

Economic Survey 2023-24

Highlights

The 'Highlights' document of the Economic Survey 2023-24 features the salient aspects of each of the thirteen chapters in the Survey, assembled chapter-wise. The highlights are stated through charts, infographics, tables, and minimum use of text, which limits the size of the document to 30-35 pages. The 'Highlights' document thus presents the Survey in a nutshell to enable its easier understanding. I am hopeful that readers will be able to relate to the 'Highlights' document and be motivated to locate relevant content in the Survey for deeper study.

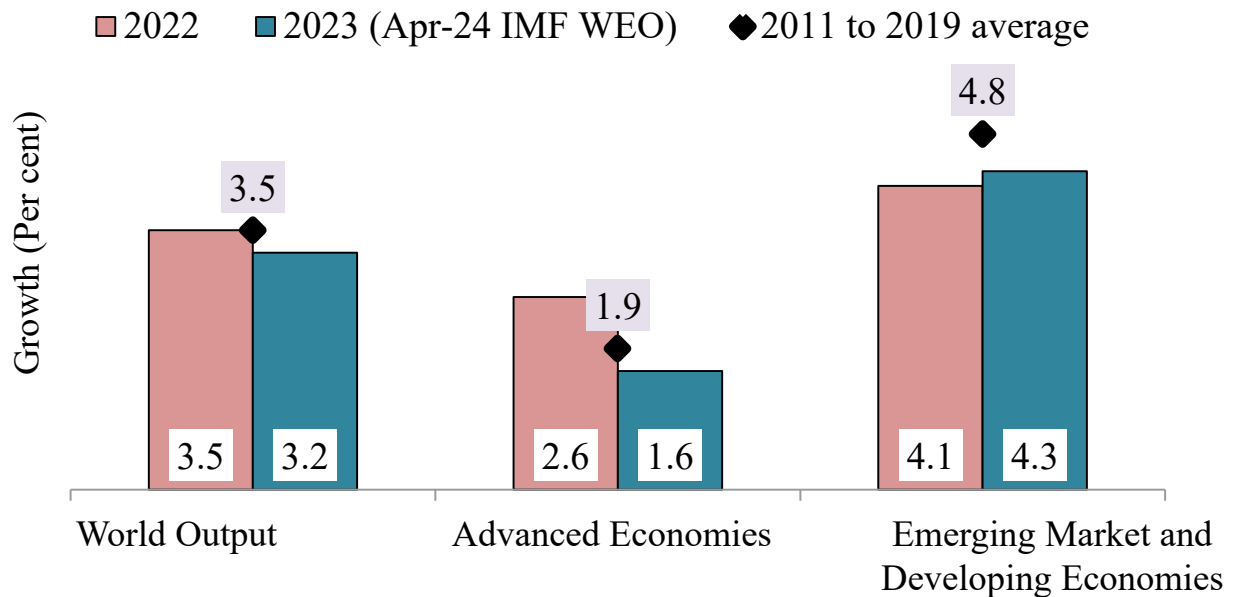
V. Anantha Nageswaran
Chief Economic Adviser
Ministry of Finance
Government of India

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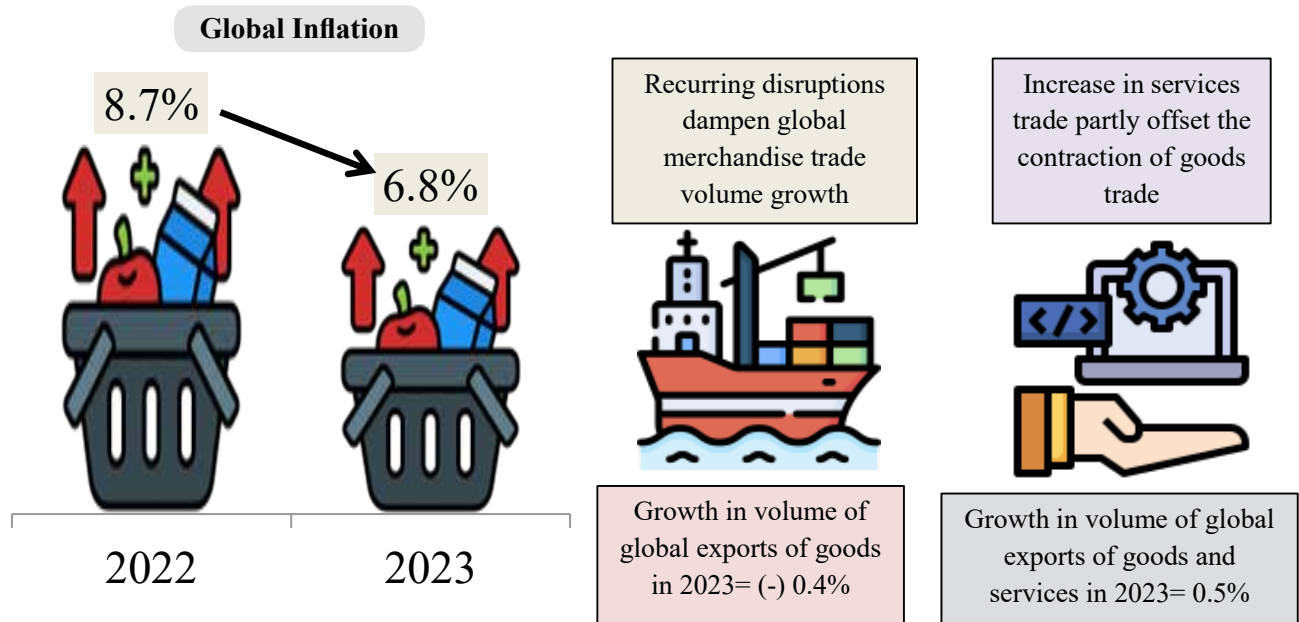
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State of the Economy: Steady as She Goes

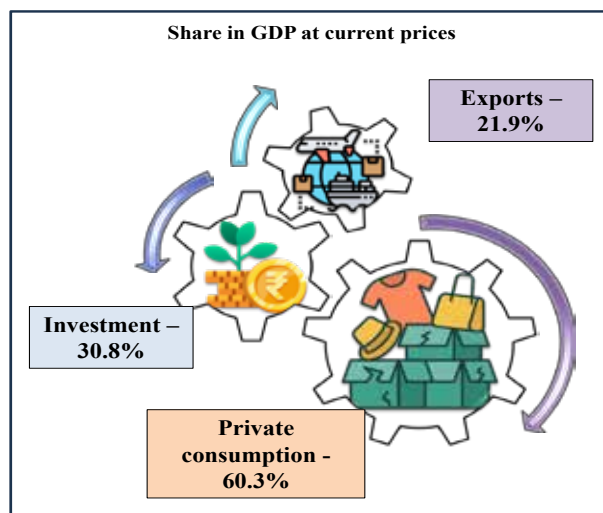
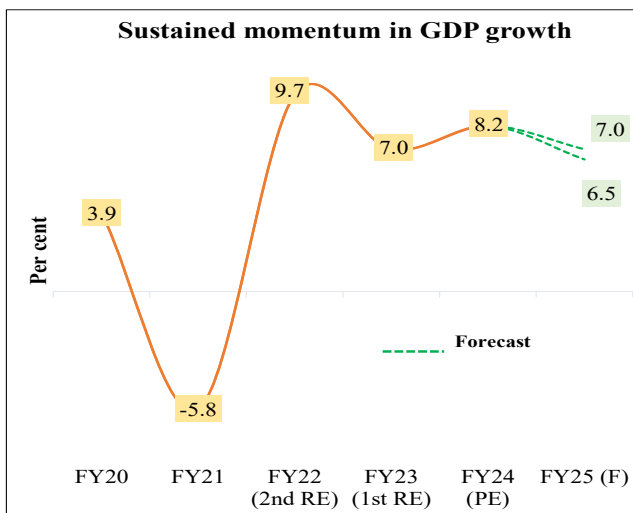
Global economic growth has been better than expected



Global inflationary pressures easing. Merchandise trade dampened in 2023



India's GDP growth expected to remain robust. Steady private consumption and emerging investment drive growth



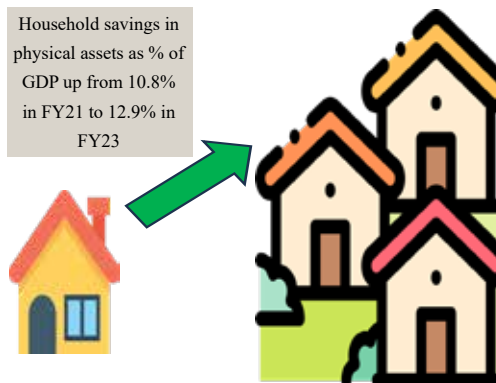
Investment being driven by public and private capex with households also pitching in

Government capex crowding in private investment



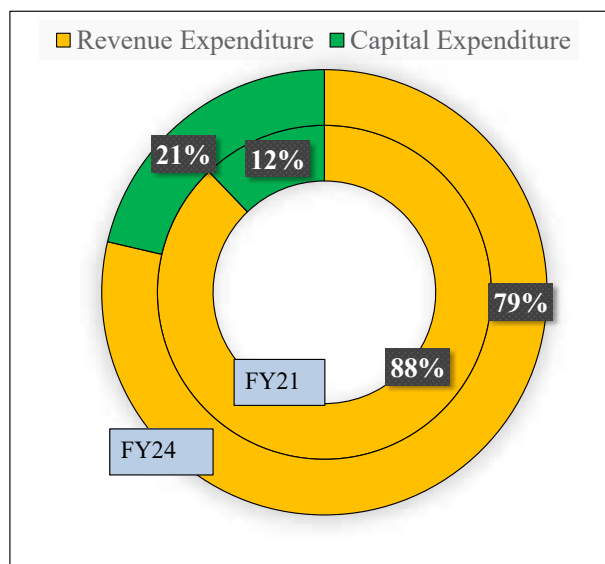
*Axis bank research

Increasing appetite for investment in housing

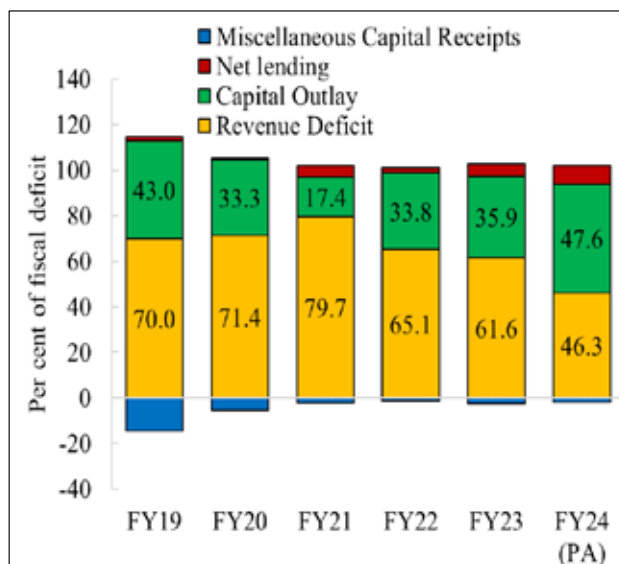


Quality of Union Government expenditure is improving

Higher share of capex in total expenditure

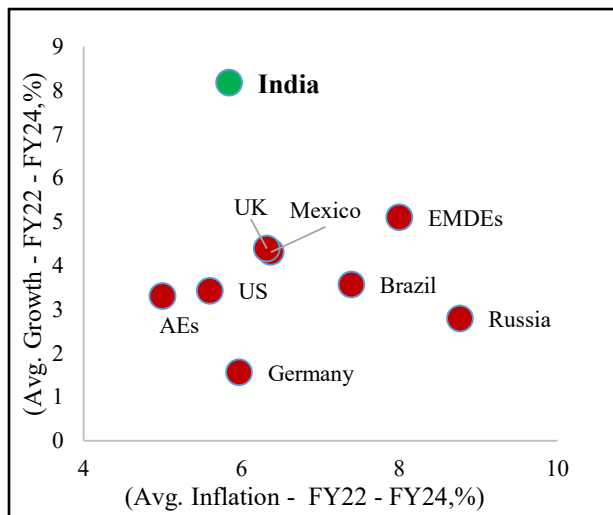


Decomposition of fiscal deficit shows increasing investment orientation

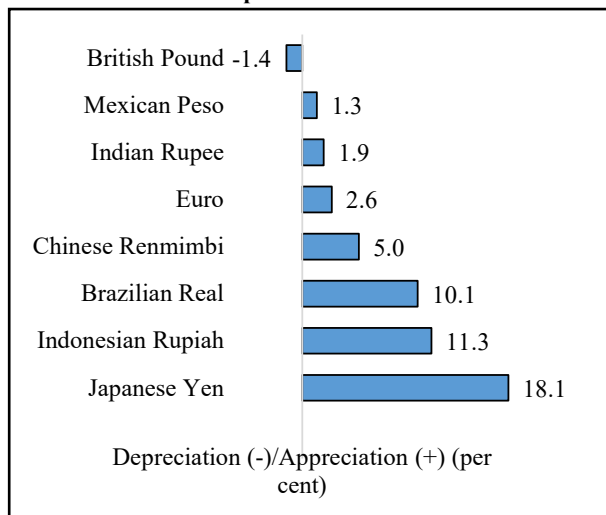


Relatively low domestic inflation, high growth and stable external sector are imparting resilience to the economy

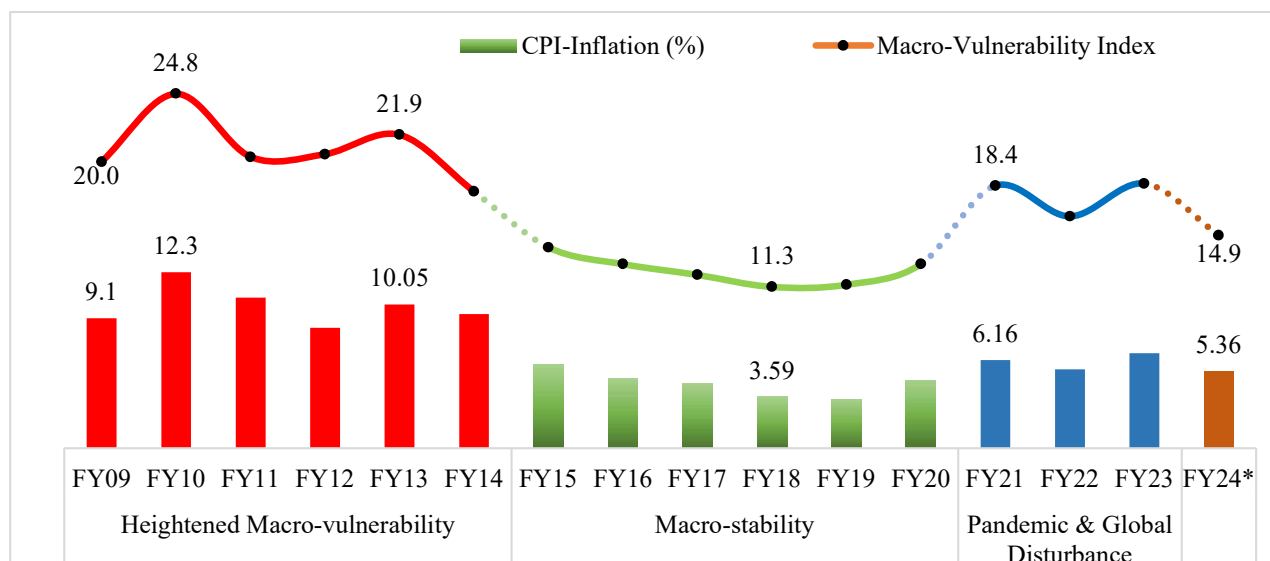
India a high-growth and low-inflation economy



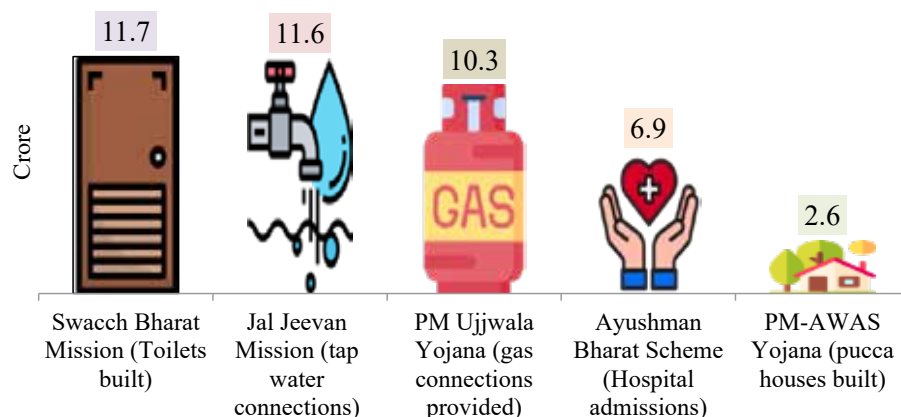
The ₹ was one of the most stable currencies over Apr'23 – Jun'24



Improving macroeconomic stability



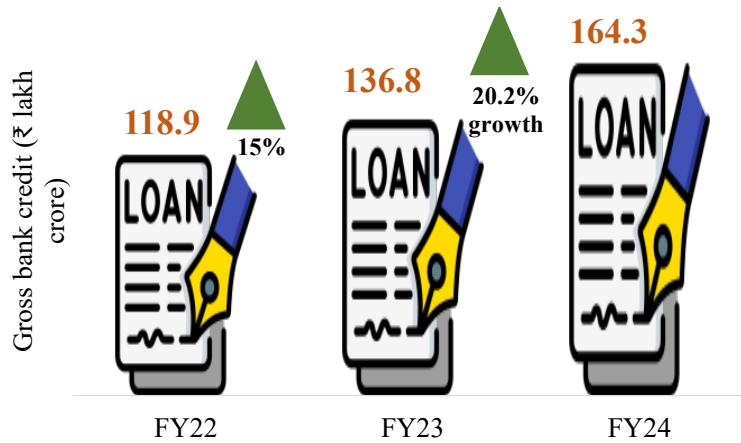
Government is ensuring inclusivity of growth



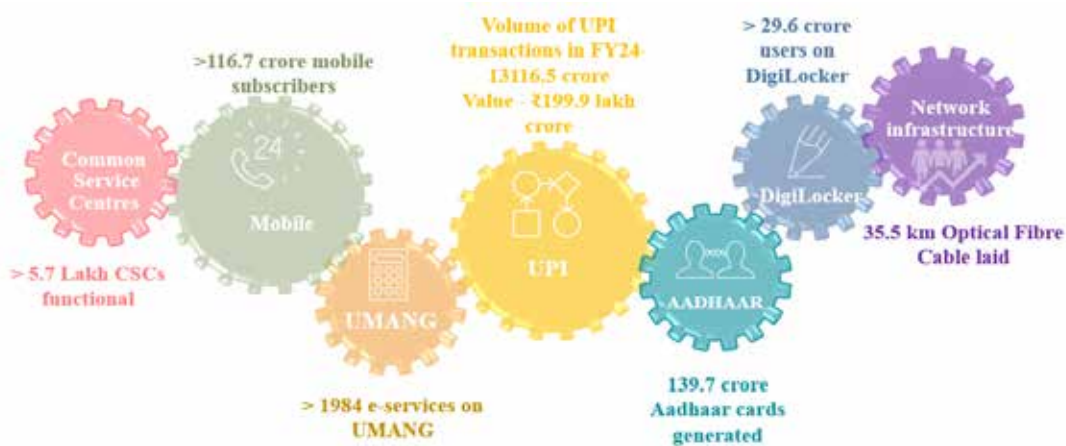
Beneficiaries under various schemes since their inception

Monetary Management and Financial intermediation: Stability is the Watchword

Double-digit growth in bank credit

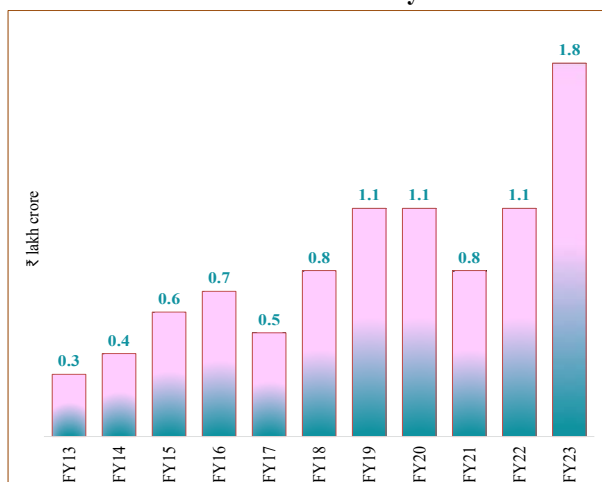


India's Digital Public Infrastructure: Churning the Wheels of the Economy



Microfinance Institutions (MFIs): facilitating Financial Inclusion

Rise in loans disbursed by MFIs



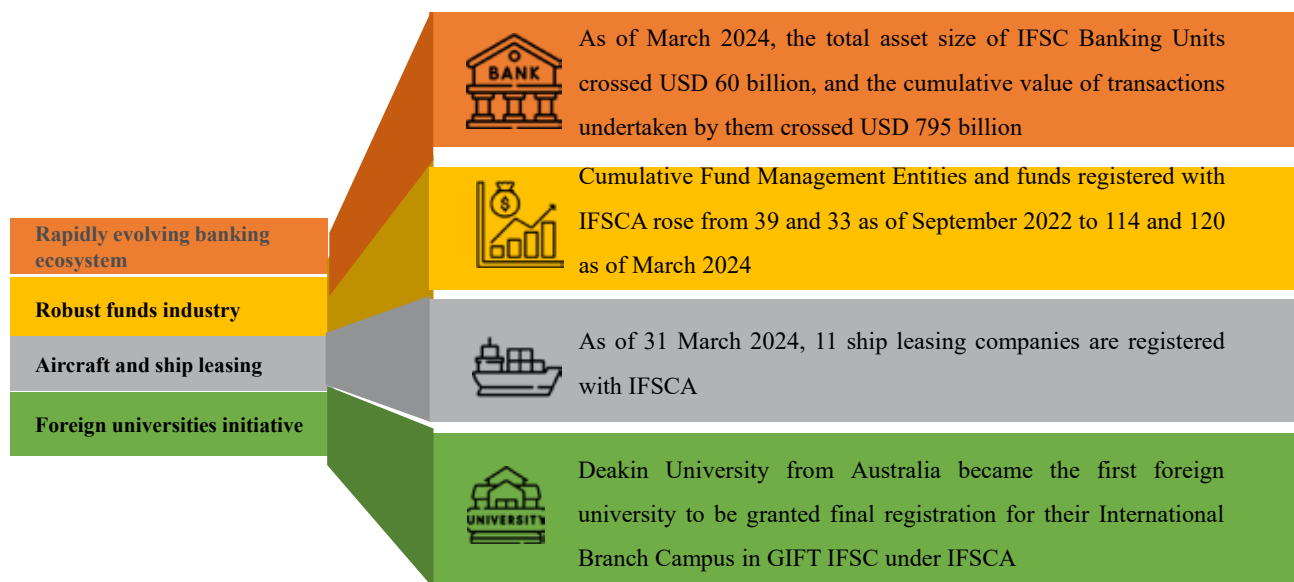
India has the second-largest microfinance sector

Women constitute 98 per cent of the total clients of MFIs

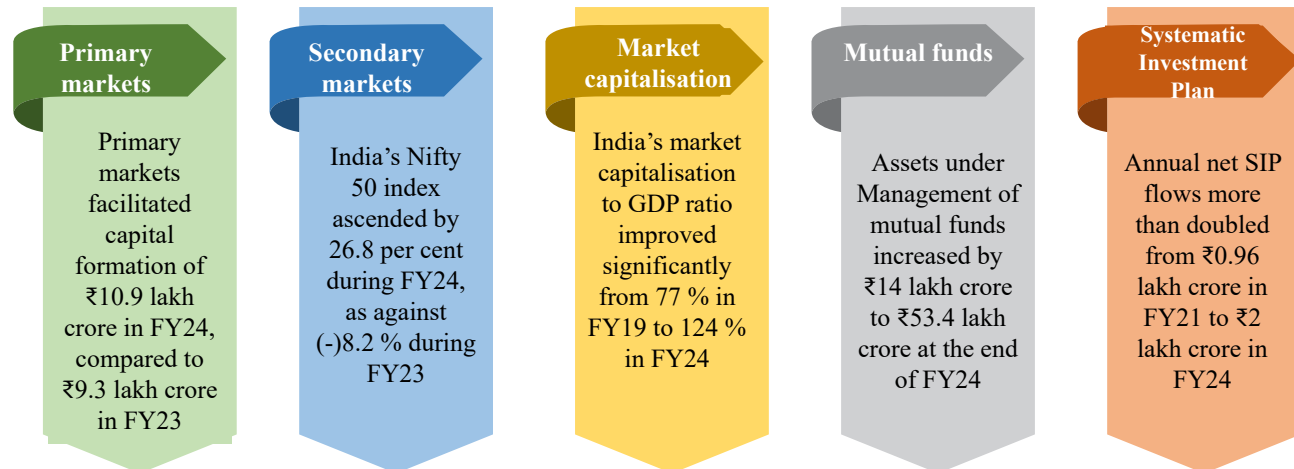
MFIs have reached out to over 532 lakh clients with a total loan outstanding of ₹1.8 lakh crore under micro-credit

Rise in RBI's Financial Inclusion Index from 60.1 in March 2023 to 64.2 in March 2024 indicates improvement in access, usage, and quality of the financial sector in India

GIFT City: Emerging as a dominant gateway for India's financial sector

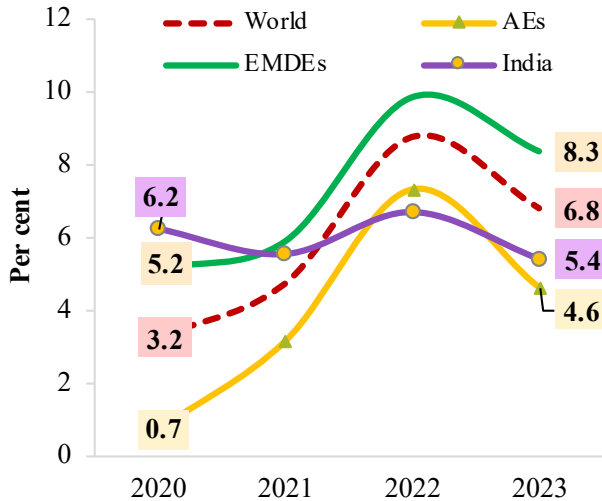


Indian capital markets emerged as one of the best-performing among emerging markets in FY24

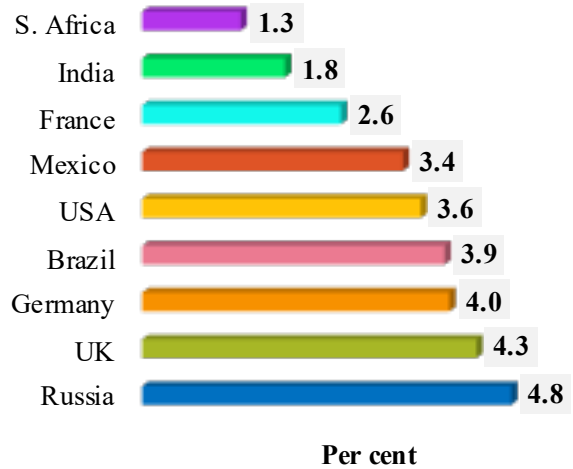


Prices and Inflation: Under Control

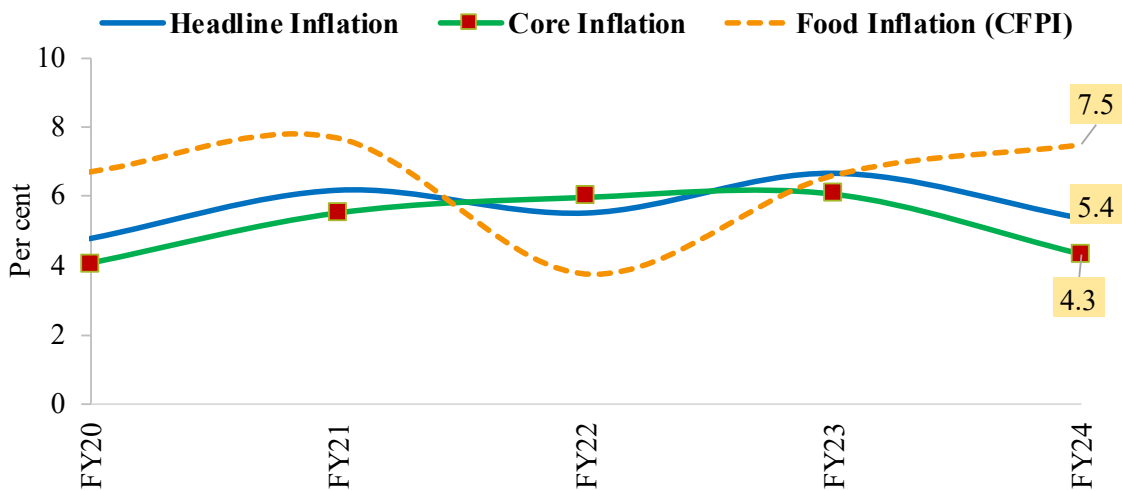
India's inflation lower than EMDEs in 2023



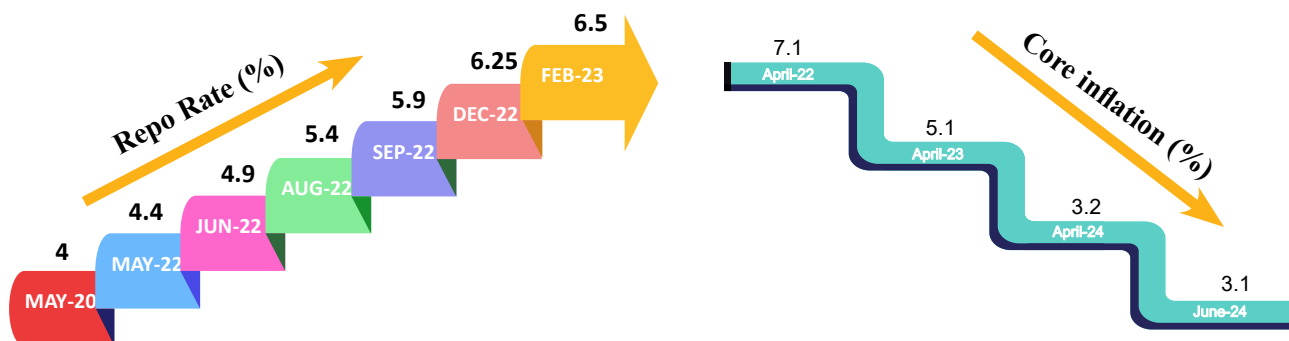
India has one of the lowest average deviations (2021-2023) from inflation target (Actual - Target)

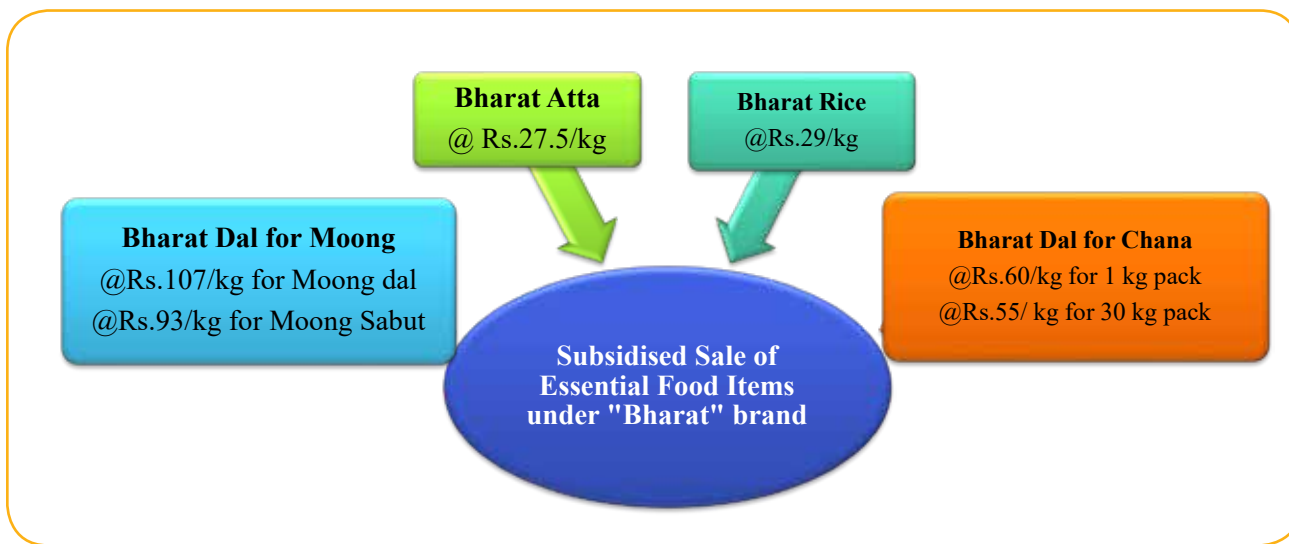
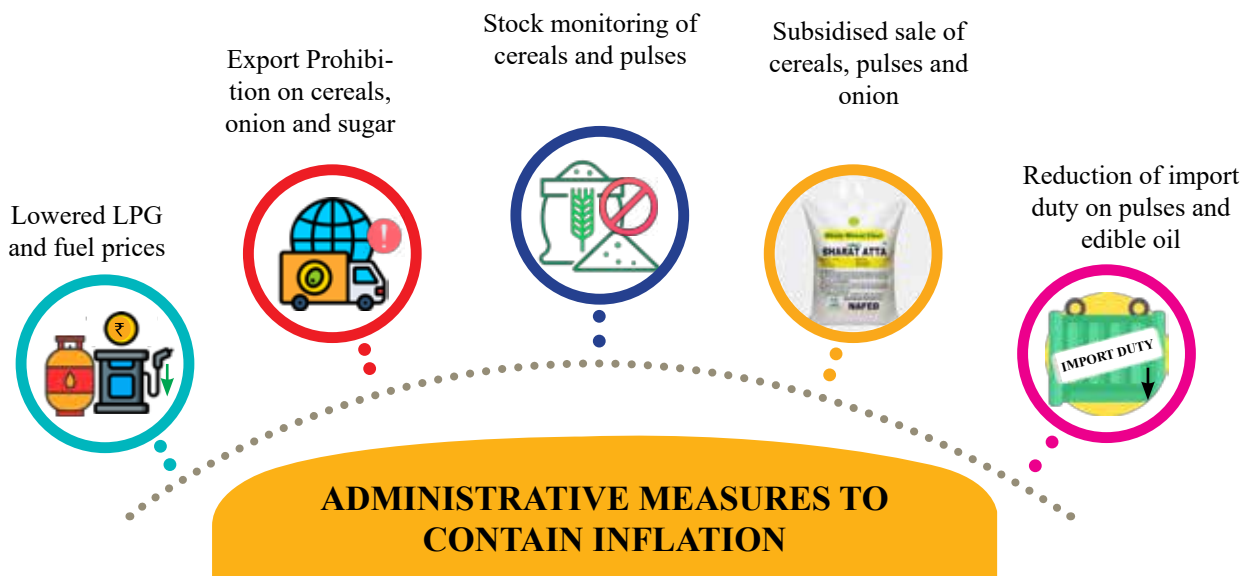


Headline inflation was the lowest in FY24

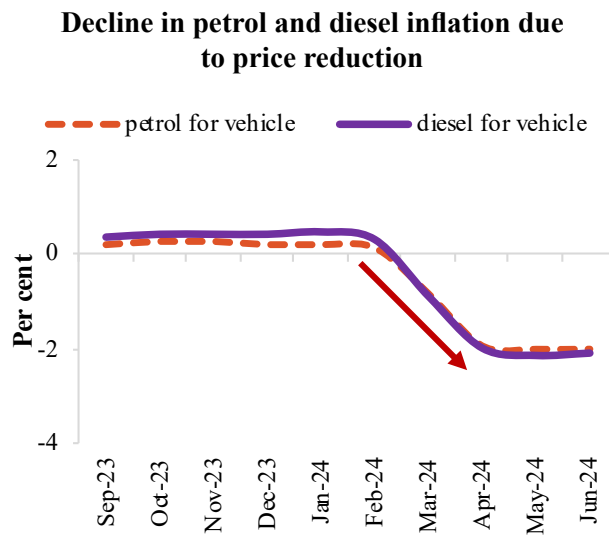
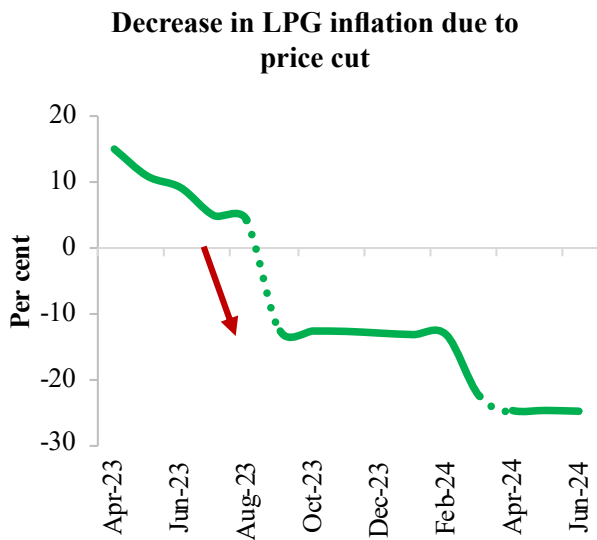


Monetary policy transmission evident in easing core inflation to 4-year low

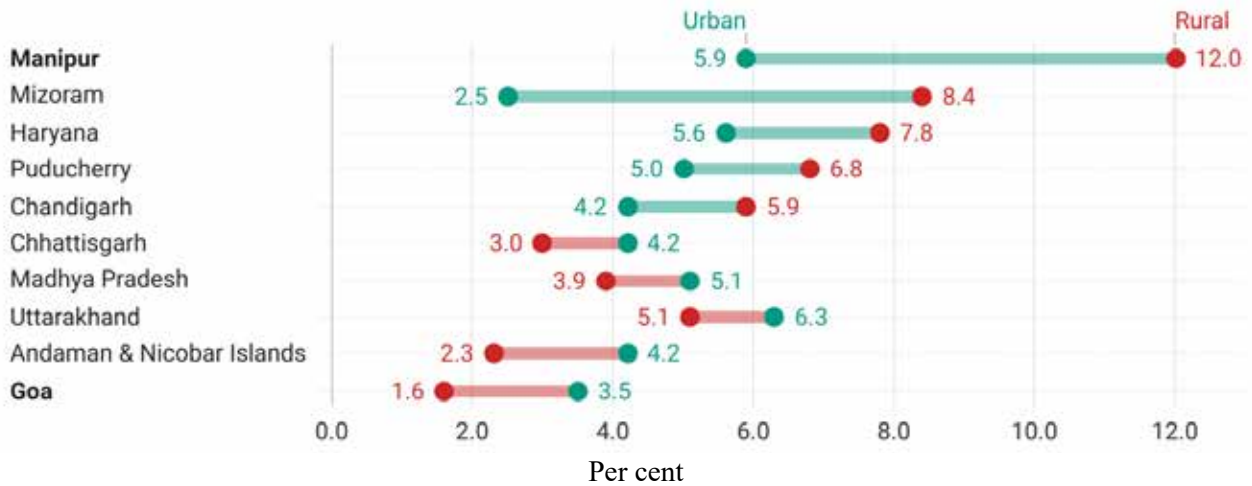




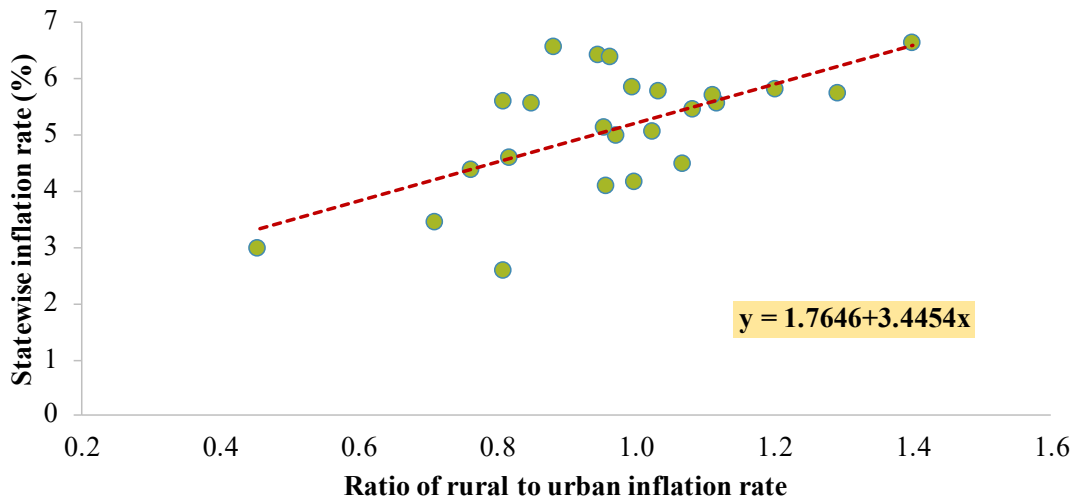
Impact of government interventions on LPG and fuel inflation



Rural-urban inflation gap in selected states in FY24

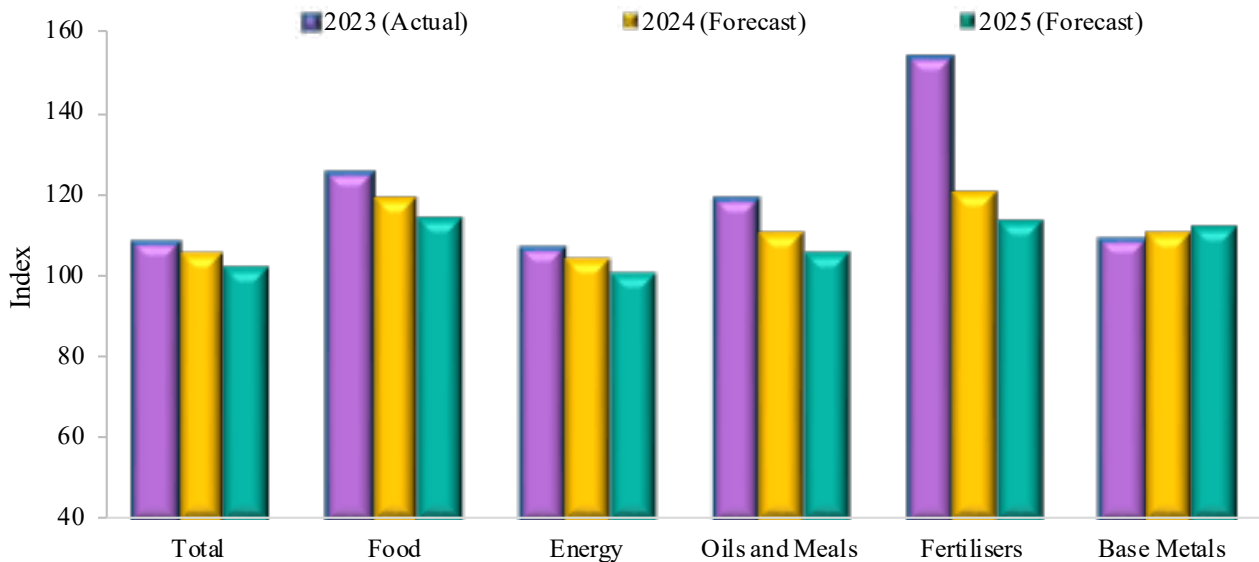


States* with higher inflation show a wider rural-urban gap (FY24)



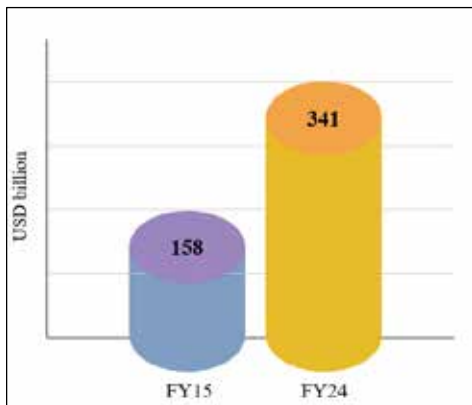
*The scatter plot is based on 23 major states and NCT of Delhi

A decline in global commodity prices bodes well for India's inflation outlook



External Sector: Stability Amid Plenty

India's services exports more than doubled in nine years



4.3%

♦ India's services exports share in world services exports

2nd

♦ Rank in World's telecommunication, computer & information services exports

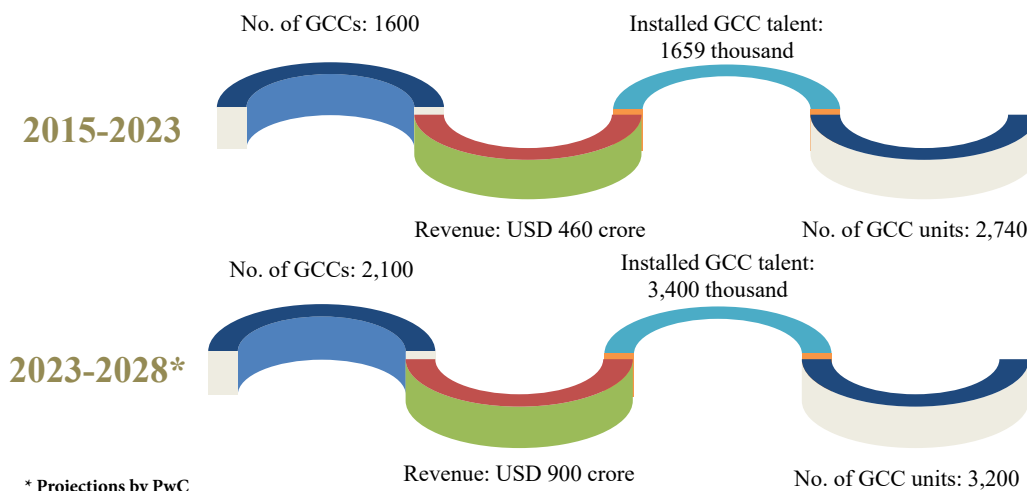
6th

♦ Rank in World's personal, cultural & recreational services exports

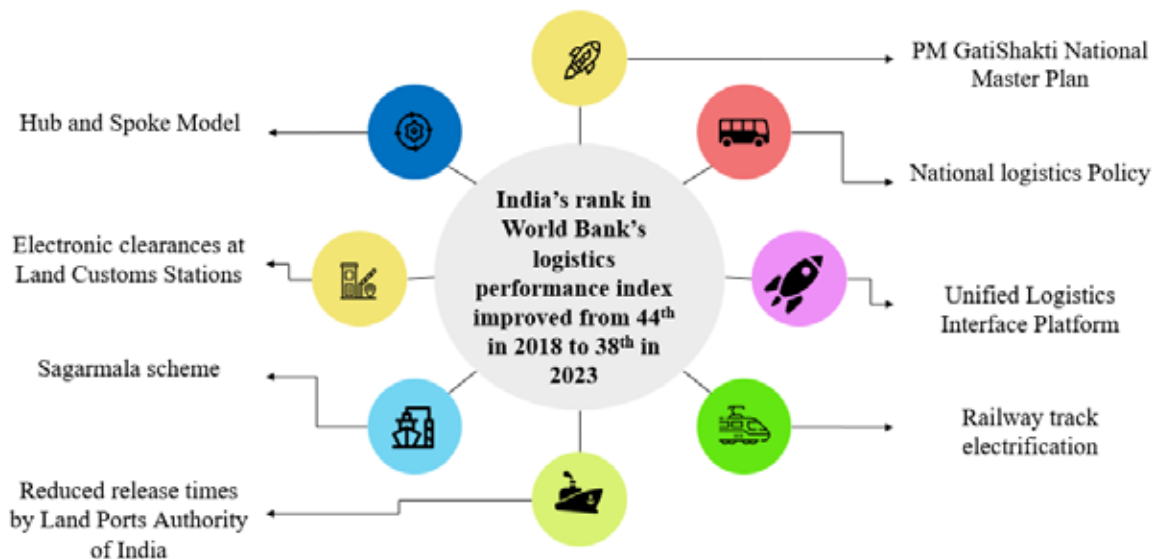
8th

♦ Rank in World's other business service exports

Remarkable growth of Global Capability Centres in India



Improvement in logistics performance



How can India benefit from China plus one strategy?

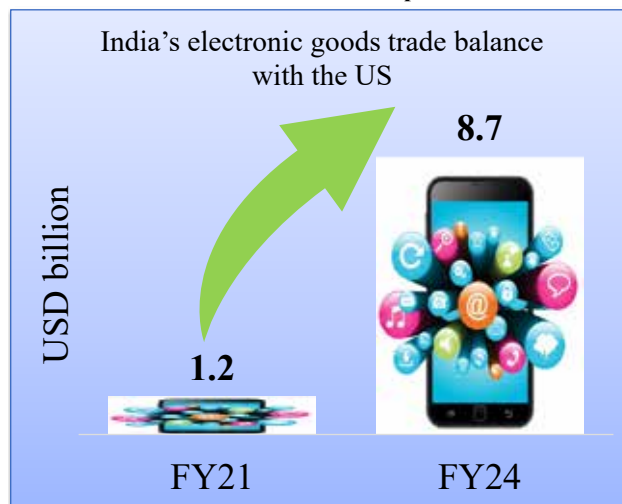


How can India benefit from China plus one?

Promote FDI from China ✓

Increase imports from China ✗

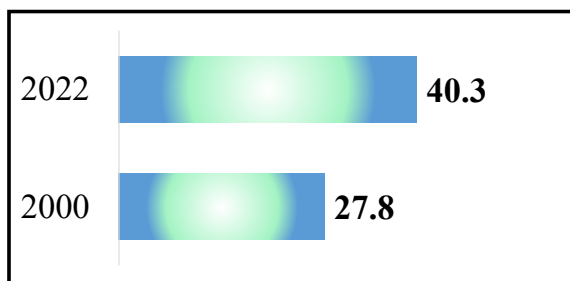
Evidence of trade diversion from China is reflected in an increase in India's electronic exports to US, resulting in a rise in trade surplus



Rise in India's Global Value Chains participation



Increase in the share of GVC-related trade in Gross trade



Rise in share of medium and high-technology manufacturing



Increase in share of high value-added services in services sector

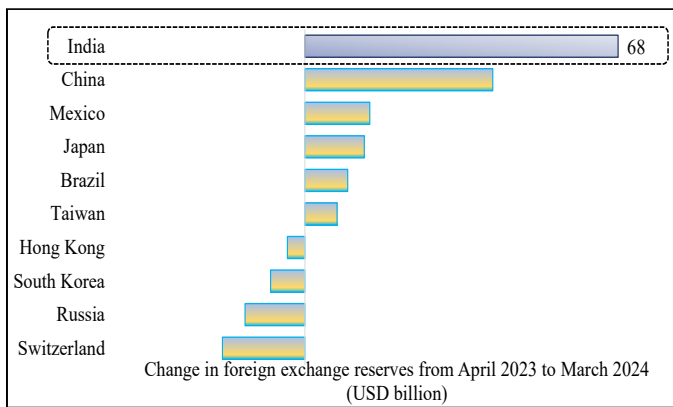
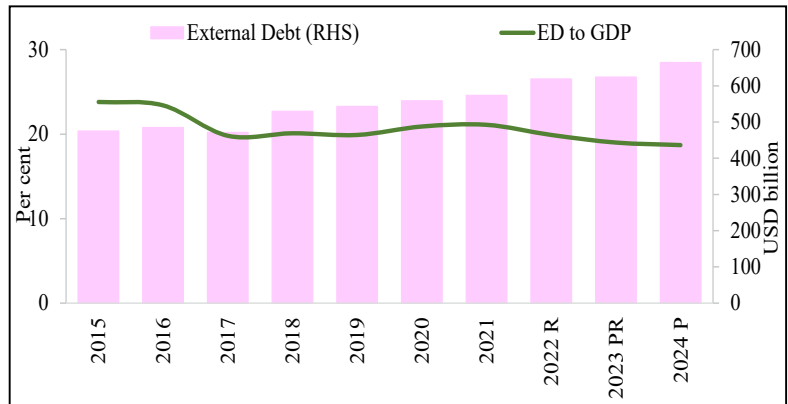


India has begun to move downstream with increase in exports of finished goods

Policy priorities

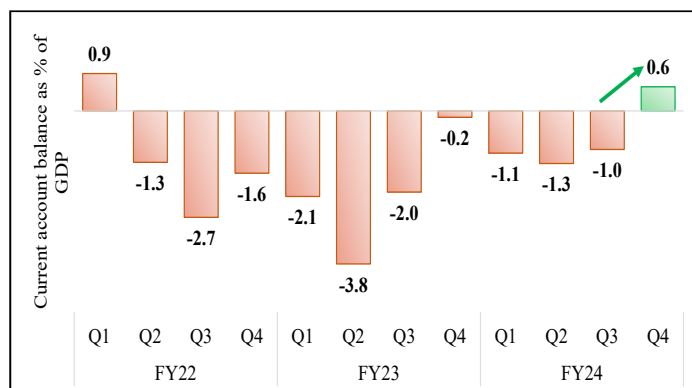
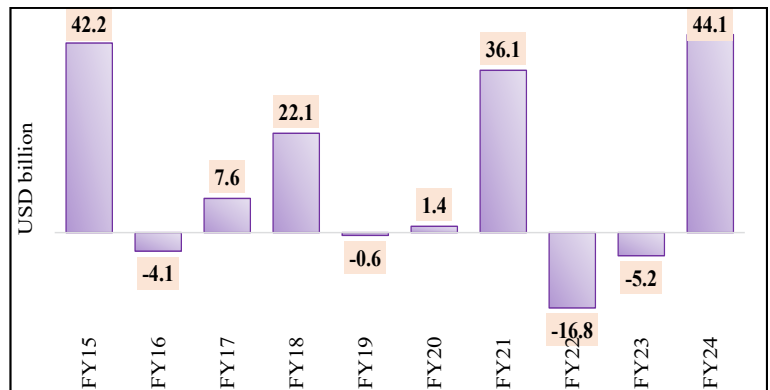
- ◆ Developing quality trade infrastructure
- ◆ Integrating MSMEs in the GVC network
- ◆ Simplifying procedures for entry and exit of small businesses
- ◆ Working towards trade facilitation measures

Decline in External debt to GDP ratio



India witnessed the most significant increase in foreign exchange reserves holdings in FY24







Highest level of FPI inflows witnessed in FY24 after FY15

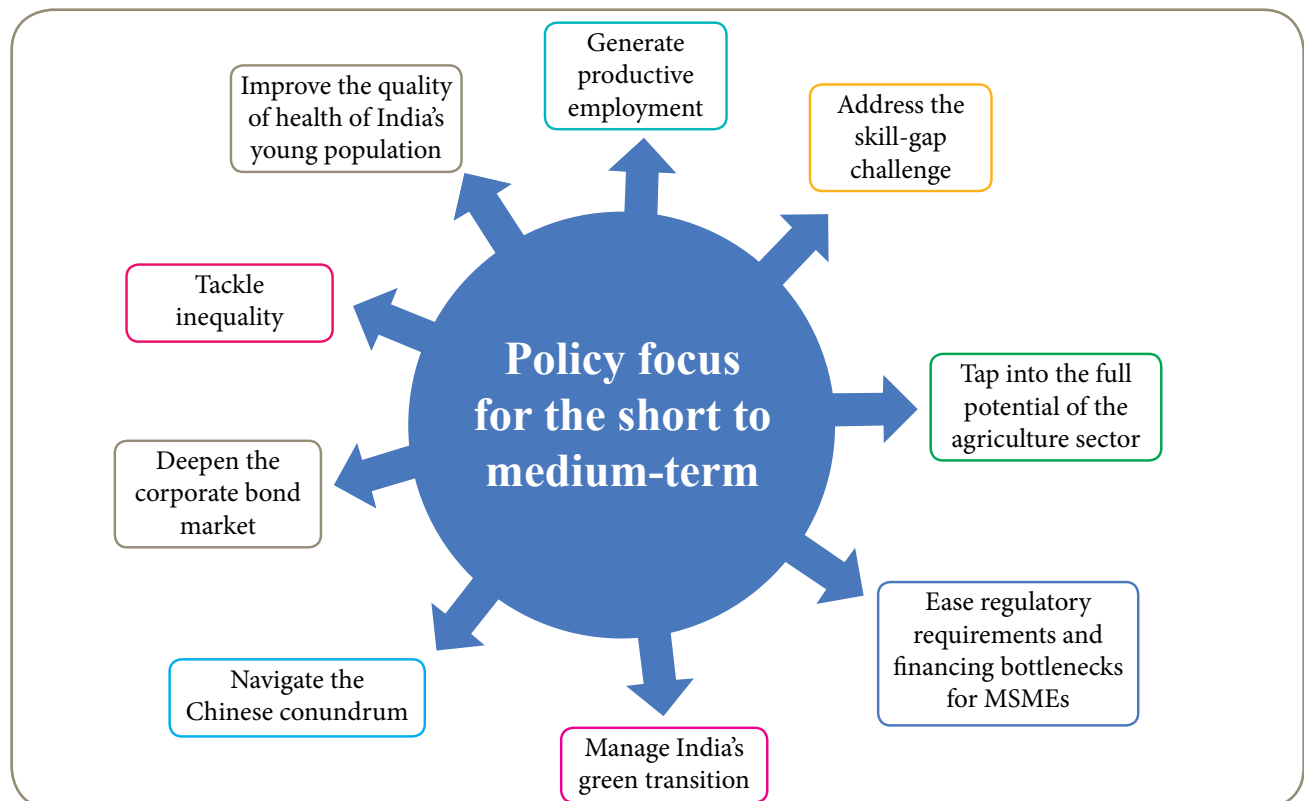


Current account surplus in Q4 of FY24 led to a moderation in CAD in FY24

Medium Term Outlook: A Growth Vision for New India

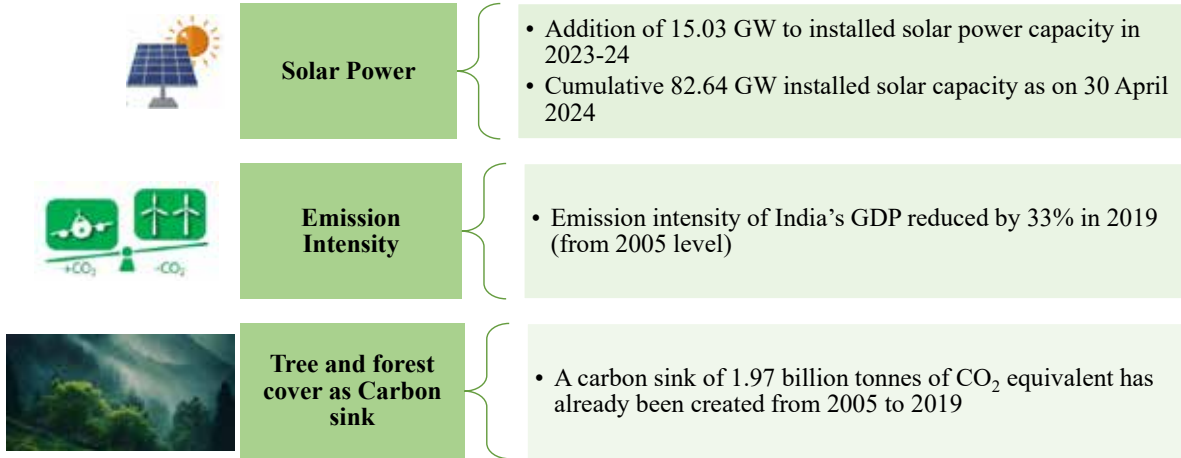
Growth Strategy for Amrit Kaal : Strong, Sustainable and Inclusive

- 1 Boost **private sector investment** to 35 per cent of GDP through a conducive policy and regulatory environment 
- 2 Strengthen **India's MSME sector** through deregulation at the state and local government levels. Push for sector-specific, tailored skilling of MSME entrepreneurs and developing a clear-cut export strategy 
- 3 Remove growth impediments in the **agricultural sector** and allow markets to function in the interest of the farmer 
- 4 Secure financing of **green transition** in India. 
- 5 Bridge the **education – employment gap** 
- 6 Build **state capacity and capability** 

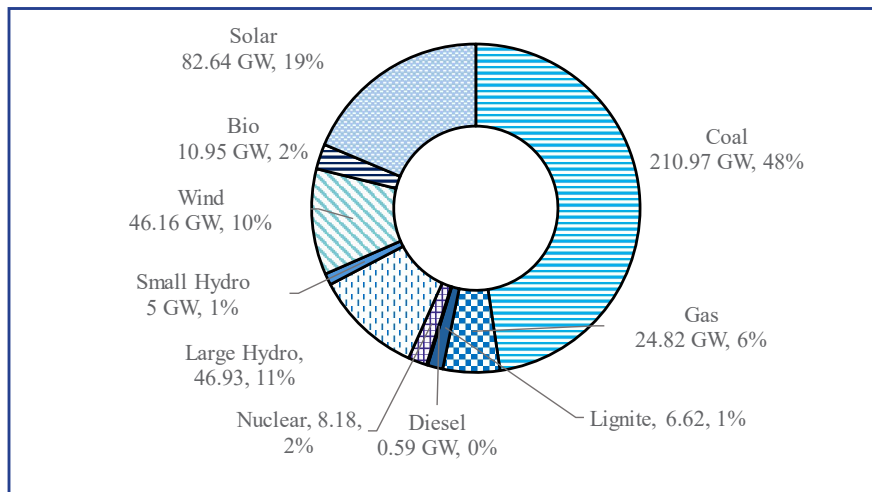


Climate Change and Energy Transition: Dealing with Trade-Offs

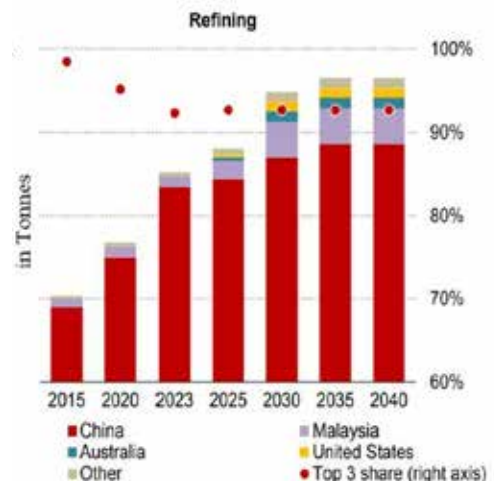
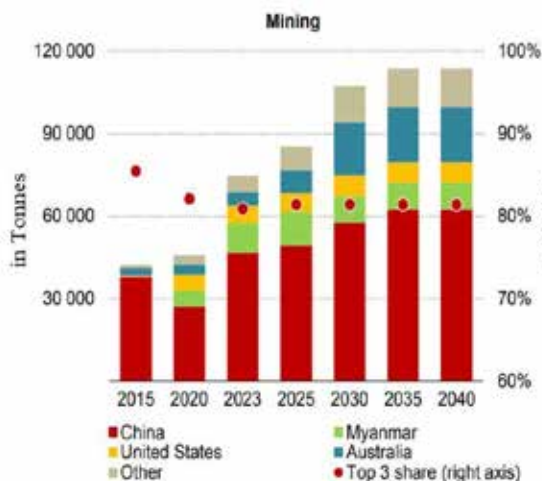
Present Status of India's Climate Action



Installed Power Capacity 30 April 2024: 442.8 GW



Critical and Rare Earth Mineral's Concentration



PM-Surya Ghar Yojana

- Total outlay of Rs.75,021 crore
- Installing rooftop solar
- Free electricity up to 300 units every month for 1 crore households
- Create around 17 lakh direct jobs
- Addition of 30 GW of solar capacity through rooftop solar
- Reduction of 720 million tonnes of CO₂ equivalent emissions

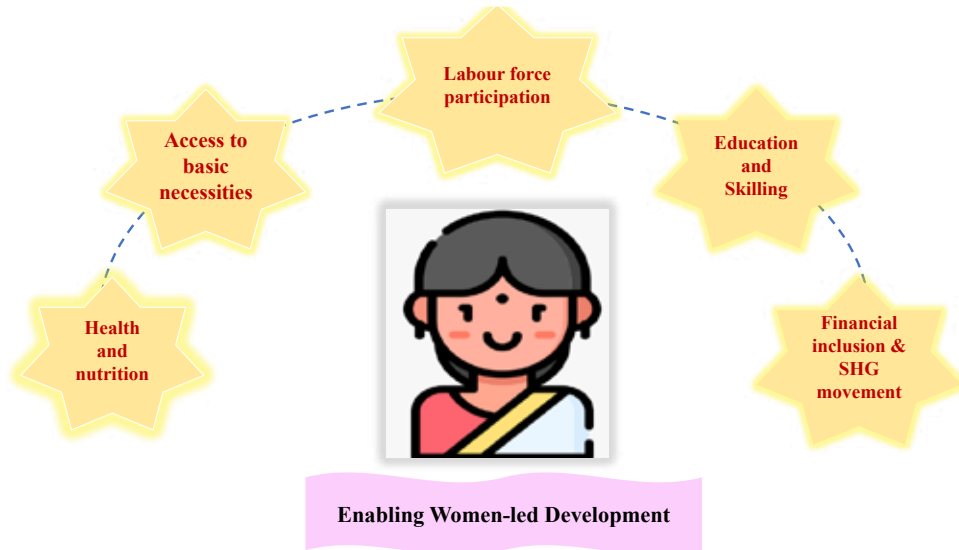
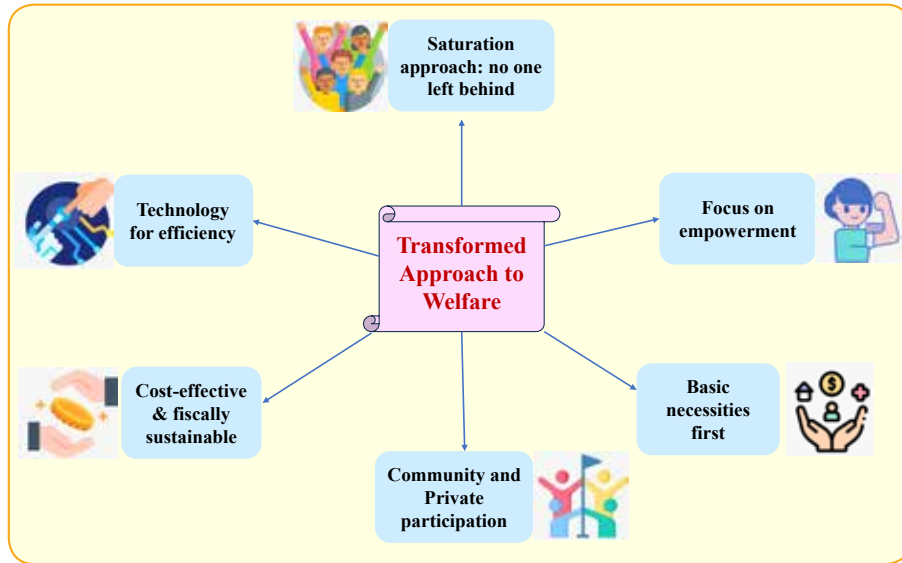


Steps Taken to Improve Energy Efficiency

- Lifestyle for Environment (LiFE) Mission
- Perform, Achieve, and Trade (PAT)
- Energy Conservation Building Code (ECBC)
- Shunya Labelling Program
- Standards and Labelling (S&L) program
- AC @ 24 campaign



Social Sector: Benefits that Empower



Mental Health

Youth and phone/Internet overuse and 'great rewiring of childhood'

Economic Impact: productivity loss, healthcare cost, higher risk with rising urbanisation and demographic dividend

10.6 per cent adults suffered from mental disorders in India, Treatment gap of 70-92%

Policy action: National Mental Health Programme and Ayushman Bharat

Globally, one out of every two people will develop a mental health disorder in their lifetime**

Need for adequate personnel, breaking the stigma, community action

**National Mental Health Survey 2015-16*
***McGrath et al., 2023*

Employment and Skill Development: Towards Quality

Evolving Landscape of Jobs

Artificial Intelligence: Complement or Substitute Labour?

Short run Vs. Long Run Impact of AI – replace few jobs and boost productivity across sectors

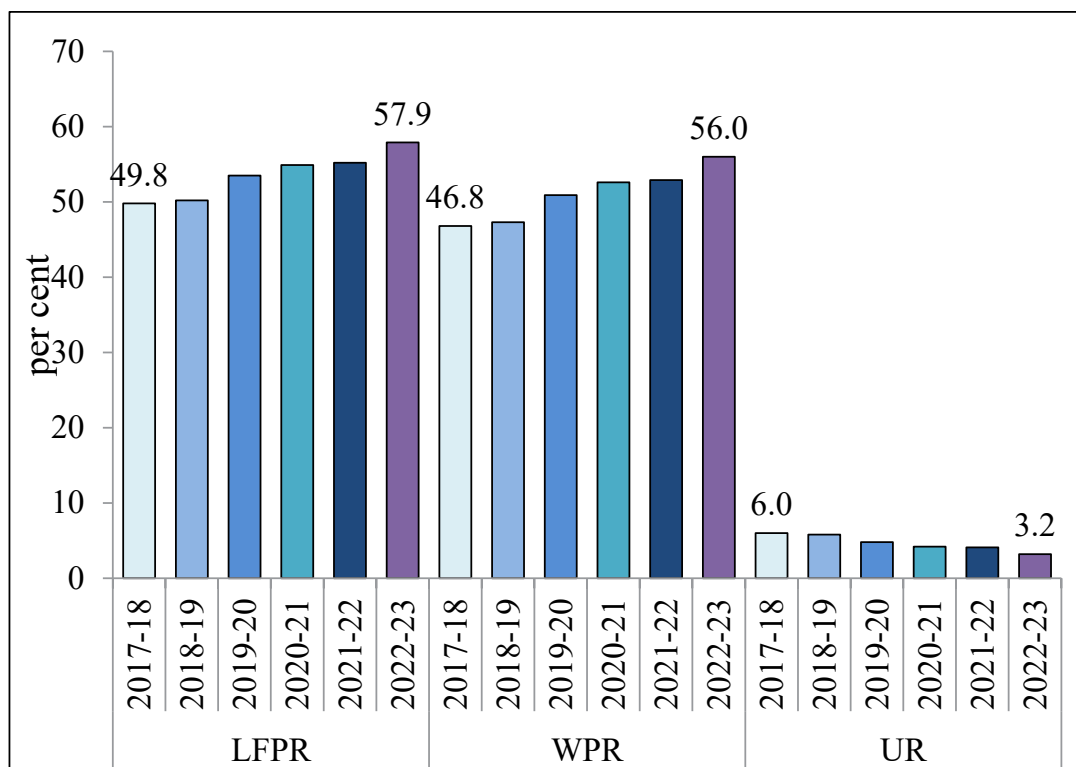
Technological Choice depends on political economy – Acemoglu & Johnson 2024

Need for R&D in AI and Plan for AI impact on jobs

Rise of Gig Work – need for social security

Climate Change and Energy Transition: productivity losses coupled with job creation in new sectors

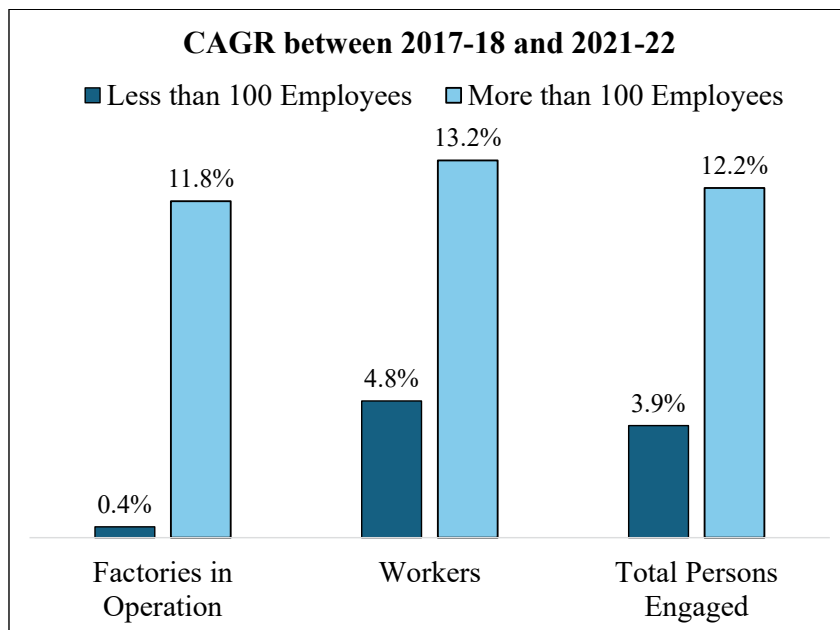
Improving Labour Market Indicators as per PLFS



Source: Periodic Labour Force Survey (PLFS) annual reports. MoSPI

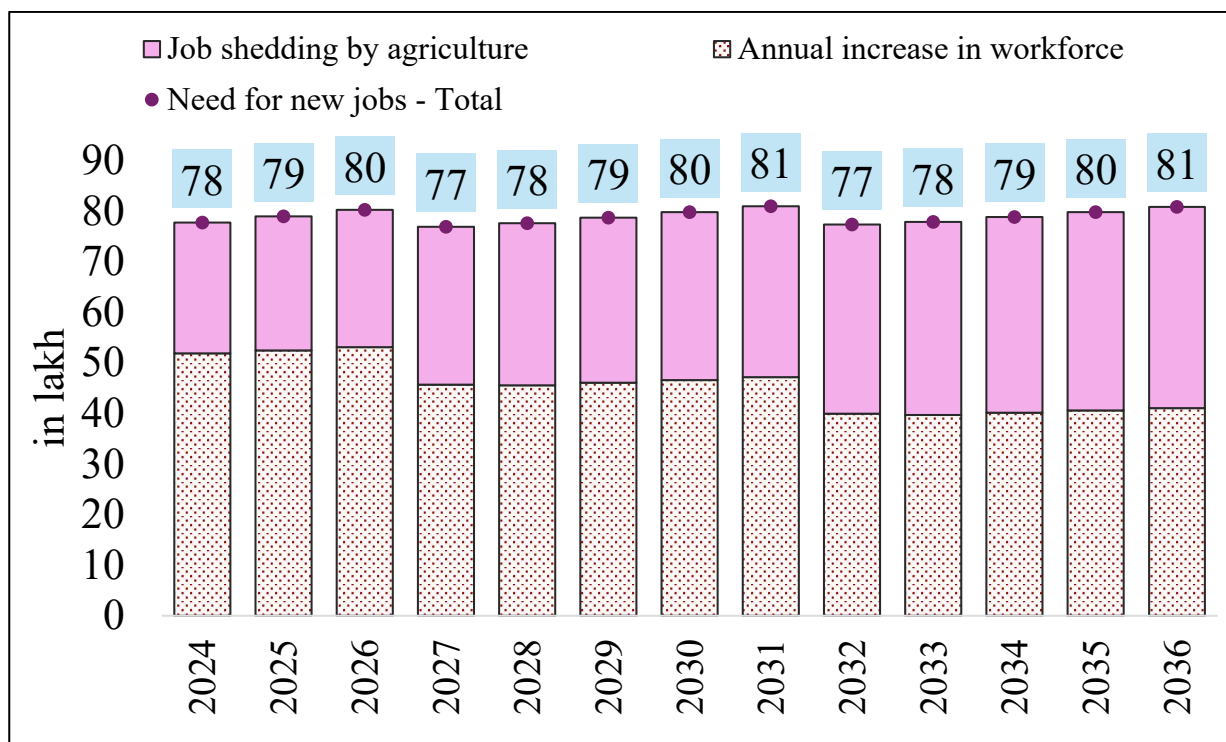
Note: LFPR: labour force participation rate, WPR: worker population ratio, UR: unemployment rate

Upscaling of Factories and rising Organised Manufacturing Employment



Source: Annual Survey of Industries

Annual requirement for non-farm job creation 2024-2036



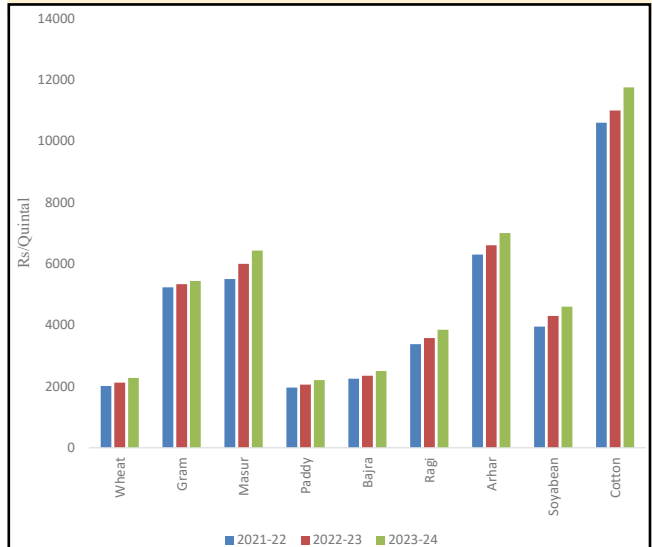
- ◆ Calculations based on assumptions about workforce participation rates and share of agriculture in the workforce.
- ◆ Indian economy needs to generate an average of nearly 78.5 lakh jobs annually until 2030 in the non-farm sector.
- ◆ Quantity and Quality – both matter!

Agriculture and Food Management: Plenty of Upside Left if we get it Right

India's agricultural sector shows resilience and diverse growth, with notable improvements in fishing and aquaculture over recent years.



Fixing MSP at one and half times the all-India weighted average cost of production- assuring remunerative prices to farmers

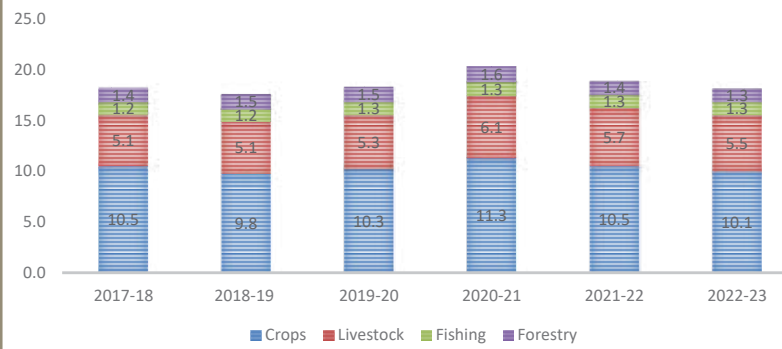


The allied sectors of Indian agriculture are steadily emerging as robust growth centres and promising sources for improving farm incomes.

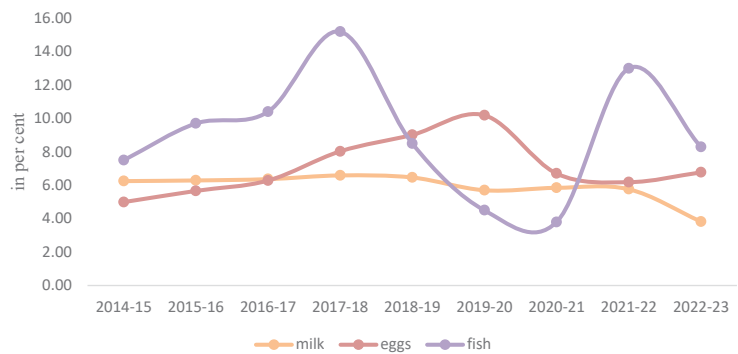
Growth in the livestock sector significantly boosted the per capita availability of milk, eggs, and meat.

The fisheries sector has grown at a compound annual rate of 8.9 per cent between 2014-15 and 2022-23 (at constant prices)

Share of agriculture and allied sector in total GVA

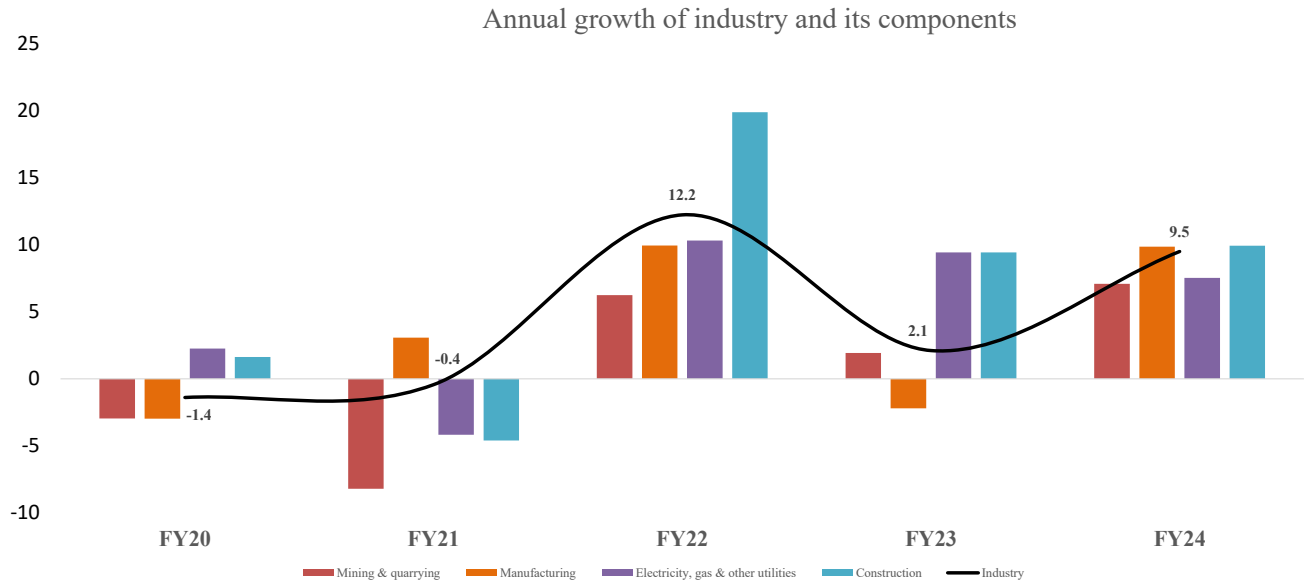


Growth in selected products



Industry: Small and Medium Matters

Industrial growth powers economic growth in FY24

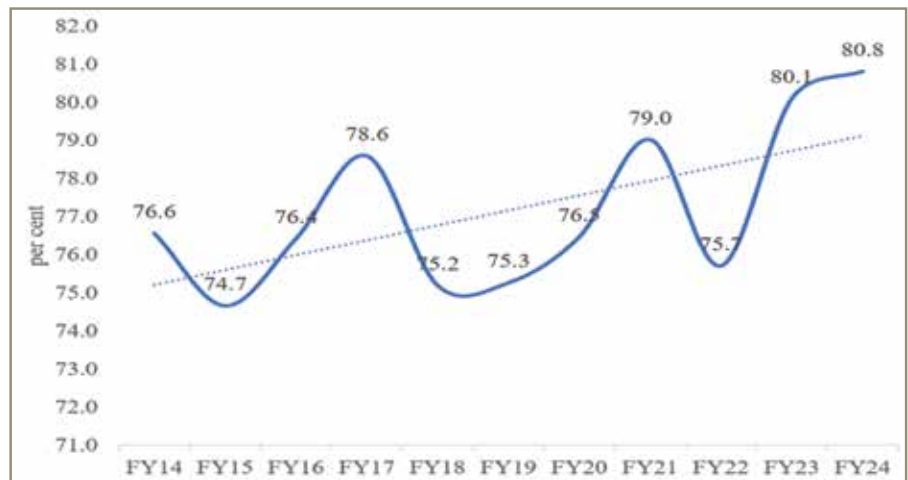


Key Industrial Intermediates

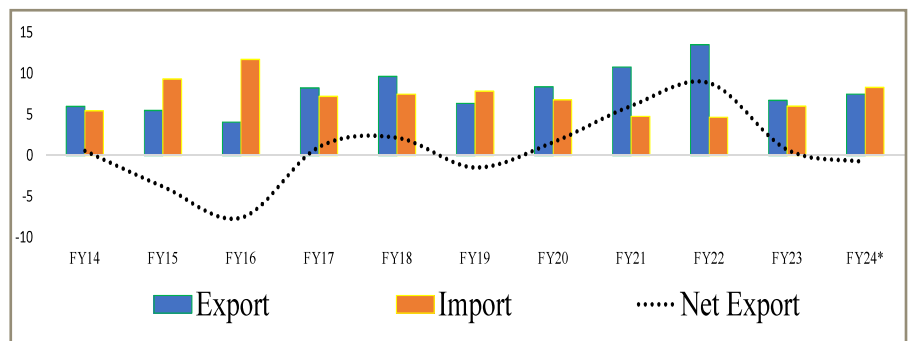


- ◆ Coal: production accelerated reducing import dependence
- ◆ Steel: highest production and consumption in FY24

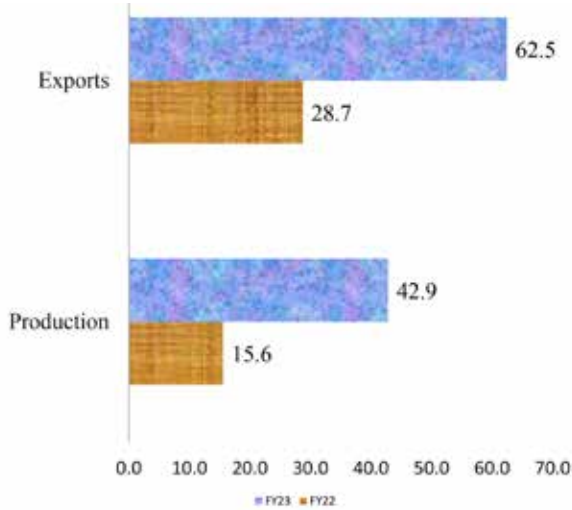
Coal production as % of domestic consumption improved



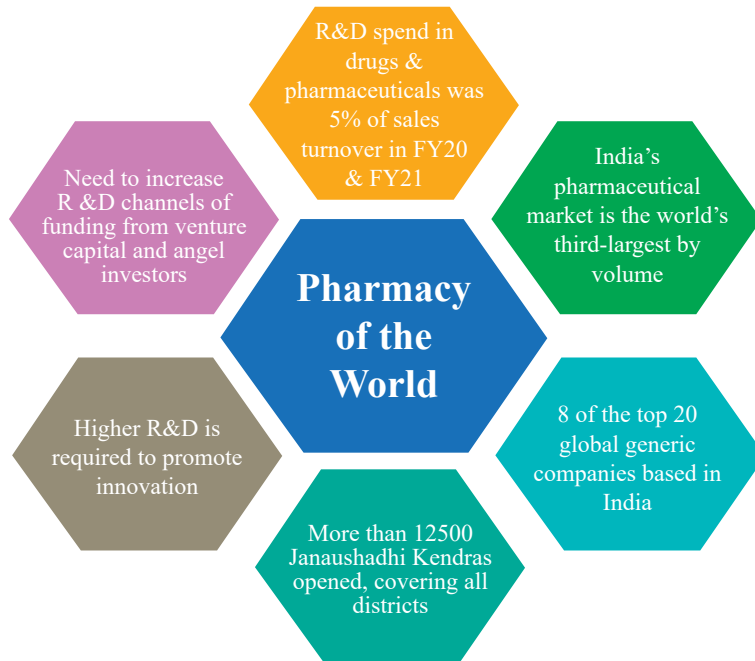
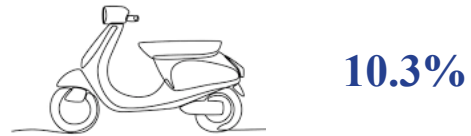
India, a net exporter of finished steel in 4 out of last 5 years (metric tonnes)



Surge in electronics production and exports (growth in %)



Strong growth in auto manufacturing in FY 24



Progress under PLI until May 2024

Over ₹1.28 lakh Crore of investment

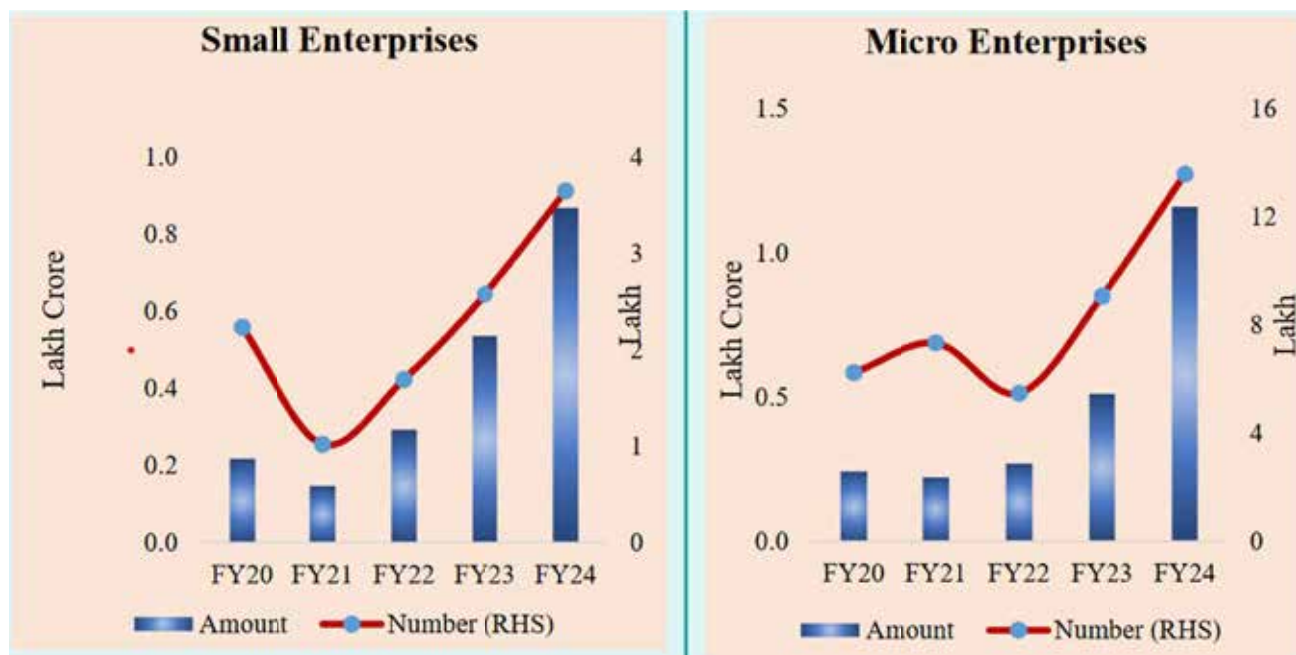
Employment generation (direct & indirect) of over ₹8.5 lakh.

Export boosted by ₹4 lakh Crore

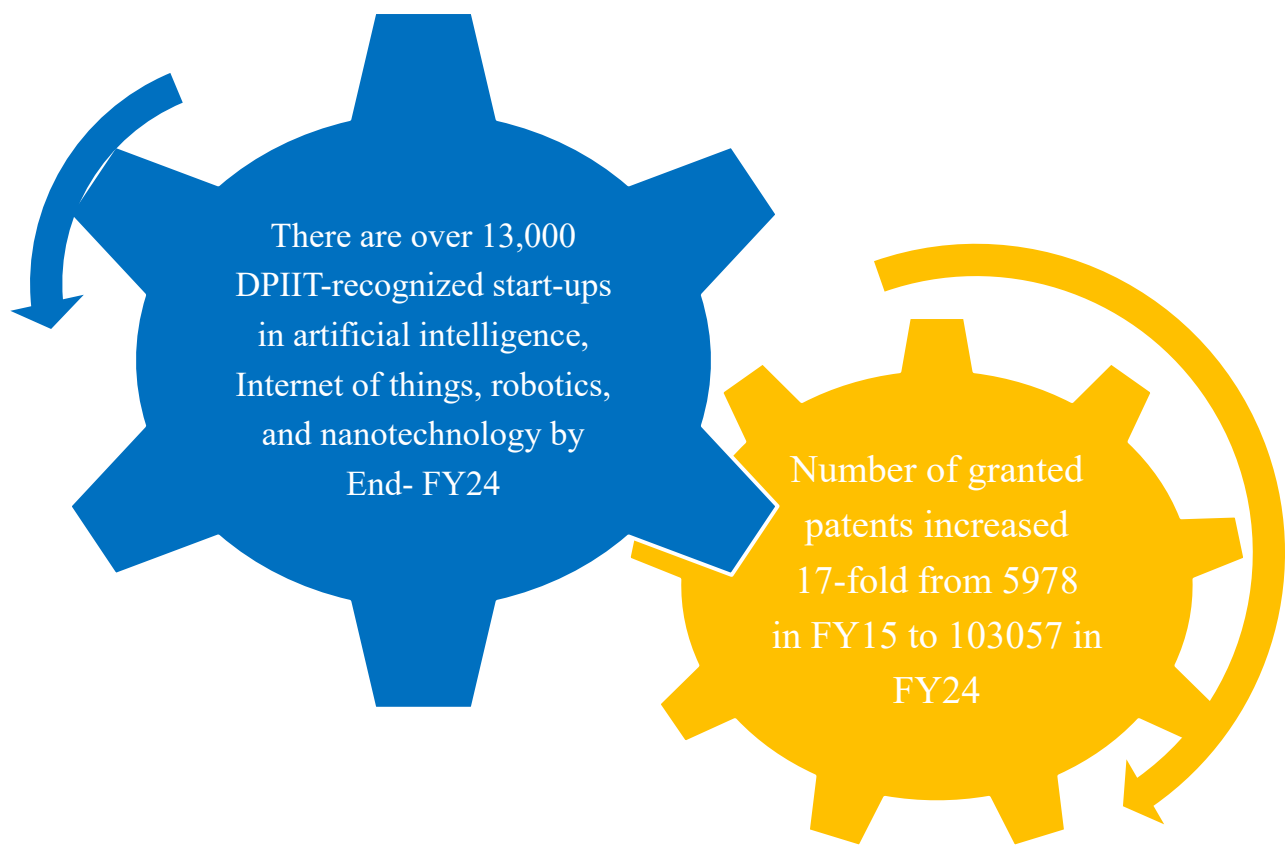
Production/sales of ₹10.8 lakh Crore



MSME: Guarantees approved under CGTMSE increased considerably

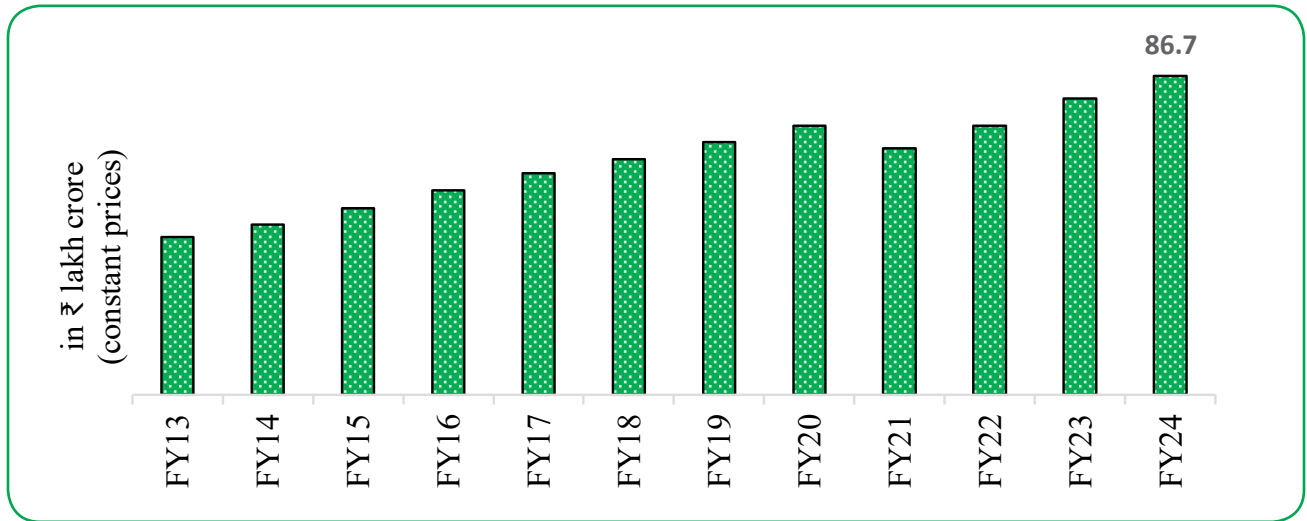


Flourishing start-up and innovation ecosystem

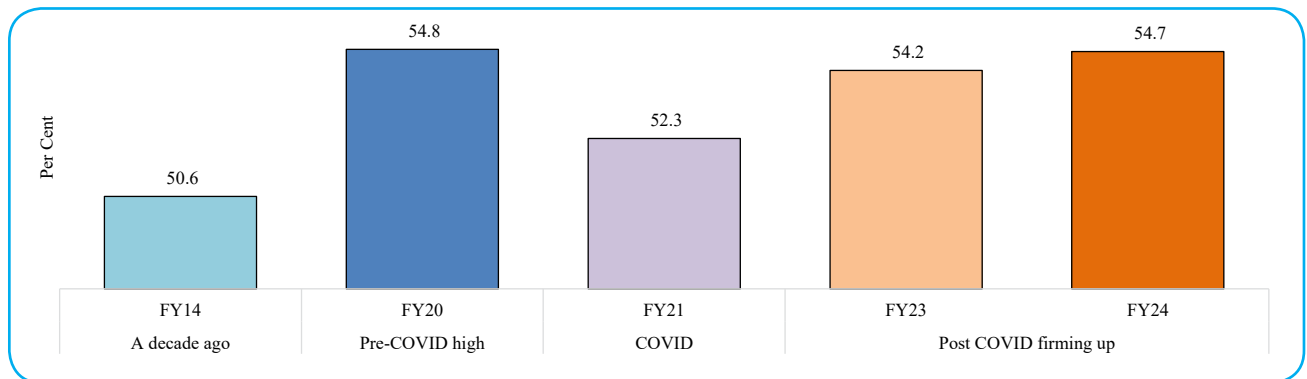


Services: Fuelling Growth Opportunities

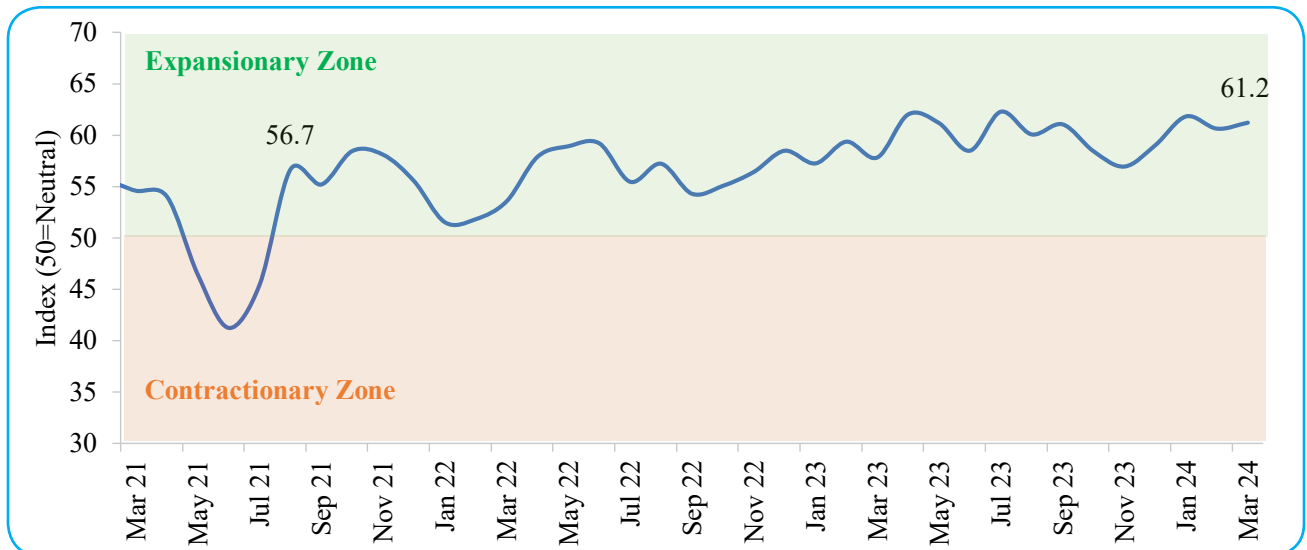
Increasing trend of GVA in the services sector



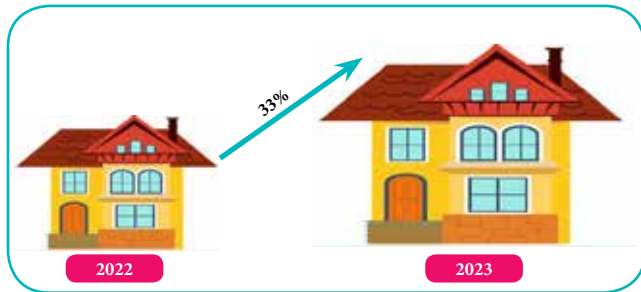
Post COVID firming up in the share of the services sector in overall GVA



PMI Services touched new heights in FY24 amidst global flux

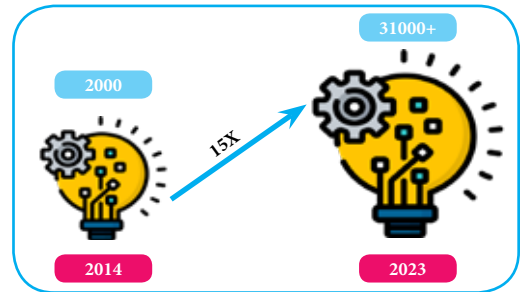


Booming Residential Real Estate Sales



Source: Proptiger

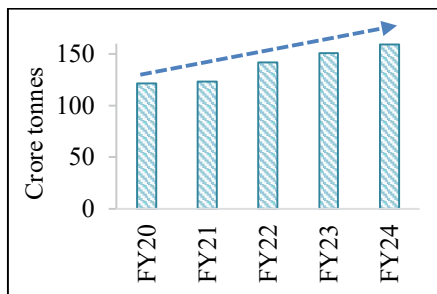
Rising Tech start-ups in India



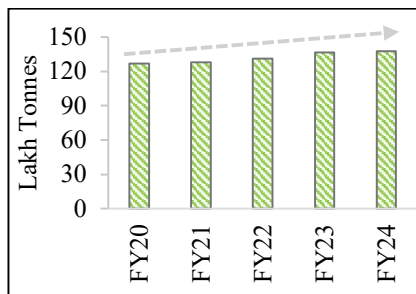
Source: NASSCOM & Zinnov (2023). Weathering the challenges -The Indian tech start-up landscape report 2023

Physical Connectivity Supporting Economic Activity

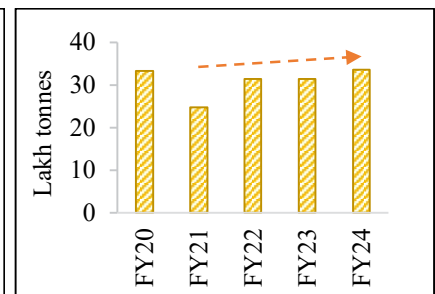
Persistent progress in railway freight traffic



Sustained increase in shipping tonnage



Growth in air cargo traffic



Growth Map of ONDC (Open Network for Digital Commerce)

68 million

Transactions since inception

1200+
Cities

65

Seller Applications

12

Logistic Service Providers

85% Small Sellers

535,000+
Sellers

9 million

Transactions per month

22

Buyer Applications

Agriculture



- ◆ Around 5,700 Farmer Producer Organisations
- ◆ Over 23,000 transactions in Q4 FY24 alone

Food & Beverage



- ◆ 18% growth in orders in Q4 FY24
- ◆ Network of 95,000 restaurants in 347 cities

Fashion & Beauty



- ◆ 11% growth in Q4 FY24
- ◆ More than 6400 sellers
- ◆ 15 Lakh Stock Keeping Units (SKU) in 900 cities





Grocery



- ◆ 52% growth in Q4 FY24
- ◆ Network of 12,858 sellers serving in over 665 cities.
- ◆ Over 6.3 Million SKUs

Infrastructure: Lifting Potential Growth

Physical Connectivity Infrastructure

Roads	Railway	Water Transport	Civil Aviation
 <ul style="list-style-type: none"> ◆ The average pace of NH construction increased by ~3 times between FY14 and FY24 ◆ Toll digitisation reduced waiting time at toll plazas by nearly 16 times during 2014-24 	<ul style="list-style-type: none"> ◆ Capital expenditure on Railways increased by 77% percent between FY20 and FY24). ◆ Significant investments in new lines, gauge conversion and doubling 	 <ul style="list-style-type: none"> ◆ India's rank in International Shipments category in Logistics Performance Index improved from 44 in 2014 to 22 in 2023 ◆ Under Sagarmala, 262 projects worth ₹1.4 lakh crore stand completed. 	<ul style="list-style-type: none"> ◆ New terminal buildings at 21 airports in FY24 ◆ Increase in passenger handling capacity by 62 million passengers per annum 

Energy

- ◆ India targets 50% of cumulative power installed capacity from non-fossil fuel-based energy sources by 2030.
- ◆ UJALA Scheme led to annual energy savings of 48.42 billion kWh and annual savings of ₹19,335 crore in electricity bills.

Electric power



- ◆ 190.57 GW of renewable energy (RE) capacity installed by end-March 2024.
- ◆ Clean energy sector had new investment of ₹8.5 lakh crore between 2014 and 2023.

Renewables



Urban Sector

- ◆ PMAY-U: >1.18 crore houses were sanctioned and more than 84 lakh completed.
- ◆ AMRUT Mission: 5,999 projects worth ₹83,327 crore awarded. 5,304 projects worth ₹51,434 crore got completed.
- ◆ Metro rail/RRTS: 945 km are operational. 939 km under construction in 27 cities. 86 km operationalised in FY24.
- ◆ Swachh Bharat Mission-Urban: Constructed 63.07 lakh individual household latrine units. 6.37 lakh community & public toilets

Social and Economic Infrastructure

Sports



- ◆ Khelo India: In FY24, 38 new infrastructure projects were sanctioned; 58 completed.
- ◆ Sports Authority of India: approved 9 infra projects in FY24. 13 completed

Water & Sanitation

- ◆ Swachh Bharat Mission-Gramin: In FY24, ₹6,802.6 crore utilised.
- ◆ Jal Jeevan Mission: Tap water connection provided to more than 14.89 crore rural households so far.



Water Resource Management



- ◆ Namami Gange: Adopted Hybrid Annuity Model for sewage treatment plants; 33 projects sanctioned
- ◆ Accelerated Irrigation Benefit Programme: 25.80 lakh hectare of additional irrigation area created during 2016-24

Tourism

- ◆ PRASHAD scheme: 29 new pilgrimage and heritage sites identified
- ◆ Swadesh Darshan 2.0: Outlay of ₹3,800 crore



Space

Space Assets



India has 55 active space assets, including 18 communication satellites, 9 navigation satellites, 5 scientific satellites, 3 meteorological satellites, and 20 earth observation satellites

Telecom



- ◆ 8.02 lakh mobile towers as of June 2024.
- ◆ 29.37 lakh Base Transceiver Stations (BTSS) & 4.5 lakh 5G BTSSs.
- ◆ BharatNet Project: 6,85,501 km of optical fibre cable (OFC) laid. 2.11 lakh GPs connected by OFC.

Digital

Electronics & IT



- ◆ >₹10,300 crore for comprehensive India AI Mission approved
- ◆ AIRAWAT, an AI Supercomputer, secured 75th position in the top 500 global supercomputing list declared at the International Supercomputing Conference 2023 in Germany
- ◆ DigiLocker platform has reached over 26.28 crore registered users.

Climate Change and India: Why we Must Look at the Problem Through our Lens

Issues with the current global approaches to addressing Climate Change



Does not seek to address the core issue, i.e. overconsumption



Irrational pursuit of new-age resources is scarring the planet

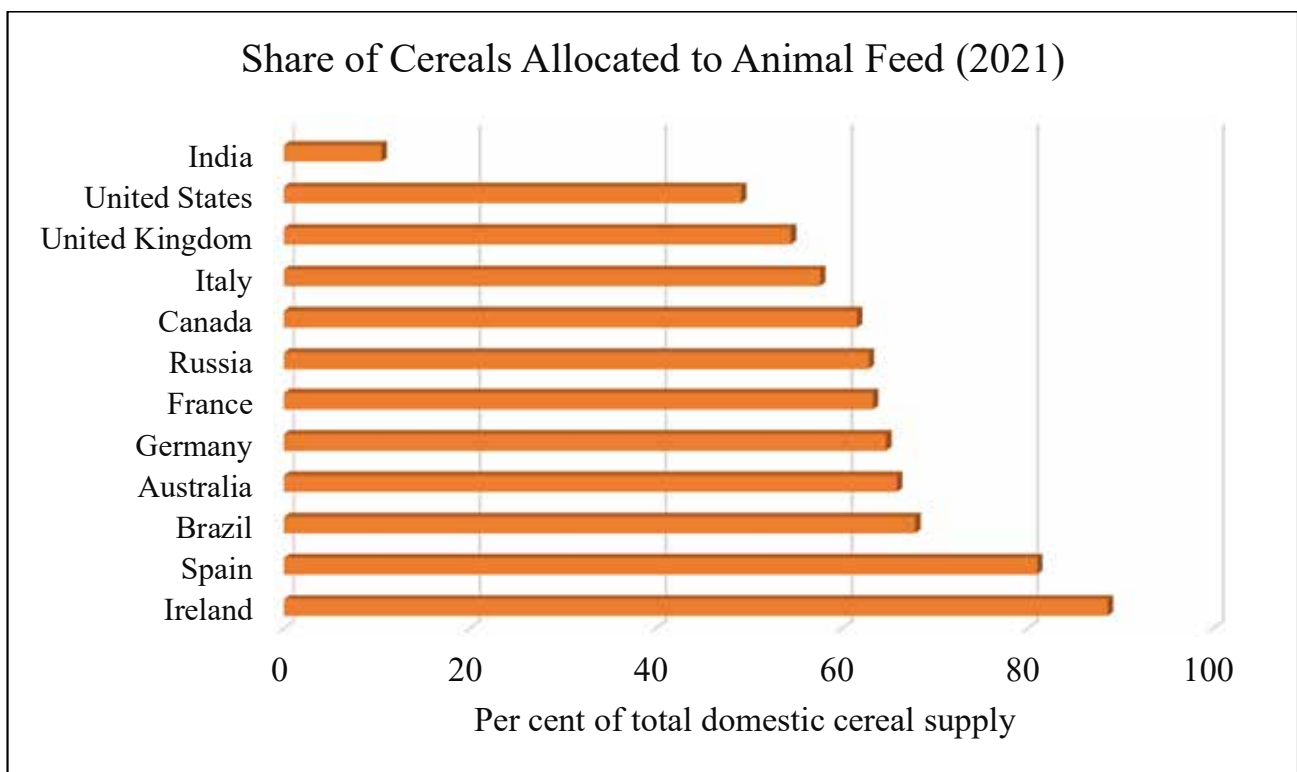


The current pathways may fall short of addressing climate change



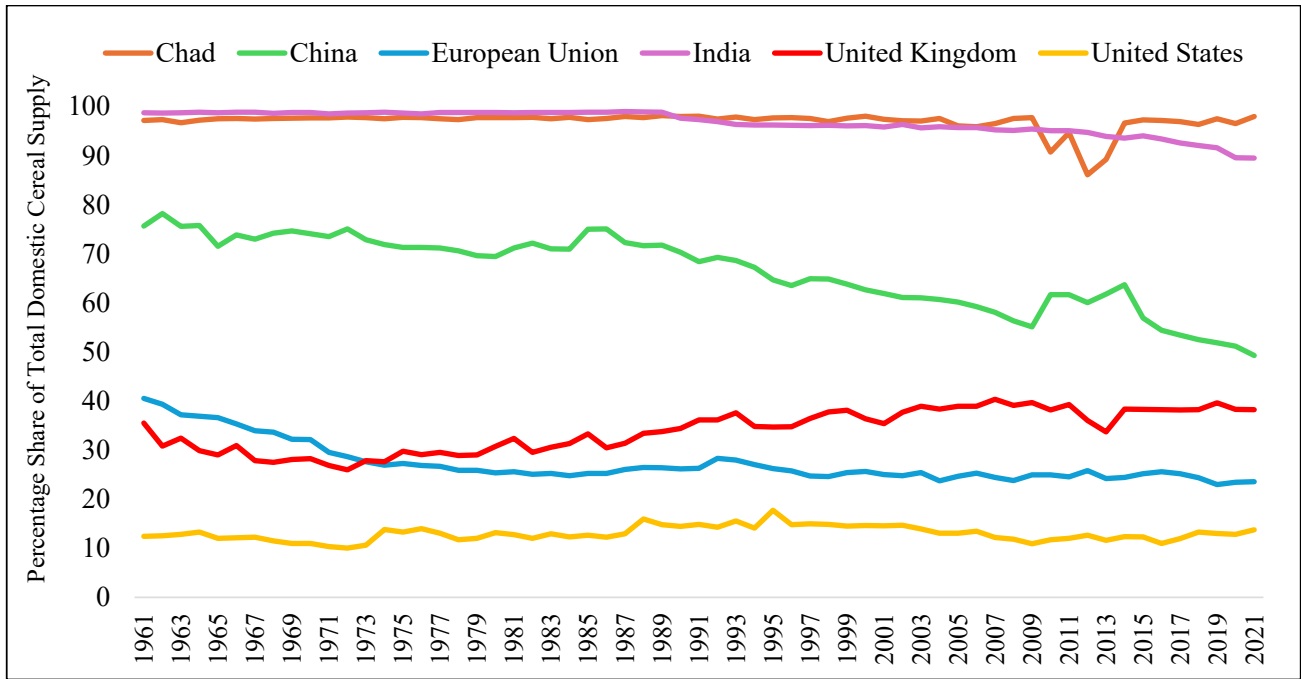
'Scramble' for energy guzzling AI is directly at odds with the climate goals

The Food-Feed Balance in the West poses a threat to food security as more cereal is produced for animal consumption than for human consumption



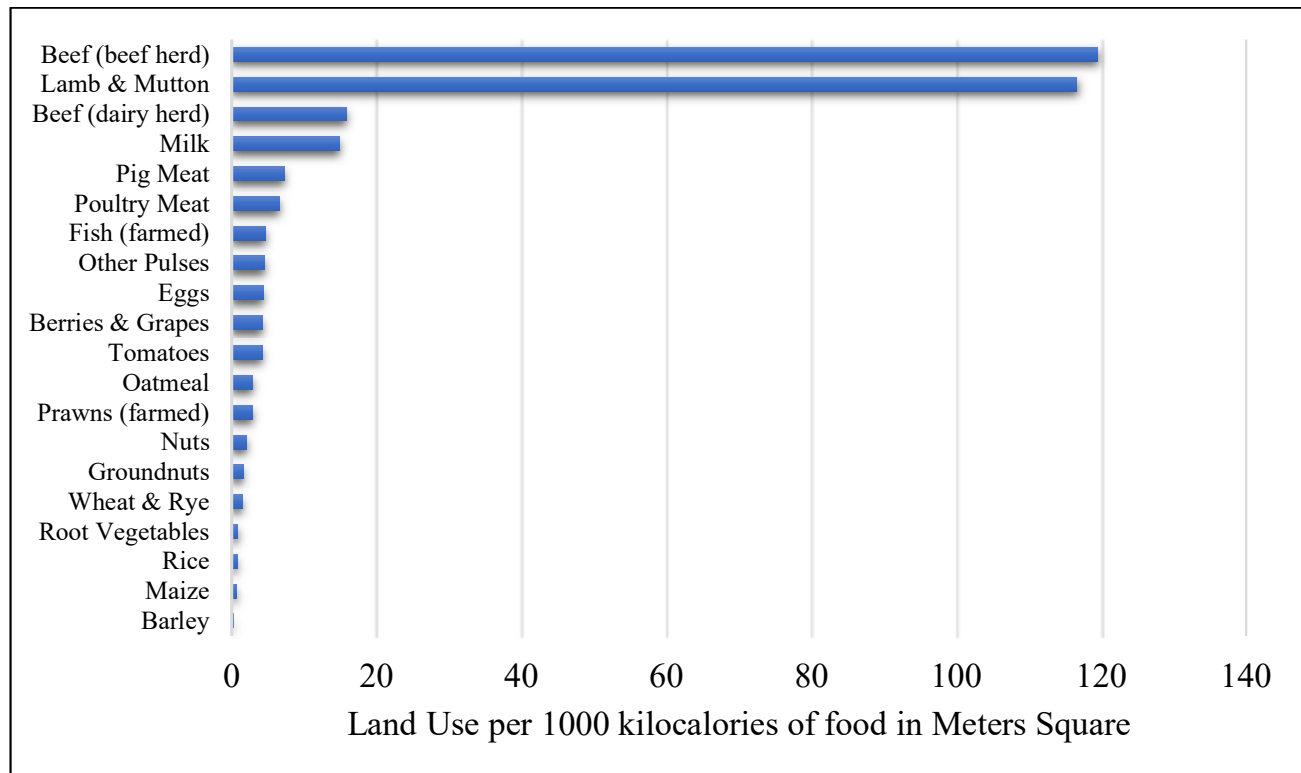
Source: Food and Agriculture Organization of the United Nations (2023)

In most developed countries, less than one-third of the domestic cereal production is for human consumption



Source: Food and Agriculture Organization of the United Nations (2023)

It takes around 100 times as much land to produce 1000 kilocalories of meat compared to plant-based alternatives

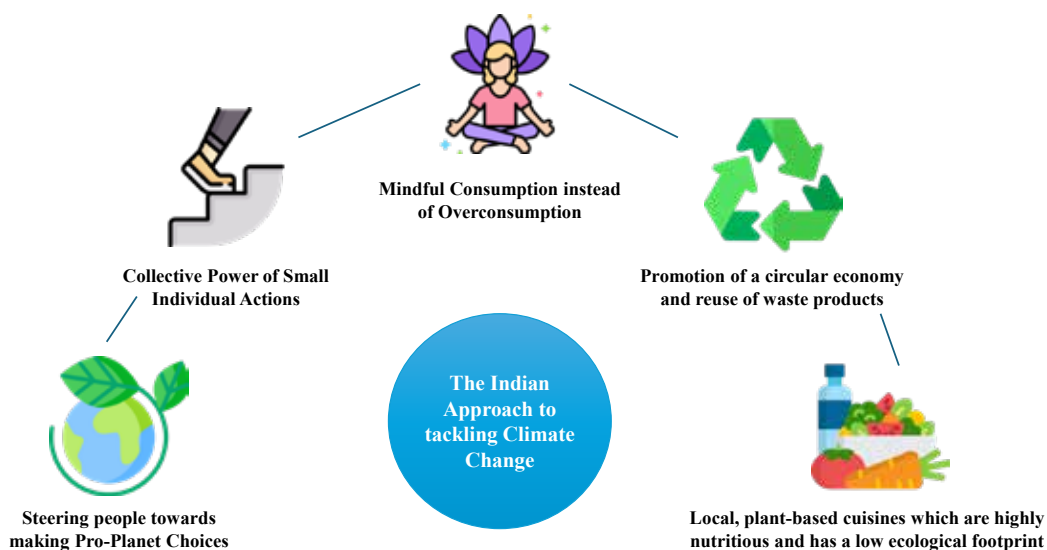


Source: Joseph Poore and Thomas Nemecek (2018). Additional calculations by Our World in Data.

The Path to Sustainable Housing



The Indian Approach to tackling Climate Change



Mission LiFE proposes a naturally sustainable lifestyle in accordance with nature

