24 allocated ₹9,000 Crore to the Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE).
- Approved 91.76 Lakh guarantees amounting to ₹6.78 Lakh Crore since inception.

Services - Fuelling Growth Opportunities

Services Sector Continues To Significantly Contribute To India's Growth, Accounting For **About 55% Of Total Size** Of The Economy In FY24. As Per The Provisional Estimates, The Services Sector Is Estimated To Have Grown By **7.6 Per Cent** In FY24.



Purchasing Managers' Index (PMI)

- Services PMI above 50 since August 2021, indicating continuous expansion for 35 months.
- March 2024 PMI: 61.2, marking significant sales and business activity expansion in nearly 14 years.

Global Services Exports

- India's services exports: 4.4% of the world's commercial services exports in 2022.
- Post-pandemic: Services exports maintained steady momentum, accounting for 44% of India's total exports in FY24.

Railways and Aviation

- Passenger traffic in Indian Railways increased by 5.2% in FY24 compared to the previous year.
- Revenue-earning freight: Increased by 5.3% in FY24 over the previous year.
- Aviation sector: 15% YoY increase in total air passengers handled at Indian airports in FY24.

Tourism Sector

- Significant expansion in tourism.
- India's share of foreign exchange earnings in world tourism receipts increased from 1.38% in 2021 to 1.58% in 2022.

Clean Energy Sector

New investment of ₹8.5 lakh crore (USD 102.4 billion) between 2014 and 2023.

UJALA Scheme

- Energy savings: 48.42 billion kWh per year.
- GHG emission reduction: 39.30 million tonne CO₂ per year.
- Annual monetary savings: ₹19,335 crore in consumer electricity bills.

Metro Rail/RRTS

- 945 km operational, 939 km under construction in 27 cities.
- ~86 km operationalised in FY24.

Jal Jeevan Mission (JJM)

Tap water connection to more than 14.89 crore rural households (76.12%).

Space Assets

55 active space assets: 18 communication satellites, nine navigation satellites, five scientific satellites, three meteorological satellites, and 20 Earth observation satellites.

Telecommunications

- 8.02 lakh mobile towers as of June 2024.
- 29.37 lakh Base Transceiver Stations (BTSs), including 4.5 lakh 5G BTSs.

DigiLocker

- Over 26.28 crore registered users.
- Over 674 crore documents.

Budget

On July 23, 2024, Finance Minister Will Present Union Budget In Lok Sabha At 11 Am. The Budget Speech Will Cover Fiscal Policies, Revenue And Expenditure Proposals, And Significant Announcements. The Budget Will Then Undergo Detailed Debate In Both Houses Of Parliament Before Approval And Implementation.

BUDGET 2024



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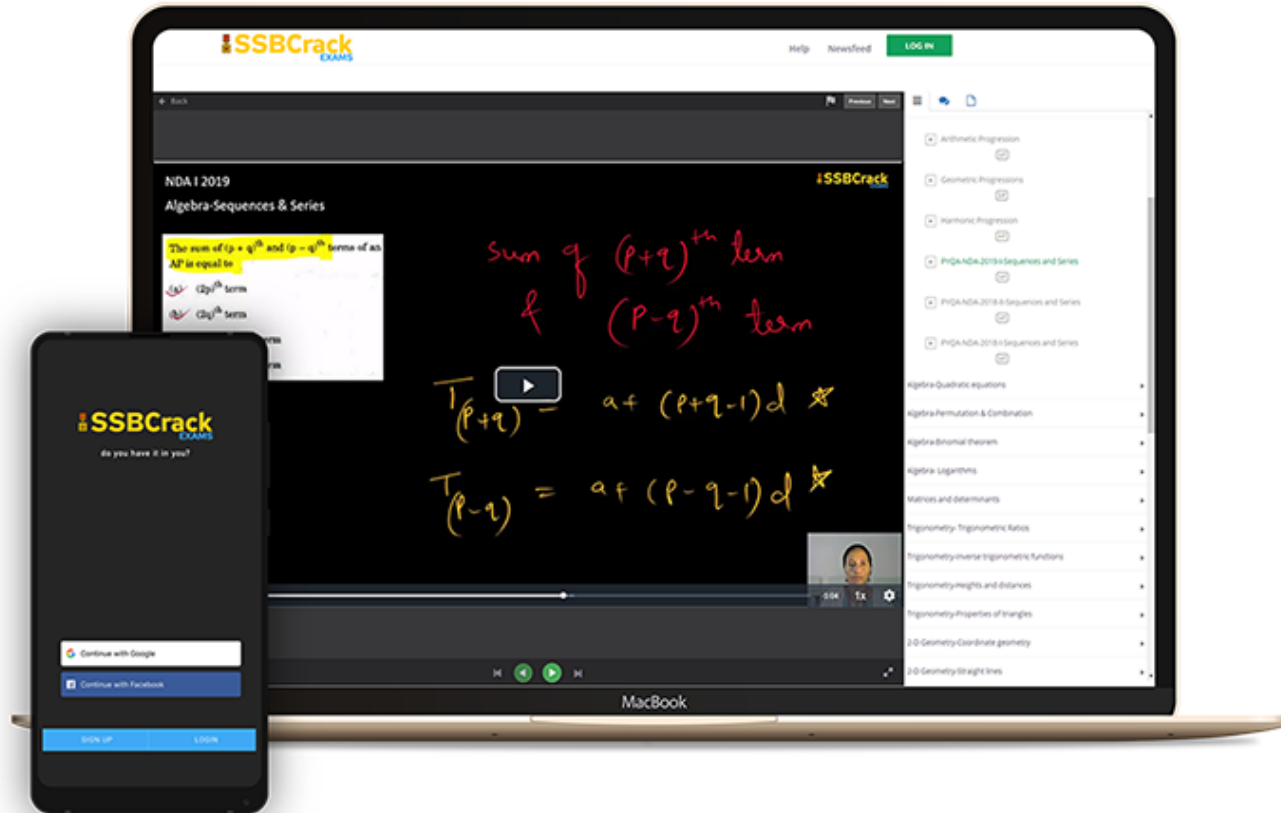
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