

Economic Survey 2023 Highlights

Factors	Analysis
Growth estimates	<ul style="list-style-type: none"> The economy is expected to grow at 7% in real terms for 2022-23.
GDP estimates	<ul style="list-style-type: none"> India's GDP is expected to be in the range of 6-6.8% in 2023-24. The survey projects a baseline GDP growth of 6.5% in real terms in FY24.
Inflation	<ul style="list-style-type: none"> RBI estimated 6.8% of retail inflation for 2022-23.
Fiscal Deficit	<ul style="list-style-type: none"> The fiscal deficit of the Union government has moderated at 6.7% of GDP in FY22. It is expected to reach 6.4% of GDP in FY23.
Gross Tax Revenue	<ul style="list-style-type: none"> It registered a YoY growth of 15.5% from April to November 2022.
GST collections	<ul style="list-style-type: none"> GST collections increased at 24.8% on a YoY basis during April - December 2022.
Capital Expenditure (Capex) of central government	<ul style="list-style-type: none"> It increased by 63.4% from April to November 2022. It was a major growth driver of the Indian Economy in FY22. It has steadily increased from a long-term average of 1.7% of GDP (FY09 to FY20) to 2.5% of GDP in FY22 PA.
Monetary Management	<ul style="list-style-type: none"> Gross Non-Performing Assets (GNPA) are at a five-year low of 5%. RBI raised the policy rate by cumulative 225 basis points (bps) since April 2022. Yield on a 10-year government bond is stable. Capital-to-Risk Weighted Asset Ratio (CRAR) stands at 16.0.
Credit Growth to MSME	<ul style="list-style-type: none"> The credit growth to Micro, Small, and Medium enterprises was high at 30.6% on average from January to November 2022.
Service Sector Growth	<ul style="list-style-type: none"> The growth rate of GVA at basic prices in 2021-22 was 8.4% (Provisional estimate). It is 9.1% in 2021-22 as per the first advanced estimate.

Urban Unemployment Rate	<ul style="list-style-type: none"> According to the Periodic Labour Force Survey (PLFS), the urban unemployment rate decreased from 9.8% in the quarter ending September 2021 to 7.2% in the quarter ending September 2022.
Exports	<ul style="list-style-type: none"> Merchandise exports stood at US\$ 332.8 bn for April-December 2022. This was a growth of 16% from 2021. India is the 7th largest service exporter in the world. The share of exports of goods and services as a percent of GDP in the first half of 2022-23 has been the highest since 2016.
Remittances	<ul style="list-style-type: none"> According to World Bank, India was the largest recipient of remittances in the world in 2022.

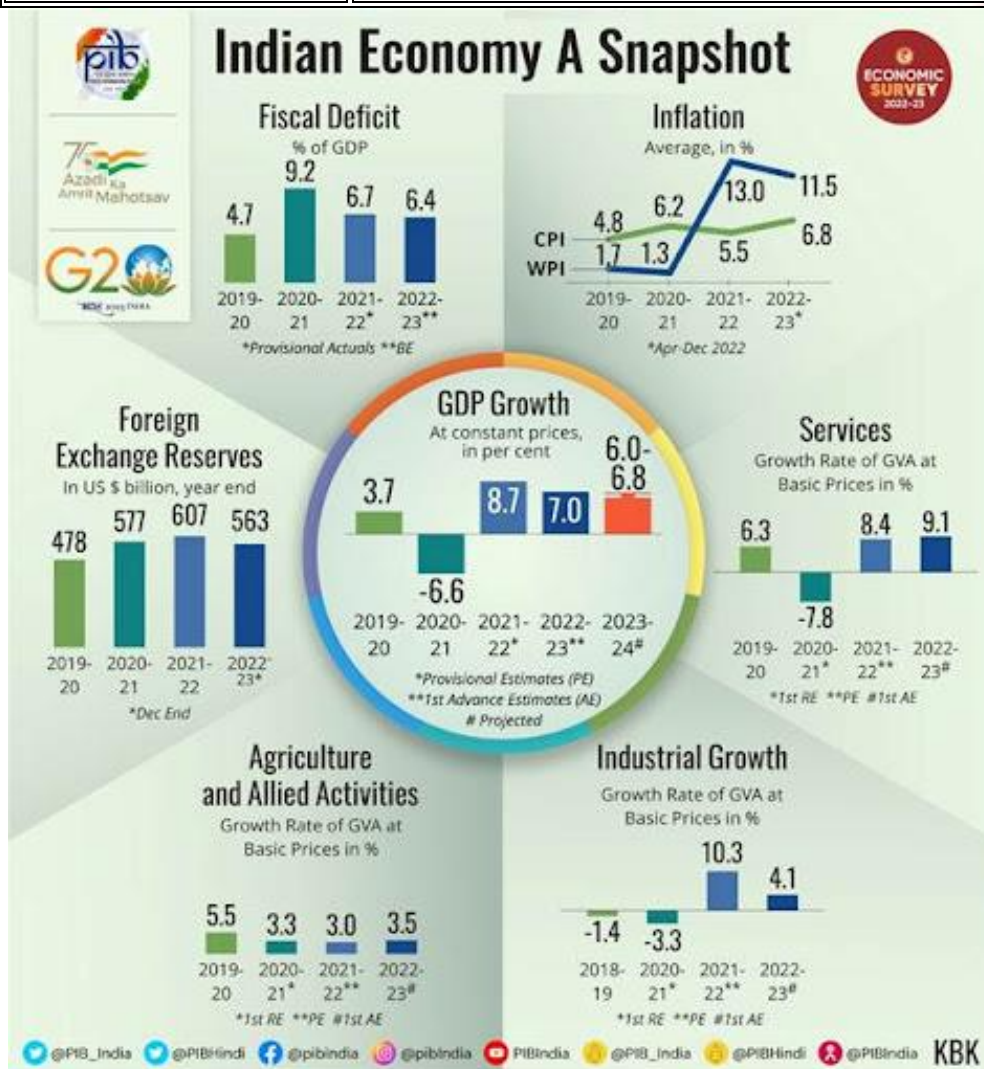


Image source: PIB

OTHER HIGHLIGHTS:

State of Economy: Recovery Complete

- India has recovered from three global shocks, the [COVID-19 pandemic](#), the Russia-Ukraine conflict leading to rising inflation, and the rate hike by the U.S. Federal Bank.
- Increased private consumption, central government spending (capex), and crowding in the private capex led by the strengthening of the balance sheets of the corporates were the major drivers of growth of the Indian economy.
- The rebound in consumption was engineered by near-universal COVID-19 vaccination.
- Schemes like PM-Kisan and [PM Garib Kalyan Yojana](#) have helped in ensuring food security. Moreover, the National Family Health Survey (NFHS) showed improvement in rural welfare indicators like gender, fertility, etc.

Fiscal Stability

- The government of India adopted a holistic policy towards fiscal stability in the past few years by transforming the tax ecosystem, rationalizing GST, simplifying tax compliance, etc.

Inflation

- Though India's retail inflation rate peaked at 7.8% in April 2022, it was one of the lowest in the world.
- The rise in prices was capped by various interventions like:
 - Phase-wise reduction in the export duty of petrol and diesel.
 - Import duty on major inputs was brought to zero.
 - Exports were regulated. For instance, exports of wheat products were prohibited.

Social Infrastructure and Employment

- The budgeted expenditure of the Central and State Governments on the health sector increased to 2.1% of GDP in FY23 (BE) from 1.6% in FY21.
- Social sector expenditure reached approximately Rs. 21.3 lakh crore in FY23 (Budget Estimates, BE).
- Unemployment rates reduced from 5.8% in 2018-19 to 4.2% in 2020-21.
- The out-of-pocket expenditure as a percentage of total health expenditure decreased from 64.2% in FY14 to 48.2% in FY19.
- Around 220 crore COVID vaccines were administered (as on 6 January 2023).
- There are more than 22 crore beneficiaries that have been verified under the Ayushman Bharat Scheme (04 January 2023). And about 1.54 lakh Health and Wellness Centres have been operationalized across India under the Ayushman Bharat initiative.

Climate Change and Environment

- India has achieved its target of 40% installed electric capacity from non-fossil fuels ahead of 2030.
- [LIFE– Lifestyle for Environment initiative](#) was launched by the government of India.
- Initiatives like Sovereign Green Gold Bond and [National Green Hydrogen Mission](#) were also launched.
- It is highlighted that the installed solar power capacity reached 61.6 GW on October 2022.
- India is becoming a favoured destination for renewables. For instance, investments in 7 years stand at US\$ 78.1 billion.

Agriculture and Food Management

- Private investment in agriculture has risen to 9.3% in 2020-21.
- The production of food grains has consistently increased. It stood at around 315.7 million tonnes in 2021-22.
- The government is promoting several initiatives in different domains like organic farming, [e-NAM](#), post-harvest support, etc.

Industry

- Overall gross value added by the industrial sector has increased.
- Electronics exports increased threefold. It rose from US \$4.4 bn in FY19 to US \$11.6 bn in FY22.
- India became the second-largest mobile phone manufacturer globally.
- Foreign Direct Investment (FDI) flows into the pharma industry in India have increased by nearly four times.
- To promote ease of doing business, around 39000 compliances were reduced and more than 3500 provisions were decriminalized.
- The government also introduced the [Production linked incentive scheme](#) for 14 sectors.

Service Sector

- India was one of the top ten services exporting countries in 2021. Its overall share in world commercial services exports increased from 3% in 2015 to 4% in 2021.
- FDI equity inflows in the services sector in FY22 were approximately US\$ 7.1 billion.
- There was sustained growth in the real estate sector.
- Hotel occupancy and the tourism sector significantly revived after the pandemic.
- India's e-commerce market is projected to grow at 18% annually till 2025.

External Sector

- India diversified its markets and increased its exports to countries like Brazil, South Africa, and Saudi Arabia.
- CEPA with UAE and [ECTA with Australia](#) came into force in 2022. This would further strengthen India's position in the global market.
- As of December 2022, India's forex reserves stood at US\$ 563 bn covering 9.3 months of imports. It should be noted that India is the sixth largest foreign reserves holder in the world.

Physical and Digital Infrastructure

- The government is looking forward to various schemes/initiatives for infrastructure development like:
 - [National Monetization Pipeline](#)
 - National Infrastructure Pipeline
 - Public Private Partnerships in various projects
 - PM GatiShakti National Master Plan
- In the field of logistics, various initiatives have been launched like the [National Logistic Policy](#), Kisan rail, Inland Vessels Act, etc.
- To strengthen the digital infrastructure of the country, GEM, e-NAM, and UMANG have transformed the marketplace and have enabled citizens to access services across sectors.

Other Important facts

- UPI-based transactions grew 121% by value and 115% by volume between 2019-22.
- There was a 200% increase in rural internet subscriptions between 2015 and 2021.