Target UPSC Exam 2024/25

ECONOMIC SURVEY 2023-24

BY SAURABH PANDEY SIR

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Ministry of Finance

INDIA’S REAL GDP PROJECTED TO GROW BETWEEN 6.5–7 PER CENT IN 2024-25

SHOWING RESILIENCE, INDIA’S REAL GDP GREW BY 8.2 PERCENT IN FY 24, EXCEEDING 8 PERCENT MARK IN THREE OUT OF FOUR QUARTERS OF FY 24

SHARES OF AGRICULTURE, INDUSTRY AND SERVICES SECTORS IN OVERALL GVA AT CURRENT PRICES IN FY 24 WERE 17.7 PER CENT, 27.6 PER CENT AND 54.7 PER CENT RESPECTIVELY

MANUFACTURING SECTOR GROWS BY 9.9 PER CENT IN FY24; CONSTRUCTION ACTIVITIES ALSO REGISTER A GROWTH OF 9.9 PER CENT

RETAIL INFLATION DECLINES TO 5.4 PER CENT IN FY24 AFTER AVERAGING AT 6.7 PERCENT IN FY23

GROSS FIXED CAPITAL FORMATION (GFCF) FROM PRIVATE NON-FINANCIAL CORPORATION’S INCREASES BY 19.8 PER CENT IN FY23, ACTS AS AN IMPORTANT DRIVER OF GROWTH

WITH 4.1 LAKH RESIDENTIAL UNITS SOLD IN THE TOP EIGHT CITIES,IN 2023 REAL ESTATE WITNESSES 33 PER CENT Y-O-Y GROWTH, HIGHEST SINCE 2013

FISCAL DEFICIT OF UNION GOVERNMENT DOWN FROM 6.4 PER CENT OF GDP IN FY23 TO 5.6 PER CENT IN FY24

CAPITAL EXPENDITURE FOR FY24 STANDS AT ₹9.5 LAKH CRORE MARKING AN INCREASE OF 28.2 PER CENT ON Y-O-Y BASIS, AND 2.8 TIMES THE LEVEL OF FY20

QUALITY OF SPENDING BY STATE GOVERNMENTS IMPROVES AS GROSS FISCAL DEFICIT WAS 8.6 PER

CENT LOWER THAN BUDGETED FIGURE OF ₹9.1 LAKH CRORE

GROSS NON-PERFORMING ASSETS (GNPA) RATIO DECLINES TO 2.8 PER CENT IN MARCH 2024, A 12-YEAR LOW MARKING IMPROVEMENT IN ASSET QUALITY OF BANKS

INDIA'S EXPORTS OF SERVICES REACHES A NEW HIGH OF USD 341.1 BILLION IN FY24

FOREX RESERVES AS OF END OF MARCH 2024 SUFFICIENT TO COVER 11 MONTHS OF PROJECTED IMPORTS

₹36.9 LAKH CRORE TRANSFERRED VIA DIRECT BENEFIT TRANSFER SINCE ITS INCEPTION IN 2013

FEMALE LABOUR FORCE PARTICIPATION RATE GROWS FROM 23.3 PER CENT IN 2017-18 TO 37 PER CENT IN 2022-23, MAINLY DUE TO RISING PARTICIPATION OF RURAL WOMEN

Posted On: 22 JUL 2024 3:33PM by PIB Delhi

India’s real GDP is projected to grow between 6.5–7 per cent in 2024-25. The Indian economy recovered swiftly from the pandemic, with its real GDP in FY24 being 20 per cent higher than the pre-COVID, FY20 levels. This was stated by the Economic Survey 2023-24 presented in Parliament today by the Union Minister of Finance and Corporate Affairs Smt Nirmala Sitharaman.

The Survey points out that the domestic growth drivers have supported economic growth in FY24 despite uncertain global economic performance. It also adds that during the decade ending FY20, India grew at an average annual rate of 6.6 per cent, more or less reflecting the long-run growth prospects of the economy.

The Survey, however cautions that any escalation of geopolitical conflicts in 2024 may lead to supply dislocations, higher commodity prices, reviving inflationary pressures and stalling monetary policy easing with potential repercussions for capital flows. This can also influence RBI’s monetary policy stance. The global trade outlook for 2024 remains positive, with merchandise trade expected to pick up after registering a contraction in volumes in 2023.

The Survey highlights that leveraging the initiatives taken by the government and capturing the untapped potential in emerging markets; exports of business, consultancy and IT-enabled services can expand. Despite the core inflation rate being around 3 per cent, the RBI, with one eye on the withdrawal of accommodation and another on the US Fed, has kept interest rates unchanged for quite some time, and the anticipated easing has been delayed.

The Economic Survey says that India's economy showed resilience to a gamut of global and external challenges as real GDP grew by 8.2 percent in FY 24, exceeding 8 percent mark in three out of four quarters of FY 24, driven by stable consumption demand and steadily improving investment demand.

The Survey underlines that the shares of the agriculture, industry and services sectors in overall GVA at current prices were 17.7 per cent, 27.6 per cent and 54.7 per cent respectively in FY24. GVA in the agriculture sector continued to grow, albeit at a slower pace, as the erratic weather patterns during the year and an uneven spatial distribution of the monsoon in 2023 impacted overall output.

Within the industrial sector, manufacturing GVA shrugged off a disappointing FY23 and grew by 9.9 per cent in FY24, as manufacturing activities benefitted from reduced input prices while catering to stable domestic demand. Similarly, construction activities displayed increased momentum and registered a growth of 9.9 per cent in FY24 due to the infrastructure build out and buoyant commercial and residential real estate demand.

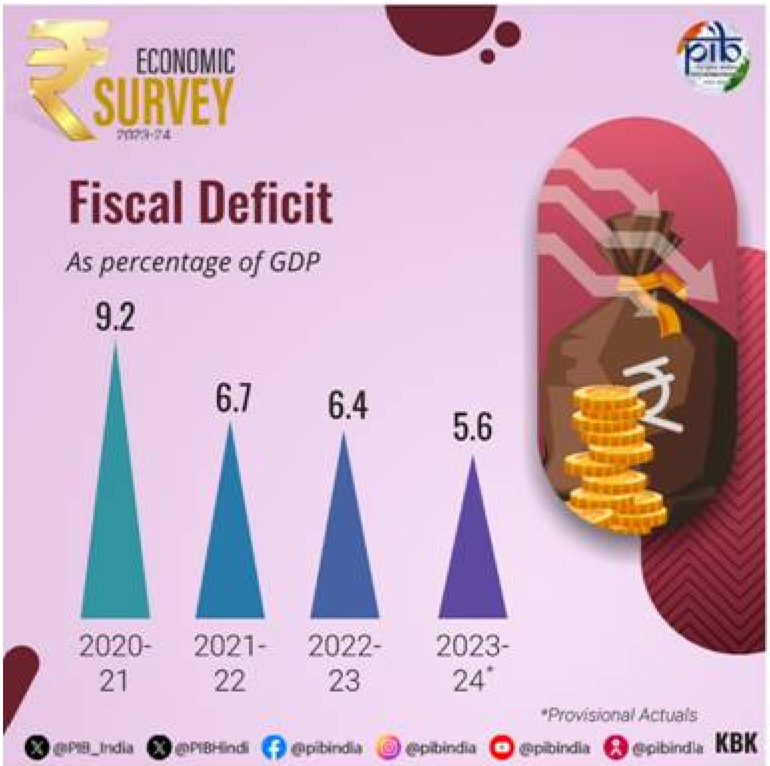
Various high-frequency indicators reflect the growth in the services sector. Both Goods and Services Tax (GST) collections and the issuance of e-way bills, reflecting wholesale and retail trade, demonstrated double-digit growth in FY24. Financial and professional services have been a major driver of growth post the pandemic, the survey added.

Gross Fixed Capital Formation (GFCF) continues to emerge as an important driver of growth. GFCF by private non-financial corporations increased by 19.8 per cent in FY23. There are early signs that the momentum in private capital formation has been sustained in FY24. As per data provided by Axis Bank Research, private investment across a consistent set of over 3,200 listed and unlisted non-financial firms has grown by 19.8 per cent in FY24.

Apart from private corporations, households have also been at the forefront of the capital formation process. In 2023, residential real estate sales in India were at their highest since 2013, witnessing a 33 per cent YoY growth, with a total sale of 4.1 lakh units in the top eight cities.

With cleaner balance sheets and adequate capital buffers, the banking and financial sector is well-positioned to cater to the growing financing needs of investment demand. Credit disbursal by scheduled commercial banks (SCBs) to industrial micro, small and medium enterprises (MSMEs) and services continues to grow in double digits despite a higher base. Similarly, personal loans for housing have surged, corresponding to the increase in housing demand.

The Survey states that despite global supply chain disruptions and adverse weather conditions, domestic inflationary pressures moderated in FY24. After averaging 6.7 per cent in FY23, retail inflation declined to 5.4 per cent in FY24. This has been due to the combination of measures undertaken by the Government and the RBI. The Union Government undertook prompt measures such as open market sales, retailing in specified outlets, timely imports, reduced the prices of Liquified Petroleum Gas (LPG) cylinders and implemented a cut in petrol and diesel prices. The RBI raised policy rates by a cumulative 250 bps between May 2022 and February 2023.



The Survey says, against the global trend of widening fiscal deficit and increasing debt burden, India has remained on the course of fiscal consolidation. The fiscal deficit of the Union Government has been brought down from 6.4 per cent of GDP in FY23 to 5.6 per cent of GDP in FY24, according to provisional actuals (PA) data released by the Office of Controller General of Accounts (CGA).

The growth in gross tax revenue (GTR) was estimated to be 13.4 per cent in FY24, translating into tax revenue buoyancy of 1.4. The growth was led by a 15.8 per cent growth in direct taxes and a 10.6 per cent increase in indirect taxes over FY23.

The Survey adds that broadly, 55 per cent of GTR accrued from direct taxes and the remaining 45 per cent from indirect taxes. The increase in indirect taxes in FY24 was mainly driven by a 12.7 per cent growth in GST collection. The increase in GST collection and E-way bill generation reflects increased compliance over time.

The capital expenditure for FY24 stood at ₹9.5 lakh crore, an increase of 28.2 per cent on a YoY basis, and was 2.8 times the level of FY20. The Government's thrust on capex has been a critical driver of economic growth amidst an uncertain and challenging global environment. Spending in sectors such as road transport and highways, railways, defence services, and telecommunications delivers higher and longer impetuses to growth by addressing logistical bottlenecks and expanding productive capacities.

The Survey says, it is also incumbent upon the private sector to take forward the momentum in capital formation on its own and in partnership with the Government. Their share in addition to the capital stock in terms of machinery and equipment, started growing robustly only since FY22, a trend that needs to be sustained on the strength of their improving bottom-line and balance sheets in order to generate high-quality jobs.

The Survey points out that the State governments continued to improve their finances in FY24. Preliminary unaudited estimates of finances for a set of 23 states, published by the Comptroller and Auditor General of India, suggest that the gross fiscal deficit of these 23 states was 8.6 per cent lower than the budgeted figure of ₹9.1 lakh crore. This implies that fiscal deficit as a per cent of GDP for these states came in at 2.8 per cent as against a budgeted 3.1 per cent. The quality of spending by state governments improved, too, with state governments focusing on Capex as well.

The Union Government's transfers to the states are highly progressive, with states with lower Gross State Domestic Product (GSDP) per capita receiving higher transfers relative to their GSDP.

The Survey highlights that the RBI's vigil over the banking and financial system and its prompt regulatory actions ensure that the system can withstand any macroeconomic or systemic shock. Data from the RBI's Financial Stability Report of June 2024 show that the asset quality of Scheduled commercials banks has improved, with the Gross Non-Performing Assets (GNPA) ratio declining to 2.8 per cent in March 2024, a 12-year low.

The profitability of SCBs remained steady, with the return on equity and return on assets ratios at 13.8 per cent and 1.3 per cent, respectively, as of March 2024. Macro stress tests also reveal that SCBs would be able to comply with minimum capital requirements even under severe stress scenarios. The soundness of the banking system will facilitate the financing of productive opportunities and lengthen the financial cycle, both of which are necessary to sustain economic growth.

The Survey highlights that on the external front, moderation in merchandise exports continued during FY24, mainly on account of weaker global demand and persistent geopolitical tensions. Despite that India's service exports have remained robust, reaching a new high of USD 341.1 billion in FY24. The exports (merchandise and services) in FY24 grew by 0.15 per cent, while the total imports declined by 4.9 per cent stated the survey.

Net private transfers, mostly comprising remittances from abroad, grew to USD 106.6 billion in FY24. As a result, the Current Account Deficit (CAD) stood at 0.7 per cent of the GDP during the year, an improvement from the deficit of 2.0 per cent of GDP in FY23. The net FPI inflows stood at USD 44.1 billion during FY24 against net outflows in the preceding two years.

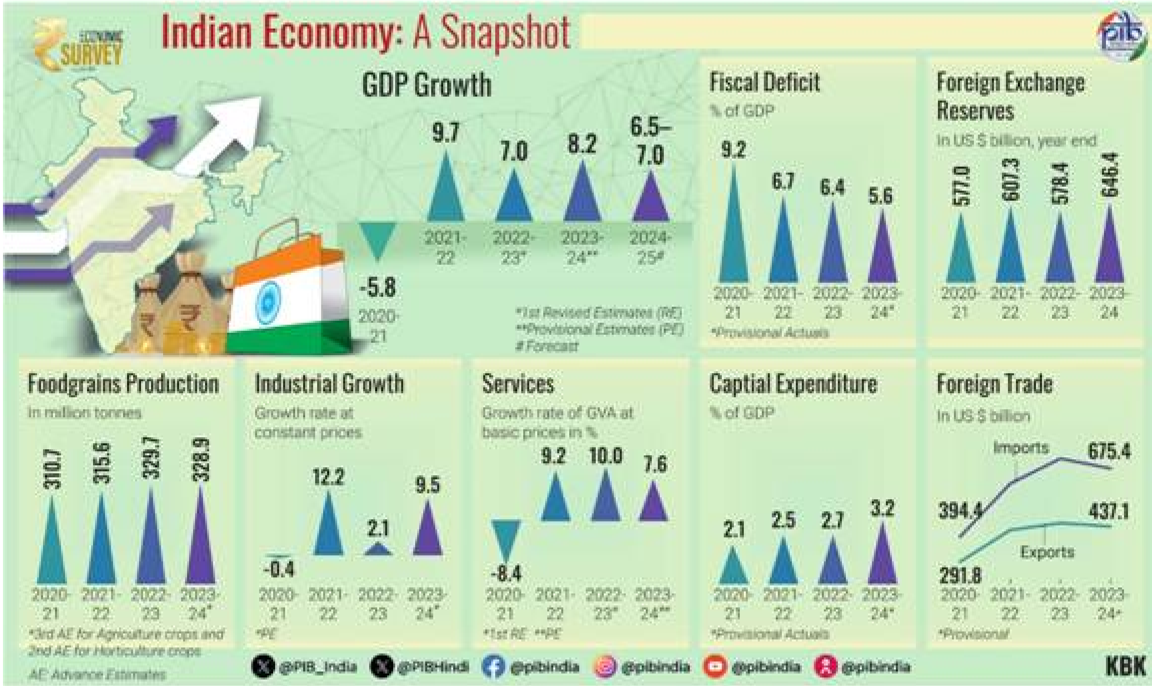
Overall, India's external sector is being deftly managed with comfortable foreign exchange reserves and a stable exchange rate. Forex reserves as of the end of March 2024 were sufficient to cover 11 months of projected imports.

The Survey underscores that the Indian Rupee has also been one of the least volatile currencies among its emerging market peers in FY24. India's external debt vulnerability indicators also continued to be benign. External debt as a ratio to GDP stood at a low level of 18.7 per cent as of end-March 2024. The ratio of foreign exchange reserves to total debt stood at 97.4 per cent as of March 2024 as per the Economic Survey 2023- 24.

The Survey points out that India's social welfare approach has undergone a shift from an input-based approach to outcome-based empowerment. Government initiatives like providing free-of-cost gas connections under PM Ujjwala Yojana, building toilets under the Swacch Bharat Mission, opening bank accounts under Jan Dhan Yojana, building pucca houses under PM-AWAS Yojana have improved capabilities and enhanced opportunities for the underprivileged sections. The approach also involves the targeted implementation of reforms for last-mile service delivery to truly realise the maxim of “no person left behind”, the Survey added.

The Direct Benefit Transfer (DBT) scheme and Jan Dhan Yojana-Aadhaar-Mobile trinity have been boosters of fiscal efficiency and minimization of leakages, with ₹36.9 lakh crore having been transferred via DBT since its inception in 2013.

The Survey says, the all-India annual unemployment rate (persons aged 15 years and above, as per usual status) has been declining since the pandemic and this has been accompanied by a rise in the labour force participation rate and worker-to-population ratio. From the gender perspective, the female labour force participation rate has been rising for six years, i.e., from 23.3 per cent in 2017-18 to 37 per cent in 2022-23, driven mainly by the rising participation of rural women.



On the global economic scenario the Survey says that after a year marked by global uncertainties and volatilities, the economy achieved greater stability in 2023. While uncertainty stemming from adverse geopolitical developments remained elevated, global economic growth was surprisingly robust.

The Survey states as per the World Economic Outlook (WEO), April 2024 of the International Monetary Fund (IMF) , the global economy registered a growth of 3.2 per cent in 2023.

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Ministry of Finance

PREFACE OF ECONOMIC SURVEY 2023-24 CALLS FOR STEERING THE COUNTRY THROUGH MULTIPLE COMPACTS AND CONSENSUS WITH GOVERNMENTS, PRIVATE SECTOR AND ACADMIA

INDIAN ECONOMY IS ON A STRONG WICKET AND STABLE FOOTING, DEMONSTRATING RESILIENCE IN THE FACE OF GEOPOLITICAL CHALLENGES: ECONOMIC SURVEY 2023-24

PREFACE TAKES A STOCK OF THE PAST AND PRESENT AND SUGGESTS VARIOUS MEASURES TO STEER INDIAN ECONOMY STRONGLY TOWARDS THE FUTURE

Posted On: 22 JUL 2024 3:25PM by PIB Delhi

The tripartite compact that India needs to become a developed nation amidst emerging unprecedented global challenges is for Centre and State Governments to trust and let go, for the private sector to reciprocate the trust with long-term thinking and fair conduct and for the public to take responsibility for their finances and their physical and mental health, this was stated by the Economic Survey 2023-24, tabled by Union Minister of Finance and Corporate Affairs Smt. Nirmala Sitharaman in Parliament, today.

The Economic Survey states that the return of the National Democratic Alliance Government led by Prime Minister Shri Narendra Modi with a historic mandate for the third term signals political and policy continuity.

The Survey mentions that after recovery from the COVID-19 Pandemic, the Indian economy is on a strong wicket and stable footing, demonstrating resilience in the face of geopolitical challenges. However, for the recovery to be sustained, there has to be heavy lifting on the domestic front because the environment has become extraordinarily difficult to reach agreements on key global issues such as trade, investment and climate.

STRONG INDIAN ECONOMY

The Survey notes, *inter alia*, that there are many encouraging signs for the Indian economy:

- High economic growth in FY24 on growth rates of 9.7% and 7% in FY23 and FY23 respectively

- Headline inflation rate is largely under control, although the inflation rate of some specific food items is elevated
- Trade deficit lower in FY24 than in FY23
- Current account deficit for FY24 around 0.7% of GDP, with current account registering surplus in Q4 FY24
- Ample foreign exchange reserves
- Public investment sustains capital formation in the last several years even as the private sector shed its balance sheet blues and began investing in FY22.
- National income data show that non-financial private-sector capital formation, measured in current prices, expanded vigorously in FY22 and FY23 after a decline in FY21.
- Investment in machinery and equipment rebounds strongly after decline in FY20 and FY21
- Early corporate sector data for FY24 suggests capital formation in private sector continues to expand but at a slower rate

INVESTMENT INTEREST OF EXTERNAL INVESTORS

Citing RBI data, the Survey noted that although India's Balance of Payments shows us that the investment interest of external investors, measured in terms of dollar inflows of new capital, was $45.8 billion in FY24 compared to $47.6 billion in FY23, but the Foreign Direct Investment in India has held up. This slight decline is in line with global trends. The Survey noted that the repatriation of investment was USD29.3 billion in FY23 and USD44.5 billion in FY24.

The Survey states that many private equity investors took advantage of buoyant equity markets in India and exited profitably. It is a sign of a healthy market environment that offers profitable exits to investors, which will bring newer investments in the years to come.

The Survey notes that the current environment for foreign direct investment to grow in the coming years is not highly favourable due to:

- Interest rates in developed countries are much higher than they were during and before Covid years
- Emerging economies have to compete with active industrial policies in developed economies involving considerable subsidies that encourage domestic investment.
- Uncertainties and interpretations related to transfer pricing, taxes, import duties and non-tax policies remain to be addressed.
- Geopolitical uncertainties, which are on the rise, will likely exert a bigger influence on capital flows

INFLUENCE OF SHOCKS ON EMPLOYMENT

On employment generation, citing the Periodic Labour Force Survey, the Survey mentions that a surge in agriculture employment is partly explained by reverse migration and the entry of women into the labour force in rural India.

And citing Annual Survey of Industries, the Survey notes that the total number of factory jobs grew annually by 3.6% between 2013-14 and 2021-22, and they grew faster at 4.0% in factories employing more than a hundred workers than in smaller factories (those with less than a hundred workers). In absolute numbers, the Survey states that the employment in Indian factories has grown from 1.04 crore to 1.36 crore in this period.

Citing the Annual Survey of Unincorporated Enterprises for 2022-23 in comparison with the results of the NSS 73rd round of the 'Key Indicators of Unincorporated Non-Agricultural Enterprises (Excluding Construction) in India', the Survey observes that it shows an overall employment in these enterprises fell from 11.1 crore in 2015-16 to 10.96 crore. There was a reduction of 54 lakh workers in manufacturing but the expansion of the workforce in trade and services gained in jobs limited the overall reduction in the number of workers in unincorporated enterprises to around 16.45 lakhs between these two periods. This comparison masks a big jump in manufacturing jobs that seems to have occurred between 2021-22 (April 2021 to March 2022) and 2022-23 (October 2022 to September 2023), it argued.

Taking stock of the two big economic shocks in quick succession – the Non Performing Assets (NPA) in banking combined with high corporate indebtedness, and the COVID-19 Pandemic, the Survey observes that the global backdrop for India's march towards *Viksit Bharat* in 2047 could not be more different from what it was during the rise of China between 1980 and 2015.

The Survey notes that in the modern world, de-globalisation, geopolitics, climate change and global warming, and advent of Artificial Intelligence (AI) casts a huge pall of uncertainty for India as to its impact on workers across all skill levels – low, semi and high. These will create barriers and hurdles to sustained high growth rates for India in the coming years and decades. The Survey states that overcoming these challenges requires a grand alliance of union and state governments and the private sector.

EMPLOYMENT GENERATION: REAL BOTTOM LINE FOR PRIVATE SECTOR

The Survey espoused a tripartite compact between private sector, Centre and State Governments to deliver on the higher and rising aspirations of Indians and complete the journey to *Viksit Bharat* by 2047 as job creation happens mainly in the private sector, and many (not all) of the issues that influence economic growth, job creation and productivity and the actions to be taken therein are in the domain of state governments.

Citing the results of a sample of over 33,000 companies, the Survey states that in the three years between FY20 and FY23, the profit before taxes of the Indian corporate sector nearly quadrupled and therefore, in terms of financial performance, the action lies with the private sector.

The Survey argues that it is in the enlightened self interest of the Indian corporate sector, swimming in excess profits, to take its responsibility to create jobs seriously and find people with the right attitude and skills.

COMPACT BETWEEN PRIVATE SECTOR, GOVERNMENT AND ACADMIA

The Survey also explores the idea of another tripartite compact - between the Government, the private sector and academia. This compact is to reboot the mission to skill and equip Indians to catch up with and get ahead of technological evolution. To succeed in the mission, governments must unshackle the industry and academic institutions to play their respective roles in that mammoth task.

THE REAL CORPORATE SOCIAL RESPONSIBILITY

The Survey also espoused a greater role for the corporate sector by nurturing and sustaining a culture of investing for the long term. Second, just as corporate profits are booming, the net interest margin of Indian banks has risen to a multi-year high. It is a good thing. Profitable banks lend more.

To sustain the good times, the Survey noted that it is important not to forget the lessons of the last financial cycle downturn. The banking industry must aim to lengthen the gap between two NPA cycles. The Survey further notes that corporates benefit from the higher demand generated by employment and income growth. The financial sector benefits from channelling household savings for investment purposes. The Survey states that these linkages must grow stronger and last longer to meet the infrastructure and energy transition investments in the coming decades.

The Survey also talks about India's working-age population to be gainfully employed, for which they need skills and good health. The Survey stated that social media, screen time, sedentary habits, and unhealthy food are a lethal mix that can undermine public health and productivity and diminish India's economic potential.

The Survey argues for India's traditional lifestyle, food and recipes that have shown how to live healthily and in harmony with nature and the environment for centuries. It makes commercial sense for Indian businesses to learn about and embrace them, for they have a global market waiting to be led rather than tapped.

The Survey also argues that policymakers – elected or appointed – have to rise to the challenge as well. There has to be conversation, cooperation, collaboration, and coordination across ministries, States, and between the Union and States. Noting that this challenge is easier said than done and that it has not been done before on this scale, not in the time frame and not amidst a turbulent global environment, the Survey called for forging and sustaining consensus between governments, businesses and the social sectors are necessary to succeed in this endeavour.

<u>AGRICULTURE CAN BE A GROWTH ENGINE IF…</u>

The Survey makes a case for serving tha agricultural sector better with some re-orientation of existing and new policies and states that it is one area ripe for and in need of such a pan-India dialogue. The Survey states that the payoff will be immense if India unties the knots that bedevil farm sector policies. More than anything else, the Survey states, it will restore faith in the self-confidence and ability of the state to steer the nation to a better future, apart from delivering socio-economic benefits.

Technological advancements and geopolitics are challenging the conventional wisdom. Trade protectionism, resource-hoarding, excess capacity and dumping, onshoring production and the advent of AI are narrowing the scope for countries to squeeze out growth from manufacturing and services.

The Survey called for a return to roots, as it were, in terms of farming practices and policymaking, can generate higher value addition from agriculture, boost farmers' income, create opportunities for food processing and exports and make the farm sector both fashionable and productive for India's urban youth. This solution can become sources of India's strength and a model for the rest of the world - developing and developed.

<u>SUCCESSFUL ENERGY TRANSITION IS AN ORCHESTRA</u>

Other priorities, such as energy transition and mobility, may pale compared to the complexity of getting the farm sector policies right. Still, they have one thing in common with it.

In the energy transition and mobility sector, the Survey stated that they require getting many things across several ministries and states aligned and this sector requires attention in the following areas:

a. resource dependence on hostile nations;

b. technological challenges such as intermittency of power generation, ensuring grid stability amidst surges and drop in generation from renewable energy sources and battery storage
c. recognition of the opportunity cost of tying up land in a land-scarce country;
d. fiscal implications that involve both additional expenditures for subsidising renewable energy generation and for e-mobility solutions, loss of tax and freight revenue currently accruing from the sale and transportation of fossil fuels;
e. impairment to bank balance sheets from the so-called 'stranded assets' and
f. examination of the merits of alternative mobility solutions such as public transportation models and more.

The Survey argued for formulating original policy and practices instead of emulating other nations, as that may be neither feasible nor desirable.

UNLEASHING SMALL ENTERPRISES

The Survey also argued for maximum relief to small scale enterprises from the compliance burdens they face. Laws, rules and regulations stretch their finances, abilities and bandwidth, perhaps robbing them of the will to grow.

LETTING GO IS PART OF GOOD GOVERNANCE

While contemplating the challenges that lie ahead, the Survey noted that one should not be daunted because the social and economic transformation of democratic India is a remarkable success story. India has come a long way. The economy has grown from around $288 billion in FY93 to $3.6 trillion in FY23 and India has generated more growth per dollar of debt than other comparable nations.

The Survey argued for the Indian state to free up its capacity and enhance its capability to focus on areas where it has to by letting go of its grip in areas where it does not have to. The Licensing, Inspection and Compliance requirements that all levels of the government continue to impose on businesses is an onerous burden. The Survey notes that relative to history, the burden has lightened. Relative to where it ought to be, it is still a lot heavier. The burden is felt more acutely by those least equipped to bear it – small and medium enterprises. The Survey cites *Ishopanishad that* enjoins all of us to let go of (renounce) our possessions, be free and enjoy that freedom:

ईशा वास्यमिदं सर्वं यत्किञ्च जगत्यां जगत्।

तेन त्यक्तेन भुञ्जीथा मा गृधः कस्यस्विद्धनम्॥

Power is a prized possession of governments. They can let go of at least some of it and enjoy the lightness it creates in both the governed and the governing.

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NB/KMN

Read this release in: Malayalam , Urdu , Hindi , Nepali , Gujarati

Ministry of Finance

SUSTAINING AND ACCELERATING INDIA'S PROGRESS IN THE FACE OF EVOLVING CHALLENGES REQUIRES DEDICATED INVESTMENT IN STATE MACHINERY TO REINVENT AND REINVIGORATE ITSELF - ECONOMIC SURVEY 2023-24

SURVEY NOTES THE BEGINNING OF LATERAL ENTRY INTO THE SENIOR RANKS OF CENTRAL MINISTRIES AND RECOMMENDS FOR ITS EXPANSION

ACCOUNTABILITY MECHANISMS AND PRACTICES WILL BECOME NECESSARY TO ENSURE POLICY OUTCOMES AT SCALE AND SPEED- SURVEY

Posted On: 22 JUL 2024 3:24PM by PIB Delhi

Enhancing state capacity and capability is critical to ensure that the growth strategy for Indian economy in medium term outlook achieves fruition. This was stated by Economic Survey 2023-24, tabled by Union Minister for Finance and Corporate Affairs, Smt. Nirmala Sitharaman in Parliament today. Sustaining and accelerating India's progress in the face of evolving challenges requires dedicated investment in state machinery to reinvent and reinvigorate itself, says the Survey. It says that since 2014, India has made significant strides in delivering crucial infrastructure and implementing direct benefit schemes aimed at enhancing citizens' well-being and the civil service has been at the heart of these transformative efforts.

The Survey notes that the government has responded to the challenge of building state capacity by launching Mission Karmayogi, which deconstructs the problem into more tractable sub - components. It says the program builds a much-needed bridge between capacity building and human resource management systems by connecting workplace roles and workers' competencies.

The Survey says that capacity-building programmes, both in terms of pre-service training and ongoing professional development, can be designed to build the specific competencies that a civil servant needs to perform their role well. It says the iGOT Karmayogi platform is rapidly shaping into a central node that enables civil servants to access tailored and needbased capacity-building modules, track their competency requirements and gaps, and share knowledge and learnings across departments.

The Survey adds that in recent years, the Government has made a significant beginning in lateral entry into the senior ranks of Central Ministries through a transparent process and recommends that this needs to be substantially expanded. It says foundational and mid-career training for civil servants in all specialities has to be re-imagined for the recharging and rebooting of skills, aptitude and attitudes.

Length of tenure too is critical to grow into the demands of, and be productive and purposeful, in senior roles. Accountability mechanisms and practices will become necessary, if not already, to ensure policy outcomes at scale and speed. Annual conversations on goals and measurement – at the beginning and the end of the year – at senior levels will usher in professionalism and accountability, the Survey mentions.

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Ministry of Finance

INFRASTRUCTURE EXPANSION IN INDIA WITNESSES SIGNIFICANT GROWTH IN RECENT YEARS: ECONOMIC SURVEY 2023-24

STRATEGIC PLANNING AND STEP-UP IN PUBLIC INVESTMENT RESULT IN UPGRADATION OF ROAD NETWORK SYSTEM INTO RESILIENT AND EFFICIENT INFRASTRUCTURE

AVERAGE PACE OF NH CONSTRUCTION INCREASES FROM 11.7 KM PER DAY IN FY14 TO 34 KM PER DAY IN FY24

CAPITAL EXPENDITURE ON RAILWAYS INCREASES BY 77 PER CENT OVER THE PAST 5 YEARS

RAILWAYS ACHIEVES ITS HIGHEST-EVER PRODUCTION FOR BOTH LOCOMOTIVES AND WAGONS IN FY24

Posted On: 22 JUL 2024 3:22PM by PIB Delhi

With increased public investment over the last five years, India has witnessed significant expansion in physical and digital connectivity and social infrastructure including sanitation and water supply helping to improve quality of life of the people, states the Economic Survey 2023-24 tabled by Union Minister of Finance and Corporate Affairs, Smt Nirmala Sitharaman in Parliament today. The Survey notes that the foremost among the responses initiated by the Union Government to overcome the pandemic-driven slowdown in the economy was increase in capital expenditure, aimed particularly at the creation of high quality physical and social infrastructure facilities. Keeping the momentum going over the last five years, the Survey says, capital expenditure of the Government has seen an almost three-fold increase in FY24, relative to FY20 levels. It added that the major beneficiaries of this step-up are key foundational assets like roads and railways.

ROAD INFRASTRUCTURE:

The Economic Survey observes that strategic planning and step-up in public investment have resulted in the upgradation of the road network system into a resilient and efficient infrastructure. The capital investment by the Government and private sector rose from 0.4 per cent in FY15 to about 1.0 per cent of GDP (around ₹3.01 lakh crore) in FY24. The sector has attracted its highest-ever private investment in FY24 as the private sector capitalises on a conducive policy environment, mentions the Survey.

Referring to the significant progress in the development of national highways, the Survey says that the development of national highways, over the last ten years, has increased by 1.6 times from 2014 to 2024. It states that the Bharatmala Pariyojana has significantly expanded the national highway network, increasing the length of high-speed corridors by 12 times and 4-lane roads by 2.6 times between 2014 and 2024. Further, the Survey notes that the efficiency of highway construction has improved due to the systematic push through the corridor-based National Highway development approach. The average pace of NH construction increased by 3 times from 11.7 km per day in FY14 to 34 km per day by FY24, it states. The survey observes that the remarkable improvement of the NH network has brought about substantial advancements in logistics efficiency which is evidenced by the consistently rising India's ranking in the World Bank's 'Logistics Performance Index, from 54 in 2014 and 44 in 2018, to 38 in 2023.

To further enhance logistic efficiency, the Economic Survey has mentioned that the Ministry of Road Transport & Highways (MoRT&H) has dedicated Multi-Modal Logistics Parks (MMLP). It says that a total of six multimodal logistics parks (MMLPs) have been awarded until FY24, and ₹2,505 crore have been awarded for dedicated multimodal logistics parks (MMLPs) in FY24. Further, it stated, seven MMLPs are planned to be awarded in FY25.

RAILWAYS INFRASTRUCTURE

According to Economic Survey 2023-24, Indian Railways, with over 68,584 route km (as of 31st March 2024) and 12.54 lakh employees (as of 1st April 2024), is the fourth largest network in the world under single management. Survey states that the capital expenditure on Railways has increased by 77 per cent over the past 5 years (₹2.62 lakh crore in FY24) with significant investments in the construction of new lines, gauge conversion, and doubling.

The Survey notes that the Railways has achieved its highest-ever production for both locomotives and wagons in FY24. Survey states that 51 pairs of Vande Bharat have been introduced until March 2024. The fast pace of infrastructure augmentation has been the result of a substantial increase in financial allocation along with close project monitoring and regular follow-up with stakeholders for expeditious land acquisition and clearances, the Survey observes.

The Survey has also mentioned about the initiatives undertaken by Railways for providing clean environment in and around railway stations and trains, such as replacement of conventional toilets with bio-toilets on coaches leading to clean tracks, segregation of bio-degradable/non bio-degradable waste, solid waste management and discouraging use of single use plastic.

The key focus areas for Railways, according to Economic Survey 2023-24 include fast capacity augmentation, modernisation of rolling stock and maintenance, improving quality of services and energy efficiency. In line with this, the Survey states that the investments are prioritised in areas like dedicated freight corridors, high-speed rail, modern passenger services like Vande Bharat, Amrit Bharat Express, Aastha Special Trains, high-capacity rolling stock and last-mile rail linkages. Projects for three major corridors viz. (1) High-traffic density corridors, (2) Energy, Mineral and Cement Corridors and (3) Rail Sagar (port connectivity) corridors are also planned to reduce logistics cost and carbon footprint, the Survey said. As per the Survey, Railways has also planned to reduce its carbon footprint primarily through sourcing of its energy requirements through renewable energy sources and the expected requirement of installation of renewable capacity by 2029-30 is around 30 Giga Watts. Other strategies mentioned by Survey include shifting from diesel to electric traction, promotion of energy efficiency and afforestation.

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Ministry of Finance

INDIAN ECONOMY NEEDS TO GENERATE NEARLY 78.5 LAKH JOBS ANNUALLY IN THE NON-FARM SECTOR UNTIL 2030 TO CATER TO THE RISING WORKFORCE

STEERING TECHNOLOGICAL CHOICES TOWARDS COLLECTIVE WELFARE IMPORTANT WITH ARTIFICIAL INTELLIGENCE TAKING ROOT IN VARIOUS SPHERES OF ECONOMIC ACTIVITIES

EFFECTIVE SOCIAL SECURITY MEASURES CREATED FOR GIG AND PLATFORM WORKERS WITH THEIR COVERAGE UNDER CODE ON SOCIAL SECURITY (2020)

INDIA'S CORPORATE SECTOR'S PROFITABILITY AT A 15-YEAR HIGH IN FY24 WITH PROFITS QUADRUPLING BETWEEN FY20 AND FY23

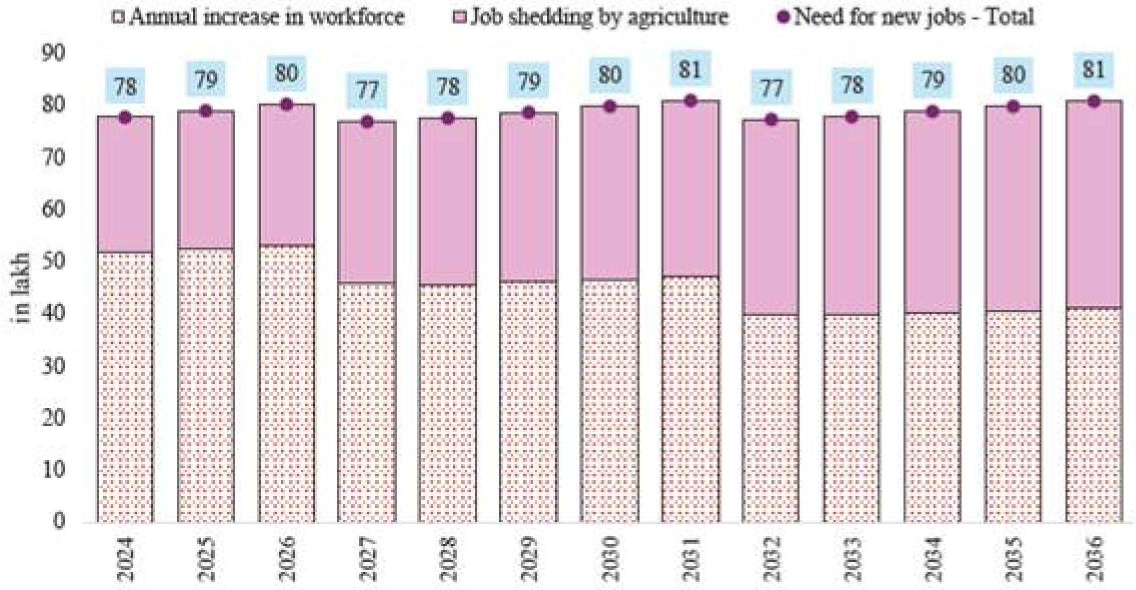
AGRO-PROCESSING AND CARE ECONOMY, TWO PROMISING SECTORS FOR GENERATING AND SUSTAINING QUALITY EMPLOYMENT

Posted On: 22 JUL 2024 3:19PM by PIB Delhi

With the global labour market amidst a 'disruption,' and constantly being reshaped by the fourth industrial revolution, the Economic Survey 2023-24 tabled in Parliament by Union Minister for Finance and Corporate Affairs Smt. Nirmala Sitharaman, recognizes that India would also not remain immune to the transformation caused by it.

REQUIREMENT OF JOB CREATION UNTIL 2036

The Economic Survey 2023-24 notes that Indian economy needs to generate an average of nearly 78.5 lakh jobs annually until 2030 in the non-farm sector to cater to the rising workforce.



Annual requirement for non-farm job creation during 2024-2036

The Survey mentions that there is a scope to supplement the existing schemes of Production Linked Incentive (PLI) (60 lakh employment generation over 5 years), MITRA Textile scheme (20 lakh employment generation), MUDRA, etc., while boosting their implementation.

AI: THE BIGGEST DISRUPTOR

While attributing the biggest disruption in the future of work to the accelerated growth in AI, the Economic Survey 2023-24 says that India, with its vast demographic dividend and a very young population, is uniquely situated as AI poses both risk and opportunity. A particular risk is the BPO sector, where GenAI is revolutionising the performance of routine cognitive tasks through chatbots, and employment in the sector is estimated to decline considerably in the next ten years.

In the following decade, however, gradual diffusion of AI is expected to augment productivity.

But given the affinity of India's population to work with technology, as seen with the digital public infrastructure, proactive interventions by the Government and industry can position India as a key player in the AI age, the Economic Survey notes.

MAKING THE MOST OF AI IN INDIA

Highlighting the need for **research and development** in this sector, the Economic Survey 2023-24 mentions a policy brief which suggests a need for an Inter-Agency Coordination Authority for AI which would act as a central institution guiding the research, decision-making, policy planning on AI and job creation.

The Government has launched several initiatives to ensure an AI enabled ecosystem and to connect AI to the youth of the country. Some of these include 'Future Skills Prime', 'YUVAi: Youth for Unnati and Vikas with AI' a national programme for school students and 'Responsible

AI for Youth 2022'. A budget of ₹10,300 crore has been provided in 2024 for the India AI Mission, a significant move to strengthen the AI ecosystem.

A SHIFT TOWARDS GIG ECONOMY

According to NITI Aayog's indicative estimates based on national labour force survey data, in 2020–21, 77 lakh (7.7 million) workers were engaged in the gig economy and as per the Economic Survey 2023-24, the gig workforce is expected to expand to 2.35 crore (23.5 million) and form 6.7 per cent per cent of the non-agricultural workforce or 4.1 per cent of the total livelihood in India by 2029–30.

The Survey mentions that the significant contribution in the Indian context and globally has been the creation of effective social security initiatives for gig and platform workers. The **Code on Social Security (2020)** marks a significant advancement by expanding the scope of social security benefits to encompass gig and platform workers.

CLIMATE CHANGE AND GREEN ENERGY TRANSITION

Recognizing the climate change as a hard reality of the present times and projections pointing towards an increase in the frequency and intensity of extreme weather events, the Survey mentions its concomitant outcome as the possible **loss of jobs and productivity.**

Another aspect of climate change is the efforts to mitigate its impact by adopting **green technologies** and transitioning to **greener energy alternatives**. This trend is leading to businesses witnessing a strong job-creation effect driven by investments that facilitate the green transition of businesses and the application of ESG standards.

INDIA'S CORPORATE SECTOR ON RISE

The Economic Survey says that India's corporate sector's profitability is at a 15-year high in FY24 with profits quadrupling between FY20 and FY23.

It mentions that businesses have an obligation to themselves to strike the right balance between deployment of capital and deployment of labour. In their fascination for AI and fear of erosion of competitiveness, businesses have to bear in mind their responsibility for employment generation and the consequent impact on social stability.

AGRO-PROCESSING AND CARE ECONOMY FOR QUALITY EMPLOYMENT

The Economic Survey 2023-24 says that India can utilise the range of products on offer by its different agro-climatic zones and productively engage the sizeable rural workforce, comprising women who seek remunerative part-time employment and educated youth who can be technically skilled to handle small to medium scale agro-processing units.

There remains ample scope for shifting MGNREGS labour to more productive and less fiscally straining ventures. Low value-addition in agriculture and rising demand for diverse and local food products also provides a good opportunity for India to create more jobs in this sector. There are also more avenues for captive demand of **agro-processed output** and the sector can benefit from the synergies between the multiple existing programmes such as Mega Food Park, Skill India, Mudra, one district-one product, etc., for labour, logistics, credit, and marketing.

The **care economy** holds great importance for a young country like India, which has both demographic and gender dividends to reap. Highlighting the need to prepare for future care requirements of an ageing population, the Economic Survey 2023-24 says that **defining care work** is the **first step** towards acknowledging care as 'work'.

It mentions that India's care needs are slated to expand significantly in the next 25 years, as an ageing population follows the ongoing demographic transition while the population of children stays relatively sizeable. By 2050, the share of children is estimated to decline to 18 per cent (i.e., 30 crore persons), while the proportion of elderly persons would rise to 20.8 per cent (i.e., 34.7 crore persons). Thus, compared to 50.7 crore persons in 2022, the country would need to care for **64.7 crore persons** in 2050.

Recognising the disproportionate burden of care on women being consequential to the low Female Labour Force Participation Rate (FLFPR) across the world, including India, the Survey also lays emphasis on ensuring **equal opportunity for females** by **decoupling gender** and **unpaid care work.**

The economic value of developing a care sector is twofold – increasing FLFPR and promoting a promising sector for output and job creation. The Survey mentions that in case of India, direct public investment equivalent to 2 per cent of GDP has the potential to generate **11 million jobs**, nearly 70 per cent of which will go to women.

Senior care reforms in India

The care responsibility associated with an increasingly older population necessitates formulating a future-ready wholesome **elderly care policy** with the Survey mentioning the care economy as a top-tier entry in India's to-do list for becoming a developed nation by 2047. According to the Asian Development Bank report, utilising this '**silver dividend'** of untapped work capacity of population aged 60-69 years is estimated to increase GDP by an average of 1.5 per cent for Asian economies.

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Ministry of Finance

INDIAN LABOUR MARKET WITNESSES IMPROVEMENT IN LAST SIX YEARS WITH THE UNEMPLOYMENT RATE DECLINING TO 3.2 PER CENT IN 2022-23

RISING YOUTH AND FEMALE WORKFORCE PARTICIPATION AN OPPORTUNITY TO TAP THE DEMOGRAPHIC AND GENDER DIVIDEND

RECOVERY WITNESSED BY ORGANIZED MANUFACTURING SECTOR ABOVE THE PRE-PANDEMIC LEVEL; HIGHER WAGE GROWTH ALSO SEEN IN THE RURAL AREAS DURING THE LAST FIVE YEARS

EPFO NET PAYROLL ADDITIONS MORE THAN DOUBLED TO 131.5 LAKH IN PAST FIVE YEARS, SIGNALLING HEALTHY GROWTH IN FORMAL EMPLOYMENT

Posted On: 22 JUL 2024 3:17PM by PIB Delhi

India has witnessed improvement in the labour market indicators in last six years, as per the Periodic Labour Force Survey (PLFS) data, with the unemployment rate declining to **3.2 per cent** in 2022-23. The Economic Survey 2023-24 tabled in Parliament today by Union Minister for Finance and Corporate Affairs Smt. Niramala Sitharaman, lays emphasis on the approach of Government of India for generating suitable employment opportunities, commensurate with the legitimate aspirations of India's youth, necessary to reap the country's once-in-a-lifetime demographic dividend.

Current employment scenario

The Economic Survey mentions that India has witnessed a notable transformation in its employment landscape, marked by several positive trends contributing to economic growth and social development and credits the same to various factors, including economic reforms, technological advancements, and an emphasis on skill development.

According to PLFS, the all-India annual unemployment rate (UR) (persons aged 15 years and above, as per usual status) has been witnessing a declining trend since the COVID-19 pandemic accompanied by a rise in the labour force participation rate (LFPR) and worker-to-population ratio (WPR).

Highlighting the employment status of workers, the Survey mentions that it is the female workforce, which is shifting to self-employment, while the male workforce's share has been stable as evident in the **sharp rise in female LFPR** in the past six years, driven by rural women joining agriculture and related activities.

Youth and female employment

Highlighting the rise in youth employment being in tandem with the youth population, the Economic Survey mentions the PLFS data of youth (age 15-29 years) unemployment rate declining from 17.8 per cent in 2017-18 to 10 per cent in 2022-23. Nearly two-thirds of the new subscribers in the EPFO payroll have been from the 18-28 years band.

The Survey also highlights the **rising female labour force participation rate (FLFPR)** for six years and attributes the same to multiple factors, including continuous high growth in agriculture output and freeing up of women's time due to substantial expansion of access to basic amenities such as piped drinking water, clean cooking fuel, sanitation, etc.

Turnaround in Factory employment

The Economic Survey says that organized manufacturing sector has recovered to above pre-pandemic level along with the higher wage growth seen in the rural areas during the last five years, which bodes well for demand creation in the countryside. During FY15-FY22, the wages per worker in rural areas grew at 6.9 per cent CAGR (compounded annual growth rate) vis-à-vis a corresponding 6.1 per cent CAGR in urban areas.

State-wise, the top six states in terms of the number of factories, were also the greatest factory employment creators. More than 40 per cent of factory employment was in Tamil Nadu, Gujarat, and Maharashtra. In contrast, the highest employment growth between FY18 and FY22 was seen in states with a higher share of young population, including Chhattisgarh, Haryana and Uttar Pradesh.

The Survey also mentions the rising heft of computers and electronics, rubber and plastic products, and chemicals indicating that Indian manufacturing is moving up the value chain and have emerged as sunrise sectors for manufacturing employment generation.

EPFO Enrolment on rise

The organised sector job market conditions measured by payroll data for EPFO indicate a consistent year-on-year (YoY) increase in payroll addition since FY19 (the earliest since data is available). The yearly net payroll additions to the EPFO more than doubled from 61.1 lakh in FY19 to 131.5 lakh in FY24, swiftly recovering from the pandemic aided by the Aatmanirbhar Bharat Rojgar Yojana (ABRY). The EPFO membership numbers (for which older data is available) also grew by an impressive 8.4 per cent CAGR between FY15 and FY24.

Impetus to Employment Generation

The government has implemented a series of measures to boost employment generation, such as the rollout of the Production Linked Incentive (PLI) scheme to enhance India's manufacturing capabilities, increase in capital expenditure, etc., and to promote worker welfare. This has been accompanied by a boost to self-employment through easing of access to credit, and multiple process reforms. The Survey mentions some of the initiatives to foster job creation and workers' welfare such as launch of National Career Service (NCS) Portal, e-Shram portal, introduction of Aatmanirbhar

Bharat Rojgar Yojana (ABRY) for boosting employment with social security benefits post-COVID-19 job losses, programmes such as One Nation One Ration Card and amalgamation of 29 Central Laws into four Labour Codes in 2019 and 2020.

Trend in rural wages

The Economic Survey 2023-24 mentions that in FY24, rural wages rose at above-5 per cent every month, Y-o-Y and on an average, nominal wage rates in agriculture grew by 7.4 per cent for men and 7.7 per cent for women, benefitting from robust agriculture growth during the period. The wage growth in non-agricultural activities was at 6.0 per cent for men and 7.4 per cent for women during the same period. Going forward, as inflation is expected to soften with the easing of international commodity prices and domestic food prices, the economic survey expects this to translate into a sustained rise in real wages.

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Ministry of Finance

STELLAR PERFORMACE OF INDIA's BANKING AND FINANCIAL SECTOR AMIDST GLOBAL HEADWINDS

NON PERFORMING ASSETS OF BANKS AT MULTI-YEAR LOW

INDIA NOW RANKS 5TH GLOBALLY IN MARKET CAPITALIZATION TO GDP RATIO

PRIMARY MARKETS FACILITATED CAPITAL FORMATION OF ₹10.9 LAKH CRORE IN FY24 COMPARED TO ₹9.3 LAKH CRORE IN FY23

NUMBER OF IPOs INCREASED BY 66 PERCENT TO 272 IN FY24

INDIA'S NIFTY 50 INDEX INCREASED BY 26.8 PER CENT DURING FY24, AS AGAINST (-)8.2 PER CENT DURING FY23

INVESTOR BASE AT NSE NEARLY TRIPLES FROM MARCH 2020 TO MARCH 2024 TO 9.2 CRORE

GOVERNMENT FOCUSES ON FINANCIAL INCLUSION TO ENSURE SUSTAINABLE ECONOMIC GROWTH, REDUCTION IN INEQUALITY AND ELIMINATION OF POVERTY

INDIA POISED TO EMERGE AS ONE OF THE FASTEST-GROWING INSURANCE MARKETS IN THE COMING DECADE

INDIAN MICROFINANCE SECTOR EMERGES AS THE SECOND LARGEST AFTER CHINA

Posted On: 22 JUL 2024 3:15PM by PIB Delhi

Indian economy's financial and banking sectors have shown strong performance despite continuous geopolitical challenges, said the Economic Survey 2023-24 tabled by Union Minister of Finance and Corporate Affairs, Smt. Nirmala Sitharaman in the Parliament today. The survey notes that the Central Bank maintained a steady policy rate throughout the year, with the overall inflation rate under control. The effects of the monetary tightening following the Russia-Ukraine conflict are evident in the lending and deposit interest rates increase among banks. Bank loans saw significant and widespread growth across various sectors, with personal loans and services leading the way.

Monetary Policy

The Monetary Policy Committee (MPC) maintained the status quo on the policy repo rate at 6.5 per cent in FY24. During the current tightening cycle, i.e., from May 2022 to May 2024, the external benchmark-based lending rate and the one-year median marginal-cost-of-funds based lending rate increased by 250 bps and 175 bps, respectively.

Important factors impacting the evolution of monetary and credit conditions during FY24 were the withdrawal of ₹2,000 banknotes (May 2023), the merger of HDFC, a non-bank, with HDFC Bank (July 2023), and the temporary imposition of the incremental CRR (I-CRR) (August 2023).

The growth in Broad Money (M3), excluding the impact of the merger of HDFC with HDFC Bank (with effect from 1 July 2023), was 11.2 per cent (YoY) as of 22 March 2024, compared to 9 per cent a year ago.

During FY24, 17 fortnightly Variable Rate Reverse Repo (VRRR) auctions and seven Variable Rate Repo (VRR) auctions were undertaken as the primary operation. In addition, 49 fine-tuning operations (25 VRRR and 24 VRR) were conducted intermittently, modulating liquidity conditions in alignment with the monetary policy stance, the survey notes.

Bank Credit

Credit growth remains robust, mainly driven by lending to services and personal loans.

Lending by non-banking financial companies (NBFCs) accelerated, led by personal loans and loans to the industry, and their asset quality improved. Credit disbursal by SCBs stood at ₹164.3 lakh crore, growing by 20.2 per cent at the end of March 2024, compared to 15 per cent growth at the end of March 2023.

Agricultural credit increased nearly 1.5 times from ₹13.3 lakh crore in FY21 to ₹20.7 lakh crore in FY24. The Kisan Credit Card (KCC) scheme played a pivotal role in providing timely and hassle-free credit to farmers, with over 7.4 crore operative KCC accounts at the end of 2023.

Industrial credit growth picked up in H2 of FY24, registering 8.5 per cent growth in March 2024, compared to 5.2 per cent a year ago, driven by an increase in bank credit to small and large industries.

Improving credit flow to the MSME sector at low cost has been a policy priority of the Government and RBI. Bank credit disbursal to the services sector remained resilient despite a slowdown in credit growth to NBFCs Credit disbursal for housing loans increased from ₹19.9 lakh crore in March 2023 to ₹27.2 lakh crore in March 2024.

Banking Sector

There has been a significant enhancement in the asset quality of banks, led by improved borrower selection, more effective debt recovery and heightened debt awareness among large borrowers. In addition to regulatory capital and liquidity requirements, qualitative metrics such as enhanced disclosures, robust code of conduct, and transparent governance structures also improved banking performance.

The gross non-performing assets (GNPA) ratio of SCBs continued its downward trend, reaching a 12-year low of 2.8 per cent at the end of March 2024 from its peak of 11.2 per cent in FY18.

The macro-and micro-prudential measures by RBI and the Government have enhanced risk absorption capacity in recent years, improving the banking system's stability. For the top 10 Indian banks in asset size, loans constitute more than 50 per cent of their total assets, making banks immune to the rising interest rate cycle.

In the eight years since 2016, 31,394 corporate debtors involving a value of ₹13.9 lakh crore have been disposed of (including pre-admission case disposals) as of March 2024. ₹10.2 lakh crore of underlying defaults were addressed at the pre-admission stage.

The Government has taken several measures to improve the insolvency ecosystem. It has strengthened the NCLT regarding infrastructure, increasing its strength by filling vacancies and proposing an integrated IT platform. The regulations have been amended to keep in line with the needs of the markets and the advances in judicial pronouncements, the survey notes.

Strong Primary Markets

The Survey highlights the remarkable expansion of Indian capital markets. Capital markets have shown impressive results, with India's stock market capitalisation to GDP ratio ranking fifth globally.

Primary markets remained robust during FY24, facilitating capital formation of ₹10.9 lakh crore (which approximates 29 per cent of the gross fixed capital formation of private and public corporates during FY23), compared to ₹9.3 lakh crore in FY23. Fund mobilisation through all three modes, viz., equity, debt, and hybrid, increased by 24.9 per cent, 12.1 per cent and 513.6 per cent, respectively, in FY24 compared to the previous year.

The number of initial public offers (IPOs) increased by 66 per cent in FY24 from 164 in FY23 to 272 in FY24, while the amount raised grew by 24 per cent (from ₹54,773 crore in FY23 to ₹67,995 crore in FY24). The corporate debt market in India is going from strength to strength. During FY24, the value of corporate bond issuances increased to ₹8.6 lakh crore from ₹7.6 lakh crore during the previous financial year. The number of corporate bonds public issues in FY24 was the highest for any financial year so far, with the amount raised (₹19,167 crore) at a four-year high. Increasing investor demand and the rise in the cost of borrowing from banks have made these markets more attractive for corporates for funding requirements.

Robust Secondary Markets

Indian stock market was among the best-performing markets, with India's Nifty 50 index ascending by 26.8 per cent during FY24, as against (-)8.2 per cent during FY23. The Survey says that the exemplary performance of the Indian stock market compared to the world can be primarily attributed to India's resilience to global geo-political and economic shocks, its solid and stable domestic macroeconomic outlook, and the strength of the domestic investor base.

The Indian capital markets have seen a surge in retail activity in the last few years. The registered investor base at NSE has nearly tripled from March 2020 to March 2024 to 9.2 crore as of 31 March 2024, potentially translating into 20 per cent of the Indian households now channelling their household savings into financial markets. The number of demat accounts rose from 11.45 crore in FY23 to 15.14 crore in FY24.

FY24 has been a spectacular year for Mutual Funds as their Assets under Management (AuM) increased by ₹14 lakh crore (YoY growth of 35 per cent) to ₹53.4 lakh crore at the end of FY24, boosted by mark-to-market (MTM) gains and expansion of the industry.

Economic Survey notes that the significant increase in retail investors in the stock market calls for careful consideration as there is the possibility of overconfidence leading to speculation. It says that the firms operating in banking and capital markets must keep the interests of the consumers in mind through fair selling, disclosure, transparency, reliability, and responsiveness.

Progress of financial inclusion

The Survey highlights that the Government has prioritised delivering financial services to the last mile. The number of adults with an account in a formal financial institution increased from 35 per cent in 2011 to 77 per cent in 2021. Not only there is a decline in the access gap between the rich and the poor but the gender divide in terms of financial inclusion has also narrowed.

Survey notes a shift in focus of the financial inclusion strategy in the country, from 'every household' to 'every adult,' with added emphasis on direct benefit transfer (DBT) flows, promoting digital payments using RuPay cards, UPI123 etc.

Highlighting the progress of financial inclusion so far in the country, the survey says that India is among the fastest-growing fintech markets in the World, hailing as the third-largest growing fintech economy. A key enabler of this financial inclusion drive has been the digitalisation of the financial system, which the survey terms "transformative". 'Digital financial inclusion (DFI)' is the next big target of the government. The survey says that the COVID-19 pandemic gave further momentum to Digital financial inclusion (DFI) when the most vulnerable and excluded citizens were severely affected. Some flagship schemes such as the Digital India Mission, Make-in-India, Aadhaar, e-KYC, Aadhaar-enabled Payment System, UPI, Bharat QR, DigiLocker, e-sign, Account Aggregator, Open Network for Digital Commerce, etc came to the rescue.

The success of UPI has been enhanced by the expansion of smartphone usage in India, with more than 116.5 crore smartphone subscribers as of 31 March 2024. The value of transactions conducted on the UPI platform has increased multifold from ₹0.07 lakh crore in FY17 to ₹200 lakh crore in FY24.

Microfinance has been playing an essential role in meeting low-income households' credit needs by providing affordable doorstep services. Globally, the Indian microfinance sector is the second largest after China in terms of number of borrowing customers in India, which are about three times that of the next biggest market, i.e., Indonesia.

Insurance sector

The survey says that the insurance sector has seen a remarkable growth. India is poised to emerge as one of the fastest-growing insurance markets in the coming decade. Economic growth, an expanding middle class, innovation, and regulatory support have driven insurance market growth in India. Non-life premium growth moderated slightly from 9 per cent in FY22 to an estimated 7.7 per cent in as the market stabilised after the pandemic. Recently, Ayushman Bharat Pradhan Mantri Jan Arogya Yojana (AB-PMJAY) achieved a milestone of generating 34.2 crore Ayushman cards across India, with 49.3 per cent of them held by females.

Pension sector

Talking about the developments in the pension sector, the survey states that India's pension sector has expanded since the introduction of the National Pension Scheme (NPS) and, more recently, the Atal Pension Yojana (APY). The total number of subscribers stood at 735.6 lakh as of March 2024, registering a YoY growth of 18 per cent from 623.6 lakh as of March 2023. The total number of APY subscribers (including its earlier version, NPS Lite) increased from 501.2 lakh as of March 2023 to 588.4 lakh as of March 2024. APY subscribers account for around 80 per cent of the pension subscriber base. APY subscribers have witnessed an improvement in gender mix, with female subscriber share rising from 37.2 per cent in FY17 to 48.5 per cent in FY23.

The survey also mentions the mechanisms to ensure regulatory coordination and overall financial stability, which should withstand unforeseen shocks so that there is a high degree of confidence. It recognizes the key role of Financial Sector Development Council (FSDC) to deal with a wide range of issues relating to financial stability and financial sector development.

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Ministry of Finance

INDIA'S EXTERNAL SECTOR SHOWS RESILIENCE AMIDST GEOPOLITICAL HEADWINDS

OVERALL TRADE DEFICIT REDUCES TO USD 78.1 BILLION IN FY24 FROM USD 121.6 BILLION IN FY23

INDIA BECOMES THE SEVENTH-LARGEST SERVICES EXPORTING COUNTRY GLOBALLY

INDIA RANKS 2ND IN THE WORLD IN TELECOMMUNICATION, COMPUTER, AND INFORMATION SERVICES EXPORTS

INDIA'S SHARE OF GLOBAL VALUE CHAINS - RELATED TRADE IN GROSS TRADE RISES TO 40.3 PER CENT IN 2022 FROM 35.1 PER CENT IN 2019

INDIA'S LOGISTICS PERFORMANCE INDEX IMPROVES

INDIA'S CURRENT ACCOUNT DEFICIT (CAD) IMPROVES DUE TO MODERATION IN MERCHANDISE IMPORTS AND RISING SERVICES EXPORTS

REMITTANCES REACH A MILESTONE OF USD 120 BILLION IN 2023

REMITTANCES TO INDIA PROJECTED TO GROW AT 3.7 PER CENT TO USD 124 BILLION IN 2024

INDIA RECEIVES THE HIGHEST EQUITY INFLOWS AMONG EMERGING MARKET PEERS

NET CAPITAL FLOWS STAND AT USD 86.3 BILLION DURING FY24 AGAINST USD 58.9 BILLION DURING THE PREVIOUS YEAR

INDIA WITNESSES POSITIVE NET FOREIGN PORTFOLIO INVESTMENT (FPI) INFLOWS IN FY24 OF USD 44.1 BILLION.

RUPEE EMERGES AS THE LEAST VOLATILE CURRENCY AMONG ITS EMERGING MARKET PEERS

INDIAN RESIDENTS' OVERSEAS FINANCIAL ASSETS STAND AT USD 1,028.3 BILLION AS ON MARCH 2024, HIGHER BY USD 109.7 BILLION (11.9 PER CENT) COMPARED TO MARCH 2023

EXTERNAL DEBT TO GDP RATIO DECLINES TO 18.7 PER CENT AT THE END OF MARCH 2024 FROM 19.0 PER CENT AT THE END OF MARCH 2023

Posted On: 22 JUL 2024 3:07PM by PIB Delhi

India's external sector remained strong amidst ongoing geopolitical headwinds with services exports continuing to perform well. The overall trade deficit reduced from USD 121.6 billion in FY23 to USD 78.1 billion in FY24. This is stated in the Economic Survey 2023-24 tabled by the Union Minister for Finance and Corporate Affairs Smt. Nirmala Sitharaman in the Parliament today.

SERVICES TRADE

The Economic Survey highlights that the share of India's services exports in world services exports has risen remarkably from 0.5 per cent in 1993 to 4.3 per cent in 2022. India is now the seventh-largest services exporting country globally rising phenomenally from its 24th position in 2001.

Amongst services exports, software/IT services and business services exports have increased. This was supported by India emerging as a hub for Global Capability Centres (GCCs). India ranks 2nd in the world in telecommunication, computer, and information services exports, 6th in personal, cultural and recreational services exports and 8th in other business services exports.

The growth in Global Capability Centres (GCCs) is reflected in the services BoP, with 'Other Business Services' being the second-largest contributor in services exports in FY24 with a share of 26%. In 2012, about 760 GCCs were operating out of India and as of March 2023, India houses over 1,600 GCCs.

MERCHANDISE TRADE

India performed well in merchandise trade despite lowering in global demand with exports crossing USD 776 billion and imports reaching USD 898 billion in FY23. With this, merchandise trade deficit narrowed to USD 238.3 billion in FY24 compared to USD 264.9 billion in the previous year.

There was a slowdown in India's major exporting partners (especially the EU, whose real GDP grew barely by 0.6 per cent in 2023, compared to 3.6 per cent growth in 2024), along with the lagged impact of monetary tightening carried out by many countries to control rising inflation.

The Survey notes that adverse trade environment in 2023 is expected to ease somewhat this year and next, boosting goods trade in 2024 and 2025. World merchandise trade volume is expected to grow at 2.6 per cent and 3.3 per cent in 2024 and 2025, respectively, as demand for traded goods rebounds.

India's exports of engineering goods, electronic goods and drugs & pharmaceuticals increased in FY24 on a YoY basis. India's share in world electronics exports also improved. India maintained a strong foothold in the drugs and pharmaceuticals sector.

Despite high domestic demand due to the relatively strong growth of India's economy, merchandise imports contracted by 5.7 per cent in FY24, from USD 716 billion in FY23 to USD 675.4 billion in FY24. Imports of capital goods saw an increase, which is welcome as it indicates a heightened demand for machinery, equipment, and other durable goods used in production processes, suggesting potential investments in industrial infrastructure or technological upgrades. A marginal uptick in the share of consumer goods in merchandise imports reflects a stable but limited increase in the importation of finished products for direct consumption.

A targeted focus and a series of measures undertaken by the Government has shown robust growth in product-specific exports in sectors such as – Defence, Toys, Footwear and Smartphones. The share of electronics goods in merchandise exports of India rose from 2.7 per cent in FY19 to 6.7 per cent in FY24, taking India from 28th position in 2018 to 24th in 2022 in global electronics exports.

MEASURES TO EXPAND EXPORTS

The Government has undertaken various measures to promote exports and reduce logistics costs involved in international trade which include setting export targets and their monitoring, provision of export credit insurance services and encouraging banks to provide affordable and adequate export credit to micro, small and medium enterprises (MSME) exporters, enabling them to explore new markets and diversify their existing products competitively.

To boost efficiency and lower logistics costs, the Government launched the PM GatiShakti National Master Plan and the National Logistics Policy (NLP) in October 2021 and September 2022, respectively. Digital reforms, such as the Unified Logistics Interface Platform (ULIP) and the Logistics Data Bank, are additional measures taken towards improving logistics.

Initiatives, such as railway track electrification, reduced release times by the Land Ports Authority of India (LPAI), and the launch of NLP Marine for port-related logistics were also undertaken. Since the launch of the NLP, over 614 industry players have registered on ULIP, 106 private companies have signed Non-Disclosure Agreements (NDAs), 142 companies have submitted 382 use cases to be hosted on ULIP and 57 applications have been made live as of September 2023.

The Survey notes that India stands for an open, inclusive, predictable, non-discriminatory, and mutually beneficial international trade as it can provide an impetus to economic growth. India advocates for a rule-based international trading system with these attributes with WTO at its core. In this spirit, India considers Free Trade Agreements (FTAs) an instrument of trade liberalisation and a complement to the multilateral trading system under WTO. Accordingly, the country is engaged with all its trading partners/blocs to expand its export markets while ensuring better terms for essential imports to meet domestic demand in a cost competitive manner.

The Economic Survey highlighted that India is moving up the global value chains (GVCs), with the share of GVC-related trade in gross trade rising to 40.3 per cent in 2022 from 35.1 per cent in 2019. The improvement in GVC participation is also reflected in increased pure backward GVC participation.

The Survey added that India's GVC participation has begun to rev up again on the back of incentives provided through schemes such as the PLI and Districts as Exports Hub (DEH) initiative, after the lull seen in the years succeeding the global financial crisis. Survey says that the evidence of India's enhanced global supply chain participation is reflected in increased investment by foreign firms in electronics, apparel and toys, automobiles and components, capital goods and semiconductor manufacturing in India.

CURRENT ACCOUNT BALANCE

The Economic Survey highlighted that India's Current Account Deficit (CAD) narrowed to USD 23.2 billion (0.7 per cent of GDP) in FY24 from USD 67 billion (2 per cent of GDP) during the previous year due to a decline in merchandise trade deficit, rising net services exports and increasing remittances.

The Net services receipts increased from USD 143.3 billion during FY23 to USD 162.8 billion in FY24, primarily on account of rising exports of software, travel and business services. The remittances by Indians employed overseas, was USD 106.6 billion in FY24, against USD 101.8 billion during the previous year.

Remittances to India are forecasted to grow at 3.7 per cent to USD 124 billion in 2024 and at 4 per cent to reach USD 129 billion in 2025, emphasized the Survey.

CAPITAL ACCOUNT BALANCE

Emphasizing about the stable capital inflows which continue to finance the CAD, the Survey mentioned that during FY24, net capital flows stood at USD 86.3 billion against USD 58.9 billion during the previous year, primarily driven by FPI flows and net inflows of banking capital.

The Survey emphasized that India witnessed positive net foreign portfolio investment (FPI) inflows in FY24 of USD 44.1 billion, supported by strong economic growth, a stable business environment, and increased investor confidence.

Highlighting that India received the highest equity inflows among emerging market peers during FY24, the Survey listed financial services, automobile and auto components, healthcare, and capital goods were the significant sectors attracting equity inflows during FY24.

The Survey noted that the Net FDI inflows to India declined from USD 42.0 billion during FY23 to USD 26.5 billion in FY24 as an impact of decline in global FDI flows. It further added that the gross FDI inflows moderated only by 0.6 per cent from USD 71.4 billion in FY23 to just under USD 71 billion in FY24.

Highlighting that India has a well-established infrastructure to attract FDI in select sectors, i.e., Greenfield projects such as renewables, digital services such as telecommunications, software and hardware, and consultancy services, the Economic Survey suggested that where investment intentions are high, the sectors must be made more accessible for investments. It further added that the focus must remain on improving the ease of doing business across sectors and extend beyond sectors attractive to FDI alone by working out the details across all levels of government – national, state and local - and across regulators.

The Survey listed that educated labour and a skilled workforce coupled with a vibrant R&D culture are important magnets to enhance sustained investor interest, apart from political stability, policy predictability and stability, reasonable duties and taxes, dispute resolution mechanisms and ease of repatriation.

The Survey highlighted that during FY24, India's Foreign Exchange Reserve (FER) increased by USD 68 billion, the highest increase among major foreign exchange reserves-holding countries.

The Survey notes that the Rupee emerged as the least volatile currency among its emerging market peers and a few advanced economies in FY24. It further stated that Rising FPI inflows kept the Indian Rupee in a manageable range of ₹82 to ₹83.5/USD in FY24.

The Economic Survey says that Indian residents' overseas financial assets, by end of March 2024, was at USD 1,028.3 billion were higher by USD 109.7 billion or 11.9 per cent compared to the level as of March 2023. The factors attributed were mainly due to a rise in reserve assets, currency and deposits, overseas direct investment, trade credit and advances and loans.

EXTERNAL DEBT

The External debt to GDP ratio declined to 18.7 per cent at the end of March 2024 from 19.0 per cent at the end of March 2023. Survey added that comparing various debt vulnerability indicators of India with peer countries for 2022 indicates that India is in a better position with relatively low levels of total debt as a percentage of Gross National Income (GNI) and short-term external debt as a percentage of total external debt.

The Economy survey noted that India's trade deficit is expected to decline further as the PLI scheme is expanded and India creates a globally competitive manufacturing base in several product categories. It added that the recently signed FTAs are expected to increase the global market share of the country's exports. The Survey mentioned that various international agencies and RBI expect the CAD to GDP to moderate to below one per cent for FY24, driven by growing merchandise and services exports and resilient remittances.

The Survey listed the fall in demand from major trading partners, Rise in trade cost, Commodity price volatility, Trade policy changes as some of the major challenges to India's balance of trade. The Survey suggested that the changing composition of India's export basket, enhancement in trade-related infrastructure, enhanced quality consciousness and product safety considerations in the private sector and stable policy environment are expected to play a significant role in driving India's rise as a global supplier of goods and services.

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Ministry of Finance

GOVERNMENT'S PRUDENT MONETARY & TRADE POLICY SUPPORTED BY STRONG OUTPUT GROWTH REDUCES RETAIL INFLATION TO A FOUR-YEAR LOW OF 5.4% IN FY24

CORE SERVICES INFLATION FALLS TO A NINE-YEAR LOW IN FY24

RBI EXPECTS 4.5% HEADLINE INFLATION IN FY25 & 4.1% IN FY26

ECONOMIC SURVEY RECOMMENDS REVISING CONSUMER PRICE INDEX WITH FRESH WEIGHTS AND ITEM BASKETS

ECONOMIC SURVEY ADVISES EXPANDING PULSES & OIL SEEDS CULTIVATION WHILE DEVELOPING MODERN STORAGE AND PROCESSING FACILITIES TO REDUCE INFLATIONARY PRESSURES

Posted On: 22 JUL 2024 3:05PM by PIB Delhi

The Economic Survey 2023-24, that was tabled in Parliament today, lays special emphasis on controlling Prices and Inflation as 'Low and stable inflation is key to sustaining economic growth.' It states that Governments and Central Banks face the challenge of keeping inflation at a moderate level while ensuring financial stability. Achieving this delicate balance requires careful monitoring of economic indicators and taking appropriate and timely corrective actions. With the commitment of the Reserve Bank of India (RBI) to the goal of price stability and policy actions by the Central Government, India has successfully managed to keep retail inflation at 5.4 per cent in FY24, the lowest level in 4 years, since the Covid-19 pandemic period.

The Economic Survey highlights the fact that India's retail inflation is lower than the emerging markets & developing economies (EMDES) and world average in 2022 and 2023 as per IMF data. Survey states that factors such as established monetary policies, economic stability, well-developed and efficient markets that balance supply and demand conditions, and stable currencies contribute to the effective management of inflation. Historically, inflation in advanced economies has generally been lower than in EMDEs.

Inflation Management

With the goal of maintaining price stability, many countries have established their own inflation targets based on various factors that serve their economic objectives best. Lauding India's Inflation Management, the Economic Survey states that interestingly, India is performing better than various developed and emerging economies in relation to its inflation target. In 2023, India's inflation rate was within its target range of 2 to 6 per cent. Compared to advanced economies like the USA, Germany, and France, India had one of the lowest deviations from its inflation target in the triennial average inflation from 2021-2023. Despite the challenges posed by global demand- supply imbalances due to ongoing geopolitical tensions, India's inflation rate was 1.4 percentage points below the global average in 2023.

Since 2020, countries have been facing challenges in controlling inflation. India has been able to bring about a declining trend in Headline and Core Inflation through its prudent administrative measures and monetary policy. As per the Economic Survey, since May 2022, monetary policy broadly focused on absorbing excess liquidity in the system by increasing the policy repo rate by 250 basis points from 4 per cent in May 2022 to 6.5 per cent in February, 2023. Thereafter, the policy rate was kept unchanged by focusing on the gradual withdrawal of accommodation, aiming to align inflation with the target, while simultaneously fostering growth. Consequently, the persistent and sticky core inflation observed in FY23 declined to 3.1 per cent in June, 2024

The Survey further asserts that administrative measures such as price cuts for LPG, petrol, and diesel led to lower LPG and petroleum product inflation. LPG inflation rate has been in the deflationary zone since September 2023 while retail inflation in petrol and diesel moved to the deflationary zone in March 2024. Additionally, global commodity prices declined in 2023, reducing price pressure in energy, metals, minerals, and agricultural commodities through the imported inflation channel. Low fuel and core inflation ensured a downward trajectory for headline inflation, despite volatility in food prices in FY24. As per the recent data released by MoSPI, the retail inflation rate was 5.1 per cent in June 2024.

Core inflation, measured by excluding food and energy items from CPI headline inflation has witnessed a four year low in FY24. From the pandemic-driven highs, inflationary pressures in India eased in FY22, aided by softening food inflation. Inflationary pressures firmed up in FY23 yet again driven by the Russia-Ukraine war disrupting the recouping supply chains leading to a rise in food and fuel prices. In FY24, the price situation improved. CPI inflation moderated, driven by a decline in core inflation in both goods and services. Core services inflation eased to a nine-year low in FY24; at the same time, core goods inflation also declined to a four-year low.

Trends in core inflation are important in determining the contours of monetary policy. Assessing the emerging patterns of price pressures, the RBI increased the repo rate gradually by 250 basis points since May 2022 to curtail inflationary pressures, leading to reduction of around 4 percentage points in core inflation between April 2022 and June 2024. This was aided by moderation in housing rental inflation, with a significant increase in the stock of new houses in 2023.

Consumer durables inflation increased progressively between FY20 and FY23 by more than 5 percentage points, mainly due to increase in gold prices in FY21 and clothing in FY22 and FY23. With the improvement in the supply of key raw materials, the inflation rate for consumer durables declined in FY24. However, record-high gold prices, driven by anticipated Fed rate cuts and escalating geopolitical uncertainty, have exerted upward pressure on overall durables inflation. Consumer non-durables (CND) inflation plunged in FY20, it started to inch up in FY21, reached an all-time in FY22, and declined sharply in FY23 and FY24.

Food Inflation has been a global phenomenon in the last two years. Research indicates the rising vulnerability of food prices to climate change. In FY23 and FY24, the agriculture sector was affected by extreme weather events, lower reservoir levels, and damaged crops that adversely affected farm output and food prices. So, food inflation based on the Consumer Food Price Index (CFPI) increased from 3.8 per cent in FY22 to 6.6 per cent in FY23 and further to 7.5 per cent in FY24. However, the government took prompt actions, including open market sales, retailing in specified outlets, and timely imports, to ensure an adequate supply of essential food items. Additionally, to ensure food security for the poor, the Pradhan Mantri Garib Kalyan Anna Yojana, which provides free food grains to more than 81 crore beneficiaries, was extended for a period of five years starting from January 2024.

Global Food Prices and Domestic Inflation

Global food prices also have an impact on domestic inflation. In India, the edible oil market is heavily depends on imports, with more than 50 per cent of the total edible oil requirement being imported, making it sensitive to global prices. The Government closely monitors global market trends to ensure the availability of edible oils for consumers at an affordable price. Efforts are also made to balance imports with domestic production to mitigate the risks associated with global price volatility. In this context, the National Mission on Edible Oils Oil Palm aims to increase domestic crude palm oil production to reduce the import burden. In the case of sugar, the Government announced restrictions on export in June 2022 to ensure sufficient local supplies and thereby manage sugar inflation. These export restrictions have indeed played a role in stabilising domestic sugar prices. As a result, even though the global sugar price index inflated and has been showing volatility since February 2023, domestic sugar prices have remained much less volatile.

Elaborating on the Interstate variations in Retail Inflation, the Economic Survey asserts that inflation rate was less than 6 per cent in 29 out of the 36 States and Union Territories. These Interstate variations in inflation are more pronounced in rural areas since rural consumption basket has a much higher weightage of food items (47.3%) than the urban (29.6%). Hence, in the last two years, States that witnessed elevated food prices also experienced higher rural inflation.

Future Inflation Projections

RBI and IMF have projected India's consumer price inflation will progressively align towards the inflation target in FY26. Assuming a normal monsoon and no further external or policy shocks, the RBI expects headline inflation to be 4.5 per cent in FY25 and 4.1 per cent in FY26. IMF has projected an inflation rate of 4.6 per cent in 2024 and 4.2 per cent in 2025 for India. The World Bank expects that the global supply of commodities will increase, and so will their demand due to improved industrial activity and trade growth. It projects a 3 per cent decline in the commodity price index in 2024 and a 4 per cent decrease in 2025, mainly driven by lower energy, food and fertiliser prices. The energy price index is expected to reduce due to significant declines in coal and natural gas prices this year. Fertiliser prices are likely to weaken but remain above 2015-2019 levels due to strong demand and export restrictions. Base metal prices are projected to rise, reflecting increased global industrial activity and clean energy production. In general, the current downward movement in the prices of commodities imported by India is a positive for the domestic inflation outlook.

The short-term inflation outlook for India is benign. However, from the angle of long-term price stability, the Economic Survey suggests exploring the following options as the way forward:

1. Reducing import dependence for edible oils by increasing domestic production of major oilseeds, Exploring potential of non-conventional oils such as rice bran oil and corn oil and expanding scope of National Mission on Edible Oils

2. Expand the area under pulses, particularly lentils, tur, and urad, in more districts and rice- fallow areas. Promoting the summer cultivation of urad and moong in areas with assured irrigation facilities.

3. Further improving and developing modern storage and processing facilities for vegetables, especially tomatoes and onions.

4. Improving swiftness and effectiveness of administrative action by the Government to deal with price flare-ups in specific items by collating high-frequency price monitoring data, from the farm gate to the final consumer, in a quantifiable manner. Expediting producer price index for goods and services for better grasp on episodes of cost-push inflation and

5. Revising the consumer price index with fresh weights and item baskets using Household Consumer Expenditure Survey, 2022-23.

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(Release ID: 2034947) Visitor Counter : 791

Read this release in: Odia , Urdu , Hindi , Gujarati , Malayalam

Ministry of Finance

INDIAN AGRICULTURE SECTOR IS A SUCCESS STORY: ECONOMIC SURVEY 2023-24

ECONOMIC SURVEY HIGHLIGHTS FIVE POLICY RECOMMENDATIONS FOR AGRICULUTAL SECTOR

THE NEED OF THE HOUR IS TO MOVE FROM BASIC FOOD SECURITY TO NUTRITIONAL SECURITY

TIME HAS COME TO PROMOTE CROP-NEUTRAL INCENTIVE STRUCTURES: ECONOMIC SURVEY 2023-24

AGRICULTURE SECTOR IS AT THE CONFLUENCE OF 3 GREAT CHALLENGES: FOOD AND NUTRITIONAL SECURITY, CLIMATE CHANGE AND SUSTAINABLE USE OF CRITICAL RESOURCES

Posted On: 22 JUL 2024 3:03PM by PIB Delhi

The Indian agriculture sector is a success story. The country has come a long way from being a food deficit and importing country in the 1960's to being a net exporter of agricultural products, highlights The Economic Survey 2023-24, tabled by the Union Finance and Corporate Minister Smt Nirmala Sitharaman in Parliament today.

The need of the hour is to move from basic food security to nutritional security , points out the Survey. The Survey further notes that, we need more pulses, millet, fruits and vegetables, milk, meat and their demand is growing faster than that of basic staples. So, farm sector policies should align more with a 'demand-driven food system' that is more nutritious and aligned with Nature's resource endowments, suggests the Survey.

The Economic Survey elaborates five policy recommendations that governments can take to ensure that the markets function in the interest of the farmer. The first step talks about not banning futures or options at the first sign of price spikes. The intelligent regulatory design of such markets can obviate the need for bureaucratic interference in the futures market for agricultural commodities, adds the Survey.

The second recommendation by the Survey talks about invoking export bans only under exceptional circumstances and allowing domestic consumers to substitute, especially if the agricultural commodities in question are not essential consumption items such as foodgrains. "Farmers should be allowed to benefit from higher international prices", states the Survey.

As the third step, the Survey talks about re-examining the inflation-targeting framework**.** It says that India's inflation targeting framework should consider targeting inflation, excluding food. "Higher food prices are, more often, not demand-induced but supply-induced. It is worth exploring whether India's inflation targeting framework should target the inflation rate excluding food", notes the Survey. The Survey further notes that hardships caused by higher food prices for poor and low-income consumers can be handled through direct benefit transfers or coupons for specified purchases valid for appropriate durations

The fourth recommendation talks about the need for increasing the Total Net Irrigated Area. Several states are well below the national average and India's irrigation efficiency is only 30-40 percent for surface water and 50-60 per cent for groundwater, points out the Survey. The Survey highlights the need for better water utilisation farming practices and technologies like drip and fertigation.

The fifth and final suggestion by the Survey is about making farming consistent with climate considerations. Grains such as rice and sugarcane are water-guzzling crops and cultivation of paddy gives rise to methane emissions. The time has come to promote crop-neutral incentive structures, says the Survey.

Agriculture is at the confluence of three of the greatest challenges of the 21st century – sustaining food and nutrition security, adaptation and mitigation of climate change, and sustainable use of critical resources such as water, energy, and land, highlights the Survey. The Survey notes that although agriculture and allied sectors hold significant potential for gainful employment, India is yet to fully exploit the potential of agriculture to contribute to economic growth and employment generation.

The agricultural sector requires a serious structural transformation due to challenges posed by water scarcity and climate change adds the Survey. The surge in agricultural employment in COVID years due to reverse migration, the decline in the growth rate of value addition in agriculture in FY24, and an extremely hot summer in the Northwestern and central regions of the country in the summer of 2024 with rising water stress and energy consumption make a serious and honest stock-taking of India's farm sector policies imperative, concludes the Survey.

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Read this release in: Urdu , Hindi , Manipuri , Gujarati , Odia , Tamil , Telugu , Malayalam

Ministry of Finance

GROSS CAPITAL FORMATION (GCF) OF AGRICULTURE SECTOR GROWS AT THE RATE OF 19.04 PER CENT IN 2022-23: ECONOMIC SURVEY

THERE IS A NEED TO FURTHER BOOST AGRICULTURE INVESTMENT, ESPECIALLY IN THE CONTEXT OF DOUBLING FARMERS' INCOME

GOVERNMENT'S PRIORITY TO AGRICULTURE HAS HELPED REDUCE THE SHARE OF NON-INSTITUTIONAL CREDIT FROM 90 PER CENT IN 1950 TO 23.40 PER CENT IN 2021-22

JOINT LIABILITY GROUPS (JLGS) HAVE EMERGED AS AN ESSENTIAL SOURCE OF CREDIT FOR TENANT FARMERS

Posted On: 22 JUL 2024 3:01PM by PIB Delhi

Economic Survey 2023-24 was presented in the Parliament today by Union Finance and Corporate Affairs Minister Smt. Nirmala Sitharaman. The Economic Survey states that the Gross Capital Formation (GCF) of the agriculture sector and the share of GCF in the agriculture and allied sectors as a percentage of Gross Value Added (GVA) has been growing steadily, mainly due to increased public investment. The GCF of the agriculture sector grew at the rate of 19.04 per cent in 2022-23, and the GCF as a percentage of GVA rose from 17.7 per cent in 2021-22 to 19.9 per cent in 2022-23, suggesting an increase in investment in agriculture. The average annual growth in GCF from 2016-17 to 2022-23 was 9.70 percent. The Survey states that despite the increasing trend in GCF, there is a need to further boost agriculture investment, especially in the context of doubling farmers' income. The DFI 2016 report indicated that to double farmers' income over the period of 2016-17 to 2022-23, income would need to grow at an annual rate of 10.4 per cent in the farm sector, which in turn would require an annual growth rate in agriculture investment of 12.5 percent.

The government's priority has been to provide timely, cost-effective, and adequate credit that reduces the dependence on non-institutional credit and increases investment. The measures have reduced the share of non-institutional credit from 90 per cent in 1950 to 23.40 per cent in 2021-22. As of 31 January 2024, the total credit disbursed to agriculture amounted to ₹ 22.84 lakh Crore, with ₹13.67 lakh Crore allocated to crop loans (short term) and ₹ 9.17 lakh Crore to term loans.

Kisan Credit Card(KCC):

The Economic Survey states that the Kisan Credit Card (KCC) has streamlined agricultural credit accessibility and as of January 31, 2024, banks issued 7.5 crores KCC with a limit of ₹9.4 lakh crores. As a further measure, the KCC was extended to meet the working capital needs of fisheries and animal husbandry activities in 2018-19, along with the enhancement of the limit for collateral-free loans to ₹1.6 lakh. In the case of a Tri-Partite Agreement (TPA) among borrowers, milk unions, & banks, the collateral-free loan can go up to ₹3 lakh As of March 31, 2024, 3.49 lakh KCC and 34.5 lakh KCC were issued to fisheries and animal husbandry activities, respectively. Economic Survey states that Joint Liability Groups (JLGs) have emerged as an essential source of credit for tenant farmers. JLG accounts have grown at a compound annual growth rate (CAGR) of 43.76 per cent over the past five years, emerging as a vital source in meeting the credit needs of tenant farmers and marginalised segments.

Agriculture Infrastructure:

Economic Survey shows that as of 30th April 2024, 48357 projects were sanctioned for storage infrastructure with ₹4570 Crore released as subsidy, and 20878 other projects are also under progress with ₹2084 Crore released as subsidy. To give further fillip to farm gate infrastructure and also involve the private sector more actively, the Agriculture Infrastructure Fund (AIF) was launched with a financing facility of ₹1 lakh Crore to be disbursed between FY 2020-21 to FY 2025-26 with support extending till FY 2032-33.

The Economic Survey states that the Agriculture Infrastructure Fund(AIF) provides medium-term debt financing for post-harvest management and community farming projects, offering interest subvention and credit guarantee support. As of 5th July 2024, AIF mobilised an investment of ₹73194 Crore, supporting 17196 custom hiring centres, 14868 primary processing units, 13165 warehouses, 2942 sorting and grading units,1792 cold storage projects, and 18981 other projects. In addition, the Pradhan Mantri Kisan SAMPADA Yojana (PMKSY) introduced credit-linked financial assistance through grants-in-aid to build efficient supply chain management from farm to retail to reduce the wastage of perishable produce and extend food shelf life. Under PMKSY 1044 projects were completed till end March 2024. A total of 1685 projects with project cost ₹ 32.78 thousand crore and approved subsidy of ₹ 9.3 thousand crore have been approved till end March 2024.

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Ministry of Finance

AGRICULTURE SECTOR HAS REGISTERED AN AVERAGE ANNUAL GROWTH RATE OF 4.18 PER CENT OVER THE LAST FIVE YEARS : ECONOMIC SURVEY

SMALLHOLDER FARMERS NEED TO MOVE TO HIGH-VALUE AGRICULTURE

TOTAL AREA COVERAGE OF ALL OILSEEDS HAS INCREASED FROM 25.60 MILLION HECTARES IN 2014-15 TO 30.08 MILLION HECTARES IN 2023-24(17.5 PERCENT GROWTH)

ENHANCING PRIVATE SECTOR INVESTMENT IN AGRICULTURE IS VITAL TO PROVIDING IMPETUS TO THE SECTOR

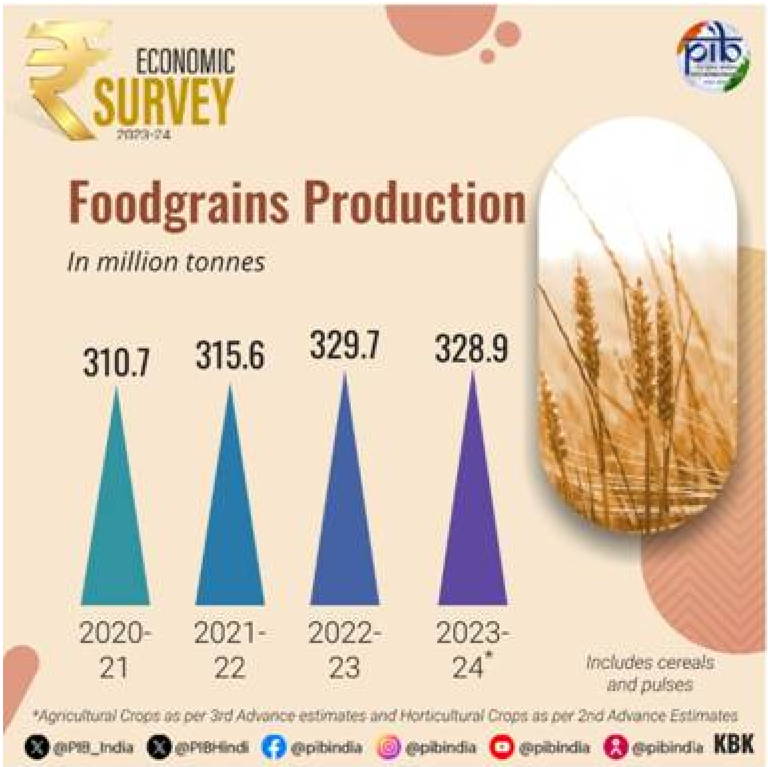
Posted On: 22 JUL 2024 2:59PM by PIB Delhi

Economic Survey 2023-24 presented in the Parliament today by Union Finance and Corporate Affairs Minister Smt. Nirmala Sitharaman. Economic Survey says that smallholder farmers need to move to high-value agriculture. The Survey says once the incomes of smallholders increases, they will demand manufactured goods, spurring a manufacturing revolution.

Economic Survey says that the Indian agriculture sector provides livelihood support to about 42.3 per cent of the population and has a share of 18.2 per cent in the country's GDP at current prices. The sector has been buoyant, which is evident from the fact that it has registered an average annual growth rate of 4.18 per cent at constant prices over the last five years and as as per provisional estimates for 2023-24, the growth rate of the agriculture sector stood at 1.4 percent.

Economic Survey states that the Investment in agriculture research and support of enabling policies have contributed substantially to food security. It is estimated that for every rupee invested in agricultural research (including education), there is a payoff of ₹13.85. In 2022-23, ₹19.65 Thousand Crore was spent on agriculture research.

Economic Survey calls for enhancing private sector investment in agriculture saying it is vital to provide impetus to the agriculture sector. Investment in technology, production methods, marketing infrastructure, and reduction in post-harvest losses need to be scaled up. A greater focus on post-harvest infrastructure and the development of the food processing sector can reduce wastage/loss and increase the length of storage, ensuring better prices for the farmers.



Economic Survey says that in 2022-23, foodgrain production hit an all-time high of 329.7 million tonnes, and oilseeds production reached 41.4 million tonnes. In 2023-24, food grain production is slightly lower at 328.8 million tonnes, primarily because of poor and delayed monsoons. The domestic availability of edible oil has risen from 86.30 lakh tonnes in 2015-16 to 121.33 lakh tonnes in 2023-24. The total area coverage of all oilseeds has increased from 25.60 million hectares in 2014-15 to 30.08 million hectares in 2023-24(17.5 percent growth). This has reduced the percentage share of imported edible oil, from 63.2 per cent in 2015-16 to 57.3 percent in 2022-23, despite rising domestic demand and consumption patterns.

Economic Survey suggests that to promote efficiency in agriculture marketing, and improve price discovery, the government implemented the e-NAM Scheme and as of 14th March 2024, more than 1.77 Crore farmers and 2.56 Lakh traders have been registered on the e-NAM portal. The Government of India launched the scheme to form and promote 10,000 FPOs in 2020 with a budget outlay of ₹6.86 thousand crore till 2027-28. As of 29 February 2024, 8,195 FPOs have registered under the new FPO scheme, and equity grants of ₹157.4 crore were released to 3,325 FPOs. Credit guarantee cover worth ₹278.2 crore was issued to 1,185 FPOs.

Economic Survey states that the Agricultural price support assures farmers of remunerative returns, increasing income and allows the Government to ensure a stable supply of staples at reasonable prices. Accordingly, the Government has been increasing the MSP for all Kharif, Rabi and other commercial crops with a margin of at least 50 per cent over the all-India weighted average cost of production since the agricultural year 2018-19.

Economic Survey shows that to provide social security to the most vulnerable farmer families, the Government implements Pradhan Mantri Kisan Maandhan Yojna (PMKMY). The scheme offers a monthly pension of ₹3,000 to the enrolled farmers on the attainment of 60 years of age, based on a nominal premium between ₹55 to ₹200 per month paid by the applicant (in the age group 18 to 40 years) subject to exclusion criteria. As of 07 July 2024, 23.41 lakh farmers have enrolled under the scheme.

Economic Survey, on focusing to reduce the use of chemical fertilizer, states that the PM Programme for Restoration, Awareness Generation, Nourishment, and amelioration of Mother Earth (PM-PRANAM) initiative incentivises states to reduce chemical fertiliser use. It promotes sustainable methods such as the use of alternative fertilisers, viz. Nano Urea, Nano DAP, and organic fertiliser.

Focusing on the security of farmers' crop, Economic Survey highlighted the Pradhan Mantri Fasal Bima Yojana (PMFBY) which offer a safety net against crop losses due to natural calamities, pests, or diseases, ensuring financial stability for farmers. The scheme safeguards farmers' livelihoods and encourage them to adopt modern farming practices and technologies. PMFBY is the largest crop insurance scheme in the world in terms of farmer enrolment and is the third largest scheme in terms of insurance premiums. The scheme ensure comprehensive risk cover for crops to farmers against all non-preventable natural risks from pre-sowing to post-harvest. The overall insured area in 2023-24 reached 610 lakh ha compared to 500.2 lakh ha in 2022-23. A total of 5549.40 Lakh farmer applications were insured under the scheme since 2016-17, and ₹150589.10 Crore has been paid as claims.

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NB/SK/SS

Ministry of Finance

9.5 PERCENT GROWTH IN INDUSTRIAL SECTOR

47.5 PERCENT OF TOTAL VALUE OF OUTPUT USED AS INPUTS IN PRODUCTIVE ACTIVITIES

Posted On: 22 JUL 2024 2:54PM by PIB Delhi

Robust industrial growth of 9.5 percent was a key highlight of the Economic Survey 2023-24, presented by the Union Minister of Finance and Corporate Affairs, Smt. Nirmala Sitharaman, in Parliament today.

According to the Economic Survey, manufacturing remained at the forefront of the Indian industrial sector achieving an average annual growth rate of 5.2 per cent in the last decade. The sector had a gross value added at 14.3 per cent in FY23 and an output share of 35.2 per cent during the same period, indicating that the sector has significant backward and forward linkages. The HSBC India Purchasing Managers' Index (PMI) for manufacturing also consistently remained well above the threshold value of 50 in all months of FY24, which is proof of a sustained expansion and stability in India's manufacturing sector.

The Survey notes that about 47.5 per cent of the total value of output in the country is used as inputs in productive activities (inter-industry consumption). Manufacturing activities account for about 50 per cent of the inter-industry consumption and, at the same time, supply almost 50 per cent of inputs used in all productive activities (agriculture, industry and services).

Chart X.1: Share of industry and its Components in total GVA (in constant prices)

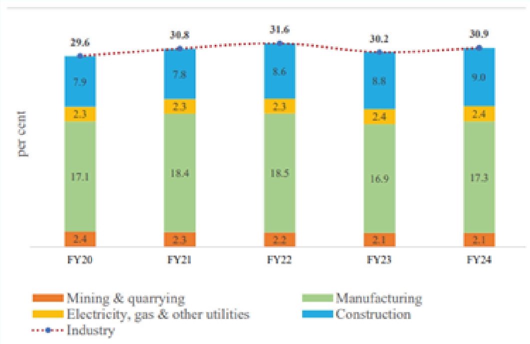
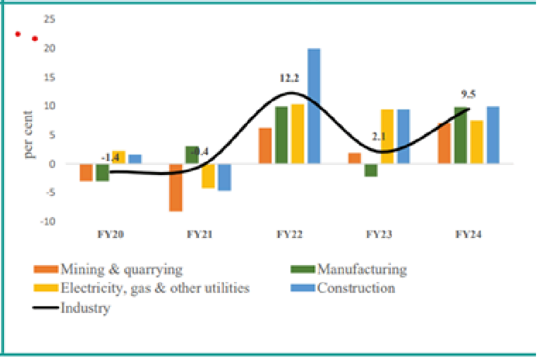


Chart X.2: Annual growth of industry and its components (in constant prices)



Source: Survey calculations based on National Account Statistics 2024 (Statement 8.6.1 & 8.6.2), MoSPI

Physical infrastructure, logistics and compliance bottlenecks slowed capacity creation and expansion in the past. The Survey optimistically notes that majority of these restrictions have been now been lifted. The Survey states that physical infrastructure and connectivity is improving at a rapid pace. It further comments that the Goods and Services Tax has created a single market for several commodities, enabling manufacturing at scale. The Survey underlines the importance of deregulation along with the role of private sector in long-term investment. Boosting competitiveness and expanding the Indian manufacturing sector remains key to generation of semi-skilled employment thus bringing development closer to the people.

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KPS/M/PD

Read this release in: Marathi , Urdu , Hindi , Hindi_MP , Punjabi , Gujarati , Odia , Tamil , Telugu , Malayalam

Ministry of Finance

GOVERNMENT SOCIAL SECTOR SPENDING SHOWS RISING TREND SINCE 2016, STATES ECONOMIC SURVEY 2023-24

SOCIAL WELFARE EXPENDITURE GROWS AT CAGR OF 12.8% BETWEEN FY18 - FY24

HEALTH EXPENDITURE INCREASES AT CAGR OF 15.8%

EXPENDITURE ON SOCIAL SERVICES INCREASES TO 7.8% OF GDP; HEALTH EXPENDITURE INCREASES TO 1.9% OF GDP IN FY24

Posted On: 22 JUL 2024 2:51PM by PIB Delhi

India's high and sustained economic growth in recent years is being accompanied by social and institutional progress, underpinned by transformational and effective implementation of Government programmes, states the Economic Survey 2023-24 tabled by the Union Minister of Finance and Corporate Affairs, Smt. Nirmala Sitharaman, in Parliament today.

The Survey notes that the Government's spending on social services has shown a rising trend since FY16, with a focus on many aspects of the social well-being of citizens of the country. Between FY18 and FY24, the overall social welfare expenditure has grown at a Compounded Annual Growth Rate (CAGR) of 12.8% while the expenditure on health has grown at a CAGR of 15.8 %. Out of the total expenditure on Social Services of Rs. 23.5 lakh crores in BE 2023-24, health expenditure has increased to Rs. 5.85 lakh crores, as compared to the total expenditure on Social Services of Rs.11.39 lakh crores and health expenditure of Rs. 2.43 lakh crores in 2017-18.

As a percent of GDP, expenditure on social services has increased from 6.7% in 2017-18 to 7.8% in 2023-24. Correspondingly, health expenditure has increased from 1.4% to 1.9% in the same period. The Survey also highlights that as a percent of total expenditure, the expenditure on social services registered an increase to 26% in 2023-24 BE, out of which the expenditure on health constituted 6.5%.

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NB/MV/LPS

(Release ID: 2034937) Visitor Counter : 1477

Ministry of Finance

HEALTH SECTOR VITAL FOR RESILIENT ECONOMY, STATES ECONOMIC SURVEY 2024

WOMEN CONSTITUTE 49% BENEFICIARIES OF AYUSHMAN BHARAT PRADHAN MANTRI JAN AAROGYA YOJANA (AB-PMJAY), SURVEY NOTES

10,000TH JAN AUSHADHI KENDRA INAUGURATED IN AIIMS DEOGHAR

64.86 CRORE AYUSHMAN BHARAT HEALTH ACCOUNTS (ABHA) CREATED UNDER AYUSHMAN BHARAT DIGITAL MISSION

Posted On: 22 JUL 2024 2:47PM by PIB Delhi

A sound healthcare system interconnected with long-term factors responsible for inclusive growth is vital for a resilient economy, underscores the Economic Survey 2023-24 tabled by the Union Minister of Finance and Corporate Affairs Smt. Nirmala Sitharaman in Parliament today.

Aligned with the Government's commitment to ensuring sound health and well-being of all ages through a preventive and promotive healthcare orientation in all developmental policies and universal access to good quality healthcare services, the Survey highlights key initiatives and schemes of the Government to ensure **'Quality Healthcare for All'**.

- **Ayushman Bharat Pradhan Mantri Jan Aarogya Yojana (AB-PMJAY):** Aimed at providing health insurance cover of ₹5 lakh/ year for underprivileged families for secondary and tertiary hospitalization, as of 8th July 2024, 34.73 crore Ayushman Bharat cards have been generated and 7.37 crore hospital admissions have been covered by the scheme. Notably, 49% of the beneficiaries of this scheme are women.
- **PM Jan Aushadhi Kendras:** This scheme aims to provide quality medicines at 50-90 per cent cheaper than market rates. Under the scheme, 10,000th Jan Aushadhi Kendra was inaugurated in AIIMS Deoghar last year. 1965 medicines & 293 surgical equipments are available at the kendras.
- **AMRIT (Affordable Medicines and Reliable Implants for Treatment):** More than 300 Amrit pharmacies are operating in different States/UTs. These aim to provide subsidized medicines for critical illnesses.
- **Ayushman Bhav Campaign:** Launched in September 2023, this campaign aims to saturate selected healthcare services in every village/town across the country and inform citizens about the Government's flagship schemes. Commendable milestones achieved during the campaign are:
  - 16.96 lakh wellness, yoga, and meditation sessions; 1.89 crore Tele consultations held
  - Free drugs availed by 11.64 crore people and free diagnostics services availed by 9.28 crore people
  - Ante-natal check-up (ANC) and Immunization availed by 82.10 lakh mothers and 90.15 lakh children

  - Seven types of screening (TB, Hypertension, diabetes, Oral Cancer, Breast Cancer, Cervical Cancer and Cataract) availed by 34.39 crore people.
  - 2.0 crore patients consulted general OPD, while 90.69 lakh patients consulted specialist OPD, and 65,094 major surgeries and 1,96,156 minor surgeries were conducted.
  - 13.48 crore ABHA accounts were created, 9.50 crore Ayushman cards were generated, and 1.20 lakh Ayushman Sabhas organized.
  - Cumulative footfall of 20.66 crore in 25.25 lakh health melas (as of 31 March 2024)

- **Ayushman Bharat Digital Mission (ABDM):** Launched in 2021, the Scheme aims to create a national digital health ecosystem across the country. Under this scheme, 64.86 crore Ayushman Bharat Health Accounts (ABHA) have been created, 3.06 lakh Health Facility Registries generated, 4.06 lakh healthcare professionals registered, and 39.77 crore health records linked with ABHA.
- **eSanjeevani:** Launched in 2019, this scheme for telemedicine for virtual doctor consultations in remote areas has served 26.62 crore patients across 128 specialties at 1.25 lakh Health & Wellness Centres, now known as Ayushman Arogya Mandirs (as Spokes) through 15,857 hubs, as of 9th July 2024.

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NM/MV/LPS

Read this release in: Odia , Urdu , Hindi , Hindi_MP , Marathi , Assamese , Punjabi , Gujarati , Malayalam

Ministry of Finance

HEALTHCARE BECOMES MORE AFFORDABLE AND ACCESSIBLE OVER THE PAST FEW YEARS

SHARE OF PRIMARY HEALTHCARE EXPENDITURE INCREASED TO 55.9% OF GOVERNMENT HEALTH EXPENDITURE (GHE) IN FY20

INFANT MORTALITY RATE DECLINES TO 28 PER LAKH LIVE BIRTHS IN 2020; MATERNAL MORTALITY RATE DECLINES TO 97 PER LAKH LIVE BIRTHS

Posted On: 22 JUL 2024 2:45PM by PIB Delhi

Over the past few years, healthcare has become more affordable and accessible for the general public, as noted by the National Health Accounts (NHA) estimates, states the Economic Survey 2023-2024 tabled by the Union Minister of Finance and Corporate Affairs, Smt. Nirmala Sitharaman in Parliament today.

The Survey highlights that the latest NHA estimates (for FY20) show an increase in the share of Government Health Expenditure (GHE) in the total GDP as well as the share of GHE in Total Health Expenditure (THE).

Further, the Survey points out that over the years, the share of primary healthcare expenditure has increased from 51.3% of GHE in FY15 to 55.9% of GHE in FY20. The share of primary and secondary care in the GHE rose from 73.2% in FY15 to 85.5% in FY20. On the other hand, the share of primary and secondary care in private health expenditure has declined from 83.0% to 73.7% during the same period, which the Survey attributes to rising tertiary disease burden and utilization of Government facilities for primary healthcare.

The Survey also notes a significant increase in the social security expenditure on health, which grew from 5.7% in FY15 to 9.3% in FY20. There was also a decline in out-of-pocket expenditure (OOPE) as a percentage of Total Health Expenditure (THE) between FY15 and FY20.

Consequent to these developments, the Survey underscores improvements in key health indicators such as Infant Mortality Rate (IMR), declining from 39 per 1000 live births in 2013 to 28 per 1000 live births in 2020, and Maternal Mortality Rate (MMR) declining from 167 per lakh live births in 2014 to 97 per lakh live births in 2020.

Looking forward, the Survey recommends two trends that would be decisive for the health and disease profile of the country in the near future. First, the Survey advises the Government and the public at large to accord primacy to healthy eating and mental health. Second, with public health being a State subject, the Survey highlights the pivotal role of State and local level governance for the national programmes to reach the last mile through the ‘path of least resistance’.

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NB/MV/LPS

(Release ID: 2034932) Visitor Counter : 537

Read this release in: Urdu , Marathi , Hindi , Hindi_MP , Manipuri , Punjabi , Gujarati , Odia , Tamil , Malayalam

Ministry of Finance

ECONOMIC SURVEY 2024 ADDRESSES MENTAL HEALTH AT THE ECONOMIC LEVEL FOR THE FIRST TIME EVER

MENTAL HEALTH DISORDERS ASSOCIATED WITH SIGNIFICANT PRODUCTIVITY LOSSES

SURVEY RECOMMENDS POLICY MEASURES FOR BETTER IMPLEMENTATION OF MENTAL HEALTH PROGRAMMES

Posted On: 22 JUL 2024 2:44PM by PIB Delhi

For the first time ever, the Economic Survey 2023-24 tabled by the Union Minister of Finance and Corporate Affairs Smt. Nirmala Sitharaman in Parliament today, talks extensively about mental health, its significance and implications on policy recommendations.

National Prevalence of Mental Health

Acknowledging mental health as a principally impactful driver of individual and national development, the Survey notes that as per the National Mental Health Survey (NMHS) 2015-16, 10.6% adults in India suffered from mental disorders while treatment gap for mental disorders ranged between 70% and 92% for different disorders. Further, the prevalence of mental morbidity was higher in urban metro regions (13.5%) as compared to rural areas (6.9%) and urban non-metro areas (4.3%). Citing NCERT's Mental Health and Well-being of School Students Survey, the Survey highlights an increasing prevalence of poor mental health among adolescents exacerbated by the COVID-19 pandemic, with 11% of students reported as feeling anxious, 14% as feeling extreme emotion and 43% experiencing mood swings.

Mental Health Issues through the lens of Economics

The Survey points out that at an aggregate economic level, mental health disorders are associated with significant productivity losses due to absenteeism, decreased productivity, disability, increased healthcare costs, etc. There is also evidence of poverty affecting the risk of mental health via stressful living conditions, financial instability, and a lack of opportunities for upward mobility, which contribute to heightened psychological distress.

Recognizing mental health as a fundamental aspect of overall well-being, the Survey underscores key initiatives and policies taken by the Government in this regard:

- ***National Mental Health Programme***: Under the District Mental Health Programme of this scheme, more than 1.73 lakh Sub Health Centres, Primary Health Centres, Urban PHCs and

Urban Health and Wellness Centres were upgraded to Ayushman Arogya Mandirs providing mental health services.

- ***National Tele Mental Health Programme:*** With over 1600 trained counselors in over 20 languages, 53 Tele MANAS cells were set up in 34 states/UTs and more than 8.07 lakh calls handled since Oct 2022, as of 31 March 2024.
- ***Increasing mental health personnel:*** 25 Centres of Excellence were sanctioned to increase PG students' intake, support provided to 19 Government medical colleges/institutions to strengthen 47 PG Departments, mental health services provisioned for 22 AIIMS, and three Digital Academies providing online training courses to general healthcare medical and paramedical professionals set up.
- ***Rashtriya Kishor Swasthya Karyakram***: Adolescent Friendly Health Clinics (AFHC) and Peer education programmes were conducted across the country.

In addition to national initiatives, the Survey also highlights unique, independent initiatives implemented at the state level. These state-level initiatives, the Survey states, complement national efforts in addressing mental health and well-being among children and adolescents.

Policy Recommendations on Mental Health

The Survey stresses on proper implementation to accelerate the improvements made in mental healthcare on the ground and address gaps in the existing programmes to maximize their effectiveness. Important policy recommendations include:

- Re-doubling efforts to increase the number of psychiatrists, from 0.75 psychiatrists per lakh population in 2021 to the WHO norm of 3 per lakh population
- Developing comprehensive guidelines for the excellence centers' services alongside mental healthcare professionals and users to understand their needs.
- Assessing the effectiveness of the programmes by gathering feedback from the users, professionals, and stakeholders to make necessary changes and meet the needs of a wider population.
- Nurturing peer support networks, self-help groups, and community-based rehabilitation programmes can help de-stigmatization of mental disorders and develop a sense of belonging.
- Partnering with NGOs to scale up efforts, share knowledge, and leverage resources to enhance future policies, to aid in identifying areas of improvement.
- Involving individuals with personal experience with mental health problems in decision-making, service planning, and advocacy efforts can increase the person-centricity and recovery orientation of mental healthcare services
- Sensitization of mental health at the preschool, Anganwadi level to provide precious early identification of disorders.
- Standardization of guidelines for mental-health services across government and private sector
- Effective pathways for integrating mental health interventions in schools including developing an age-appropriate mental health curriculum for teachers and students, encouraging early intervention and positive language in schools, promoting community-level interactions, and balancing the role of technology.
- A bottom-up, whole-of-community approach in addressing the topic of mental health and breaking the stigma.

- For public health officials, tackling mental health by acknowledging and addressing the fundamental reluctance at personal level

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NM/MV/LPS

Ministry of Finance

218.8 PER CENT INCREASE IN THE BUDGET FOR WELFARE AND EMPOWERMENT OF WOMEN FROM FY14 TO FY25

SEX RATIO AT BIRTH AT THE NATIONAL LEVEL IMPROVES FROM 918 (2014-15) TO 930 (2023-2024)

MATERNAL MORTALITY RATE DECLINES FROM 130/LAKH LIVE BIRTHS IN 2014-16 TO 97/LAKH LIVE BIRTHS IN 2018-20

PARTICIPATION OF WOMEN INCREASES FROM 42.7 PER CENT IN FY16 TO 52.3 PER CENT IN FY24 UNDER PRADHAN MANTRI KAUSHAL VIKAS YOJANA

Posted On: 22 JUL 2024 2:43PM by PIB Delhi

As the Indian concept of welfare transforms into empowerment, India is transitioning from women's development to women-led development, highlights the Economic Survey 2023-2024. Tabled in the Parliament today by Union Finance and Corporate Affairs Minister Smt. Nirmala Sitharaman, the Economic Survey 2023-2024 focuses on steering the country through compacts and consensus in the times of geo-political and global challenges. It sheds light on the expanding Indian Economy demonstrating resilience. The Economic Survey has noted that the Indian economy has consolidated its post-Covid recovery and is on a strong and stable footing.

The Survey highlights that to realise the clarion call to Nari Shakti, the Government has made various legislative interventions and enabling provisions to ensure women's participation in various professions."

The Economic Survey points out that 218.8 per cent increase has been seen in the budget for schemes for the welfare and empowerment of women. It has grown from Rs 97,134 crore (BE) in FY14 to Rs 3.10 lakh crore in FY25 and also shows a 38.7 per cent rise in the Gender Budget Statement (GBS) as compared to FY24 BE. The share of the Gender Budget in the total Union Budget has increased to 6.5 per cent in FY25, the highest since the introduction of GBS in FY06.

The Survey has stressed that women-led development begins with ensuring the health and education of the girl child. The sex ratio at birth (SRB) at the national level has improved from 918 (2014-15) to 930 (2023-24, provisional), and the maternal mortality rate has declined from 130/lakh live births in 2014-16 to 97/lakh live births in 2018-20. "Beti Bachao, Beti Padhao" along with Sukanya Samriddhi Yojana has been instrumental in sensitizing collective consciousness towards cherishing, educating, and saving for the girl child, the Economic Survey observes.

The Survey points out that over the last decade, the prevalence of institutional delivery has increased from 78.9 per cent in 2015-16 to 88.6 per cent in 2019-21 due to programme to incentivize institutional delivery through Janani Shishu Suraksha Karyakram and aided by PM Matru Vandana Yojana, India's largest conditional cash transfer programme. The programmes have had a positive side-effects of utilization of public-health services and increasing the interval between births.

The government initiatives to empower women have focused on enablers that improve upon women's conditions as well as tackle gender-specific disadvantages that inhibit their development. Tackling the gender—specific disadvantages, the construction of toilets under 'Swachh Bharat Mission', the provision of clean cooking gas connections under 'Ujjawala Yojana' and the provision of tap drinking water connections under 'Jal Jeevan Mission' are identified to have transformed the lives of women by reducing the drudgery and care burden. These initiatives, besides addressing concerns of safety and dignity, have freed up time and energy for productive work such as participation in women's collectives through National Rural Livelihood Mission (NRLM).

Mission Saksham Anganwadi & Poshan 2.0 programmes, have been enlisted as enabling initiatives with the underlying principle that women's health forms the bedrock of societal health. The programmes have shifted the focus from calorific sufficiency alone to improved health, wellness, and immunity through micronutrient sufficiency. Women's education, a key enabler, is at the centre of women empowerment, stresses the Economic Survey. "With implementation of the Sarva Shiksha Abhiyan and the Right to Education, gender parity has been achieved at all levels in terms of enrolement in schools. In higher education, the female GER has been greater than male GER for five consecutive years", the Survey has highlights.

Acknowledging that the skilling schemes have put a dedicated emphasis on covering women, the Survey observes that the participation of women among those trained has increased from 42.7 per cent in FY16 to 52.3 per cent in FY24 under Pradhan Mantri Kaushal Vikas Yojana (PMKVY). Under the Jan Shikshan Sansthan (JSS) Scheme, women constitute about 82 per cent of the total beneficiaries. In the long-term ecosystem, i.e., in ITIs and National Skill Training Institutes (NSTIs), the participation of women has gone up from 9.8 per cent in FY16 to 13.3 per cent in FY24. Under National Apprenticeship Promotion Scheme (NAPS), the participation of women has increased from 7.7 per cent in FY17 to 20.8 per cent in FY24.

'Women in Science and Engineering-KIRAN (WISE KIRAN)' programme that strives to boost the involvement of women in STEM fields has benefitted nearly 1962 women scientists between 2018 and 2023. The Vigyan Jyoti programme, initiated in 2020, that aims to address the underrepresentation of girls in various science and technology courses from 9th to 12th grades, has seen an enrollment of around 21,600 female students of Class IX-XII from 250 districts as of December 2023.

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NB/MV/RK

Ministry of Finance

FEMALE LABOUR FORCE PARTICIPATION RATE (LFPR) ROSE TO 37 PER CENT IN 2022-2023 FROM 23.3 PER CENT IN 2017-2018

WOMEN HOLD 55.6 PER CENT OF PM JAN DHAN YOJANA ACCOUNTS

WITH CREATION OF 8.3 MILLION SHGs, 89 MILLION WOMEN COVERED UNDER DEENDAYAL ANTYODAYA YOJANA-NRLM

UNDER PM MUDRA YOJANA, 68 PER CENT LOANS SANCTIONED TO WOMEN

77.7 PER CENT WOMEN BENEFICIARIES UNDER STAND-UP INDIA

Posted On: 22 JUL 2024 2:41PM by PIB Delhi

The Economic Survey 2023-2024 highlighted economic empowerment of women notes that increased accesses to education and skill development, as well as other initiatives for women's empowerment have elevated the participation of women in the nation's development and progress. The Economic Survey 2023-2024 was tabled in the Parliament by Union Minister for Finance & Corporate Affairs Smt. Nirmala Sitharaman today.

With rural India driving the trend, the Economic Survey observes that the female Labour Force Participation Rate (LFPR) rose to 37 per cent in 2022-2023 from 23.3 per cent in 2017-2018. The Pradhan Mantri Jan Dhan Yojana (PMJDY) has facilitated the opening of 52.3 crore bank accounts, of which 55.6 per cent of account holders are women, as of May 2024.

The Deendayal Antyodaya Yojana- NRLM, the Self-Help Groups (SHGs) programme covering more than 89 million women under 8.3 million SHGs, has been empirically associated with women empowerment, self-esteem enhancement, personality development, reduced social evils, and medium impacts in terms of better education, higher participation in village institutions and better access to Government schemes, the Survey highlights.

Acknowledging the encouraging wave of women entrepreneurship fueled by Start-up and Stand-up India, the Survey points out that around 68 per cent of the loans have been sanctioned to women entrepreneurs under Pradhan Mantri Mudra Yojana (PMMY), and 77.7 per cent of the beneficiaries under Stand-Up India are women, as of May 2024. Realising the vision of Digital India, as of July 2023, more than 53 per cent of the Prime Minister's Rural Digital Literacy Campaign (PMGDISHA) beneficiaries are women.

The Economic Survey brings out the significance of asset ownership among women acknowledges the requirement of female ownership of houses constructed under PM AWAS Yojana as a nudge towards gender equity.

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NB/MV/RK

Ministry of Finance

NEP 2020 PREPARES YOUTH TO TAKE ON CHALLENGES AND OPPORTUNITIES EMERGING FROM A KNOWLEDGE-DRIVEN ECONOMY OF 21ST CENTURY

SCHOOL EDUCATION SYSTEM IN INDIA, WITH PUBLIC AND PRIVATE SCHOOLS, CATERS TO AROUND 26 CRORE STUDENTS FROM VARIOUS SOCIO-ECONOMIC BACKGROUNDS

PATH BREAKING ECCE PROGRAMME 'POSHAN BHI PADHAI BHI'LAUNCHED

ALL 613 FUNCTIONAL DIETS TO BE UPGRADED INTO DIETS OF EXCELLENCE IN NEXT FIVE YEARS

7.07 LAKH GIRL STUDENTS ARE CURRENTLY ENROLLED IN 5116 KGBVs NATIONWIDE

POLICY RECOMMENDATIONS FOR EQUIVALENCE ACROSS SCHOOL BOARDS ARE BEING DRAFTED

RS. 5942.21 CRORE APPROVED FOR 10,080 PMSHRI SCHOOLS IN FY25

PM POSHAN SCHEME BENEFITTED 11.63 CRORE CHILDREN IN 10.67 LAKH SCHOOLS IN FY24 (TILL DEC 2023)

29,342 SCHOOLS HAVE BEEN COVERED UNDER SKILL EDUCATION FROM FY19 TO FY24 (TILL MARCH 2024)

Posted On: 22 JUL 2024 2:39PM by PIB Delhi

The National Education Policy (NEP), launched in 2020 is a policy document that not only encompasses the SDG Goals on education but also prepares the youth of India to take on the challenges and opportunities emerging from a knowledge-driven economy of the 21st century, says the Economic Survey 2023-24 tabled in Parliament today by the Union Finance and Corporate Affairs Minister Smt Nirmala Sitharaman.

The Survey states that the school education system in India, with public and private schools, caters to around 26 crore students from various socio-economic backgrounds and the NEP 2020 seeks to provide all learners in the age group of 3-18 years with access to high-quality education to create an educational system that is rooted in Indian culture and has the potential to establish India as a global knowledge superpower.

'Poshan bhi Padhai bhi'

The Survey mentions that in alignment with the guidelines of the National Education Policy 2020, 'Poshan bhi Padhai bhi' (PBPB) was launched in May 2023. It is a path-breaking Early Chilhood Care and Education (ECCE) programme to help India develop the world's largest, universal, high-quality preschool network at Anganwadi Centres.

The Survey highlighted that for the first time, early stimulation for 0-3 years is being covered by a Government programme. Through the programme, every child would be provided with at least two hours of high quality preschool instruction daily. All States will follow the national ECCE task force recommendations for a play-based, activity-based learning pedagogy explicitly targeted at developmental milestones of 0-3-year-olds and 3-6-year-olds, including special support for Divyang children, the Survey adds.

Strengthening the country-wide-web of Anganwadis

The Survey stresses that considering global evidence that 85 per cent of brain development is achieved by the age of 6 years, the Anganwadi eco-system becomes a critical access point for building our children's base to secure their future. In order to realise PBPB through Anganwadis, the latter will have to be strengthened with high-quality infrastructure, play equipment, and well-trained Anganwadi workers/teachers. In this regard, all Anganwadi Workers are to be trained on ECCE principles, including using activities, play and indigenous and DIY toys, through 40,000 Master Trainers. It also states that as of January 2024, 3735 State Level Master Trainers have been trained through 95 training programmes, covering 25 States and 182 Districts.

Some major schemes/initiatives of the Government in school education that are driving the NEP 2020 goals and policies into action and their progress:

1. Samagra Shiksha Abhiyan

· *NISHTHA*, an integrated teacher training programme extended to cover teachers at all levels. 1,26,208 master trainers certified in NISHTHA ECCE.

· All 613 functional District Institutes of Education and Training (DIETs), the district level institutions guiding school education and teacher education to be upgraded into DIETs of Excellence in the next five years. In this first cycle of upgradation (FY24), an amount of ₹ 92,320.18 lakh has been approved i.r.o. 125 DIETs across the country.

· Vidya Pravesh, which is a 3-month play-based 'school preparation module' for all Grade-I Students with and without preschool education has been implemented by 36 States/UTs. 1.13 crore students from 8.46 lakh schools have been covered in 2023-24.

· 7.07 lakh girls' students are currently enrolled in 5116 Kasturba Gandhi Balika Vidyalaya (KGBV) nationwide.

· Under Inclusive Education for Children with Special Needs (CwSN), 18.50 lakh children with special needs are covered from pre-primary to class XII.

2. Under National Assesment Centre- PARAKH, the policy recommendations for equivalence across school boards are being drafted after stakeholder discussion.
3. Under DIKSHA initiative, the free mobile application and web portal for learners, teachers, parents, etc. was launched in 36 Indian and foreign languages. 3.53 lakhs e-contents are made available to 1.71 crore registered users under DIKSHA.
4. Under PM-SHRI , the 3 phases of school selection were completed in which 10,858 schools were selected from 32 States/ UTs/KVS/NVS. Rs. 5942.21 crore have been approved for 10,080 PMSHRI, Schools in FY25.
5. The PM POSHAN scheme provides one hot cooked meal for students of class I-VIII in Government and Government-aided schools. The scheme benefitted 11.63 crore children in 10.67 lakh schools in FY24 (till Dec 2023).
6. National Means cum-Merit Scholarship Scheme provides scholarships to meritorious students from economically weaker sections to arrest their drop-outs. In the year 2023-24, a total of ₹ 300.10 crore was sanctioned to 2,50,089 students.

Vidyanjali: A school volunteer programme

The Vidyanjali initiative has played a crucial role in enhancing the educational experiences of over **1.44 crore** students by facilitating comprehensive community engagement and leveraging volunteer contributions across various domains, including subject assistance and mentoring and the provision of modern electronics and digital devices.

Progress in School Infrastructure

Reporting on the basic facilities in all schools the Survey notes that there are 97% girls toilets in 2022-23 as compared to 88.1% in 2012-13. The boys toilets have increased to 95.6 % in 2022-23 as compared to 67.2 % in 2012-13.The hand washing facilities have also increased from 36.3 % in 2012-13 to 94.1% in 2022-23. The schools with electricity have also increased from 54.6 % in 2012-13 to 91.7% in 2022-23. The Internet penetration in all schools has significantly increased from 6.2 % in 2012-13 to 49.7 % in 2022-23 and the computers have increased from 22.2 % in 2012-13 to 47.7 % in 2022-23.

Vocational Education

In terms of progress achieved, 29,342 Schools have been covered under skill education from FY19 to FY24 (till March 2024) and 22 sectors with 88 job roles were covered under Skill education till FY24.

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NB/MV/AK

(Release ID: 2034927) Visitor Counter : 710

Read this release in: Tamil , Kannada , Malayalam , Gujarati , Urdu , Marathi , Hindi , Hindi_MP , Manipuri , Telugu

Ministry of Finance

TOTAL ENROLMENT IN HIGHER EDUCATION INCREASES TO NEARLY 4.33 CRORE IN FY22 FROM 3.42 CRORE IN FY15, AN INCREASE OF 26.5 % SINCE FY15

FEMALE ENROLMENT IN HIGHER EDUCATION INCREASES TO 2.07 CRORE IN FY22 FROM 1.57 CRORE IN FY15, A 31.6 PER CENT INCREASE SINCE FY15

Posted On: 22 JUL 2024 2:38PM by PIB Delhi

The higher education sector, comprising tertiary and post-school learning in universities and other institutions, has witnessed acceleration in total enrolment coupled with rising 'enrolment equity' over the past eight years. As per All India Survey on Higher Education (AISHE) 2021-22, total enrolment in higher education has increased to nearly 4.33 crore in FY22 from 4.14 crore in FY21 and 3.42 crore in FY15 (an increase of 26.5 per cent since FY15), said the Economic Survey 2023-24 tabled in Parliament today by the Union Finance and Corporate Affairs Minister, Smt Nirmala Sitharaman.

Rising equity in higher education

The Survey mentioned that the rise in enrolment in higher education has been driven by underprivileged sections such as SC, ST and OBC, with a faster growth in female enrolment across sections. Female enrolment in higher education increased to 2.07 crore in FY22 from 1.57 crore in FY15, i.e. a 31.6 per cent increase. The growing equity in higher education implies better employment opportunities for the hitherto backward sections.

Re-imagining lifelong learning through a digital prism

The Survey mentioned that India has 26.52 crore students in school, 4.33 crore in higher education and more than 11 crore learners in skilling institutions. The vast expanse of the educational landscape comprises 14.89 lakh schools, 1.50 lakh secondary schools, 1.42 lakh higher secondary schools, 1,168 Universities, 45,473 colleges, 12,002 standalone institutions, 94.8 lakh teachers in school education and 15.98 lakh teachers in higher education.

The National Credit Framework (NCrF), announced under National Education Policy 2020 in April 2023, forms the bulwark of the regulatory architecture underpinning life-long learning. Bolstering the regulatory architecture is an extensive array of digital solutions, such as digital public infrastructure (DPI), which act as force multipliers. Prime among India's educational DPIs is APAAR, i.e. Automated Permanent Academic Account Registry, which serves as an electronic registry for institutions, students, and faculty by creating unique identities and lifelong academic credentials for each stakeholder in the education space. APAAR is supplemented by the Academic Bank of Credits (ABC), an online repository of academic credits that facilitates students' mobility across Higher

Education Institutions (HEIs) through a formal process of credit recognition, accumulation, transfer and redemption. Once an APAAR ID is created, HEIs map the credits a student earns to their ID, with all such credits stored in the ABC in demat form.

The twin solution of APAAR and ABC, by allowing real-time verification of identity and academic credentials, paves the way for several interesting use cases. These include the possibility of students pursuing credit courses from different institutions for a particular qualification (now a reality) or targeting scholarships/ internships/ educational loans using academic profiles. As of July 2024, 2037 HEIs have onboarded ABC, and 30.13 crore APAAR IDs have been created for students of higher education, school education and skill institutes.

Way forward in education

The Survey highlighted that as education is one of the most critical areas for India's development, mission-mode and cost-effective implementation of well-designed and well-intentioned programmes is essential to improve the quality of education, especially primary education, without which further years of education add little value. To realise the same, unity of purpose and convergence of efforts across the centre, state, and local Governments is called for, as 'public education' is a concurrent list subject.

Increasing the cost-effectiveness of public spending on education requires spending on pedagogy and governance. This can include filling supervisory positions to monitor teaching quality, recognition of good and bad teacher performance, and hiring of local volunteers to ensure 'teaching at the right level' as textbook completion means little if children are way behind curricular standards.

India making headway in R&D

The Survey highlighted that India is making rapid progress in R&D, with nearly 1,00,000 patents granted in FY24, compared to less than 25,000 patent grants in FY20.

According to WIPO, India saw the highest growth (31.6 %) in patent filings in 2022. India has consistently improved its rank in the Global Innovation Index (GII) from 81st position in 2015 to 40th in 2023, as per GII (2023).

On the human resource side, total Ph.D. enrolment in India has increased to 81.2 per cent in FY22 (2.13 lakh) from FY15 (1.17 lakh). The Gross Expenditure on R&D (GERD) in the country has been consistently increasing over the years and has more than doubled from ₹60,196.8 crore in FY11 to ₹ 127,381 crore in FY21 As a mark of India's ascent in high-quality research, the country climbed up to 9th rank in the Nature's Index 2023, overtaking Australia and Switzerland. India's share of high-quality research articles (measured in terms of absolute numbers and not percentages) increased by 44 per cent in the past four years, i.e., from 1039.7 in 2019 to 1494.7 in 2023.

The Government has recently decided to increase the scholarships for students pursuing PhD and Post-Doctoral research. Further, India has launched its own National Research Foundation called 'Anusandhan' operationalised by the Department of Science and Technology (under the Anusandhan National Research Foundation Act, 2023 Act). This foundation will act as an apex body that aims to strengthen and promote the R&D ecosystem. In the interim budget of FY25, the Government also announced a corpus of Rs. 1 lakh crore for research and innovation in the country, adopting the slogan "*Jai Jawan, Jai Kisan, Jai Vigyan, Jai Anusandhan*".

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NB/ MV/AK

Read this release in: Telugu , Urdu , Hindi , Hindi_MP , Assamese , Manipuri , Gujarati , Malayalam

Ministry of Finance

NEW SKILLING INITIATIVES AND REVAMPING THE EXISTING ONES SHOULD CONTINUE TO BE OF HIGH PRIORITY TO THE GOVERNMENT–ECONOMIC SURVEY 2023-24

THE SURVEY CALLS UPON THE INDUSTRY TO TAKE LEAD IN SKILL CREATION

LINKING SKILL DEVELOPMENT WITH PRODUCTION LINKED INCENTIVE SCHEME AND EMPLOYMENT-LINKED INCENTIVE SCHEMES IN HIGH GROWTH POTENTIAL SECTORS CAN AID IN UPGRADING OF SKILLS

INDIAN ECONOMY NEEDS TO GENERATE NEARLY 78.51 LAKH JOBS ANNUALLY IN THE NON-FARM SECTOR TO CATER TO THE RISING WORKFORCE

Posted On: 22 JUL 2024 2:37PM by PIB Delhi

India’s education policies and skill policies should adopt a laser-like focus on learning and skilling outcomes and need to be aligned with each other, as well. This is one of the six major pillars for realizing the collective goal of ViksitBharat@2047 in the medium term, as stated in the Economic Survey 2023-24, tabled by Union Minister for Finance and Corporate Affairs, Smt. Nirmala Sitharaman in Parliament today. Terming that the NEP (New Education Policy) 2020 provides a good framework to realise this objective, the Survey says new skilling initiatives and revamping the existing skilling initiatives should continue to be of high priority to the Government.

Skills are acquired on the foundations built by the education system, especially at the schools. Therefore, schooling should focus on the basic requirement of foundational literacy and numeracy and the realisation of grade-appropriate learning outcomes, adds the Survey. The Survey also calls upon the industry to take lead in skill creation saying it has much to gain from taking the initiative with academic institutions rather than leaving it only up to the governments to do the heavy lifting. Indeed, it should be the other way around, says the Survey.

The Economic Survey 2023-24 states that the government is taking measures to create the job and entrepreneurial opportunities that are in sync with the aspirations and abilities of India’s youth. Highlighting the significant improvement in the proportion of skilled people across all socio-economic classifications, the Survey mentions that 4.4 per cent of the youth in the age cohort of 15-29 years have received formal vocational/technical training, while another 16.6 per cent received training through informal sources.

The Economic Survey says that the skill development is at the centre of changes happening in education and labour markets amid the global megatrends, such as automation, action against climate change, the digitalisation of products and services, which are changing the nature of work and skills demands. It says that with one of the youngest populations, a median age of 28, India can harness its demographic dividend by nurturing a workforce that is equipped with employable skills and prepared for the needs of the industry.

The Survey mentions that India has not only recognised the potential of its young workforce but also the issues associated with skilling such a vast population. It says the National Policy on Skill Development & Entrepreneurship (NPSDE) focuses on bridging gaps, improving industry engagement, establishing a quality assurance framework, leveraging technology, and expanding apprenticeship opportunities. This, in combination with the National Education Policy (NEP), holds tremendous potential for bridging the education-employment gap in India, adds the Survey.

The Survey mentions that sixty-five per cent of India's fast-growing population is under 35, and estimates show that about 51.25 per cent of the youth is deemed employable. However, it must be noted that the percentage has improved from around 34 per cent to 51.3 per cent in the last decade, the Survey adds.

Noting that productive jobs are vital for growth and inclusion, the survey says India's workforce is estimated to be nearly 56.5 Crore and will continue to grow until 2044. It estimates that the Indian economy needs to generate nearly 78.51 lakh jobs annually in the non-farm sector to cater to the rising workforce. However, to create these many jobs, there is a need to create the conditions for faster growth of productive jobs outside of agriculture, especially in organized manufacturing and services, even while improving productivity in agriculture, the Survey adds.

The Survey calls for maximizing the outcomes from various skilling initiatives through **convergence**, and **utilization** of synergies with other employment-centric programmes which can further mutually benefit the two verticals. Linking skill development with **Production Linked Incentive (PLI) scheme** and **employment-linked incentive schemes** in high growth potential sectors like toy, apparel, tourism, logistics, textiles, leather sector etc. would aid upgrading of skills as production moves up the value chain. On the apprenticeship promotion front also, there remains considerable scope to add flexibility to the regulatory framework, the Survey noted.

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NB/SK/VM/

(Release ID: 2034924) Visitor Counter : 569

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Ministry of Finance

SHARE OF MSMEs IN MANUFACTURING OUTPUT STANDS AT 35.4 PER CENT.

PRODUCTION LINKED INCENTIVE (PLI) SCHEME FOR 14 KEY SECTORS GIVES FILLIP TO MSMEs

STATES WOULD BE ENCOURAGED TO SET UP UNITY MALL TO PROMOTE ONE DISTRICT ONE PRODUCT

Posted On: 22 JUL 2024 2:35PM by PIB Delhi

The Economic Survey tabled by the Union Minister of Finance and Corporate Affairs, Smt. Nirmala Sitharaman in Parliament today, highlights the importance of the MSME sector in the Indian economy with an all-India manufacturing output of 35.4 percent.

According to the survey, Gross Value Added (GVA) per worker increased from ₹1,38,207 to ₹1,41,769 and Gross Value of Output (GVO) per establishment increased from ₹3,98,304 to ₹4,63,389 showing increased productivity and labour efficiency. The Survey highlights the success of the Udyam Registration portal that has received 4.69 Crore registrations as of 05 July 2024, playing an instrumental role in formalizing MSMEs by providing a simple, online, and free registration process based on self-declaration. The Survey notes that there has been significant growth between FY20 to FY24 in the amount and number of guarantees for MSMEs with Union Budget 2023-24 allocating ₹9,000 Crore to the Credit Guarantee Fund Trust, aiming to enable an additional ₹2 Lakh Crore in credit with reduced costs.

According to Survey, keeping in view India's vision of becoming 'Aatmanirbhar', Production Linked Incentive (PLI) Schemes for 14 key sectors were announced with an outlay of ₹1.97 Lakh Crore to enhance India's manufacturing capabilities and exports. Further survey states that over ₹1.28 Lakh Crore of investment was reported until May 2024, which has led to production/sales of ₹10.8 Lakh Crore and employment generation (direct & indirect) of over 8.5 Lakh. Survey states export boosted by ₹4 Lakh Crore, with significant contributions from sectors such as large-scale electronics manufacturing, pharmaceuticals, food processing, and telecom & networking products.

Survey highlights, to give an impetus to the One District One Product (ODOP) initiative, the Union Budget of FY24 announced that states would be encouraged to set up a "Unity Mall" in their capitals or most prominent tourism centre or the financial capital for the promotion and sale of their ODOPs. Survey also states that "PM-Ekta Malls" aims to link the artisans of ODOP and consumers. Survey states that these malls are creating a vibrant marketplace for the nation's unique products, aiming at both domestic and foreign markets. In addition to this survey 'ODOP Sampark' workshops were conducted in 15 States to facilitate collaboration between the Centre and local sellers and revive indigenous industries. According to the survey, ODOP showcased India to the world at the G20 events organised across the country during India's G20 Presidency, where the artisans, sellers and weavers got visibility on the global stage.

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(Release ID: 2034923) Visitor Counter : 718

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Ministry of Finance

SERVICES SECTOR CONTINUES TO CONTRIBUTE SIGNIFICANTLY TO INDIA'S GROWTH, ACCOUNTS FOR ABOUT 55 PER CENT OF TOTAL SIZE OF THE ECONOMY IN FY24

AS PER PROVISIONAL ESTIMATES, THE SERVICES SECTOR IS ESTIMATED TO HAVE GROWN BY 7.6 PER CENT IN FY24: ECONOMIC SURVEY 2024

SERVICES PMI SOARED TO 61.2 IN MARCH 2024, MARKING ONE OF THE SECTOR'S MOST SIGNIFICANT SALES AND BUSINESS ACTIVITY EXPANSIONS IN NEARLY14 YEARS

Posted On: 22 JUL 2024 2:30PM by PIB Delhi

"*Through the vicissitudes of the last three decades, the services sector stood as the bulwark of India's economic growth. Aided by the focus on policy and procedural reforms, physical infrastructure and logistics, all significant business, personal, financial and infrastructure-based services have emerged strongly from the pandemic… However, the transformation lies in the fast-paced shift towards digital services like online payments, e-commerce, and entertainment platforms, as well as the increase in the demand for high-tech services as inputs in other productive activities."* This was highlighted in Economic Survey 2023-2024 tabled in Parliament by Union Minister for Finance and Corporate Affairs, Smt. Nirmala Sitharaman today.

The services sector continues to be a significant contributor to India's growth, accounting for about 55 per cent of the total size of the economy in FY24, states Economic Survey. The significant domestic demand, rapid urbanization, expansion of e-commerce platforms generated heightened requirements for logistics, digital related services are important factors which have determined the domestic demand of services. The Economic Survey further states that the Government has played a crucial role in fostering the growth and competitiveness of India's services by creating an enabling environment, promoting investment, enhancing skills and facilitating market access.

Gross Value Added (GVA) in the services sector

The contribution of the services sector to the overall GVA has increased significantly in the last decade. Globally, India's services sector witnessed a real growth of more than 6 percent and the services exports constituted 4.4 per cent of the world's commercial services exports in 2022.

Chart XI.1: Increasing trend of GVA in the services sector (in constant prices)

Chart XI.2: Strong momentum in services sector GVA Year-on-Year (YoY) growth

Source: National Accounts Statistics (NAS), Ministry of Statistics and Programme Implementation (MoSPI)
Note: Estimates for FY23 are First Revised Estimates, and for FY24 are Provisional Estimates.

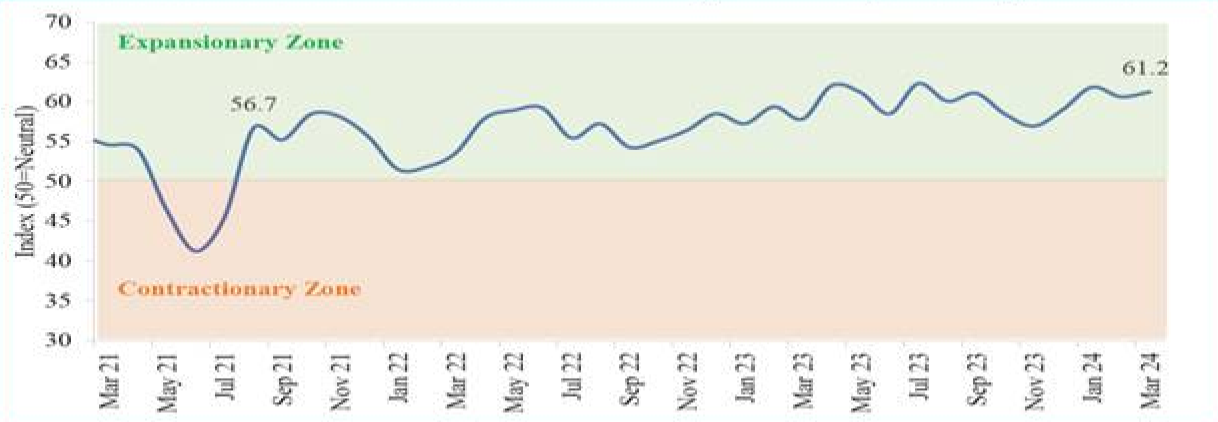
For a decade before COVID, the services sector's real growth rate consistently exceeded the overall economic growth. Post-COVID, the services sector's growth, spurred by non-contact intensive services, primarily financial, information technology and professional services, outpaced overall GVA growth in FY23 and FY24, reclaiming its role in driving the economy's upward trajectory.

The Survey further states that as per the Provisional Estimates, the services sector is estimated to have grown 7.6 percent in FY24. The gross GST collection reached ₹20.18 lakh crores in FY24, marking 11.7 per cent increase from the previous year, underscoring robust domestic trading activity.

Purchasing Managers' Index (PMI)- Services

Business activity in the services sector in the country transcended the obstacles of the pandemic and other disruptions worldwide. In March 2024, services PMI soared to 61.2, marking one of the sector's most significant sales and business activity expansions in nearly 14 years. As can be seen from Chart XI.6 (below), the services PMI has remained above 50 since August 2021, implying continuous expansion for the last 35 months.

Chart XI.6: PMI Services touched new heights in FY24 amidst global flux



Source: Compiled from various monthly HSBC India Services PMI reports
Note: The index varies between 0 and 100, with a reading above 50 indicating an overall increase compared to the previous month and below 50, an overall decrease.

Trade in the services sector

Post-pandemic, services exports have maintained a steady momentum and accounted for 44 per cent of India's total exports in FY24 the survey notes. India ranked fifth in services exports, with other countries being the European Union (excluding intra-EU trade), the United States, the United Kingdom, and China.

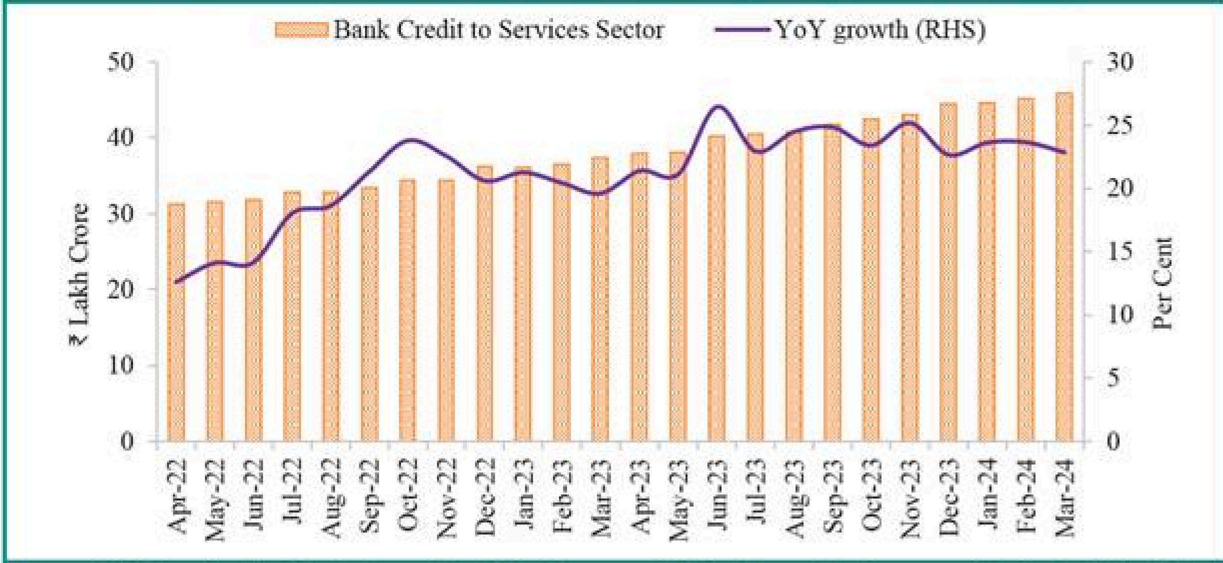
India's growing reputation as the preferred destination for Global Capability Centres (GCCs) by multinational corporations has significantly boosted software and business services exports. India's share in digitally delivered services exports globally increased to 6.0 per cent in 2023 from 4.4 per cent in 2019. This rise in services exports, coupled with a fall in imports, led to an increase in net services receipts on a YoY basis during FY24, which helped cushion India's current account deficit.

Financing Sources for Services Sector Activity

The services sector fulfils its financing needs domestically through

1. Credit from domestic banks and capital markets: FY24 witnessed an upward trajectory of credit inflow in the services sector, with YoY growth rates surpassing the 20 per cent mark each month since April 2023.

Chart XI.8: Robust bank credit build-up and growth in FY24



Source: RBI Handbook of Statistics on the Indian Economy (Table No.170- Deployment of Bank Credit by Major Sectors)

2. Internationally through Foreign Direct Investment (FDI) and External Commercial Borrowings (ECBs): The services sector accounted for 53 per cent share in total external commercial borrowing (ECB) inflows in FY24. The sector received inflows of USD 14.9 billion in FY24, thereby registering a YoY growth of 58.3 per cent.

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Ministry of Finance

INDIA'S SERVICES LANDSCAPE WITNESSES RAPID TECHNOLOGY DRIVEN TRANSFORMATION IN DOMESTIC SERVICES DELIVERY AND DIVERSIFICATION OF EXPORTS

INDIAN RAILWAYS PASSANGER TRAFFIC SEES A JUMP NOF 5.2% YoY TO AROUND 673 CRORE AND AN INCREASE OF 5.3% YoY TO 158.8 CRORE TONNES OF FREIGHT TRANSPORTAED IN FY 2024

AVIATION SECTOR IN INDIA GROWS SUBSTANTIALLY WITH A 15 % YoY INCREASE WITH 37.6 CRORE AIR PASSENGERS AND 7% YoY INCREASE IN AIR CARGO TO 33.7 TONNES IN FY 2024

TOURISM INDUSTRY WITNESSES A YoY INCREASE OF 43.5 % WITH OVER 92 LAKH FOREIGN TOURIST ARRIVALS IN 2023

IN FY 2023 RESIDENTIAL REAL ESTATE SALES IN INDIA WERE HIGHEST SINCE 2013, WITNESSING A 33 PER CENT YoY GROWTH

TECHNOLOGY START-UPS IN INDIA ROSE FROM AROUND 2,000 IN 2014 TO APPROXIMATELY 31,000 IN 2023

INDIAN E-COMMERCE INDUSTRY IS EXPECTED TO CROSS USD 350 BILLION BY 2030

OVERALL TELE DENSITY IN INDIA INCREASES FROM 75.2% IN MARCH 2014 TO 85.7 % IN MARCH 2024

Posted On: 22 JUL 2024 2:27PM by PIB Delhi

Discussing the sector wise performance of major services, the Economic Survey 2023-2024 tabled in Parliament today by the Union Minister for Finance and Corporate Affairs, Smt. Nirmala Sitharaman, highlighted*"Two significant transformations are reshaping India's services landscape: the rapid technology-driven transformation of domestic service delivery and the diversification of India's services exports"*.

India's services sector encompasses a wide array of economic activities, which can be broadly classified into two categories:

1. Contact-intensive (physical connectivity-based services): includes trade, hospitality, transport, real estate, social, community and personal services.
2. Non-contact-intensive services (Information Technology services, tech start-ups and Global Capability Centres): comprises financial, information technology, professional, communication, broadcasting, and storage services. The sector also incorporates public administration and defence services.

Physical connectivity-based services

Myriad services are that are offered to ensure the seamless movement of goods, people, and information across diverse infrastructure networks encompass a broad spectrum, ranging from passenger transport via trains, buses, taxis, and airlines to freight transport facilitated by shipping companies, freight forwarders, and courier services.

1. **Roadways:** A considerable portion of India's cargo is transported via road. Accordingly, through various initiatives user convenience on National Highways (NH) has been enhanced:
   - Toll digitisation has drastically reduced waiting times at toll plazas, from 734 seconds in 2014 to 47 seconds in 2024.
   - Ministry of Road Transport and Highways (MoRTH) has devised a comprehensive '4E' strategy - Engineering (roads and vehicles), Enforcement, Emergency Care, and Education - to elevate road safety standards on NHs.
   - The Government has utilised the PM Gati Shakti National Master Plan portal for network planning and congestion projections.

2. **Indian Railways:** Indian Railways (IR) hosts many services to enhance user experience, efficiently manage the train system and build capacity for a Viksit Bharat.
   - Passenger traffic originating in IR was 673 crore in FY24 (provisional actuals), increasing by about 5.2 per cent compared to the previous year.

- IR carried 158.8 crore tonnes of revenue-earning freight in FY24 (excluding Konkan Railway Corporation Limited), showing an increase of 5.3 per cent over the previous year.
- To upgrade the passenger experience, railways have introduced Wi-Fi facilities at 6108 stations, bridging the digital divide between rural and urban citizens.

3. **Ports, Waterways and Shipping:** The port sector is leveraging the Sagar Setu application to streamline daily vessel and cargo operations, aspiring to become a central hub for all maritime engagements.
    - Sagar Setu is also integrated with all the 13 major ports of India, along with 22 non-major ports and 28 private terminals.
    - There is a push for promoting river cruise tourism on national waterways. There has been a staggering 100 per cent surge in overnight cruise trips during FY24.

4. **Airways:** India is the third-largest domestic aviation market and the aviation sector in India has shown substantial growth, with a 15 per cent YoY increase in total air passengers handled at Indian airports reaching 37.6 crore in FY24.
    - In FY24, the domestic air passenger traffic handled increased by 13 per cent YoY to 30.6 crore, and international air passenger traffic handled increased by 22 per cent YoY to 7 crore.
    - Air cargo handled at Indian airports increased by 7 per cent YoY to 33.7 lakh tonnes in FY24.
    - The Government has approved 21 greenfield airports nationwide and operationalised new terminal buildings to increase passenger handling capacity backed by a solid capex plan.
    - To promote regional equity, the ‘Ude Desh Ka Aam Nagrik’ (UDAN) scheme launched in 2016 facilitated the travel of over 141 lakh domestic passengers across various 579 Regional Connectivity Scheme routes connecting 85 unreserved and underserved airports since its inception.
    - Initiatives like Digi Yatra are enhancing efficiency through technology
    - Women constitute 15 per cent of the country’s pilots, which is almost three times higher than the global average, thus presenting greater opportunities for women in the sector. In the year 2023, a total of 1622 commercial pilot licenses were issued, of which 18 per cent were issued to women.

5. **Tourism:** The tourism sector in India is rapidly expanding, with India being ranked at the 39th position in the World Economic Forum's Travel and Tourism Development Index (TTDI) 2024.
    - Showing positive signs of revival post-pandemic, the tourism industry witnessed over 92 lakh foreign tourist arrivals in 2023, implying a YoY increase of 43.5 per cent.
    - India has significantly earned foreign exchange receipts amounting to over ₹2.3 lakh crore through tourism, indicating a 65.7 per cent YoY increase.

- Swadesh Darshan 2.0, focuses on integrated tourism destination development, targeting 55 destinations across 32 states and Union Territories.

6. **Real Estate:** Real estate and ownership of dwellings have accounted for over 7 per cent of the overall Gross Value Added (GVA) in the past decade, highlighting their integral role in the economy.
    - In 2023, residential real estate sales in India were at their highest since 2013, witnessing a 33 per cent YoY growth, with a total sale of 4.1 lakh units in the top eight cities.
    - The housing sector's growth has been due to several key factors namely the Pradhan Mantri Awas Yojana-Urban (PMAY-U), policy reforms like the Goods and Services Tax, Real Estate (Regulation and Development) Act, and the Insolvency and Bankruptcy (SWAMIH), PMAY(U)-Credit Linked Subsidy Scheme interest subvention.
    - According to a report by CRISIL, the housing loan market in India grew at a CAGR of approximately 13 per cent from FY18 to FY23. The housing loan market in India is expected to continue growing at a CAGR of 13 to 15 per cent reaching ₹42 lakh crore to ₹44 lakh crore by FY26.

<u>Information Technology Services, Tech start-ups and Global Capability centres</u>

Over the past decade, information and computer-related services have become increasingly significant, with their share of total GVA rising from 3.2 per cent in FY13 to 5.9 per cent in FY23. Despite the pandemic-induced economic downturn, this sector achieved a real growth rate of 10.4 per cent in FY21. The flourishing growth of IT services has also supported the expansion of Global Capability Centers (GCCs) and the tech start-up ecosystem in India.

Global Capability Centres (GCCs) in India have grown significantly, from over 1,000 centres in FY15 to more than 2,740 units by FY23. These centres contribute to economic growth by providing high-quality employment. Revenue from India's GCCs has increased from USD 19.4 billion in FY15 to USD 46 billion in FY23, growing at a compound annual growth rate (CAGR) of 11.4 per cent.

Technology start-ups in India have risen remarkably from around 2,000 in 2014 to approximately 31,000 in 2023**.** As per NASSCOM, the sector witnessed the inception of roughly 1000 new tech start-ups in 2023. Also, as per NASSCOM, India's tech start-up ecosystem ranks third globally and has performed considerably better than the USA and the UK. The Start-up India Initiative and Start-up hubs across ministries and departments of the Government of India along with National Deep Tech Start-up Policy, the Drone Shakti Program and custom duty exemptions for EV-related capital goods and machinery have aided the growth of tech start-ups. Targeted efforts such as accelerating & strengthening the deep-tech ecosystem, strengthening domestic capital flow and leveraging initiatives such as Start-Up India have been undertaken to tap the potential of start-ups.

1. **Telecommunications**: The overall tele density (number of telephones per 100 population) in India increased from 75.2 per cent in March 2014 to 85.7 per cent in March 2024.

- Internet subscribers jumped from 25.1 crore in March 2014 to 95.4 crore in March 2024, of whom 91.4 crore are accessing the internet via wireless phones.
- The internet density also increased to 68.2 per cent in March 2024.
- The cost of data has declined substantially, vastly improving the average wireless data usage per subscriber.
- India is amongst the fastest-growing 5G networks in the world. The Bharat 5G Portal propels India's 5G capabilities and fosters innovation, collaboration, and knowledge-sharing within the telecom sector.

2. **E-Commerce:** The Indian e-commerce industry is expected to cross USD 350 billion by 2030.

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Ministry of Finance

ADOPTING BUILDING INFORMATION MODELLING (BIM) TO REDUCE PROJECT DELAYS, CONSTRUCTION COSTS AND SYSTEMIC INEFFICIENCIES: ECONOMIC SURVEY 2023-24

INFRASTRUCTURE DEVELOPMENT INTEGRATED WITH TECHNOLOGY TO IMPROVE EFFICIENCY OF INFRASTRUCTURE PLANS, DESIGNS, AND ASSETS

GUIDELINES FOR SPECTRUM REGULATORY SANDBOX (SRS) INTRODUCED TO FOSTER INNOVATION, ENHANCE EASE OF DOING BUSINESS IN TELECOM SECTOR

INDIA AI PROGRAMME ENVISIONED FOR LEVERAGING TRANSFORMATIVE TECHNOLOGIES TO BOOST INCLUSION, INNOVATION, AND ADOPTION FOR SOCIAL IMPACT

Posted On: 22 JUL 2024 2:25PM by PIB Delhi

In recent years, various aspects of infrastructure development have been integrated with technology to improve the efficiency of infrastructure plans, designs, and assets, states the Economic Survey 2023-24 tabled by Union Minister of Finance & Corporate Affairs Smt. Nirmala Sitharaman, in Parliament today. The survey says that some of the most significant uses of technology made possible through PM GatiShakti, Bhuvan, BharatMaps, Single Window Systems, PARIVESH portal, National Data Analytics Platform, Unified Logistics Interface Platform, Pro-Active Governance and Timely Implementation (PRAGATI), India Investment Grid (IIG) and many similar dashboards and data stacks for almost all ministries.

TELECOMMUNICATION SECTOR

The Economic Survey notes that the usage and underlying technologies of telecommunications have undergone massive changes, especially in the past decade. It says that the Telecommunications Act 2023 was enacted to amend and consolidate the laws on telecommunication services and networks, assignment of spectrum and related matters.

Highlighting the importance of test labs for ensuring the functionality, reliability and interoperability of telecommunications devices, the Survey observes that these specialised facilities are equipped with advanced testing infrastructure to evaluate the performance of various telecommunications equipment such as routers, switches, base stations, and communication protocols. It observes that more than 69 labs have been designated as conformity assessment bodies for EMI/EMC, safety evaluations, technical requirements and RF testing of telecom products.

The Survey further notes that the Government has introduced guidelines for the Spectrum Regulatory Sandbox (SRS), or Wireless Test Zones (WiTe Zones), as part of the Millennium SRS initiative to foster innovation, enhance ease of doing business, promote “Make in India” in the telecommunications sector. The survey states that, “This initiative provides a simplified regulatory framework to facilitate Research and Development (R&D) activities, promote exploration of spectrum bands and drive technological advancements”. WiTe Zones have been categorised into urban or remote areas for experimentation across various frequency bands, with eligibility extending to academia, R&D labs, telecom providers and others, says the Survey.

ELECTRONICS & INFORMATION TECHNOLOGY SECTOR

The Government has envisioned the India AI programme as a mission-centric approach for leveraging transformative technologies to boost inclusion, innovation, and adoption for social impact,mentions the Survey 2023-24.

According to the Survey, pillars of India AI include AI in Governance, AI IP & Innovation, AI Compute & Systems, Data for AI, Skilling in AI, and AI Ethics & Governance. “As part of building ‘AI in India and AI for India’, the first edition of the IndiaAI was released in October 2023”, notes the Survey.

Being the founding member of the Global Partnership on Artificial Intelligence (GPAI), the Survey says that India has contributed to the GPAI goals and objectives and is working on various domestic initiatives for the responsible development, deployment, and adoption of AI. Further, it states that the Union Cabinet has approved an allocation of over ₹10,300 crore towards the comprehensive IndiaAl Mission to democratise access to Al innovation pillars and ensure global competitiveness of India’s Al ecosystem. “Under the Digital India programme, initiated in July 2015 to transform India into a digitally empowered society and knowledge economy, various digital initiatives have been undertaken for the delivery of citizen-centric services”, the Survey mentions.

BUILDING INFORMATION MODELLING (BIM)

For complex infrastructure projects in India, the Economic Survey states, adopting Building Information Modelling can reduce the average project delays of 39 months, reduce infrastructure construction costs up to 30 per cent, maintenance costs up to 20 per cent, information and systemic inefficiencies up to 20 per cent, construction sector related carbon emission up to 38 per cent, water consumption up to 10 per cent and improve investments in construction R&D by one per cent, and result in over four million skilled professional employment and about 2.5 million additional construction sector jobs by reinvesting savings in additional infrastructure.

The motto of BIM is to construct digitally before constructing physically, notes the Survey. It says that NITI Aayog has identified the challenges, solutions and enablers related to BIM implementation. “Based on a roadmap for creating an ecosystem towards faster adoption of BIM in India, guidance, and strategies are being provided to infrastructure projects, including Central Vista, New Parliament, and Central Secretariat”, it mentions further.

The Economic Survey states that the BIM is now being extensively utilised and leveraged by some ministries and departments like the National Capital Region Transport Corporation, all metro rails, select complex industrial and tourism projects, various airports, along with organisation-wise acceptance at Central Public Works Department and extensive digitalisation in the form of Data Lake across NHAI that is now being extended to the entire Ministry of Road

Transport & Highways.

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Ministry of Finance

DESPITE BEING ONE OF THE FASTEST-GROWING ECONOMIES IN THE WORLD, INDIA'S ANNUAL PER CAPITA CARBON EMISSION IS ONLY ABOUT ONE-THIRD OF THE GLOBAL AVERAGE

INDIA IS THE ONLY G20 NATION IN LINE WITH 2-DEGREE CENTIGRADE WARMING: IFC REPORT

INDIA ACHIEVES ITS NDC TARGET OF REDUCING EMISSION INTENSITY 11 YEAR IN ADVANCE BEFORE THE TARGET YEAR 2030

INDIA SUCCESSFULLY DECOUPLES ITS ECONOMIC GROWTH FROM GREENHOUSE GAS EMISSIONS

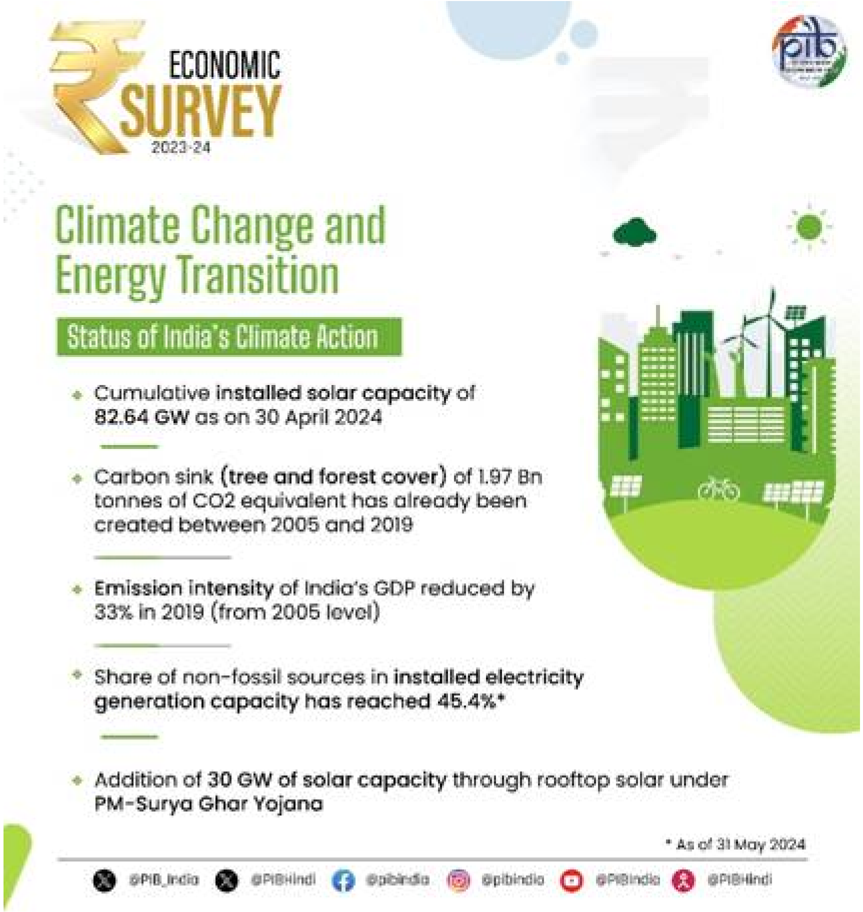
MISSION LIFE: MASS MOVEMENT TO ADDRESS CLIMATE CHANGE AND FOSTER SUSTAINABLE LIVING

INDIA LEADING SEVERAL INTERNATIONAL INITIATIVES TOWARDS CLIMATE CHANGE MITIGATION AND BUILDING RESILIENCE

Posted On: 22 JUL 2024 2:21PM by PIB Delhi

Despite being one of the fastest-growing economies in the World, India's annual per capita carbon emission is only about one-third of the global average, states Economic Survey 2023-24, which was tabled in Parliament today by Union Minister of Finance and Corporate Affairs, Smt. Nirmala Sitharaman.

Delving further into India's achievements on addressing climate change, the Survey quoted a recent report by the International Finance Corporation, which highlighted that India is the only G20 nation in line with 2-degree centigrade warming. The survey further mentioned that the hallmark of India's growth strategy is to manage the impact of climate change and at the same time give desired focus to developmental priorities.



Significant Progress Made by India on Climate Action

India achieved most targets of the first NDC well in advance. Nation achieved 40 per cent cumulative electrical power installed capacity from non-fossil fuel-based energy sources in 2021 and reduced the emission intensity of India's GDP from 2005 levels by 33 per cent in 2019– nine and eleven years before the target year of 2030, respectively.

Further, as of 31 May 2024, the share of non-fossil sources in the installed electricity generation capacity has reached 45.4 per cent up from 32 per cent in April 2014. India is also on track to make an additional carbon sink of 2.5 to 3.0 billion tonnes through tree and forest cover by 2030, with a carbon sink of 1.97 billion tonnes of CO_2 equivalent having already been created from 2005 to 2019.

India's GDP between 2005 and 2019 has grown with a Compound Annual Growth Rate (CAGR) of about seven per cent, whereas the emissions grew at a CAGR of about four per cent. i.e., the rate of emissions growth is lower than the rate of growth of our GDP. This shows that India has successfully decoupled its economic growth from greenhouse gas emissions, reducing the emission intensity of its GDP.

India's total adaptation-relevant expenditure has increased from 3.7 per cent of GDP in 2015-16 to 5.60 per cent of the GDP in 2021-2022, indicating integration of climate resilience and adaptation into development plans.

Low Carbon Development and Energy Composition

India's energy needs are expected to grow 2 to 2.5 times by 2047 to meet a growing economy's developmental priorities and aspirations. Considering that resources are limited, the survey pointed out that the pace of energy transition would need to factor in alternative demands on the resources for improving resilience to climate change and for sustained social and economic development.

Challenges for Energy Transition and Way Forward

Highlighting various challenges to India's development of a low-carbon path, Economic Survey mentioned that expanding renewable energy and clean fuels will increase demand for land and water. Most renewables are land-intensive and demand the highest land use requirements among the different energy sources. Further, the expansion of renewable energy requires battery storage technologies which in turn require the availability of critical minerals and the source of such minerals is geographically concentrated.

Recognising the importance of energy efficiency measures in accelerating clean energy transitions while supporting energy security, the Survey highlighted several initiatives taken by the Government to improve energy efficiency. Some of them include implementing Energy Conservation Building Code (ECBC) for buildings, Standards and Labelling (S&L) and Star-rated program for appliances, Lifestyle for Environment (LiFE) initiative for encouraging the adoption of sustainable lifestyles, Perform, Achieve, and Trade (PAT) scheme for industrial sector, and Charging Infrastructure for Electric Vehicles for transport sector, among others.

All above mentioned initiatives translates to a total annual cost savings of approximately ₹1,94,320 Crore and an annual CO_2 emissions reduction of around 306 million tonnes.

Finance for Sustainable Development

The Survey outlines that country has taken many measures to improve the business environment and catalyse greater quantum of resources. The Government undertook the issue of sovereign green bonds amounting to ₹16,000 Crore in January-February 2023 to raise proceeds for public sector projects that would contribute to the efforts to reduce the intensity of the economy's emissions, followed by ₹20,000 Crore raised through sovereign green bonds in October-December 2023.

Further, RBI has implemented the Framework for Acceptance of Green Deposits for the Regulated Entities to foster and develop a green finance ecosystem in the country. In addition, the RBI promotes renewable energy through its Priority Sector Lending (PSL) rules.

India's Innovative Green Credit Program

The Survey talks about the Government of India's Mission LiFE, which is envisaged as a mass movement to address climate change and foster sustainable living based on conservation and moderation principles. It further states that to bolster LiFE's effort and encourage eco-friendly practices, the Government also supports voluntary environmental actions such as the Green Credit Programme (GCP), which incentivises individuals, communities, private sector industries, and companies to participate in environment-positive activities by offering green credits as rewards.

India leading International Initiatives Addressing Climate Change Issues

The survey extensively talks about India leading several international initiatives towards climate change mitigation and building resilience. The International Solar Alliance (ISA), One World, One Sun, One Grid (OSOWOG), the Coalition for Disaster Resilient Infrastructure (CDRI), the Infrastructure for Resilient Island States' (IRIS) and the Leadership Group for Industry Transition (LeadIT) are some of such important examples.

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Ministry of Finance

INDIA NEEDS TO LOOK AT CLIMATE CHANGE FROM THE ‘LOCAL LENS’, INSTEAD OF ‘ONE SIZE FITS ALL’ PRESCRIPTIONS FROM THE WEST

MISSION LiFE FOCUSSES ON HUMAN-NATURE HARMONY PROMOTING MINDFUL CONSUMPTION THAN OVERCONSUMPTION THAT LIES AT THE ROOT OF GLOBAL CLIMATE CHANGE PROBLEM

Posted On: 22 JUL 2024 2:17PM by PIB Delhi

Taking a critical view of the Western approach of tackling Climate Change, the Economic Survey 2023-24 gives a clarion call to all developing countries to look at climate change problem from a ‘local lens’. It states that a ‘one-size-fits-all’ approach will not work, and developing countries need to be free to choose their own pathways since they are tasked with balancing developmental goals with meaningful climate action.

The Economic Survey 2023-24, tabled by the Union Minister for Finance and Corporate Affairs Smt. Nirmala Sitharaman in Parliament today, clearly states that current global strategies for climate change are flawed and not universally applicable. It states that adopting the practices of the West could prove to be disastrous for India where culture, economy, societal norms are already intertwined with the environment.

The document highlights that India, despite making significant strides in climate action, often faces criticism for not aligning with Western solutions. This criticism stems from a lack of appreciation for India's unique social and cultural fabric, which is already rich with sustainable development ideas. It further goes on to point out inherent inconsistencies where the prescriptions to tackle Climate Change from the developed world do not hold ground globally. These are:

- The Western approach does not seek to address the root of the problem, i.e. overconsumption, but rather chooses to substitute the means to achieve overconsumption.
- The global pursuit of energy-guzzling technologies such as Artificial Intelligence and mining rare earth minerals in large quantities has only contributed to higher fossil fuel consumption. This is directly at odds with the stated objectives of climate change mitigation.
- Lifestyles in developed countries ignore humans’ underlying relationship with Nature, with other people, with materiality and with themselves.

The Economic Survey 2023-24 stresses that India’s ethos emphasizes a harmonious relationship with nature, in sharp contrast to the culture of overconsumption prevalent in other parts of the developed world, thus offering sustainable solutions to problems plaguing Western societies. For instance:

- The process of **meat production** adopted in the developed world presents credible food security risks and a threat of permanently degrading the land, water and natural resources critical for human survival. The reliance on human-edible crops to feed livestock has set into motion a 'food-feed competition' as less than half the cereals produced today go towards direct human consumption. These figures are even lower for many developed economies.

  The Survey notes that traditional farming practices from the developing world, where several agricultural activities are integrated with livestock rearing, offer one solution to the problem. Repurposing farm waste and by-products from other agricultural activities as animal feed not only lowers the financial and environmental cost of meat production but also brings balance to the natural cycle. Shifting livestock to human-inedible feed can free up significant shares of global arable land to address global hunger, it adds.

- Similarly, the adoption of **nucleated families** akin to the Western model of living places significant land and resource requirements on the environment, as the growth in urban nucleated settlements gives rise to the tendency of 'urban sprawl'. Furthermore, these living spaces are highly inefficient, dominated by concrete, closed spaces, less ventilation and exacting higher energy costs during the summers.

  A shift towards the 'traditional multi-generational households' would create the pathway towards sustainable housing, notes the Survey. Sourcing materials and labour locally for the construction of houses, central courtyards with well-ventilated spaces, and avenues for natural lighting and cooling would all exert a positive externality on the environment by lowering resource and energy requirements. Such a household would also prove immensely beneficial for the elderly, it states.

In order to profess a solution to these issues, the Economic Survey brings in perspective Prime Minister Shri Narendra Modi's vision of Mission LiFE. It embodies a 'Lifestyle For Environment' seeking to address the 'wants' of the people without letting them hurt Nature. The approach seeks to bring individual responsibility to the forefront of the fight against climate change, as sustenance is at the core of Indian ethos.

The Mission encompasses a comprehensive but non-exhaustive list of 75 LiFE Actions for adoption by individuals to live more sustainably. At its heart, it promotes mindful consumption instead of overconsumption, encourages a circular economy and the reuse of waste products, eating local plant-based cuisines with a low ecological footprint, saving water and energy, notes the Survey.

The document quotes the International Energy Agency and states that adoption of the kinds of actions and measures targeted by the LiFE initiative worldwide would reduce annual global carbon di-oxide emissions by more than 2 billion tonnes in 2030 (20% of the emissions reductions needed by 2030) and in consumer savings of about USD 440 billion.

In conclusion, the Survey document upholds the tenets of Mission 'LiFE' and notes that the global movement on climate change must be accommodative of sovereign choices and economic needs, but centered on individual behavior. 'It's time to rebuild societies with equanimity', it adds.

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BY SAURABH PANDEY SIR

saurabhpandeyupsc.com

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