

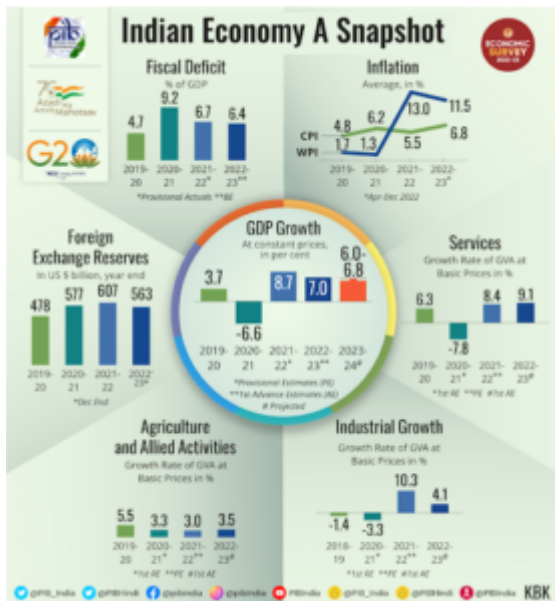
# SUMMARY OF THE INDIAN ECONOMIC SURVEY 2022-23

February 1, 2023

## About Economic Survey-

- The Economic Survey of India is an annual document of the Ministry of Finance, Government of India.
- It is an annual report card of the economy, which is presented a day before the budget and examines the performance of each and every sector and then suggests future moves.
- The Department of Economic Affairs, Ministry of Finance presents the Survey in the Parliament every year.
- The document is non-binding. Nevertheless, it is constructed and presented each year due to its significance.
- The practice of tabling the economic survey began in the fiscal year 1950-51. Previously, it was included in the budget documents.
- In the 1960s, it was separated as a separate exercise. Since then, the Economic Survey of India has been released the day before the Union Budget.
- It is prepared under the guidance of the Chief Economic Adviser(CEA) of India who is appointed by the Prime Minister's office. Venkatramanan Anantha Nageswaran is the current CEA.
- The central theme is the most important aspect of this document. This section of the document outlines the Central Government's economic strategy for the coming year.
- The theme of last year's Economic Survey was "Agile Approach," reflective of the measures taken by the government to combat the challenges laid down by the Covid-19 outbreak and the step taken to steer the economy on recovery mode.

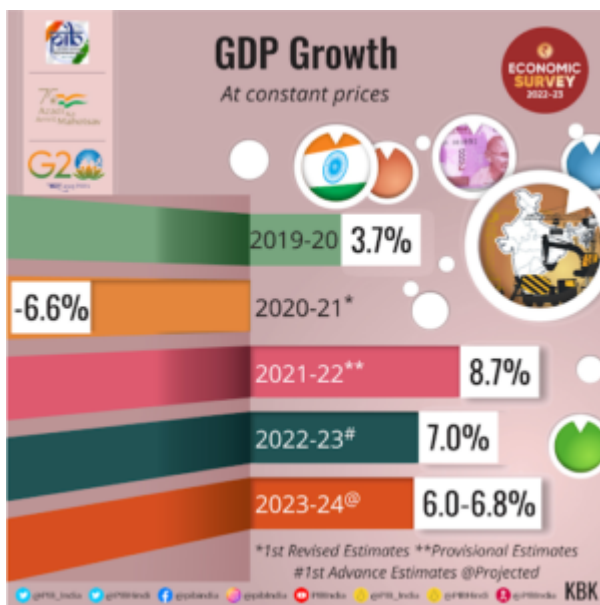
- Union Minister for Finance and Corporate Affairs, Smt. Nirmala Sitharaman, presented the Economic Survey 2022-23 in the Union Parliament.



## State of the Economy 2022-23: Recovery Complete-

- **Indian Economy is recovering from pandemic-induced contraction**, Russian-Ukraine conflict and inflation, Indian economy is **staging a broad based recovery across sectors**, positioning to ascend to the pre-pandemic growth path in FY23.
- India's **GDP growth is expected to remain robust in FY24**. GDP forecast for FY24 to be in the range of **6-6.8 %**.
- **Private consumption in H1 (first half of a fiscal year) is highest since FY15** and this has led to a boost to production activity resulting in enhanced capacity utilisation across sectors.
- **The Capital Expenditure of Central Government and crowding in the private Capex** led by strengthening of the balance sheets of the Corporates is **one of the growth driver of the Indian economy in the current year**.
- The **credit growth to the MSME sector was over 30.6 per cent** on average during Jan-Nov 2022.
- **Retail inflation is back within RBI's target range in November 2022**.

- Indian Rupee performed well compared to other Emerging Market Economies in Apr-Dec2022.
- Direct Tax collections for the period April-November 2022 remain buoyant.
- Enhanced Employment generation seen in the declining urban unemployment rate and in the faster net registration in Employee Provident Fund.
- Economic growth to be boosted from the expansion of public digital platforms and measures to boost manufacturing output.



### India's Medium-term Growth Outlook: With Optimism and Hope-

- Indian economy underwent wide-ranging structural and governance reforms that strengthened the economy's fundamentals by enhancing its overall efficiency during 2014-2022.
- With an underlying emphasis on improving the ease of living and doing business, the reforms after 2014 were based on the broad principles of creating public goods, adopting trust-based governance, co-partnering with the private sector for development, and improving agricultural productivity.
- With **improved and healthier balance sheets of the banking, non-banking and corporate sectors, a fresh**

**credit cycle has already begun**, evident from the **double-digit growth in bank credit** over the past months.

- Indian economy has also started benefiting from the efficiency gains resulting from greater formalisation, higher financial inclusion, and economic opportunities created by digital technology-based economic reforms.
- Thus Chapter 2 of the Survey shows that **India's growth outlook seems better than in the pre-pandemic years**, and the Indian economy is prepared to grow at its potential in the medium term.



## Fiscal Developments: Revenue Relish-

- The Union Government finances have shown a resilient performance during the year FY23, facilitated by the **recovery in economic activity, buoyancy in revenues from direct taxes and GST, and realistic assumptions in the Budget.**
- **The Gross Tax Revenue registered a YoY growth of 15.5 per cent** from April to November 2022, driven by **robust growth in the direct taxes** and Goods and Services Tax (GST).
- **Growth in direct taxes during the first eight months of the year was much higher** than their corresponding longer-term averages.

- **GST has stabilised as a vital revenue source for central and state governments**, with the gross GST collections increasing at 24.8 per cent on YoY basis from April to December 2022.
- **Union Government's emphasis on capital expenditure (Capex) has continued** despite higher revenue expenditure requirements during the year.
- **The Centre's Capex has steadily increased from a long-term average of 1.7 per cent of GDP (FY09 to FY20) to 2.5 per cent of GDP in FY22 PA.**
- The Centre has also incentivised the State Governments through interest-free loans and enhanced borrowing ceilings to prioritise their spending on Capex.
- With an emphasis on infrastructure-intensive sectors like roads and highways, railways, and housing and urban affairs, the increase in Capex has large-scale positive implications for medium-term growth.

### Monetary Management and Financial Intermediation: A Good Year-

- The RBI initiated its monetary tightening cycle in April 2022 and has since raised the repo rate by 225 bps, leading to moderation of surplus liquidity conditions.
- **Cleaner balance sheets led to enhanced lending by financial institutions.**
- The growth in credit offtake is expected to sustain, and combined with a pick-up in private capex, will usher in a virtuous investment cycle.
- **Non-food credit offtake by scheduled Commercial Banks (SCBs) has been growing in double digits** since April 2022.
- **Credit disbursed by Non-Banking Financial Companies (NBFCs) has also been on the rise.**
- The Gross Non-Performing Assets (**GNPA**) ratio of SCBs has fallen to a seven-year low of 5.0.
- The Capital-to-Risk Weighted Assets Ratio (**CRAR**) remains healthy at 16.0.

- The **recovery rate for the SCBs through Insolvency and Bankruptcy (IBC) was highest** in FY22 compared to other channels.

### Prices and Inflation: Successful Tight-Rope Walking-

- While the year 2022 witnessed a **return of high inflation** in the advanced world after three to four decades, India caps the rise in prices.
- While **India's retail inflation rate peaked at 7.8 per cent in April 2022, above the RBI's upper tolerance limit of 6 per cent**, the overshoot of inflation above the upper end of the target range in India was however one of the lowest in the world.
- The government adopted a multi-pronged approach to tame the increase in price levels, they are:
  - Phase wise **reduction in export duty of petrol and diesel.**
  - **Import duty on major inputs were brought to zero** while tax on export of iron ores and concentrates increased from 30 to 50 per cent.
  - **Waived customs duty on cotton imports** w.e.f 14 April 2022, until 30 September 2022.
  - **Prohibition on the export of wheat products** under HS Code 1101 and imposition of export duty on rice.
  - **Reduction in basic duty on crude and refined palm oil**, crude soyabean oil and crude sunflower oil.
- The RBI's anchoring of inflationary expectations through forward guidance and responsive monetary policy has helped guide the trajectory of inflation in the country.
- The one-year-ahead inflationary expectations by both businesses and households have moderated in the current financial year.
- Timely policy intervention by the government in housing sector, coupled with low home loan interest rates propped up demand and attracted buyers more readily in

the affordable segment in FY23.

- **An overall increase in composite Housing Price Indices (HPI) assessment and Housing Price Indices market prices indicates a revival in the housing finance sector.**
- India's inflation management has been particularly noteworthy and can be contrasted with advanced economies that are still grappling with sticky inflation rates.

### **Social Infrastructure and Employment: Big Tent-**

- Social Sector witnessed significant **increase in government spending.**
- Central and State Government's budgeted **expenditure on health sector touched 2.1% of GDP** in FY23 (BE) and 2.2% in FY22 (RE) against 1.6% in FY21.
- Social sector expenditure increases to Rs. 21.3 lakh crore in FY23 (BE) from Rs. 9.1 lakh crore in FY16.
- **Survey highlights the findings of the 2022 report of the UNDP on Multidimensional Poverty Index** which says that 41.5 crore people exit poverty in India between 2005-06 and 2019-20.
- The Aspirational Districts Programme, eShram portal, JAM (Jan-Dhan, Aadhaar, and Mobile) trinity, combined with the power of DBT have played important role in improving this sector.
- Aadhaar played a vital role in developing the **Co-WIN platform** and in the transparent administration of over 2 billion vaccine doses.
- **Labour markets have recovered beyond pre-Covid levels, in both urban and rural areas,** with unemployment rates falling from 5.8 per cent in 2018-19 to 4.2 per cent in 2020-21.
- **The year FY22 saw improvement in Gross Enrolment Ratios (GER) in schools** and improvement in gender parity. GER in the primary-enrolment in class I to V as a percentage of the population in age 6 to 10 years – for girls as

well as boys have improved in FY22.

- Due to several steps taken by the government on health, **out-of-pocket expenditure as a percentage of total health expenditure declined from 64.2% in FY14 to 48.2% in FY19.**
- Infant Mortality Rate (**IMR**), Under Five mortality rate (**U5MR**) and neonatal Mortality Rate (**NMR**) have shown a **steady decline.**
- More than 220 crore COVID vaccine doses administered as on 06 January, 2023.
- Nearly 22 crore beneficiaries have been verified under the **Ayushman Bharat Scheme** as on 04 January, 2023.
- Over 1.54 lakh **Health and Wellness Centres** have been operationalized across the country under Ayushman Bharat.

### **Climate Change and Environment: Preparing to Face the Future-**

- **India declared the Net Zero Pledge to achieve net zero emissions goal by 2070.**
- **India achieved its target of 40 per cent installed electric capacity from non-fossil fuels** ahead of 2030.
- The likely installed capacity from non-fossil fuels to be more than 500 GW by 2030 resulting in decline of average emission rate by around 29% by 2029-30, compared to 2014-15.
  - India to reduce emissions intensity of its GDP by 45% by 2030 from 2005 levels.
- **About 50% cumulative electric power installed capacity to come from non-fossil fuel-based energy resources by 2030.**
- A mass movement **LIFE– Life style for Environment launched.**
- **Sovereign Green Bond Framework (SGrBs)** issued in November 2022. RBI auctions two tranches of ₹4,000 crore



Sovereign Green Bonds (SGrB).

- **National Green Hydrogen Mission** to enable India to be energy independent by 2047.
- **Green hydrogen production** capacity of at least 5 MMT (Million Metric Tonne) per annum to be developed by 2030.
- **Cumulative reduction in fossil fuel imports over ₹1 lakh crore and creation of over 6 lakh jobs by 2030** under the National green Hydrogen Mission. Renewable energy capacity addition of about 125 GW and abatement of nearly 50 MMT of annual GHG emissions by 2030.
- The Survey highlights the **progress on eight missions under the NAP** on CC to address climate concerns and promote sustainable development.
- **Solar power capacity** installed, a key metric under the National Solar Mission stood at 61.6 GW as on October 2022.
- India becoming a favored destination for renewables; investments in 7 years stand at USD 78.1 billion.
- 62.8 lakh individual household toilets and 6.2 lakh community and public toilets constructed (August 2022) under the **National Mission on Sustainable Habitat**.

### **Agriculture & Food Management: From Food Security to Nutritional Security-**

- The performance of the agriculture and allied sector has **been buoyant/optimistic over the past several years, much of which is on account of the measures taken by the government to augment crop and livestock productivity,** ensure certainty of returns to the farmers through price support, promote crop diversification, improve market infrastructure through the impetus provided for the setting up of farmer-producer organisations and promotion of investment in infrastructure facilities through the Agriculture Infrastructure Fund.
- **Private investment in agriculture increases to 9.3% in**

**2020-21.**

- **MSP for all mandated crops fixed at 1.5 times of all India weighted average cost of production since 2018.**
- **Institutional Credit** to the Agricultural Sector continued to grow to **18.6 lakh crore in 2021-22**
- **Foodgrains production** in India saw sustained **increase** and stood at 315.7 million tonnes in 2021-22.
- **Free foodgrains to about 81.4 crore beneficiaries** under the National Food Security Act for one year from January 1, 2023.
- About 11.3 crore farmers were covered under the Scheme in its April-July 2022-23 payment cycle.
- Rs 13,681 crores sanctioned for **Post-Harvest Support and Community Farms under the Agriculture Infrastructure Fund.**
- **Online, Competitive, Transparent Bidding System** with 1.74 crore farmers and 2.39 lakh traders put in place under the National Agriculture Market (e-NAM) Scheme.
- **Organic Farming** being promoted through Farmer Producer Organisations (FPO) under the Paramparagat Krishi Vikas Yojana (PKVY).
- India stands at the forefront to promote millets through the **International Year of Millets initiative.**

### **Industry: Steady Recovery-**

- **Overall Gross Value Added (GVA) by the Industrial Sector (for the first half of FY 22-23) rose 3.7 per cent,** which is higher than the average growth of 2.8 per cent achieved in the first half of the last decade.
- **Robust growth in Private Final Consumption Expenditure,** export stimulus during the first half of the year, **increase in investment demand triggered by enhanced public capex and strengthened bank and corporate balance sheets** have provided a demand stimulus to industrial growth.

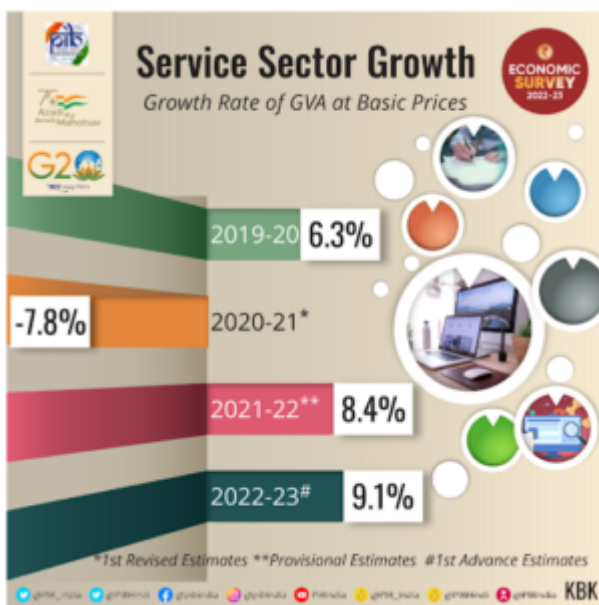
- The supply response of the industry to the demand stimulus has been robust.
- PMI manufacturing has remained in the expansion zone for 18 months since July 2021, and Index of Industrial Production (IIP) grows at a healthy pace.
- **Credit to Micro, Small and Medium Enterprises (MSMEs) has grown by an average of around 30% since January 2022** and credit to large industry has been showing double-digit growth since October 2022.
- Electronics exports rise nearly threefold, from US \$4.4 billion in FY19 to US \$11.6 Billion in FY22.
- **India has become the second-largest mobile phone manufacturer globally**, with the production of handsets going up from 6 crore units in FY15 to 29 crore units in FY21.
- **Foreign Direct Investment (FDI) flows into the Pharma Industry has risen four times**, from US \$180 million in FY19 to US \$699 million in FY22.
- **The Production Linked Incentive (PLI) schemes introduced across 14 categories, with an estimated capex of ₹4 lakh crore over the next five years**, to plug India into global supply chains. \
- Investment of ₹47,500 crores has been seen under the PLI schemes in the FY22, which is 106% of the designated target for the year. Production/sales worth ₹3.85 lakh crore and employment generation of 3.0 lakh have been recorded due to PLI schemes.
- Over 39,000 compliances have been reduced and more than 3500 provisions decriminalized as of January 2023.



### Services: Source of Strength-

- The services sector is **expected to grow at 9.1% in FY23, as against 8.4% (YoY) in FY22.**
- Robust **expansion in PMI services**, indicative of service sector activity, observed since July 2022.
- **India was among the top ten services exporting countries in 2021**, with its share in world commercial services exports increasing from 3 per cent in 2015 to 4 per cent in 2021.
- India's services exports remained resilient during the Covid-19 pandemic and amid geopolitical uncertainties driven by higher demand for digital support, cloud services, and infrastructure modernization.
- **Credit to services sector has grown by over 16% since July 2022.**
- **US\$ 7.1 billion FDI equity inflows in services sector in FY22.**
- Contact-intensive services are set to reclaim pre-pandemic level growth rates in FY23.
- **Sustained growth in the real estate sector** is taking housing sales to pre-pandemic levels, with a 50% rise between 2021 and 2022.

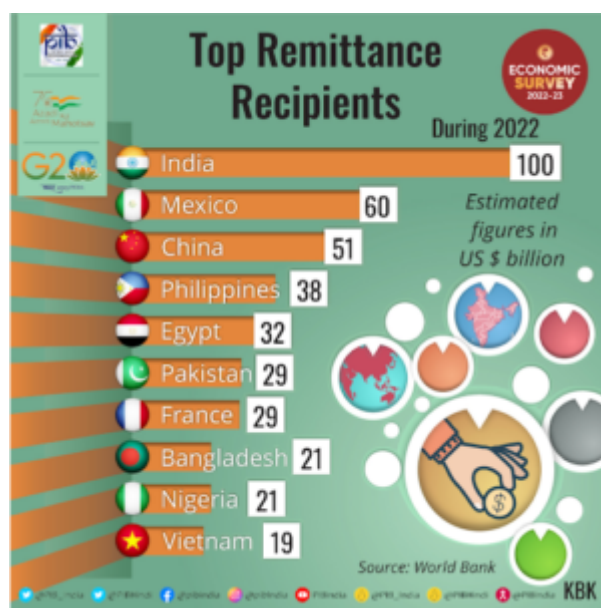
- Hotel occupancy rate has improved from 30-32% in April 2021 to 68-70% in November 2022.
- **Tourism sector is showing signs of revival**, with foreign tourist arrivals in India in FY23 growing month-on-month with resumption of scheduled international flights and easing of Covid-19 regulations.
- Digital platforms are transforming India's financial services.
- **India's e-commerce market is projected to grow at 18 per cent annually through 2025.**



### **External Sector: Watchful and Hopeful-**

- Merchandise exports were US\$ 332.8 billion for April-December 2022.
- **India is the 7th largest service exporter in the world.**
- India diversified its markets and **increased its exports to Brazil, South Africa and Saudi Arabia.**
- To increase its market size and ensure better penetration, in 2022, **Comprehensive Economic Partnership Agreement(CEPA) with UAE and ECTA with Australia come into force.**
- **India is the largest recipient of remittances in the world receiving US\$ 100 bn in 2022. Remittances are the**

**second largest major source of external financing** after service export.



- **As of December 2022, Forex Reserves stood at US\$ 563 bn** covering 9.3 months of imports.
- **As of end-November 2022, India is the sixth largest foreign exchange reserves holder in the world.**
- The current stock of external debt is well shielded by the comfortable level of foreign exchange reserves.
- **India has relatively low levels of total debt as a percentage of Gross National Income** and short-term debt as a percentage of total debt.

### **Physical and Digital Infrastructure: Lifting Potential Growth-**

### **Government's Vision for Infrastructure Development-**

- **Public Private Partnerships:**
  - In-Principal Approval granted to 56 projects with Total Project Cost of ₹57,870.1 crore under the **Viability Gap Funding (VGF) Scheme**, from 2014-15 to 2022-23.
  - **India Infrastructure Project Development Fund Scheme (IIPDF Scheme)** with ₹150 crore outlay from FY 23-25 was notified by the government on 03

November, 2022.

▪ **National Infrastructure Pipeline:**

- 89,151 projects costing ₹141.4 lakh crore under different stages of implementation.
- 1009 projects worth ₹5.5 lakh crore completed.
- NIP and Project Monitoring Group (PMG) portal linkage to fast-track approvals/ clearances for projects.

▪ **National Monetisation Pipeline:**

- ₹ 9.0 lakh crore is the estimated cumulative investment potential.
- ₹ 0.9 lakh crore monetisation target achieved against expected ₹0.8 lakh crore in FY22.
- FY23 target is envisaged to be ₹1.6 lakh crore (27 per cent of overall NMP Target)

▪ **GatiShakti:**

- PM GatiShakti National Master Plan creates **comprehensive database for integrated planning and synchronised implementation across Ministries/ Departments.**
- Aims to **improve multimodal connectivity and logistics** efficiency while addressing the critical gaps for the seamless movement of people and goods.

**Electricity Sector and Renewables-**

- As on 30 September 2022, the **government has sanctioned the entire target capacity of 40 GW for the development of 59 Solar Parks in 16 states.**
- 17.2 lakh GWh electricity generated during the year FY22 compared to 15.9 lakh GWh during FY21.
- **The total installed power capacity** (industries having demand of 1 Mega Watt (MW) and above) increased from

460.7 GW on 31 March 2021 to **482.2 GW on 31 March 2022.**

### **Making Indian Logistics Globally Competitive-**

- **National Logistics Policy** envisions to develop a technologically enabled, integrated, cost-efficient, resilient, sustainable and trusted logistics ecosystem in the country for accelerated and inclusive growth.
- **Rapid increase in National Highways (NHs) /Roads Construction with 10457 km NHs/roads constructed in FY22** compared to 6061 km in FY16.
- **Budget expenditure increased from ₹1.4 lakh crore in FY20 to ₹2.4 lakh crore in FY23** giving renewed push to Capital expenditure.
- **2359 Kisan rails** transported approximately 7.91 lakh tonnes of perishables, as of October 2022.
- More than one crore air passengers availed the benefit of the **UDAN scheme** since its inception in 2016.
- Near doubling of capacity of major ports in 8 years.
- **Inland Vessels Act 2021 replaced 100-year-old Act to ensure hassle free movement of Vessels promoting Inland Water Transport.**

### **India's Digital Public Infrastructure-**

- **Unified Payment Interface (UPI):**
  - **UPI-based transactions grew in value (121 per cent)** and volume (115 per cent) terms, between 2019-22, paving the way for its international adoption.
- **Telephone and Radio – For Digital Empowerment:**
  - **Total telephone subscriber base in India stands at 117.8 crore** (as of Sept,22), with **44.3 per cent of subscribers in rural India.**
  - More than **98 per cent** of the total telephone subscribers are **connected wirelessly.**



- The overall **tele-density in India stood at 84.8 per cent** in March 22.
- **200 per cent increase in rural internet subscriptions** between 2015 and 2021.
- **Prasar Bharati (India's autonomous public service broadcaster) – broadcasts in 23 languages**, 179 dialects from 479 stations. Reaches 92 per cent of the area and 99.1 per cent of the total population.

- **Digital Public Goods:**

- Achieved low-cost accessibility since the launch of Aadhaar in 2009
- Under the government schemes, **MyScheme, TrEDS, GEM, e-NAM, UMANG** has transformed market place and has enabled citizens to access services across sectors
- Under **Account Aggregator**, the consent-based data sharing framework is currently live across over 110 crore bank accounts.
- **Open Credit Enablement Network** aims towards democratising lending operations while allowing end-to-end digital loan applications
- **National AI portal** has published 1520 articles, 262 videos, and 120 government initiatives and is being viewed as a tool for overcoming the language barrier e.g. '**Bhashini**'.
- Legislations are being introduced for enhanced user privacy and creating an ecosystem for standard, open, and interoperable protocols underlining robust data governance.