



Economic Survey 2022-23

For Prelims: Key points of Economic Survey 2022-23

For Mains: Key points of Economic Survey 2022-23

Why in News?

The **Union Finance Minister** tabled the [Economic Survey](#) for the **Financial Year 2022-23**, after the **President's address**.

- The **Economic Survey 2022-23 highlighted** that **India's economic recovery from the pandemic is complete** and the **economy is expected to grow in the range of 6% to 6.8%** in the coming financial year **2023-24**.

What is the Economic Survey?

- The Economic Survey of India is an annual document released by the Ministry of Finance. It is usually presented in [Parliament a day before the Union Budget](#).
- It is prepared by the **Economics Division of the Department of Economic Affairs (DEA)** under the guidance of the **Chief Economic Advisor**.
- It reviews the developments in the Indian economy over the previous 12 months and presents the economic outlook for the current fiscal year.
- It also presents the **current state of the Indian economy**, including data on [gross domestic product \(GDP\)](#), [inflation](#), [employment](#), and [trade](#).
- The **first Economic Survey in India was presented in the year 1950-51**.
 - Up to 1964, it was presented along with the Union Budget. From 1964 onwards, it has been delinked from the Budget.

How was the State of Indian Economy in 2022-23?

- **Performance:**
 - India hosted the world's [second-largest vaccination drive](#), involving over **2 billion doses**.
 - The improvement in the financial health of public sector banks has enabled them to increase **credit supply, leading to rapid credit growth for the [micro, small, and medium enterprises \(MSME\) sector](#)**.
- **Current Challenges:**
 - Indian economy still faces persistent challenges, including the [depreciating rupee](#) and the **possibility of further [US Fed interest rate hikes](#)**.
 - The [current account deficit \(CAD\)](#) may also continue to widen as global commodity prices remain elevated.

▪ **Outlook 2023-24:**

- India's economic growth in FY23 is being led by **private consumption and capital formation**, generating employment.
 - The **recovery of MSMEs** is progressing, with the [Emergency Credit Linked Guarantee Scheme \(ECGS\)](#) easing their debt concerns.
- **Global growth is projected to decline in 2023, but India's growth is expected to be swift in FY24** with a vigorous credit disbursement and capital investment cycle.
- The expansion of public digital platforms and measures such as [PM GatiShakti](#), the [National Logistics Policy](#), and the [Production-Linked Incentive](#) schemes will support economic growth and boost manufacturing output.



What is India's Medium-term Growth Outlook?

▪ **Context:**

- The **current decade is similar to 1998-2002**, where transformative reforms had delayed growth returns due to temporary shocks, **but structural reforms later paid growth dividends.**

▪ **2014-2022 Period:**

- 2014-2022 is an important period in **India's economic history** with reforms aimed at improving the [ease of living and doing business.](#)
 - The reforms were based on **creating public goods, trust-based governance,**

co-partnering with the private sector and increasing agricultural productivity.

- However, due to **balance sheet stress and global shocks**, key macroeconomic variables were negatively impacted during this period.

▪ **2023-2030 Outlook:**

- The growth outlook is **better than pre-pandemic years** and the Indian economy is prepared to grow at its potential in the medium term.

1998-2002	2014-2022
Shocks to the economy	
♦ Nuclear device testing 1998; sanctions followed	♦ Period of Banking, Non-Banking and Non-Financial Corporate Sector Balance-sheet stress
♦ Banking and Corporate Sector deleveraging and repairing balance-sheets	♦ Unprecedented pandemic shock followed by inflation global commodity price shock followed by tightening of financial conditions
♦ Two successive droughts	
♦ Technology bust; US recession and 09/11	
Structural reforms in the economy	
♦ Interest rate deregulation	♦ Unique Identity
♦ Privatisation	♦ Financial Inclusion
♦ Asset Recovery for banks	♦ GST leading to formalisation
♦ Infrastructure (Golden quadrilateral)	♦ Insolvency & Bankruptcy Code
♦ FRBM Act	♦ Privatisation
	♦ Tax rates rationalisation and tax administration reforms
	♦ Decriminalisation of offences
	♦ Vaccines roll-out
	♦ Expenditure Management Reforms
	♦ AatmaNirbhar Bharat
	♦ Public Digital Infrastructure

What were the Major Fiscal Developments Related to Revenue?

▪ **Context:**

- During the **fiscal year 2023**, the Union Government's finances showed resilience, which was a result of various factors like the **increase in direct taxes and Goods and Services Tax (GST) revenues.**

▪ **Revenue Growth and Performance:**

- From **April to November 2022**, the **Gross Tax Revenue** experienced a **YoY growth of 15.5%**, which was primarily driven by the strong growth of both direct taxes and GST.
- **GST has established itself as a vital source of revenue** for the central and state governments, as seen from the YoY growth of **24.8% from April to December 2022.**
- Over the years, the **Centre's Capex has steadily increased from 1.7% of GDP (FY09 to FY20) to 2.5% of GDP in FY22.**
 - To prioritise spending on Capex, the Centre incentivized the state governments through **interest-free loans and increased borrowing limits.**
 - The increased Capex, particularly in **infrastructure-intensive sectors** such as roads and highways, railways, housing, and urban affairs, has **substantial positive effects on medium-term growth.**

▪ **Towards Sustainable Debt-to-GDP ratio:**

- The government's strategy of focusing on Capex-led growth will keep the **growth-interest rate differential positive**, resulting in a **sustainable debt-to-GDP ratio in the medium**

run.

What was the Status of Monetary Management and Financial Intermediation?

▪ Context:

- The [Reserve Bank of India \(RBI\)](#) started its **monetary tightening cycle in April 2022**, and since then, they have **raised the repo rate by 225 basis points**.
 - This has led to a **decrease in surplus liquidity and improved the balance sheets of financial institutions**, making it easier for them to lend money.
- It is expected that the **growth in credit offtake will continue and be sustained by an increase in private capital expenditure**, which will start a virtuous cycle of investment.

▪ Performance and Growth:

- The [Gross Non-Performing Assets \(GNPA\) ratio](#) of SCBs ([scheduled commercial banks](#)) has dropped to a seven-year low of **5.0**, and the **Capital-to-Risk Weighted Assets Ratio (CRAR) remains healthy at 16.0**.
- In FY22, the recovery rate through the [Insolvency and Bankruptcy \(IBC\) channel](#) was **the highest compared to other channels**, which shows a positive trend for the SCBs.

How Prices and Inflation was Regulated in 2022-23?

▪ Context:

- In 2022, India experienced three phases of consumer price inflation. During the first phase, from **January to April, inflation peaked at 7.8% due to the war between Russia and Ukraine and crop shortages caused by heat waves** in some parts of the country.
 - However, prompt actions by the government and the Reserve Bank of India helped bring inflation under control, with a **decline to 5.7% by December**.

▪ Bottlenecks:

- The **gap between the [wholesale price index](#) and the [consumer price index](#) remained wide**, with core inflation still showing resistance to change.

▪ Regulatory Measures:

- The government adopted a **multi-pronged approach to control the increase in prices**, which included: **reducing the export duty of petrol and diesel, bringing the import duty on major inputs to zero, imposing export ban on wheat products** and export duty on rice, and reducing the basic duty on crude and refined palm oil.
- The government's timely policy intervention in the **housing sector, along with low home loan interest rates**, boosted demand in the affordable housing segment and **attracted more buyers in FY23**.

▪ RBI's Forecast:

- The **RBI forecasts higher domestic prices for cereals, spices, and milk in the near future**, mainly due to supply shortages and rising feed costs.
 - The **changing climate around the world** is also increasing the risks of higher food prices.

What is the Status of Social Infrastructure and Employment in India during 2022-23?

▪ Context:

- The government **increased its spending on the social sector**. The **twin pillars of education and health are being strengthened to form human capital**.
 - Overall, the government's social sector spending increased from **Rs. 9.1 lakh crore in FY16 to Rs. 21.3 lakh crore in FY23**.

▪ Social Infrastructure:

◦ Education:

- The [National Education Policy 2020](#) is expected to enrich the nation's growth and development prospects.
- The government's efforts have led to **improvements in enrollment ratios and gender parity in schools**.

◦ Healthcare:

- In FY23, the government's **budgeted spending on the health sector was 2.1%** of GDP, up from **1.6% in FY21**.
- As of **January 4, 2023**, nearly **22 crore people** have benefited from the **Ayushman Bharat Scheme**, and over 1.54 lakh health and wellness centres have been established across the country.
- **Poverty Alleviation:**
 - The progress in attaining the **Sustainable Development Goal** of halving poverty by 2030 is demonstrated by the fact that more than **41 crore people have exited poverty between 2005-06 and 2019-21** according to the **UN Multidimensional Poverty Index**.
- **Aadhaar and Co-Win:**
 - **Aadhar played a critical role in developing the Co-WIN platform** and administering over 2 billion vaccine doses.
- **Aspirational Districts Programme:**
 - The **Aspirational Districts Programme** is seen as a model of good governance, especially in remote areas.
- **Employment:**
 - **Labour Force Participation:** Labour markets have recovered from the effects of Covid-19, with **unemployment rates falling from 5.8% in 2018-19 to 4.2% in 2020-21**.
 - The **Rural Female Labor Force Participation Rate** has risen from 19.7% in 2018-19 to 27.7% in 2020-21, which is a positive development.
 - **eShram Portal:** The **eShram portal** was created to create a national **database of unorganised** workers, and as of December 31, 2022, over 28.5 crore workers were registered.
 - **Jam Trinity and DBT:** The **JAM trinity, combined with Direct Benefit Transfer (DBT)**, has brought marginalised people into the **formal financial system, empowering them**.





Social Infrastructure And Employment: Big Tent



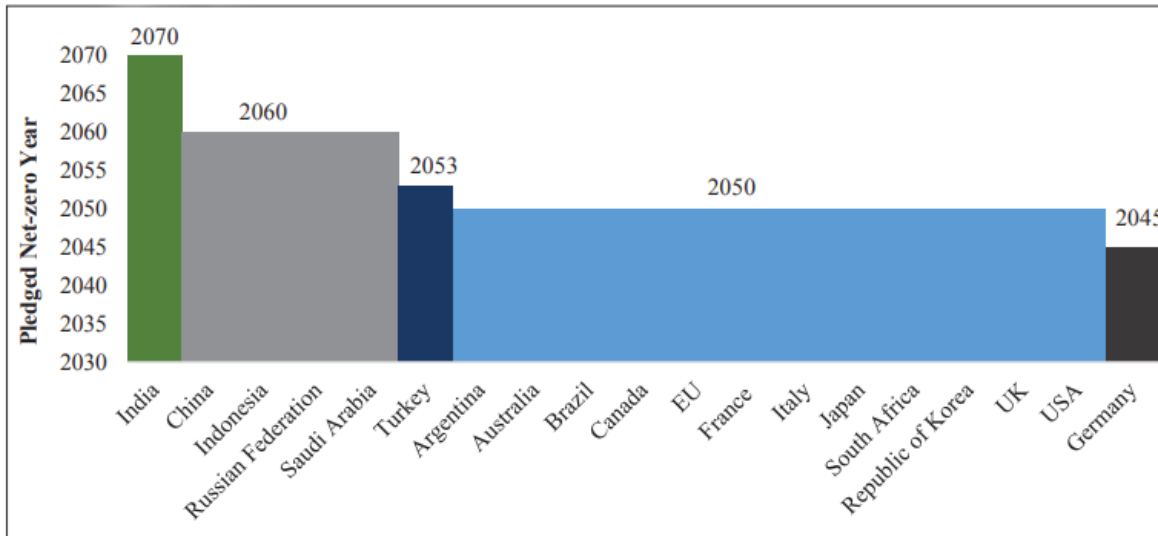
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- › Enhanced Govt expenditure for better quality of life
- › Over 14,500 PM SHRI schools to be built between FY23 to FY27
- › Rise in number of IITs, IIMs, IIITs
- › Urban employment nearing pre-pandemic level
- › EPFO based net payroll on the rise: 105.4 lakh in FY23 (till Nov)

How was India's Economic Performance in Climate Change and Environment?

- **Context:**
 - The **Economic Survey 2022-23** presented a chapter on '**Climate Change and Environment**' listing out India's [nationally determined contributions \(NDCs\)](#) that include the **transition to renewable energy** resources, **commitment to achieve "Net Zero" emissions by 2070** and steps taken to **become energy independent**.

Net Zero Pledges of countries (the Year pledged is on top of the bars)



▪ Performance and Goals:

- India has also **committed to reduce emissions intensity of its GDP by 45% by 2030** from 2005 levels.
- Another target has been set to achieve about **50% cumulative electric power installed capacity from non-fossil fuel-based** energy resources by 2030.
 - India has **already achieved its target of 40%** installed electric capacity from non-fossil fuels ahead of 2030 and the likely installed capacity from non-fossil fuels will be more than 500 GW by 2030.
 - This would lead to a **decline of average emission rate by around 29% by 2029-30** (compared to 2014-15).
- A mass **movement LIFE- Lifestyle for Environment** was launched at the **Glasgow climate summit** at UNFCCC COP26.
- In Nov 2022, **India's first Sovereign Green Bonds (SGrBs) Framework** was issued. **RBI auctioned two tranches of ₹4,000 crore SGrBs.**
- The survey also highlighted **India's plans to be energy independent by 2047**, by relying on green hydrogen through the **National Green Hydrogen Mission.**
- The survey shows that **India is becoming a favoured destination for renewables** with investments standing at USD 78.1 billion in the past 7 years.
 - **Solar power capacity installed,** a key metric under the National Solar Mission, stood at 61.6 GW as of October 2022.

How was India's Economic Performance in Agriculture and Food Management?

▪ Context:

- India's **agriculture sector** has witnessed a **robust average annual growth rate of 4.6%** over the last six years. This enabled agriculture to contribute significantly towards the country's overall growth, development and food security.

▪ Performance:

- In recent years, **India has emerged as the net exporter of agricultural products**, with exports in 2021-22 touching a record USD 50.2 billion.
- Agri sector saw buoyant growth due to the following measures taken by the govt:
 - **Augmentation of crop and livestock** productivity
 - **MSP for all mandated crops** fixed at 1.5 times of all India weighted average cost of production
 - Promotion of **crop diversification**
 - Mechanisation and **boost to horticulture and organic farming.**

- **Private investment in agriculture increased** to 9.3% in 2020-21. **Institutional credit to the Agri sector continued to grow to Rs. 18.6 lakh crore in 2021-22.**

- **Foodgrains production in India saw sustained increase** and stood at 315.7 million tonnes in 2021-22.

- As per the [First Advance Estimates for 2022-23 \(Kharif only\)](#), total foodgrains production in the country is estimated at **149.9 million tonnes** which is **higher than the average Kharif foodgrain production** of the previous five years (2016-17 to 2020-21).
- Also, the GoI has recently decided to provide [free foodgrains to beneficiaries under the NFSA 2013 for one year](#) from 1 January 2023.
- The [National Agriculture Market \(e-NAM\)](#) Scheme has established an online, competitive, transparent bidding system to ensure farmers get remunerative prices for their produce (covering 1.74 crore farmers and 2.39 lakh traders).
- Under **Paramparagat Krishi Vikas Yojana (PKVY)**, organic farming is being promoted through [Farmer Producer Organisations \(FPO\)](#).
- **India stands at the forefront to promote millets** after the UNGA, in its 75th session in 2021, declared [2023 the International Year of Millets \(IYM\)](#).

How was India's Economic Performance in the Industrial Sector?

- **Context:**
 - The Economic Survey 2022-23 showed a **rise of 3.7% of overall [Gross Value Added \(GVA\)](#) by the Industrial Sector** (for the first half of FY 22-23) which is higher than the average growth of 2.8% achieved in the first half of the last decade.
- **Performance:**
 - 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.
 - Both the [Purchasing Managers Index \(PMI\)](#) and [Index of Industrial Production \(IIP\)](#) are in an **upward growth trajectory since July 2021**.
- **Credit to both [MSMEs](#) and large industries** have shown double digit growth (MSMEs by 30% since Jan 2022).
- **India's electronics exports have risen nearly threefold**, from US \$4.4 billion in FY19 to US \$11.6 Billion in FY22 with **India becoming the second-largest mobile phone manufacturer** globally.
- **Foreign Direct Investment (FDI) flows into the [Pharma Industry](#)** have risen four times, from US \$180 million in FY19 to US \$699 million in FY22.
- **Production Linked Incentive (PLI) schemes** were also introduced across 14 categories, with an estimated capex of Rs. 4 lakh crore over the next five years, to plug India into global supply chains.
- Over 39,000 **compliances have been reduced** and more than 3500 provisions decriminalised as of January 2023 by [amending the Companies Act 2013](#).
- To further enhance India's integration in the global value chain, **'Make in India 2.0'** is now focusing on 27 sectors, which include 15 manufacturing sectors and 12 service sectors.

How was India's Economic Performance in the Services Sector?

- **Context:**
 - The Services Sector in India is **expected to grow at 9.1% in FY23**, compared to 8.4% (YoY) in FY22.
- **Performance:**
 - **Robust expansion in PMI (Purchasing Managers' Index) services** has been observed since July 2022.
 - India was **among the top ten services exporting countries** in 2021, with a **share of 4%** in world commercial services exports.
 - **India's services sector has been resilient** even throughout the Covid-19 pandemic and amid geopolitical uncertainties due to **higher demand for digital support, cloud services, and infrastructure modernization**.
 - In the real-estate sector, there was sustained growth, leading to pre-pandemic housing sales levels, with a 50% rise between 2021 and 2022.
 - In the [tourism sector](#), hotel occupancy rate improved from 30-32% in April 2021 to 68-70% in November 2022 showing **signs of revival with increasing foreign tourist**

arrivals in FY23.

- **Digital platforms** are transforming India's financial services; [India's e-commerce market](#) is projected to grow at 18% annually through 2025.

How was India's Economic Performance in the External Sector?

▪ Context:

- Owing to the recent geopolitical developments, India's external sector has been facing considerable global headwinds.
- However, India has diversified its markets and **increased its exports to Brazil, South Africa and Saudi Arabia.**

▪ Performance:

- India's [current account balance \(CAB\)](#) recorded a **deficit of US\$ 36.4 billion (4.4% of GDP)** in the **second quarter (Q2) of FY23** in contrast to a deficit of US\$ 9.7 billion (**1.3% of GDP**) in Q2 of FY22.
 - This was **mainly due to a higher merchandise trade deficit** of US\$ 83.5 billion **and an increase in net investment income outgo.**
- To increase its market size and ensure better penetration, in 2022, India signed [CEPA with UAE](#) and [ECTA with Australia.](#)
- [India is the largest recipient of remittances](#) in the world receiving US\$ 100 bn in 2022.
 - Remittances are the **second largest source of external financing** after service export.
- As of December 2022, [India's Forex Reserves stood at US\\$ 563](#) bn covering 9.3 months of imports (this is a **decline from 13 months of imports** in FY 21-22).
 - Despite this, India was the **6th largest foreign exchange reserves holder** in the world.

How was India's Economic Performance in the Digital Public Infrastructure?

▪ Context:

- India's Digital Public Infrastructure (DPI) can add around 60-100 basis points (BPS) to India's potential GDP growth rate.
- In the immediate future, platforms such as [Open Network for Digital Commerce \(ONDC\)](#), **Open Credit Enablement Network (OCEN)** will open avenues for e-commerce market access and credit availability for smaller businesses and strengthen the expected economic growth.

▪ Performance:

- **Unified Payment Interface (UPI):**
 - [UPI](#)-based transactions grew in both value (121%) and volume (115%), 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% of subscribers in rural India.**
 - **More than 98%** of the total telephone subscribers are **connected wirelessly.**
 - As of March 2022, India's **overall teledensity** (number of telephone connections per 100 people) in India **stood at 84.8%.**
- Economic Survey states that a landmark achievement in telecommunications in India was the [launch of 5G services.](#)
 - The [Indian Telegraph Right of Way \(Amendment\) Rules, 2022](#), will facilitate faster and easier deployment of telegraph infrastructure to **enable speedy 5G rollout.**
- [Prasar Bharati](#), **India's autonomous public service broadcaster**, broadcasts in 23 languages, 179 dialects from 479 stations and reaches 92% of India's total area and 99.1% of the total population.
- **Digital Public Goods:**
 - Schemes like **MyScheme, TrEDS, GEM, e-NAM, UMANG** have transformed India's market place and has enabled citizens to access services across sectors.
 - **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 '**Bhashini**' is being viewed as a tool for overcoming the language barrier.
- The bouquet of digital public infrastructure products like **e-RUPI**, [e-Way Bill](#) etc. have **ensured real value for money to consumers** while reducing the compliance burden for producers.

[Source: Economic Survey](#)

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