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GOVERNMENT OF INDIA

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SUMMARY OF THE ECONOMIC SURVEY 2022-23

INDIA TO WITNESS GDP GROWTH OF 6.0 PER CENT TO 6.8 PER CENT IN 2023-24, DEPENDING ON THE TRAJECTORY OF ECONOMIC AND POLITICAL DEVELOPMENTS GLOBALLY

ECONOMIC SURVEY 2022-23 PROJECTS A BASELINE GDP GROWTH OF 6.5 PER CENT IN REAL TERMS IN FY24

ECONOMY IS EXPECTED TO GROW AT 7 PER CENT (IN REAL TERMS) FOR THE YEAR ENDING MARCH 2023, THIS FOLLOWS AN 8.7 PER CENT GROWTH IN THE PREVIOUS FINANCIAL YEAR

CREDIT GROWTH TO THE MICRO, SMALL, AND MEDIUM ENTERPRISES (MSME) SECTOR HAS BEEN REMARKABLY HIGH, OVER 30.5 PER CENT, ON AVERAGE DURING JAN-NOV 2022

CAPITAL EXPENDITURE (CAPEX) OF THE CENTRAL GOVERNMENT, WHICH INCREASED BY 63.4 PER CENT IN THE FIRST EIGHT MONTHS OF FY23, WAS ANOTHER GROWTH DRIVER OF THE INDIAN ECONOMY IN THE CURRENT YEAR

RBI PROJECTS HEADLINE INFLATION AT 6.8 PER CENT IN FY23, WHICH IS OUTSIDE ITS TARGET RANGE

RETURN OF MIGRANT WORKERS TO CONSTRUCTION ACTIVITIES HELPED HOUSING MARKET WITNESSING A SIGNIFICANT DECLINE IN INVENTORY OVERHANG TO 33 MONTHS IN Q3 OF FY23 FROM 42 MONTHS LAST YEAR

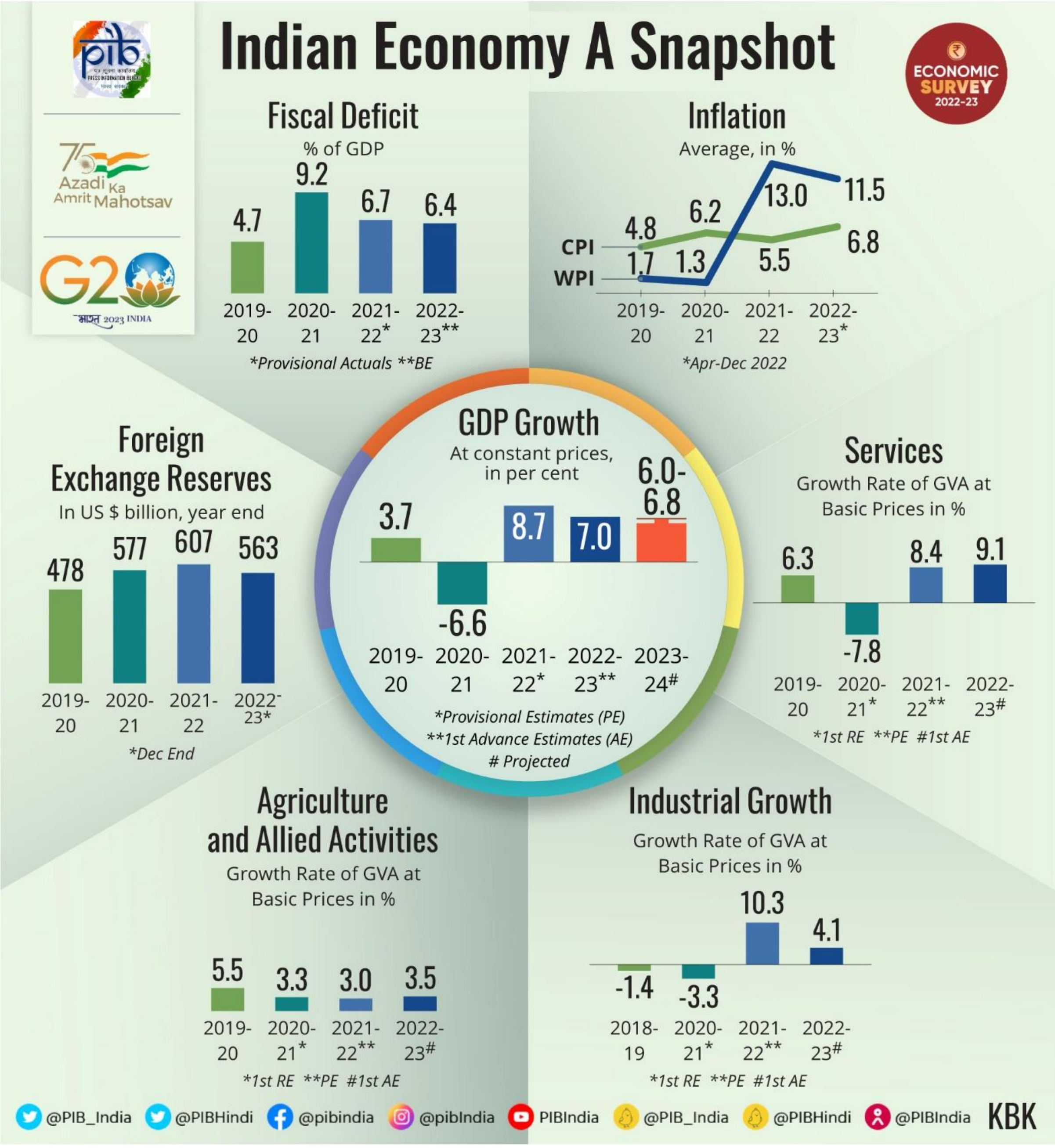
SURGE IN GROWTH OF EXPORTS IN FY22 AND THE FIRST HALF OF FY23 INDUCED A SHIFT IN THE GEARS OF THE PRODUCTION PROCESSES FROM MILD ACCELERATION TO CRUISE MODE

PRIVATE CONSUMPTION AS A PERCENTAGE OF GDP STOOD AT 58.4 PER CENT IN Q2 OF FY23, THE HIGHEST AMONG THE SECOND QUARTERS OF ALL THE YEARS SINCE 2013-14, SUPPORTED BY A REBOUND IN CONTACT-INTENSIVE SERVICES SUCH AS TRADE, HOTEL AND TRANSPORT

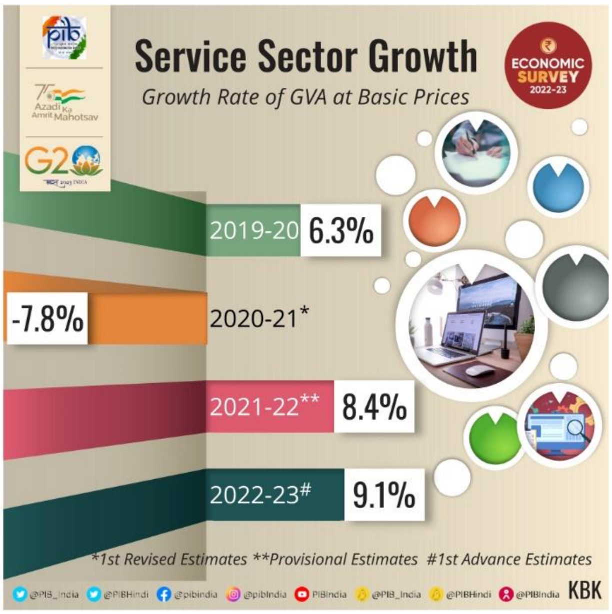
SURVEY POINTS TO THE LOWER FORECAST FOR GROWTH IN GLOBAL TRADE BY THE WORLD TRADE ORGANISATION, FROM 3.5 PER CENT IN 2022 TO 1.0 PER CENT IN 2023

New Delhi, 31st January, 2023

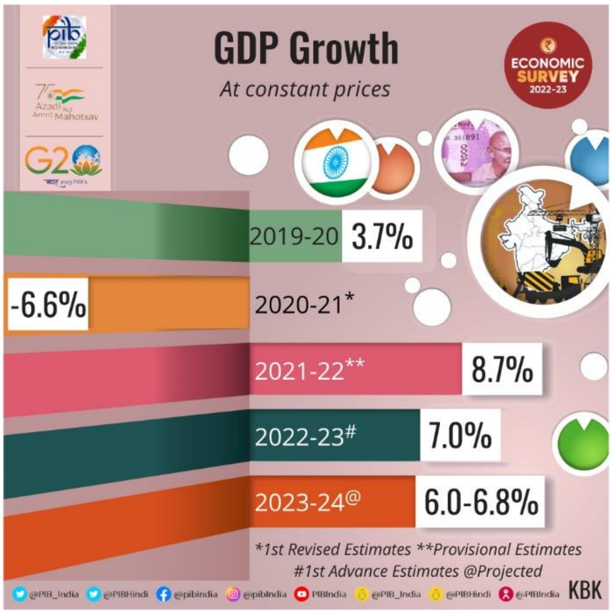
India to witness GDP growth of 6.0 per cent to 6.8 per cent in 2023-24, depending on the trajectory of economic and political developments globally.



The optimistic growth forecasts stem from a number of positives like the rebound of private consumption given a boost to production activity, higher Capital Expenditure (Capex), near-universal vaccination coverage enabling people to spend on contact-based services, such as restaurants, hotels, shopping malls, and cinemas, as well as the return of migrant workers to cities to work in construction sites leading to a significant decline in housing market inventory, the strengthening of the balance sheets of the Corporates, a well-capitalised public sector banks ready to increase the credit supply and the credit growth to the Micro, Small, and Medium Enterprises (MSME) sector to name the major ones.



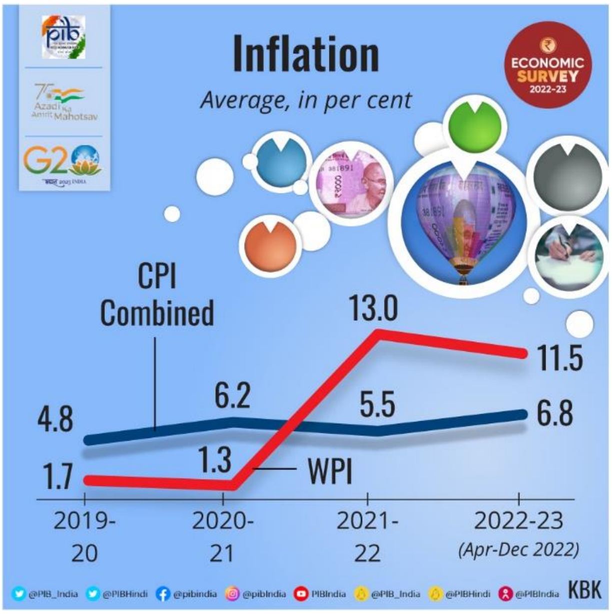
The Union Minister for Finance & Corporate Affairs Smt. Nirmala Sitharaman tabled the Economic Survey 2022-23 in Parliament today, which projects a baseline GDP growth of 6.5 per cent in real terms in FY24. The projection is broadly comparable to the estimates provided by multilateral agencies such as the World Bank, the IMF, and the ADB and by RBI, domestically.



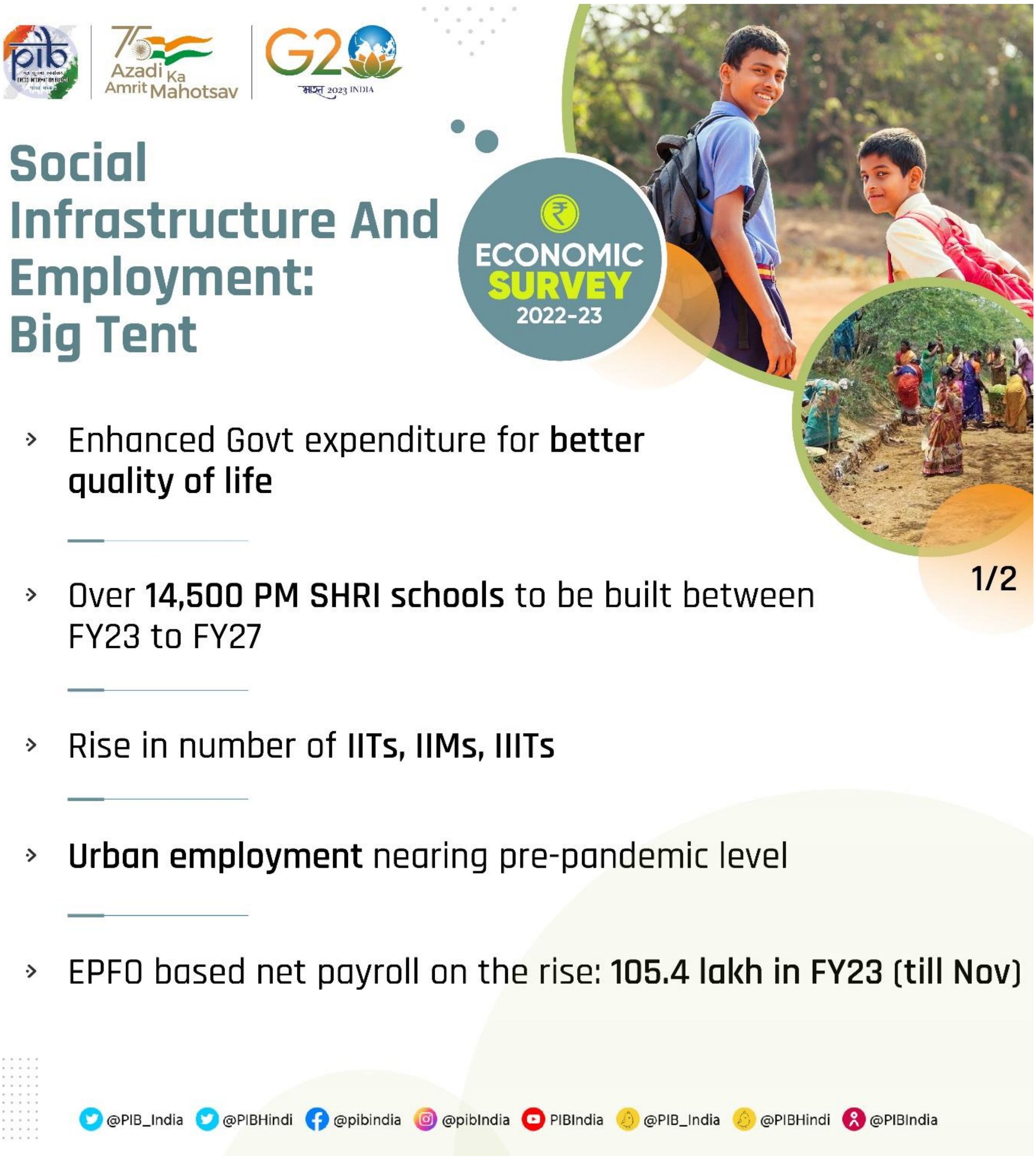
It says, growth is expected to be brisk in FY24 as a vigorous credit disbursal, and capital investment cycle is expected to unfold in India with the strengthening of the balance sheets of the corporate and banking sectors. Further support to economic growth will come from the expansion of public digital platforms and path-breaking measures such as PM GatiShakti, the National Logistics Policy, and the Production-Linked Incentive schemes to boost manufacturing output.

The Survey says, in real terms, the economy is expected to grow at 7 per cent for the year ending March 2023. This follows an 8.7 per cent growth in the previous financial year.

Despite the three shocks of COVID-19, Russian-Ukraine conflict and the Central Banks across economies led by Federal Reserve responding with synchronised policy rate hikes to curb inflation, leading to appreciation of US Dollar and the widening of the Current Account Deficits (CAD) in net importing economies, agencies worldwide continue to project India as the fastest-growing major economy at 6.5-7.0 per cent in FY23.



According to Survey, India's economic growth in FY23 has been principally led by private consumption and capital formation and they have helped generate employment as seen in the declining urban unemployment rate and in the faster net registration in Employee Provident Fund. Moreover, World's second-largest vaccination drive involving more than 2 billion doses also served to lift consumer sentiments that may prolong the rebound in consumption. Still, private capex soon needs to take up the leadership role to put job creation on a fast track.



It also points out that the upside to India’s growth outlook arises from (i) limited health and economic fallout for the rest of the world from the current surge in Covid-19 infections in China and, therefore, continued normalisation of supply chains; (ii) inflationary impulses from the reopening of China’s economy turning out to be neither significant nor persistent; (iii) recessionary tendencies in major Advanced Economies (AEs) triggering a cessation of monetary tightening and a return of capital flows to India amidst a stable domestic inflation rate below 6 per cent; and (iv) this leading to an improvement in animal spirits and providing further impetus to private sector investment.

The Survey says, the credit growth to the Micro, Small, and Medium Enterprises (MSME) sector has been remarkably high, over 30.6 per cent, on average during Jan-Nov 2022, supported by the extended Emergency Credit Linked Guarantee Scheme (ECLGS) of the Union government. It adds that the recovery of MSMEs is proceeding apace, as is evident in the amounts of Goods and Services Tax (GST) they pay, while the Emergency Credit Linked Guarantee Scheme (ECGLS) is easing their debt servicing concerns.

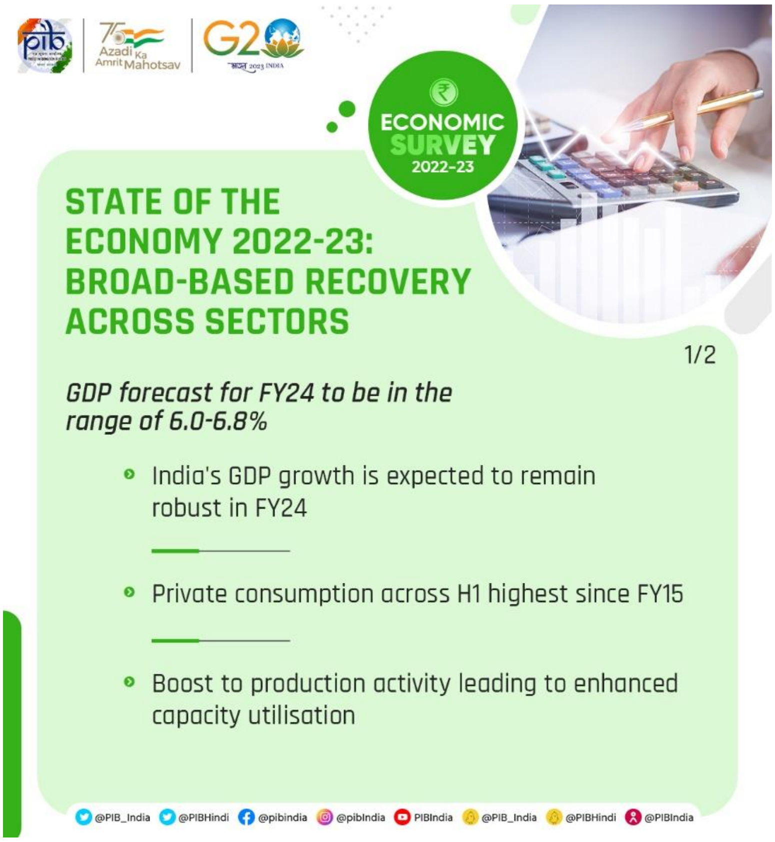
Apart from this, increase in the overall bank credit has also been influenced by the shift in borrower's funding choices from volatile bond markets, where yields have increased, and external commercial borrowings, where interest and hedging costs have increased, towards banks. If inflation declines in FY24 and if real cost of credit does not rise, then credit growth is likely to be brisk in FY24.

The Capital Expenditure (Capex) of the central government, which increased by 63.4 per cent in the first eight months of FY23, was another growth driver of the Indian economy in the current year, crowding in the private Capex since the January-March quarter of 2022. On current trend, it appears that the full year's capital expenditure budget will be met. A sustained increase in private Capex is also imminent with the strengthening of the balance sheets of the Corporates and the consequent increase in credit financing it has been able to generate.

Dwelling on halt in construction activities during the Pandemic, the Survey underscores that vaccinations have facilitated the return of migrant workers to cities to work in construction sites as the rebound in consumption spilled over into the housing market. This is evident in the housing market witnessing a significant decline in inventory overhang to 33 months in Q3 of FY23 from 42 months last year.

It also says that the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) has been directly providing jobs in rural areas and indirectly creating opportunities for rural households to diversify their sources of income generation. Schemes like PM-Kisan and PM Garib Kalyan Yojana have helped in ensuring food security in the country, and their impact was also endorsed by the United Nations Development Programme (UNDP). The results of the National Family Health Survey (NFHS) also show improvement in rural welfare indicators from FY16 to FY20, covering aspects like gender, fertility rate, household amenities, and women empowerment.

The Survey notes with optimism that Indian economy appears to have moved on after its encounter with the pandemic, staging a full recovery in FY22 ahead of many nations and positioning itself to ascend to the pre-pandemic growth path in FY23. Yet in the current year, India has also faced the challenge of reining in inflation that the European strife accentuated. Measures taken by the government and RBI, along with the easing of global commodity prices, have finally managed to bring retail inflation below the RBI upper tolerance target in November 2022.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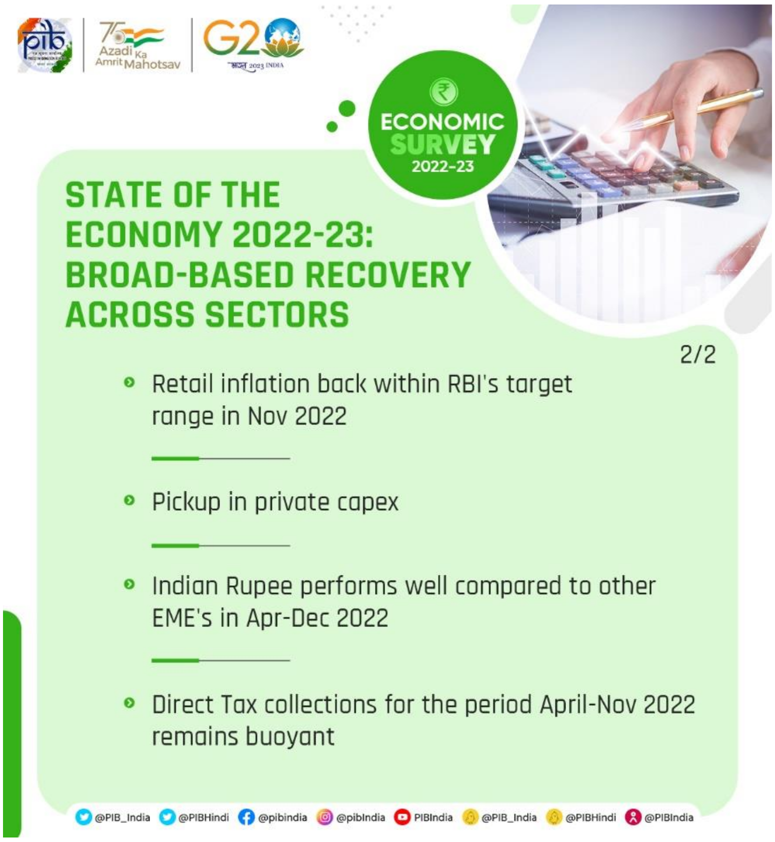
ECONOMIC SURVEY 2022-23
STATE OF THE ECONOMY 2022-23: BROAD-BASED RECOVERY ACROSS SECTORS
1/2
GDP forecast for FY24 to be in the range of 6.0-6.8%
India's GDP growth is expected to remain robust in FY24
Private consumption across H1 highest since FY15
Boost to production activity leading to enhanced capacity utilisation
@PIB_India @PIBHindi @pibindia @pibindia PIBIndia @PIB_India @PIBHindi @PIBIndia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ECONOMIC SURVEY 2022-23
STATE OF THE ECONOMY 2022-23: BROAD-BASED RECOVERY ACROSS SECTORS
2/2
Retail inflation back within RBI's target range in Nov 2022
Pickup in private capex
Indian Rupee performs well compared to other EME's in Apr-Dec 2022
Direct Tax collections for the period April-Nov 2022 remains buoyant
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It, however, cautions that the challenge of the depreciating rupee, although better performing than most other currencies, persists with the likelihood of further increases in policy rates by the US Fed. The widening of the CAD may also continue as global commodity prices remain elevated and the growth momentum of the Indian economy remains strong. The loss of export stimulus is further possible as the slowing world growth and trade shrinks the global market size in the second half of the current year.

Therefore, the Global growth has been projected to decline in 2023 and is expected to remain generally subdued in the following years as well. The slowing demand will likely push down global commodity prices and improve India's CAD in FY24. However, a downside risk to the Current Account Balance stems from a swift recovery driven mainly by domestic demand, and to a lesser extent, by exports. It also adds that the CAD needs to be closely monitored as the growth momentum of the current year spills over into the next.

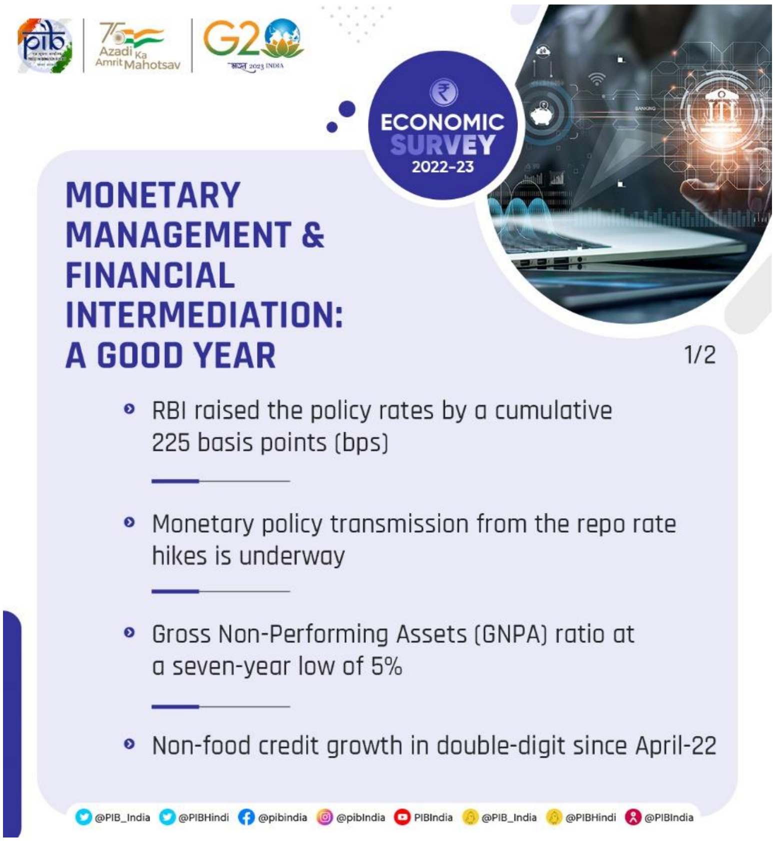
The Survey brings to the fore an interesting fact that in general, global economic shocks in the past were severe but spaced out in time, but this changed in the third decade of this millennium, as at least three shocks have hit the global economy since 2020.

It all started with the pandemic-induced contraction of the global output, followed by the Russian-Ukraine conflict leading to a worldwide surge in inflation. Then, the central banks across economies led by the Federal Reserve responded with synchronised policy rate hikes to curb inflation. The rate hike by the US Fed drove capital into the US markets causing the US Dollar to appreciate against most currencies. This led to the widening of the Current Account Deficits (CAD) and increased inflationary pressures in net importing economies.

The rate hike and persistent inflation also led to a lowering of the global growth forecasts for 2022 and 2023 by the IMF in its October 2022 update of the World Economic Outlook. The frailties of the Chinese economy further contributed to weakening the growth forecasts. Slowing global growth apart from monetary tightening may also lead to a financial contagion emanating from the advanced economies where the debt of the non-financial sector has risen the most since the global financial crisis. With inflation persisting in the advanced economies and the central banks hinting at further rate hikes, downside risks to the global economic outlook appear elevated.

India's Economic Resilience and Growth Drivers

The Survey points out that factors like monetary tightening by the RBI, the widening of the CAD, and the plateauing growth of exports have essentially been the outcome of geopolitical strife in Europe. As these developments posed downside risks to the growth of the Indian economy in FY23, many agencies worldwide have been revising their growth forecast of the Indian economy downwards. These forecasts, including the advance estimates released by the NSO, now broadly lie in the range of 6.5-7.0 per cent.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ECONOMIC SURVEY
2022-23
MONETARY MANAGEMENT & FINANCIAL INTERMEDIATION: A GOOD YEAR
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RBI raised the policy rates by a cumulative 225 basis points (bps)
Monetary policy transmission from the repo rate hikes is underway
Gross Non-Performing Assets (GNPA) ratio at a seven-year low of 5%
Non-food credit growth in double-digit since April-22
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ECONOMIC SURVEY
2022-23
MONETARY MANAGEMENT & FINANCIAL INTERMEDIATION: A GOOD YEAR
2/2
Yield on the 10-year government bond stable in 2022
DII acted as a countervailing force to FPI outflows in recent years
India outperformed its peers in domestic stock markets in FY23 (Apr-Dec)
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Despite the downward revision, the growth estimate for FY23 is higher than for almost all major economies and even slightly above the average growth of the Indian economy in the decade leading up to the pandemic.

IMF estimates India to be one of the top two fast-growing significant economies in 2022. Despite strong global headwinds and tighter domestic monetary policy, if India is still expected to grow between 6.5 and 7.0 per cent, and that too without the advantage of a base effect, it is a reflection of India's underlying economic resilience; of its ability to recoup, renew and re-energise the growth drivers of the economy. India's economic resilience can be seen in the domestic stimulus to growth seamlessly replacing the external stimuli. The growth of exports may have moderated in the second half of FY23. However, their surge in FY22 and the first half of FY23 induced a shift in the gears of the production processes from mild acceleration to cruise mode.

Manufacturing and investment activities consequently gained traction. By the time the growth of exports moderated, the rebound in domestic consumption had sufficiently matured to take forward the growth of India's economy. Private Consumption as a percentage of GDP stood at 58.4 per cent in Q2 of FY23, the highest among the second quarters of all the years since 2013-14, supported by a rebound in contact-intensive services such as trade, hotel and transport, which registered sequential growth of 16 per cent in real terms in Q2 of FY23 compared to the previous quarter.

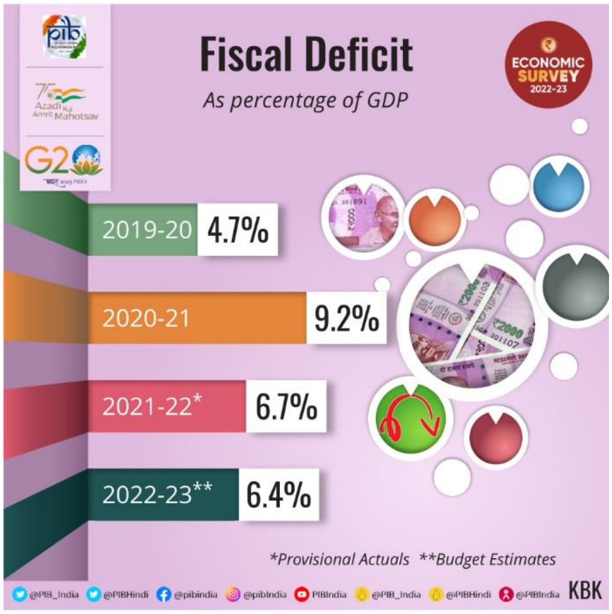
Although domestic consumption rebounded in many economies, the rebound in India was impressive for its scale. It contributed to a rise in domestic capacity utilisation. Domestic private consumption remains buoyant in November 2022. Moreover, RBI's most recent survey of consumer confidence released in December 2022 pointed to improving sentiment with respect to current and prospective employment and income conditions.

The Survey also points to another recovery and adds that the "release of pent-up demand" was reflected in the housing market too as demand for housing loans picked up. Consequently, housing inventories have declined, prices are firming up, and construction of new dwellings is picking up pace and this has stimulated innumerable backward and forward linkages that the construction sector is known to carry. The universalisation of vaccination coverage also has a significant role in lifting the housing market as, in its absence, the migrant workforce could not have returned to construct new dwellings.

Apart from housing, construction activity, in general, has significantly risen in FY23 as the much-enlarged capital budget (Capex) of the central government and its public sector enterprises is rapidly being deployed.

Going by the Capex multiplier estimated for the country, the economic output of the country is set to increase by at least four times the amount of Capex. States, in aggregate, are also performing well with their Capex plans. Like the central government, states also have a larger capital budget supported by the centre's grant-in-aid for capital works and an interest-free loan repayable over 50 years.

Also, a capex thrust in the last two budgets of the Government of India was not an isolated initiative meant only to address the infrastructure gaps in the country. It was part of a strategic package aimed at crowding-in private investment into an economic landscape broadened by the vacation of non-strategic PSEs (disinvestment) and idling public sector assets.



Here, three developments support this firstly the significant increase in the Capex budget in FY23, as well as its high rate of spending, secondly direct tax revenue collections have been highly buoyant, and so have GST collections, which should ensure the full expending of the Capex budget within the budgeted fiscal deficit. The growth in revenue expenditure has also been limited to pave the way for higher growth in Capex and thirdly the pick-up in private sector investment since the January-March quarter of 2022. Evidence shows an increasing trend in announced projects and capex spending by the private players.

While an increase in export demand, rebound in consumption, and public capex have contributed to a recovery in the investment/manufacturing activities of the corporates, their stronger balance sheets have also played a big part equal measure to realising their spending plans. As per the data on non-financial debt from the Bank for International Settlements, in the course of the last decade, Indian non-financial private sector debt and non-financial corporate debt as a share of GDP declined by nearly thirty percentage points.

The banking sector in India has also responded in equal measure to the demand for credit as the Year-on-Year growth in credit since the January-March quarter of 2022 has moved into double-digits and is rising across most sectors.

The finances of the public sector banks have seen a significant turnaround, with profits being booked at regular intervals and their Non-Performing Assets (NPAs) being fast-tracked for quicker resolution/liquidation by the Insolvency and Bankruptcy Board of India (IBBI). At the same time, the government has been providing adequate budgetary support for keeping the PSBs well-capitalized, ensuring that their Capital Risk-Weighted Adjusted Ratio (CRAR) remains comfortably above the threshold levels of adequacy. Nonetheless, financial strength has helped banks make up for lower debt financing provided by corporate bonds and External Commercial Borrowings (ECBs) so far in FY23. Rising yields on corporate bonds and higher interest/hedging costs on ECBs have made these instruments less attractive than the previous year.

RBI has projected headline inflation at 6.8 per cent in FY23, which is outside its target range. At the same time, it is not high enough to deter private consumption and also not so low as to weaken the inducement to invest.

Macroeconomic and Growth Challenges in the Indian Economy

After the impact of the two waves of the pandemic seen in a significant GDP contraction in FY21, the quick recovery from the virus in third wave of Omicron contributed to minimising the loss of economic output in the January-March quarter of 2022. Consequently, output in FY22 went past its pre-pandemic level in FY20, with the Indian economy staging a full recovery ahead of many nations. However, the conflict in Europe necessitated a revision in expectations for economic growth and inflation in FY23. The country’s retail inflation had crept above the RBI’s tolerance range in January 2022 and it remained above the target range for ten months before returning to below the upper end of the target range of 6 per cent in November 2022.

It says that the Global commodity prices may have eased but are still higher compared to pre-conflict levels and they have further widened the CAD, already enlarged by India's growth momentum. For FY23, India has sufficient forex reserves to finance the CAD and intervene in the forex market to manage volatility in the Indian rupee.

Outlook: 2023-24

Dwelling on the Outlook for 2023-24, the Survey says, India's recovery from the pandemic was relatively quick, and growth in the upcoming year will be supported by solid domestic demand and a pickup in capital investment. It says that aided by healthy financials, incipient signs of a new private sector capital formation cycle are visible and more importantly, compensating for the private sector's caution in capital expenditure, the government raised capital expenditure substantially.

Budgeted capital expenditure rose 2.7 times in the last seven years, from FY16 to FY23, re-invigorating the Capex cycle. Structural reforms such as the introduction of the Goods and Services Tax and the Insolvency and Bankruptcy Code enhanced the efficiency and transparency of the economy and ensured financial discipline and better compliance, the Survey added.

Global growth is forecasted to slow from 3.2 per cent in 2022 to 2.7 per cent in 2023 as per IMF's World Economic Outlook, October 2022. A slower growth in economic output coupled with increased uncertainty will dampen trade growth. This is seen in the lower forecast for growth in global trade by the World Trade Organisation, from 3.5 per cent in 2022 to 1.0 per cent in 2023.

On the external front, risks to the current account balance stem from multiple sources. While commodity prices have retreated from record highs, they are still above pre-conflict levels. Strong domestic demand amidst high commodity prices will raise India's total import bill and contribute to unfavourable developments in the current account balance. These may be exacerbated by plateauing export growth on account of slackening global demand. Should the current account deficit widen further, the currency may come under depreciation pressure.

Entrenched inflation may prolong the tightening cycle, and therefore, borrowing costs may stay 'higher for longer'. In such a scenario, global economy may be characterised by low growth in FY24. However, the scenario of subdued global growth presents two silver linings – oil prices will stay low, and India's CAD will be better than currently projected. The overall external situation will remain manageable.

India's Inclusive Growth

The Survey emphasises that growth is inclusive when it creates jobs. Both official and unofficial sources confirm that employment levels have risen in the current financial year, as the Periodic Labour Force Survey (PLFS) shows that the urban unemployment rate for people aged 15 years and above declined from 9.8 per cent in the quarter ending September 2021 to 7.2 per cent one year later (quarter ending September 2022). This is accompanied by an improvement in the labour force participation rate (LFPR) as well, confirming the emergence of the economy out of the pandemic-induced slowdown early in FY23.

In FY21, the Government announced the Emergency Credit Line Guarantee Scheme, which succeeded in shielding micro, small and medium enterprises from financial distress. A recent CIBIL report (ECLGS Insights, August 2022) showed that the scheme has supported MSMEs in facing the COVID shock, with 83 per cent of the borrowers that availed of the ECLGS being micro-enterprises. Among these micro units, more than half had an overall exposure of less than Rs10 lakh.

Furthermore, the CIBIL data also shows that ECLGS borrowers had lower non-performing asset rates than enterprises that were eligible for ECLGS but did not avail of it. Further, the GST paid by MSMEs after declining in FY21 has been rising since and now has crossed the pre-pandemic level of FY20, reflecting the financial resilience of small businesses and the effectiveness of the pre-emptive government intervention targeted towards MSMEs.

Moreover, the scheme implemented by the government under the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) has been rapidly creating more assets in respect of "Works on individual's land" than in any other category. In addition, schemes like PM-KISAN, which benefits households covering half the rural population, and PM Garib Kalyan Anna Yojana have significantly contributed to lessening impoverishment in the country.

The UNDP Report of July 2022 stated that the recent inflationary episode in India would have a low poverty impact due to well-targeted support. In addition, the National Family Health Survey (NFHS) in India shows improved rural welfare indicators from FY16 to FY20, covering aspects like gender, fertility rate, household amenities, and women empowerment.

So far, India has reinforced the country's belief in its economic resilience as it has withstood the challenge of mitigating external imbalances caused by the Russian-Ukraine conflict without losing growth momentum in the process. India's stock markets had a positive return in CY22, unfazed by withdrawals by foreign portfolio investors. India's inflation rate did not creep too far above its tolerance range compared to several advanced nations and regions.

India is the third-largest economy in the world in PPP terms and the fifth-largest in market exchange rates. As expected of a nation of this size, the Indian economy in FY23 has nearly "recouped" what was lost, "renewed" what had paused, and "re-energised" what had slowed during the pandemic and since the conflict in Europe.

The global economy battles through a unique set of challenges

The Survey narrates about six challenges faced by the Global Economy. The three challenges like COVID-19 related disruptions in economies, Russian-Ukraine conflict and its adverse impact along with disruption in supply chain, mainly of food, fuel and fertilizer and the Central Banks across economies led by Federal Reserve responding with synchronised policy rate hikes to curb inflation, leading to appreciation of US Dollar and the widening of the Current Account Deficits (CAD) in net importing economies. The fourth challenge emerged as faced with the prospects of global stagflation, nations, feeling compelled to protect their respective economic space, thus slowing cross-border trade affecting overall growth. It adds that all along, the fifth challenge was festering as China experienced a considerable slowdown induced by its policies. The sixth medium-term challenge to growth was seen in the scarring from the pandemic brought in by the loss of education and income-earning opportunities.

The Survey notes that like the rest of the world, India, too, faced this extraordinary set of challenges but withstood them better than most economies.

In the last eleven months, the world economy has faced almost as many disruptions as caused by the pandemic in two years. The conflict caused the prices of critical commodities such as crude oil, natural gas, fertilisers, and wheat to soar. This strengthened the inflationary pressures that the global economic recovery had triggered, backed by massive fiscal stimuli and ultra-accommodative monetary policies undertaken to limit the output contraction in 2020. Inflation in Advanced Economies (AEs), which accounted for most of the global fiscal expansion and monetary easing, breached historical highs. Rising commodity prices also led to higher inflation in the Emerging Market Economies (EMEs), which otherwise were in the lower inflation zone by virtue of their governments undertaking a calibrated fiscal stimulus to address output contraction in 2020.

The Survey underlines that Inflation and monetary tightening led to a hardening of bond yields across economies and resulted in an outflow of equity capital from most of the economies around the world into the traditionally safe-haven market of the US. The capital flight subsequently led to the strengthening of the US Dollar against other currencies – the US Dollar index strengthened by 16.1 per cent between January and September 2022. The consequent depreciation of other currencies has been widening the CAD and increasing inflationary pressures in the net importing economies.

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ECONOMIC SURVEY 2022-23: HIGHLIGHTS

Indian economy staging a broad based recovery across sectors, positioning to ascend to pre-pandemic growth path in FY23

Retail inflation is back within RBI's target range in November 2022

Direct Tax collections for the period April-November 2022 remains buoyant

Enhanced Employment generation seen in the declining urban unemployment rate and in the faster net registration in Employee Provident Fund

Creating public goods to enhance opportunities, efficiencies and ease of living, trust-based governance, enhancing agricultural productivity and promoting the private sector as a co-partner in development is the focus of the government reforms

Cleaner balance sheets led to enhanced lending by financial institutions

Growth in credit offtake, increased private capex to usher virtuous investment cycle

Non-food credit offtake by Scheduled Commercial Banks growing in double digits since April 2022

Gross Non-Performing Assets (GNPA) ratio of SCBs has fallen to a seven-year low of 5.0

Social sector expenditure (Centre and States combined) increases to Rs. 21.3 lakh crore in FY23 (BE) from Rs. 9.1 lakh crore in FY16

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

More than 220 crore COVID vaccine doses administered

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

India declared Net Zero Pledge, to achieve net zero emissions goal by 2070

A mass movement LIFE– Life style for Environment launched

National Green Hydrogen Mission to enable India to be energy independent by 2047

Private investment in agriculture increases to 9.3% in 2020-21

Free foodgrains to about 81.4 crore beneficiaries under the National Food Security Act for one year

About 11.3 crore farmers were covered under PM KISAN in its April-July 2022-23 payment cycle

India stands at the forefront to promote millets through the International Year of Millets initiative

Investment of ₹47,500 crores under the PLI schemes in FY22- 106% of the designated target for the year

India's e-commerce market is projected to grow at 18 per cent annually through 2025

Merchandise exports of US$ 332.8 billion for April-December 2022

India is the largest recipient of remittances globally receiving US$ 100 billion in 2022

PM GatiShakti National Master Plan creates comprehensive database for integrated planning and synchronised implementation across Ministries/ Departments

UPI-based transactions grew in value (121 per cent) and volume (115 per cent) terms, between 2019-2022, paving the way for its international adoption

New Delhi, January 31, 2023

Union Minister for Finance and Corporate Affairs, Smt. Nirmala Sitharaman, presented the Economic Survey 2022-23 in the Union Parliament today. The highlights of the Survey are as follows:

State of the Economy 2022-23: Recovery Complete

- 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 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.
- The period of 2014-2022 also witnessed balance sheet stress caused by the credit boom in the previous years and one-off global shocks, that adversely impacted the key

macroeconomic variables such as credit growth, capital formation, and hence economic growth during this period.

- This situation is analogous to the period 1998-2002 when transformative reforms undertaken by the government had lagged growth returns due to temporary shocks in the economy. Once these shocks faded, the structural reforms paid growth dividends from 2003.
- Similarly, the Indian economy is well placed to grow faster in the coming decade once the global shocks of the pandemic and the spike in commodity prices in 2022 fade away.
- 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.

- The Government's Capex-led growth strategy will enable India to keep the growth-interest rate differential positive, leading to a sustainable debt to GDP in the medium run.

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
    - 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. A stable to moderate increase in HPI also offers confidence to homeowners and home loan financiers in terms of the retained value of the asset.
- 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 has emerged as a template for good governance, especially in remote and difficult areas.
- eShram portal developed for creating a National database of unorganised workers, which is verified with Aadhaar. As on 31 December 2022, a total of over 28.5 crore unorganised workers have been registered on eShram portal.
- JAM (Jan-Dhan, Aadhaar, and Mobile) trinity, combined with the power of DBT, has brought the marginalised sections of society into the formal financial system, revolutionising the path of transparent and accountable governance by empowering the people.
- 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 and Food Management

- The performance of the agriculture and allied sector has been buoyant 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

- Merchandise exports were **US$ 332.8 billion** for April-December 2022.
- 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, 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

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 VGF Scheme, from 2014-15 to 2022-23.
    - 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 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.

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Economic Survey 2022-23

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ONCE THE GLOBAL SHOCKS OF THE PANDEMIC AND RUSSIAN-UKRAINE CONFLICT RESULTING IN SPIKE OF COMMODITY CRISES FADE AWAY, INDIAN ECONOMY IS POISED TO GROW FASTER IN THE COMING DECADE

WITH IMPROVED BALANCE SHEETS OF THE BANKING, NON-BANKING AND CORPORATE SECTORS, A FRESH CREDIT CYCLE HAS BEGUN AS IS EVIDENT FROM DOUBLE DIGIT GROWTH IN BANK CREDIT OVER THE PAST MONTHS

ECONOMY HAS STARTED BENEFITING FROM THE EFFICIENCY GAINS RESULTING FROM GREATER FORMALISATION, HIGHER FINANCIAL INCLUSION AND ECONOMIC OPPORTUNITIES CREATED BY DIGITAL TECHNOLOGY-BASED ECONOMIC REFORMS

INDIA'S GROWTH OUTLOOK SEEMS BETTER THAN IN THE PRE-PANDEMIC YEARS AND IT IS PREPARED TO GROW AT ITS POTENTIAL IN THE MEDIUM TERM

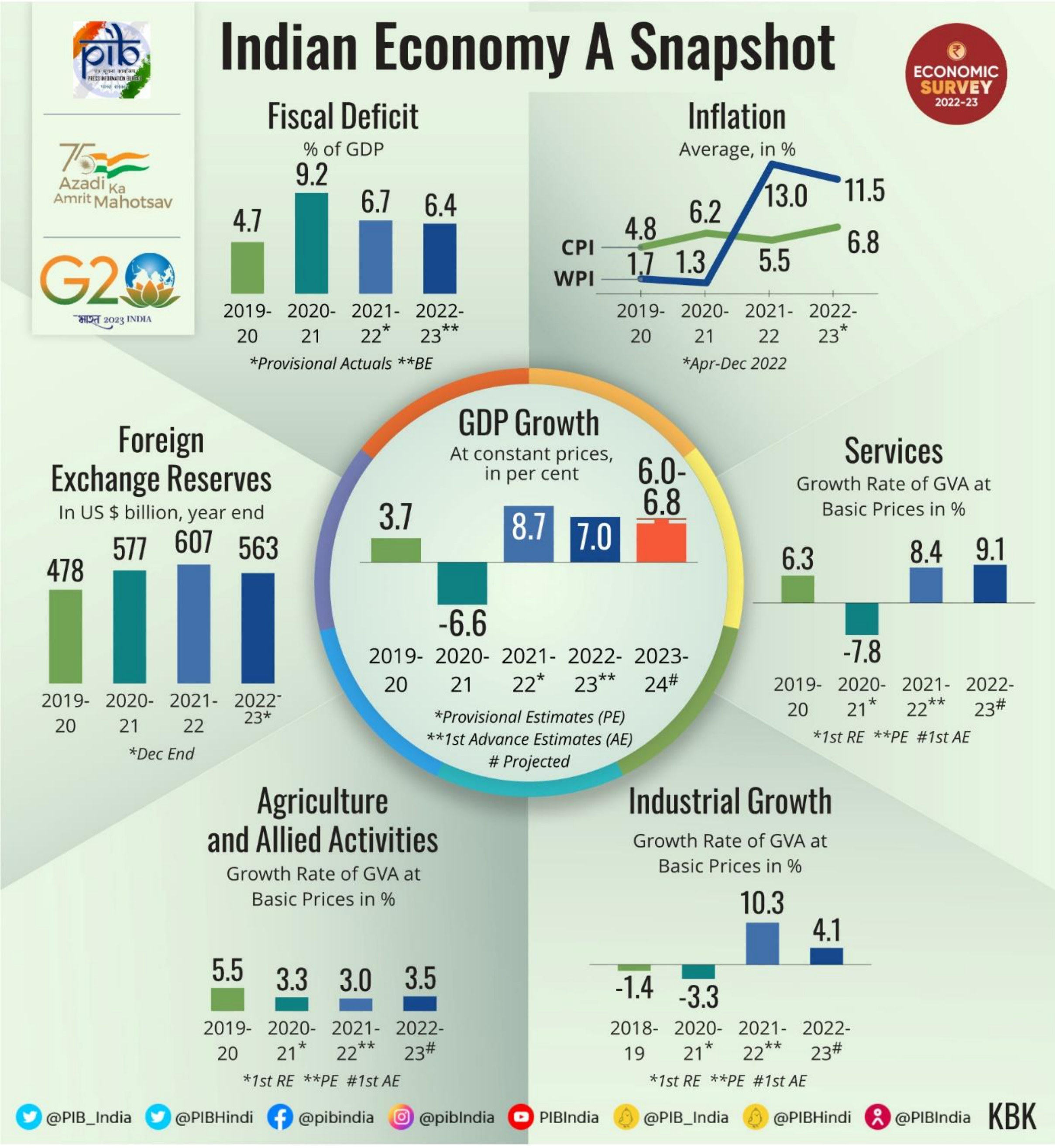
STRONG MEDIUM-TERM GROWTH MAGNETS TO AID INDIA'S ECONOMIC GROWTH

VARIOUS REFORMS UNDERTAKEN BETWEEN 2014-2022 STRENGHTENED THE INDIAN ECONOMY

EMPHASIS OF REFORMS ON ENHANCING THE EASE OF LIVING AND DOING BUSINESS

New Delhi, 31st January, 2023

During the period of 2014-2022, the Indian Economy underwent a gamut of wide-ranging structural and governance reforms that strengthened the economy's fundamentals by enhancing its overall efficiency. The Economic Survey 2022-23 presented in Parliament today by the Union Minister for Finance & Corporate Affairs, Smt. Nirmala Sitharaman stated that with an underlying emphasis on improving the ease of living and doing business, these reforms 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.



The Economic Survey highlights that the above transformative reforms undertaken by the government had lagged growth returns due to temporary shocks in the economy. However, in the present decade, the presence of strong medium-term growth magnets provides optimism and hope that once these global shocks of the pandemic and the spike in commodity prices in 2022 fade away, the Indian economy is well placed to grow faster in the coming decade.

Reforms for New India - Sabka Saath Sabka Vikaas

According to the Economic Survey, the reforms undertaken before 2014 primarily catered to product and capital market space. They were necessary and continued post-2014 as well. The government, however, imparted a new dimension to these reforms in the last eight years. With an underlying emphasis on enhancing the ease of living and doing business and improving economic efficiency, the reforms are well placed to lift the economy's potential growth. The broad principles behind the reforms were **creating public goods, adopting trust-based**

governance, co-partnering with the private sector for development, and improving agricultural productivity. *"This approach reflects a paradigm shift in the growth and development strategy of the government, with the emphasis shifted towards building partnerships amongst various stakeholders in the development process, where each contributes to and reaps the development benefits (Sabka Saath, Sabka Vikaas)",* stated the Survey.

Creating public goods to enhance opportunities, efficiencies and ease of living

The Economic Survey notes that a quantum leap in policy commitment and outlay for infrastructure is now visible in the last few years, cushioning economic growth when the non-financial corporate sector was unable to invest due to balance sheet troubles. In doing so, the government has laid a good platform for crowding in private investments and growth in the coming decade. Besides the push to physical infrastructure, the government's emphasis on developing public digital infrastructure during the last few years has been a game changer in enhancing the economic potential of individuals and businesses. With its strong forward linkages to the non-digital sectors, digitalisation strengthens potential economic growth through various channels. Some of these, such as higher financial inclusion, greater formalisation, increased efficiencies and enhanced opportunities.

Trust-based Governance

According to the Economic Survey, building trust between the government and the citizens/businesses unleashes efficiency gains through improved investor sentiment, better ease of doing business, and more effective governance. Consistent reforms have been made in this direction during the last eight years. Simplification of regulatory frameworks through reforms such as the Insolvency and Bankruptcy Code (IBC) and the Real Estate (Regulation and Development) Act (RERA) have enhanced the ease of doing business. Decriminalisation of minor economic offences under the Companies Act of 2013, simplifying processes by doing away with 25000 unnecessary compliances, repealing more than 1400 archaic laws, abolishing the Angel tax and removing retrospective taxation on offshore indirect transfer of assets located in India, signal the government's resolve to ensure a non-adversarial policy environment. In particular, the taxation ecosystem in the country has undergone substantial reforms in the post-2014 period. Tax policy reforms such as adopting a unified GST, reducing corporate tax rates, exemption of sovereign wealth funds and pension funds from taxes, and removing the Dividend Distribution tax have reduced the tax burden on individuals and businesses; and removed the distortionary incentives from the economy.

Promoting the private sector as a co-partner in the development

The Survey notes that a fundamental principle behind the government's policy in the post-2014 period has been the engagement with the private sector as a partner in the development process. The New Public Sector Enterprise Policy for Aatmanirbhar Bharat has thus been introduced to realise higher efficiency gains by minimising the presence of the government in the PSEs to only a few strategic sectors. Significant initiatives have been introduced under Aatmanirbhar Bharat and Make in India programmes to enhance India's manufacturing capabilities and exports across the industries. The National Logistics Policy (2022) has been launched to create an overarching logistics ecosystem for lowering the cost of logistics and bringing it to par with other developed countries. Liberalisation of FDI policy has resulted in a visible structural shift in the gross FDI flows to India during the last decade. Opening the strategic sectors, such as defence, mining and space, for the private sector has enhanced the business opportunities in the economy. Reforms to address the structural challenges faced by MSMEs have also been a vital part of the industrial policy in recent years.

Enhancing productivity in agriculture

The agriculture sector in India has grown at an average annual growth rate of 4.6 per cent during the last six years, as observed by the Economic Survey. This growth is partly attributable to good monsoon years and partly to the various reforms undertaken by the government to enhance agricultural productivity. Policies such as Soil Health Cards, the Micro Irrigation Fund, and organic and natural farming have helped the farmers optimise resource use and reduce the cultivation cost. The promotion of Farmer Producer Organisations (FPOs) and the National Agriculture Market (e-NAM) extension Platform have empowered farmers, enhanced their resources, and enabled them to get good returns. Agri Infrastructure Fund (AIF) has supported the creation of various agriculture infrastructures. Kisan Rail exclusively caters to the movement of perishable Agri Horti commodities. According to the survey, all these measures are directed towards supporting the growth in agricultural productivity and sustaining its contribution to overall economic growth in the medium term.

Shocks that the economy faced during 2014-22

The Economic Survey notes that during 1998- 2002, transformative reforms were launched but yielded lagged growth dividends. This phenomenon was attributed to a series of one-off shocks resulting from external factors and the domestic financial sector clean-up, which overshadowed the growth returns from 1998 to 2002. By 2003, when the shocks dissipated, India participated in the global boom and grew at a higher rate. Similarly, in the present context, as the global shocks of the pandemic and the spike in commodity prices in 2022 fade away, the Indian economy is well placed to grow at its potential in the coming decade.

Growth Magnets in this Decade (2023-2030)

The Economic Survey states that the health and economic shocks of the pandemic and the spike in commodity prices in 2022 wear off, the Indian economy is thus well placed to grow at its potential in the coming decade, similar to the growth experience of the economy after 2003. The Economic Survey observes that 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. This is the primary reason for expecting India's growth outlook to be better than it was in the pre-pandemic years.

The Survey further states that the digitalisation reforms and the resulting efficiency gains in terms of greater formalisation, higher financial inclusion, and more economic opportunities will be the second most important driver of India's economic growth in the medium term. These productivity-enhancing reforms along with the Government's Skilling initiatives, will also help unleash the benefits of the demographic dividend in the coming years.

Considering the evolving geo-political situation, the Survey notes that India has an opportunity to benefit from the diversification of global supply chains. The last few years have exposed multinational firms to unprecedented risks due to global trade tensions, pandemic-induced supply chain disruptions, and the conflict in Europe. With enabling policy frameworks, India presents itself as a credible destination for capital diversifying out of other countries.

Thus, 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.

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INDIA'S EXTERNAL SECTOR DISPLAYS A POSITION OF STRENGTH IN SPITE OF GLOBAL HEADWINDS

INDIA'S EXPORTS SHOW RESILIENCE DURING FY'23 ON THE BACK OF RECORD LEVELS OF EXPORT IN FY'22

INDIA'S OVERALL EXPORT IN APRIL-DECEMBER 2022 EXHIBITED A POSITIVE GROWTH OF 16% IN DOLLAR TERMS OVER THE SAME PERIOD LAST YEAR

VARIOUS EXPORT PROMOTION MEASURES INITIATED TO NURTURE THE INHERENT COMPARATIVE ADVANTAGE OF INDIAN EXPORTS

REVIVAL OF ECONOMIC ACTIVITY CONTRIBUTED TO INCREASE IN INDIAN IMPORTS

CURRENT ACCOUNT DEFICIT EXPECTED TO BE WITHIN SUSTAINABLE LIMITS IN FY'23

RATIO OF EXTERNAL DEBT TO GDP AT COMFORTABLE LEVELS

FOREX RESERVES STOOD AT US$ 562.7 BILLION AT THE END OF DECEMBER'22

New Delhi, 31st January, 2023

India has been able to face the headwinds to its external sector from a position of strength in the back of strong macro fundamentals and buffers. The Economic Survey 2022-23 presented in Parliament today by the Union Minister for Finance & Corporate Affairs, Smt Nirmala Sitharaman stated that India's external sector has been struck by shocks and uncertainties.

These manifested in terms of elevated though now easing global commodity prices, heightening International financial market volatility, reversal of capital flows, capital depreciation and looming slowdown in global growth and trade.

The Economic Survey highlights that during FY23 (till December 2022) India's exports displayed resilience on the back of record levels of exports in FY22. Petroleum products, gems & jewellery, organic & inorganic chemicals, drugs & pharmaceuticals were among the leading export items. However, the slowdown in Indian exports is inevitable in a slowing global economy, characterised by slowing global trade. The Survey says that recognising the key role exports play in improving the resilience of the external sector, from a medium to long-term perspective, various export promotion measures are being considered/implemented. These measures would nurture the inherent comparative advantage that Indian exports embody.

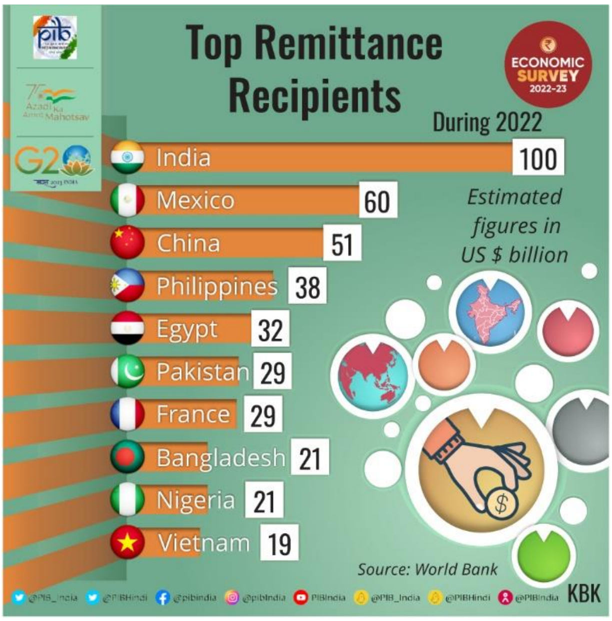
The Economic Survey mentioned that National Logistics Policy would ease the domestic frictions to encourage Indian exports by reducing the cost of internal logistics. It also says that the latest Free Trade Agreements, such as with UAE and Australia, would address the external frictions by creating opportunities for exports at concessional tariffs and non-tariff barriers. Thus, the whole ecosystem would evolve in an export-friendly manner over time.

The Economic Survey observes that apart from the elevated crude oil prices, the revival of economic activity contributed to an increase in imports. Petroleum, crude & products; electronic goods; coal, coke & briquettes, etc.; machinery, electrical & non-electrical and gold were among the top import items. It mentions that while continued softening of the global commodity price outlook would assist moderate imports going forward, non-gold, non-oil imports may not decelerate significantly.

The Survey states that India achieved an all-time high annual merchandise export of US$ 422 billion in FY'22. Merchandise export were US$ 332 billion over April-December 2022 against US$ 305 billion during the period April-December 2021. Significant strides in exports were registered in drugs and pharmaceuticals, electronic goods and organic and inorganic chemicals sector in FY'22. India maintained its dominance in world services trade FY'22. India's services export stood at US$ 254.5 billion in FY'22 recording a growth of 23.5 % over FY'21 and registered a growth 32.7% in April-September 2022 over the same period of previous year. The combined value of goods and services export in April-December 2022 are estimated to be US$ 568.6 billion, showing a growth of 16% compared to April-December 2021.

The Survey highlights that efforts are underway to promote international trade settlement in Indian Rupees. Once these initiatives gain traction, dependence on foreign currency would potentially reduce, making the economy less vulnerable to external shocks. In July 2022, the Reserve Bank of India (RBI) issued a circular permitting an additional arrangement for invoicing, payment, and settlement of exports/imports in Indian Rupees (INR) to promote the growth of global trade with emphasis on exports from India and to support the increasing interest in the global trading community in INR as an international currency. The framework involves invoicing of exports and imports in INR, market-determined exchange rates between the currencies of the trading partner countries, and settlement through special Rupee Vostro accounts opened with authorised dealer banks in India. The Survey states that the framework is significant as this could largely reduce the net demand for foreign exchange and could assist Indian exports in getting advance payments in Indian Rupees from overseas clients. It mentions that in the longer terms this could promote Indian rupees as an International currency once the rupee settlement mechanism gains traction.

On the issue of Balance of Payments (BoP), the Economic Survey says that it encountered pressures during the year under review. While the impact of a sharp rise in oil prices was discernible in the widening of the Current Account Deficit (CAD), notwithstanding the cushion provided by the surplus on Invisibles (services, transfer, and income), policy tightening by the US Federal Reserve and the strengthening of the US dollar led to Foreign Portfolio Investment (FPI) outflows. As a result, the surplus of the capital account was lower than the CAD leading to a depletion of forex reserves on a BoP basis. The Economic Survey expresses optimism that going forward, with the expected easing of crude oil prices, the resilience of net services exports and buoyant inward remittances would result in lower CAD during the remainder of FY23 and is expected to be within sustainable limits. Moreover, a comparison with the position of the current account balance (CAB) for selected countries shows that India's current account deficit (CAD) is modest and within manageable limits.



According to the Economic Survey, the fortified shock absorbers of India's external sector are in place to cushion the global headwinds be it the formidable forex reserves, sustainable external debt indicators, or market-determined exchange rate. While forex reserves as of the end December 2022 stood at US$ 562.72 billion, accounting for 9.3 months of imports and the ratio of external debt to GDP is at a comfortable level of 19.2 per cent as of end-September 2022.

In its **outlook for the external sector**, the Economic Survey states that the export outlook may remain flat in the coming year if global growth does not pick up as indicated by many forecasts. In such cases, diversification of product basket and destination which India is taking through FTAs would be useful to enhance trade opportunities. It also says that given benefit of the lower age of the working population along with the advantages of economies of scale, **India has the potential to cater to the global demand for several products in a cost effective manner**. The recent softening of global crude oil prices augurs well for India's POL imports. The survey says that India is cementing its position as the top remittance receiver in the world, with inward remittances projected to be at record levels during 2022. The CAD would be within manageable limits and eminently financeable. **The stock of India's external debt has been prudently managed**.

RM/YB/SM

Economic Survey 2022-23

PRESS INFORMATION BUREAU

GOVERNMENT OF INDIA

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PROACTIVE MEASURES BY THE GOVERNMENT BRINGS INFLATION WITHIN RBI'S TOLERANCE LIMIT

CONSUMER PRICE INFLATION AND WHOLESALE PRICE INFLATION DECLINES TO 5.7% AND 5.0% IN DECEMBER 2022 RESPECTIVELY

INFLATION RISKS FROM GLOBAL COMMODITY PRICES LIKELY TO BE LOWER IN FISCAL YEAR 2024

New Delhi,31st January, 2023

Prompt and adequate measures by the Government of India and the Reserve Bank of India (RBI) have reined in the rise in inflation and brought it within the Central Bank's tolerance limit, says the Economic Survey 2022-23 tabled by the Union Minister for Finance & Corporate Affairs, Smt Nirmala Sitharaman in Parliament today.

Consumer Price Inflation: (CPI)

The Survey states that the *Consumer price inflation in India went through three phases in 2022. A rising phase up to April 2022 when it crested at 7.8 per cent, then a holding pattern at around 7.0 per cent up to August 2022 and then a decline to around 5.7 per cent by December 2022.* The rising phase was largely due to the fallout of the Russia-Ukraine war and a shortfall in crop harvests due to excessive heat in some parts of the country. Excessive heat in summer and uneven rainfall thereafter in some parts of the country affected the farm sector, reducing supply and causing prices of some major products to rise.

Prompt and adequate measures by the Government of India and the Reserve Bank of India (RBI) reined in the rise in inflation and brought it within the Central Bank's tolerance limit. Good monsoons also helped in ensuring adequate food supply.

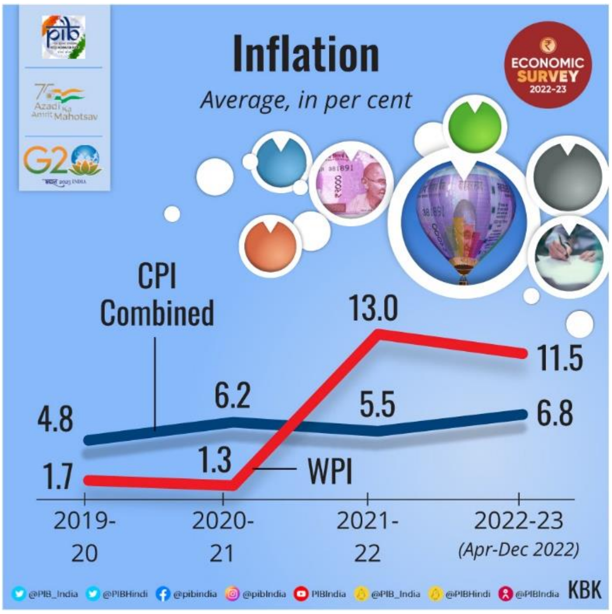
Wholesale Price Inflation: (WPI)

The Survey notes that, *WPI-based inflation remained low during the Covid-19 period, and it started to gain momentum in the post-pandemic period as economic activities resumed. The Russia-Ukraine conflict further exacerbated the burden as it worsened global supply chains along with the free movement of essential commodities. As a result, the wholesale inflation rate climbed to about 13.0 per cent in FY22.* The WPI has been sliding from its peak of 16.6% in May 2022 to 10.6% in September 2022 and further to 5.0% in December 2022.

The rise in WPI has been attributed in part to the rise in food inflation and in part to the imported inflation. The transitory effect of rising international prices of edible oils has also reflected in domestic prices. India's exchange rate was also adversely affected in the first half of FY 23 thereby leading to high prices of imported inputs.

WPI and CPI trends:

The Survey advises that *the divergence between a relatively high Wholesale Price Index (WPI) inflation and lower Consumer Price Index (CPI) inflation widened in May 2022 primarily owing to a difference in relative weights of the two indices and the lagged effect of imported input costs on retail prices. However, the gap between the two measures of inflation has reduced since then, demonstrating a tendency towards convergence.*



The Survey observes that *the convergence between the WPI and CPI indices was mainly driven by two factors. Firstly, a cooling in inflation of commodities such as crude oil, iron, aluminium and cotton led to a lower WPI. Secondly, CPI inflation rose due to an increase in the prices of services.*

Domestic Retail Inflation:

Retail price inflation mainly stems from the agriculture and allied sector, housing, textiles, and pharmaceutical sectors. The Survey observes that in *FY23, retail inflation was mainly driven by higher food inflation. Food inflation ranged between 4.2 per cent to 8.6 per cent between April and December 2022. International prices of edible oils surged in FY22 owing to a shortfall in global production and an increase in export tax levies by various countries. India meets 60 per cent of its edible oils demand through imports, making it vulnerable to international movements in prices.*

The Survey observes that there have been significant variations in retail inflation rates among the States and Union Territories (UTs) of India. Most of the States and UTs have witnessed higher rural inflation than urban inflation in the current year, mainly owing to marginally higher food inflation in rural areas.

To insulate vulnerable sections from the rise in prices, the Government launched a new integrated food security scheme, 'Pradhan Mantri Garib Kalyan Ann Yojana' on 1 January 2023, to provide free food grains to more than 80 crore beneficiaries.

Policy measures for price stability:

RBI's Monetary Policy Committee increased the policy repo rate under the liquidity adjustment facility (LAF) by 225 basis points from 4.0 per cent to 6.25 per cent between May and December 2022. Central Government has undertaken fiscal measures like reduction in excise duty on petrol and diesel, prohibition of the export of wheat products, imposition of export duty on rice, reduction in import duties and cess on pulses, rationalization of tariffs and imposition of stock limits on edible oils and oil seeds, maintenance of buffer stock for onion and pulses and rationalization of import duties on raw materials used in the manufactured products.

India's inflation management has been particularly noteworthy and can be contrasted with advanced economies that are still grappling with sticky inflation rates, says the Economic Survey. Due to the anticipated slowdown in advanced economies, inflation risks coming from global commodity prices are likely to be lower in FY24 than in FY23 and the survey expresses that *the inflation challenge in FY24 must be a lot less stiff than it has been this year.*

RM/SC/SV

Economic Survey 2022-2023

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CLEANER BALANCE SHEETS LEAD TO ENHANCED LENDING BY FINANCIAL INSTITUTIONS

GROWTH IN CREDIT OFFTAKE, INCREASED PRIVATE CAPEX TO USHER VIRTUOUS INVESTMENT CYCLE

GROWTH OF NON-FOOD CREDIT OFFTAKE BY SCBs IN DOUBLE DIGIT SINCE APRIL 2022

GROSS NPA RATIO OF SCHEDULED COMMERCIAL BANKS (SCBs) AT 7-YEAR LOW

RECOVERY RATE FOR SCBs THROUGH IBC HIGHEST IN FY 22

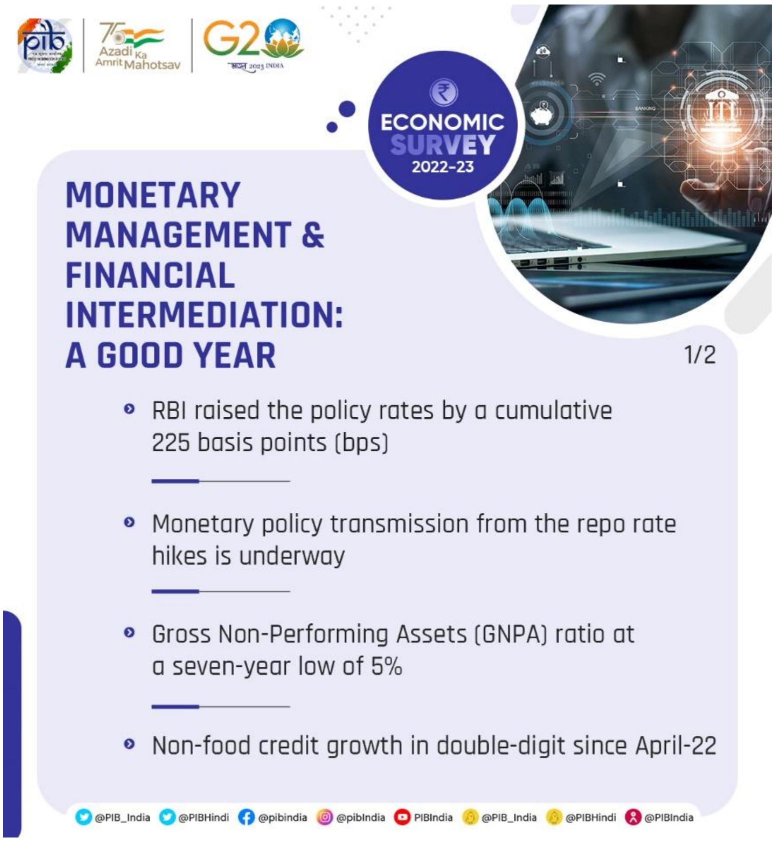
New Delhi, 31st January 2023

The balance sheet clean-up exercise over the last few years has enhanced the lending ability of financial institutions – seen in double-digit growth of non-food credit offtake by Scheduled Commercial Banks (SCBs) since April 2022. This was pointed out by the Economic Survey 2022-2023, tabled by the Union Minister for Finance & Corporate Affairs Smt. Nirmala Sitharaman in Parliament here today.

The Survey forecasts the financial system to play a key role in realizing objectives of *Amrit Kaal* - ushering a virtuous investment cycle backed by healthy balance sheet of banks, stronger capital base of NBFCs and robust growth in Assets under Management (AUM) of domestic mutual funds.

MONETARY DEVELOPMENTS

The Survey highlights that the return of inflation in 2022 across advanced and emerging economies led to a synchronous tightening of monetary policy.



RBI in its response initiated monetary tightening cycle in April 2022 and raised policy rates by a cumulative 225 basis points till December 2022 – leading to tightening of domestic financial conditions, reflected in lower growth of monetary aggregates. This was intended to support to economic growth while controlling inflation within target range.

Item	FY17^	FY18	FY19	FY20	FY21	FY22	FY23*
1. Reserve Money (M0)	**-12.9**	**27.3**	**14.5**	**9.4**	**18.8**	**13.0**	**10.3**
1.a. Currency in Circulation (CiC)	-19.7	37.0	16.8	14.5	16.6	9.8	8.2
1.b. Bankers' Deposits with the RBI	8.4	3.9	6.4	-9.6	28.5	25.4	17.6
2. Narrow Money (M1)	**-3.9**	**21.8**	**13.6**	**11.2**	**16.2**	**10.7**	**7.6**
3. Broad Money (M3)	**6.9**	**9.2**	**10.5**	**8.9**	**12.2**	**8.8**	**8.7**
3.a. Currency with the Public	-20.8	39.2	16.6	14.5	17.1	10.3	8.4
3.b. Aggregate Deposits	6.9	5.8	9.6	8.0	11.3	8.4	9.2
Demand Deposits	18.4	6.2	9.6	6.8	14.8	10.9	6.2
Time Deposits	10.2	5.8	9.6	8.1	10.9	8.1	9.1

Source: RBI.
Note: ^: March 31, 2017 over April 1, 2016, barring M0, CiC and Bankers' Deposits with the RBI.
*: Data for FY23 is as on December 30, 2022

LIQUIDITY CONDITIONS AND MONETARY POLICY TRANSMISSION

The Survey further adds that the "*change in RBI's policy stance in FY23 led to a moderation of surplus liquidity conditions that prevailed during the pandemic years.*" The daily net liquidity absorption averaged ₹2.5 lakh crore during FY23 (up to 21 December 2022) as compared with ₹6.7 lakh crore in FY22.

Lending and deposit rates of banks increased during FY23 in consonance with the policy repo rate changes. Overall, the weighted average lending rate (WALR) on fresh and outstanding rupee loans rose by 135 bps and 71 bps, respectively, in FY23 (up to November 2022). On the deposit side, the weighted average domestic term deposit rate (WADTDR) on outstanding deposits increased by 59 bps in FY23 (up to November 2022). The increase in the WALRs on fresh loans was higher in the case of public sector banks, while that of the WADTDR on outstanding deposits and WALR on outstanding loans was higher for private banks.

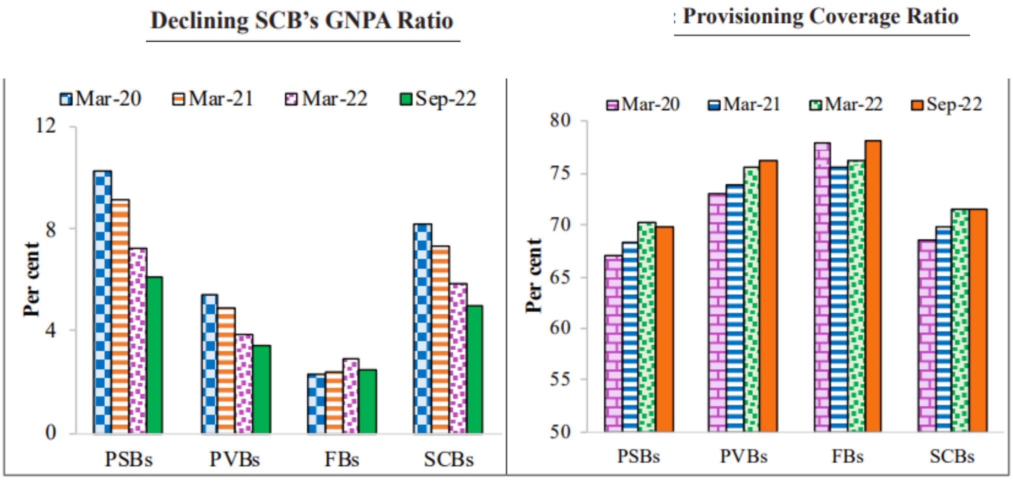
G-SEC MARKET SCENARIO

In the Government securities (G-sec) market, the Survey notes that bond yields were on an upward trajectory until June 2022 on concerns of high inflation and policy rate hikes. These yields moderated in November and December 2022, aided by lower crude oil prices, a slower pace of rate hikes, and general moderation in global sovereign bond yields.

BANKING SECTOR

Economic Survey 2022-2023 points out that the efforts of RBI and the Government in terms of calibrated policy measures like strengthening the regulatory and supervisory framework, implementation of 4R's approach of Recognition, Resolution, Recapitalization and Reforms have culminated in the enhancement of risk absorption capacity and a healthier banking system balance sheet both in terms of asset quantity and quality over the years.

The Gross Non-Performing Assets ratio (GNPA) of SCBs has decreased from 8.2 per cent in March 2020 to a seven-year low of 5.0 per cent in September 2022. "*Lower slippages and the reduction in outstanding GNPAs through recoveries, upgrades and write-offs led to this decrease*", the Survey said. As per the baseline scenario of the RBI's stress testing framework, the declining tendency in the GNPA ratio is likely to continue and is projected to drop further to 4.9 per cent in March 2023. Moreover, with shrinking GNPAs, the Provisioning Coverage Ratio (PCR) has been increasing steadily since March 2021 and reached 71.6 per cent in September 2022.



Source: RBI
Note: SCBs stand for Scheduled Commercial Banks, PSBs stand for Public Sector Banks, PVBs stand for Private Sector Banks, FBs stands for Foreign Banks

CREDIT GROWTH

"*The recovery in economic activity in FY22, along with the enhanced financial soundness of banks and corporates, has bolstered the expansion of non-food bank credit since June 2021. The YoY growth in non-food bank credit accelerated to 15.3 per cent in December 2022*", stated the Survey. Credit growth has been broad-based across sectors, with retail credit driving the growth primarily owing to rising demand for home loans.

Credit to agriculture and allied activities was supported by the Government's concessional institutional credit and higher agricultural credit target. Industrial credit growth has been buoyed by a pick-up in credit to MSMEs, assisted by the Emergency Credit Line Guarantee Scheme (ECLGS) and the support of government's production-linked incentive scheme and improvement in capacity utilization. Credit growth in services was driven by a recovery in credit to NBFCs, commercial real estate and trade sectors.

The Survey further adds that the well-capitalized banking system with a low NPA ratio and more robust corporate sector fundamentals will continue to enhance the flow of bank credit into productive investment opportunities, notwithstanding the rising interest rates.

CONTINUING RECOVERY OF NBFCs

Economic Survey 2022-2023 flags the consistent rise of NBFCs' credit as a proportion to GDP as well as in relation to credit extended by SCBs. Supported by various policy initiatives, NBFCs could absorb the shocks of the pandemic. They built up financial soundness during

FY22, marked by balance sheet consolidation, improvement in asset quality, augmented capital buffers and profitability.

The continuous improvement in asset quality is seen in the declining GNPA ratio of NBFCs from the peak of 7.2 per cent recorded during the second wave of the pandemic (June 2021) to 5.9 per cent in September 2022, reaching close to the pre-pandemic level.

Credit extended by NBFCs is picking up momentum, with the aggregate outstanding amount at ₹31.5 lakh crore as of September 2022. NBFCs continued to deploy the largest quantum of credit from their balance sheets to the industrial sector, followed by retail, services, and agriculture.

PROGRESS UNDER INSOLVENCY AND BANKRUPTCY CODE

The Survey notes that in FY 2022, the total amount recovered by SCBs under IBC has been the highest compared to other channels such as Lok Adalats, SARFAESI Act and DRTs in this period.

Recovery Channel	Amount recovered during the year*				
	2017-18	2018-19	2019-20	2020-21	2021-22(P)
Lok Adalats	1,811	2,750	4,211	1,119	2,777
DRTs	7,235	10,552	9,986	8,113	12,114
SARFAESI Act	26,380	38,905	34,283	27,686	27,349
IBC	4,926	66,440	1,04,117	27,311	47,421
Total	**40,352**	**1,18,647**	**1,52,597**	**64,229**	**89,661**

Source: Off-site returns, RBI and IBBI
Note: P: Provisional, DRTs stand for Debt Recovery Tribunals
*: Refers to the amount recovered during the given year, which could be with reference to the cases referred during the given year as well as during the earlier years.

Since the inception of the IBC in December 2016 it has augmented the Ease of Doing Business. 5,893 Corporate Insolvency Resolution Processes (CIRPs) had commenced by end-September 2022, of which 67 per cent have been closed. Sectoral analysis reveals that 52 per cent of the ongoing CIRPs belong to industry, followed by 37 per cent in the services sector by September 2022, observes the Survey.

As an evidence of behavioral change among Corporate Debtors (CDs), the Survey notes that until September 30 2022, 23,417 applications for initiation of Corporate Insolvency Resolution Proceedings (CIRP) of CDs having underlying default of ₹7.3 lakh crore were disposed of before their admission into CIRP, due to the fear of losing control over CD upon initiation of CIRP.

RM/PPG/PC

Economic Survey 2022-2023

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SMEs CONTRIBUTION IN PRIMARY EQUITY MARKETS INCREASES

INDIAN STOCK MARKETS OUTPERFORM PEERS IN FY 2022-23

INDIA REMAINS AN ATTRACTIVE DESTINATION FOR FOREIGN PORTFOLIO INVESTMENTS

INDIA POISED TO EMERGE AS ONE OF THE FASTEST GROWING INSURANCE MARKETS

INDIA'S PENSION SECTOR DEMONSTRATES REMARKABLE PERFORMANCE IN COVID-19

New Delhi, 31st January 2023

Economic Survey 2022-2023 highlights buoyant performance of the Indian capital markets in the past year, driven by increased contribution of Small & Medium Enterprises (SMEs) and greater participation of domestic institutional and retail investors. The Survey was tabled by the Union Minister for Finance & Corporate Affairs Smt. Nirmala Sitharaman in Parliament here today.

The Survey further observes that digitization of insurance market and increase in FDI limits will support growth of India's insurance sector. India's pension sector is also witnessing Government initiatives to increase pension literacy, and a nudge to young adults to join pension schemes.

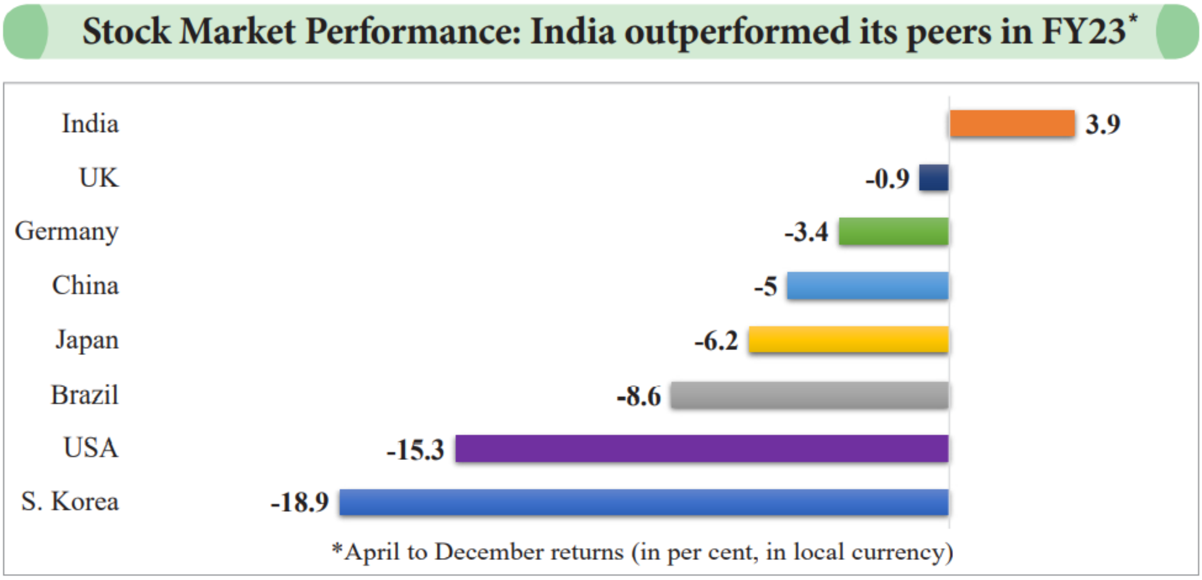
DEVELOPMENT IN CAPITAL MARKETS

The Survey observes that India's capital markets had a good year despite global macroeconomic uncertainty, unprecedented inflation, monetary policy tightening, volatile markets, etc. The number of SMEs coming with IPOs was almost double compared to the FY 2022 (till November 2021), and the total funds raised by them were almost three times the funds raised by them in the same period last year.

This year also saw the largest IPO ever in the history of India – in May 2022, the Central Government diluted its stake in the Life Insurance Corporation (LIC) of India and listed it on the stock exchanges, thereby making LIC's IPO the largest IPO ever in India and the sixth biggest IPO globally of 2022.

In April-November 2022, the underactivity in public debt issuances was more than compensated by private debt placements. The number of private debt placements increased by 11 per cent from 851 to 945, while resources mobilised increased by 6 per cent in April-November 2022, compared to the corresponding period in the year before.

Regarding performance of the stock market, the Survey states that the Indian stock markets witnessed a resilient performance, with the bluechip index Nifty 50 registering a return of 3.7 per cent during April-December 2022. This is despite the decline in global stock markets because of geopolitical uncertainties, supply chain disruptions post Russia-Ukraine crisis. Even among major emerging market economies, India outperformed its peers in April-December 2022.



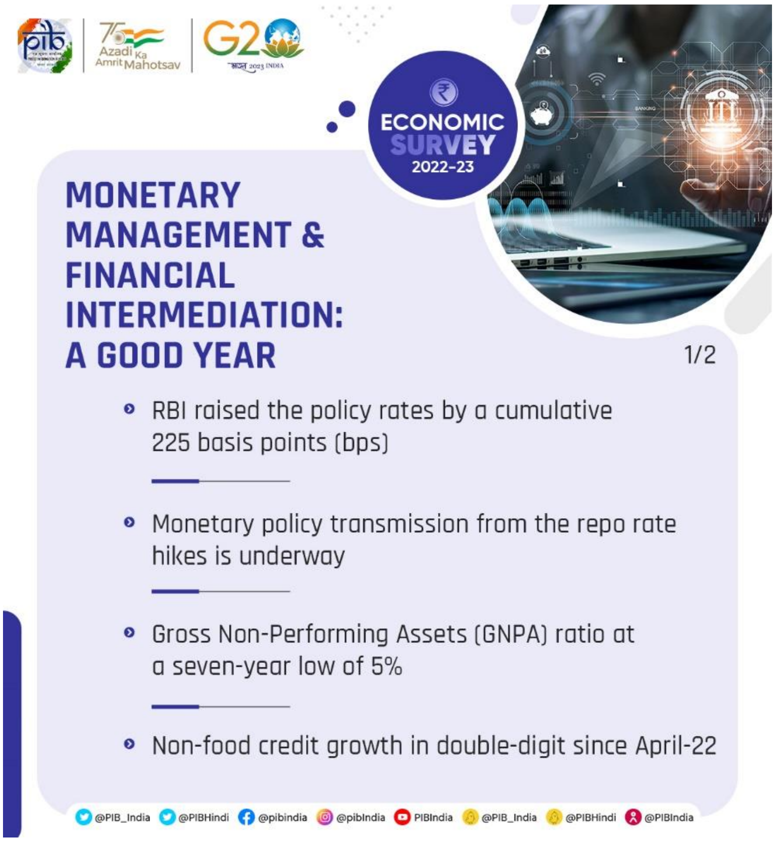
Source : Bloomberg

Towards the end of the year, the India Volatility Index (VIX) which measures expected short-term volatility in the stock market witnessed a declining trend as the impact of the conflict started to wane as the year progressed. The number of demat accounts increased sharply to 39% by the end of November 2022 on YoY basis, showing increased retail participation in the capital market.

FOREIGN PORTFOLIO INVESTMENTS

Economic Survey 2022-2023 highlights that on account of the strong macroeconomic fundamentals of the Indian economy and the improvement in market risk appetite from time to time, India remains an attractive investment destination. The assets under custody (custodial holdings of FPIs reflecting the total market value of the holdings) witnessed an increase despite the outflows driven by global factors. The total assets under custody with FPIs increased by 3.4 per cent at the end of November 2022 compared to November 2021. The overall net investments by Foreign Portfolio Investors during FY23 registered an outflow of ₹16,153 crore at the end of December 2022 from an outflow of ₹5,578 crore during FY22 at the end of December 2021.

Investments by Domestic Institutional Investors (DIIs) acted as a countervailing force against FPI outflows during recent years, rendering the Indian equity market relatively less susceptible to large scale corrections.



<u>INSURANCE SECTOR</u>

Economic Survey 2022-2023 observes that India is poised to emerge as one of the fastest-growing insurance markets in the coming decade. Life insurance penetration in India was 3.2 per cent in 2021, almost twice more than the emerging markets and slightly above the global average. The life insurance premium registered YoY growth of 10.2 per cent in FY22, with new businesses contributing 45.5 per cent of the total premiums received by the life insurers.

During FY22, the gross direct premium of non-Life insurers (within and outside India) registered YoY growth of 10.8 per cent, primarily driven by health and motor segments. The net incurred claims of non-Life insurers stood at ₹1.4 lakh crore in FY22, primarily driven by rising per capita income, product innovations and customization, development of strong distribution channels, and rising financial literacy.

In FY21, 10.7 lakh new micro-insurance policies were issued to individuals with a new business premium of ₹355.3 crore (in the life-insurance segment), and 53,046 new micro-insurance policies were issued in the general insurance segment (excluding standalone health insurers). Government's flagship schemes like Pradhan Mantri Fasal Bima Yojana (PMFBY), have led to significant growth in the premium income for crop insurance, while Ayushman Bharat (Pradhan Mantri Jan Arogya Yojana) (AB PM-JAY) has also driven insurance adoption and penetration in its segment.

PENSION SECTOR

Economic Survey 2022-2023 notes that the Government of India extended benefit of the Employees State Insurance Corporation (ESIC) pension scheme was extended to even those who have lost earning members due to Covid-19. Dependent family members of such persons were entitled to a pension equivalent to 90 per cent of the average daily wage drawn by the worker as per the existing norms. The insurance benefits under the Employees Deposit Linked Insurance (EDLI) scheme were also enhanced and liberalized.

Rule 64 of CCS (Pension) Rules, 1972, was relaxed to ensure immediate provisional sanction of pensionary benefits amid the unprecedented pandemic. To enhance the "Ease of Living" of Central Government Civil Pensioners, an Electronic Pension Payment order (e-PPO) was integrated with Digi Locker, creating a permanent PPO record in the Digi Locker.

The total number of subscribers under the National Pension Scheme (NPS) and Atal Pension Yojana (APY) registered a YoY growth of 25.1 per cent in November 2022, with AUM witnessing a growth of 22.7 per cent during the same period. The overall contribution recorded an increase of 27.6 per cent in November 2022, with maximum growth registered by the All-Citizen model followed by the Corporate Sector.

A survey by PFRDA on the socio-economic characteristics of NPS subscribers for the five-year period FY17 to FY21 showed that 24 per cent were female subscribers. APY shows a better gender balance, with number of female subscribers increasing from nearly 38 per cent in the initial years of the scheme to around 44 per cent by March 2021.

There is tremendous scope for growth in India's pension sector as per capita income is expected to rise further as the economy transitions to a high-middle-income country. India's demographic structure, with a more significant proportion of younger people, favors a phase of accumulation. In the recent five years, FY18 to FY22, the number of subscribers has multiplied over three-fold, led by APY, and AUM by over four-fold, led by NPS. The future expansion in NPS is expected to emanate from the private sector, both the salaried and self-employed.

OTHER DEVELOPMENTS

Economic Survey 2022-2023 also stressed upon the necessity of a common approach to regulating the crypto ecosystem, as crypto assets are elf-referential instruments and do not strictly pass the test of being a financial asset because it has no intrinsic cash flows attached to them. The Survey suggested a common approach to the regulation of these volatile instruments, giving a comparison of current state of regulatory approaches to cryptos across other economies.

The Survey also mentioned setting up and operationalizing India's maiden International Financial Services Centre (IFSC) in GIFT City as a new avenue and opportunity for capital market players, with the aim to facilitate India to emerge as a significant economic power by accelerating the development of a strong base of International Financial Services in the country. Over the last two years, GIFT-IFSC has witnessed tremendous growth and traction across the entire spectrum of financial services, including banking, capital markets, insurance, fund management, aircraft leasing, etc. With an internationally aligned regulatory regime, competitive tax structure and beneficial cost of operations, GIFT IFSC is now emerging as a preferred jurisdiction for international financial services.

RM/PPG/PC

ECONOMIC SURVEY 2022-23

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GOVERNMENT ON TRACK TO ACHIEVE FISCAL DEFICIT TARGET OF 6.4%

15.5% YoY GROWTH IN GROSS TAX REVENUE FROM APRIL TO NOVEMBER 2022

Rs. 13.40 LAKH CRORE COLLECTED AS GST REVENUE IN FIRST 3 QUARTERS OF FY23

NUMBER OF GST TAX PAYERS DOUBLED TO 1.4 CRORE FROM 70 LAKH

24.8 % YoY GROWTH IN GROSS GST COLLECTIONS DURING APRIL-DECEMBER 2022

DIRECT TAXES REGISTER A GROWTH OF 26% YoY DURING APRIL-NOVEMBER 2022

CAPITAL EXPENDITURE TO RISE BY 2.9% IN FY23 OVER LONG TERM AVERAGE OF 1.7% OF GDP

GOVERNMENT DEBT DECLINES FROM 59.2% OF GDP IN FY21 TO 56.7% IN FY22

GENERAL GOVERNMENT DEBT TO GDP RATIO INCREASED BY A MODEST 3% SINCE 2005 AS COMPARED TO SUBSTANTIAL INCREASE IN MOST COUNTRIES

New Delhi,31st January 2023

"The gradual decline in the Union government's fiscal deficit as a % of GDP, in line with the fiscal glide path envisioned by the government, is a result of careful fiscal management supported by buoyant revenue collection over the last two years" stated the Economic survey 2022-23 tabled by the Union Minister for Finance and Corporate Affairs Smt. Nirmala Sitharaman today in Parliament.

According to the Survey, fiscal deficit is expected to be at 6.4% of GDP in FY 23. The Survey highlighted that conservative budget assumptions provided a buffer during global uncertainties. The resilience in the fiscal performance was due to a recovery in economic activity and buoyancy in revenues.

Gross Tax Revenue

Gross Tax Revenue registered a Year on year (YoY) growth of 15.5 % from April to November 2022, and the Net Tax Revenue to the Centre after the assignment to states grew by 7.9 % on a YoY basis, stated the Survey. Structural reforms like the introduction of GST and the digitalisation of economic transactions have led to the greater formalisation of the economy and hence expanded the tax net and enhanced tax compliance. Thus revenues have grown at a pace much higher than the growth in GDP.

The Economic Survey highlighted that Direct taxes grew at 26 % Year On Year basis due to corporate and personal income tax growth in FY22. The Survey further added that growth rates observed in the major direct taxes during the first eight months of FY23 were much higher than their corresponding longer-term averages.

The Survey informed that high imports have led to a 12.4 % YoY growth in the customs collection from April to November 2022. The excise duty collection has declined by 20.9 % from April to November 2022 on a YoY basis.

Buoyant GST Collection

*"The GST Tax payers doubled to 1.4 crore from 70 lakhs in 2022. The gross GST collections were ₹13.40 lakh crore from April to December 2022. Thus, implying a YoY growth of 24.8 % with an average monthly collection of ₹1.5 lakh crore", n*oted the Survey. It further highlighted that improvement in GST collections has been due to the nationwide drive against GST evaders and fake bills and systemic changes introduced such as rate rationalisation correcting inverted duty structure.

Disinvestment

"Out of the budgeted amount of ₹65,000 crore for FY23, 48 % has been collected as of 18 January 2023 as the pandemic-induced uncertainty, the geopolitical conflict, and the associated risks have posed challenges before the plans and prospects of the government's disinvestment targets over the last three years" stated the Economic Survey *2022-23.*

The Survey added that government has reaffirmed its commitment towards privatisation and strategic disinvestment of Public Sector Enterprises by implementing the New Public Sector Enterprise Policy and Asset Monetisation Strategy.

Capital expenditure

According to the Survey, the capital expenditure by the Central Government has steadily increased from a long-term average 2.5% of GDP in FY22 PA. It is further budgeted to increase to 2.9% of GDP in FY23 highlighting an improvement in the quality of Government expenditure over the years.

The Survey informed that ₹7.5 lakh crore of Capital Expenditure is budgeted for FY23, of which more than 59.6 % has been spent from April to November 2022. During this period, capital expenditure registered a YoY growth of over 60 %, much higher than the long-term average growth of 13.5 % recorded in the corresponding period from FY16 to FY20. Rs.1.5 lakh core were allocated to road transport and highways, Rs.1.20 lakh crore to railways, 0.7 lakh crore to defence and 0.3 lakh crore to telecommunications in FY22. It is considered as a counter-cyclical fiscal tool strengthening aggregate demand, generates employment and boosts other sectors.

To push for enhancing Capex from all directions, the Centre announced several incentives to boost states' capital expenditure in the form of long-term interest-free loans and capex-linked additional borrowing provisions

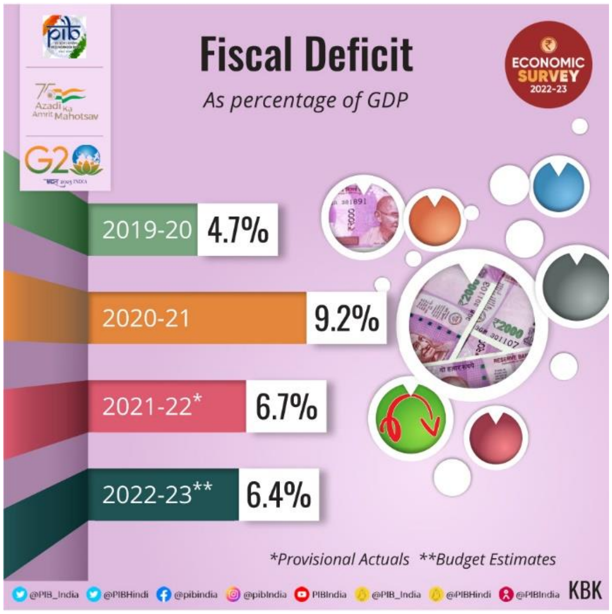
Revenue Expenditure

The revenue expenditure of the Union government was brought down from 15.6% of GDP in FY21 to 13.5% of GDP in FY22 Provisional Actual (PA). This contraction was led by a reduction of the subsidy expenditure which was brought down from 3.6% of GDP in FY21 to 1.9% of GDP in FY22 PA. It was further budgeted to reduce to 1.2% of GDP in FY23. However, around 94.7% of the budgeted expenditure on subsidies has been utilised from April to November 2022 due to the sudden outbreak of geopolitical conflict resulting in higher international prices for food, fertiliser and fuel. Thus, the revenue expenditure from April to November 2022 has grown by over 10% on a YoY basis, higher than the growth noted in the corresponding period last year.

Interest payments as a proportion of receipts went up after the pandemic outbreak. However, in the medium term, as we move along the fiscal glide path, buoyancy in revenues, aggressive asset monetisation, efficiency gains, and privatisation would help pay down the public debt, thus bringing down interest payments and releasing more monies for other priorities, highlights the Economic Survey.

Overview of State Government Finances

The combined Gross Fiscal Deficit (GFD) of the States, which increased to 4.1% of GDP in FY21, was brought down to 2.8% in FY22 PA. Given the geopolitical uncertainties, the consolidated GFD-GDP ratio for States has been budgeted at 3.4% in FY23. However, from April- November 2022, the combined borrowings of the 27 major states have just reached 33.5% of their total budgeted borrowings for the year. The data from last three years shows that states had unutilised borrowing limits.



The capital outlay of States grew by 31.7% in FY22 PA. This increase is attributable to strong revenue buoyancy and the support provided by the Centre in terms of advance releases of payments to the states, GST compensation payments, and interest-free loans.

Transfer from Centre to States

Total transfers to States comprising the share of States in Union taxes devolved to the States, Finance Commission Grants, Centrally Sponsored Schemes (CSS), and other transfers, have risen between FY19 and FY23 BE. The Finance Commission had recommended allocation of ₹1.92 lakh crore for FY23.

GST Compensation payments during crisis

To meet the shortfall in GST compensation for States, the Government, in addition to the release of regular GST compensation from the Fund, borrowed Rs. 2.69 lakh crore during FY21 and FY22 and passed it on to States. Moreover, the cess payments and tax devolution instalments to the States were frontloaded to give them early access to funds. Even though the total Cess collection until November 2022 was insufficient to make the entire payment to the States, the Centre released the balance from its resources.

Enhanced borrowing limits for states and incentives for reforms

Since the pandemic outbreak, the Centre has kept the Net Borrowing Ceiling of the State Governments above the Fiscal Responsibility Legislation (FRL) threshold. It was fixed at 5 % of GSDP in FY21, 4 % of GSDP in FY22 and 3.5 % of GSDP in FY23, a part of which was linked to reforms such as implementing the 'One Nation One Ration Card' System, ease of doing business reform, urban Local body/ utility reforms, and power sector reforms etc. The survey observes the progress made by various states in these reforms.

Centre's support towards States' capital expenditure

Amounts of Rs. 11,830 crore and Rs. 14,186 crore were provided to states in FY21 and FY22 as 50-year interest-free loans to state governments under the 'Scheme for Special Assistance to

States for Capital Investment'. During the year FY23, the allocation under the Scheme has been raised to ₹1.05 lakh crore to give further impetus to State Capex plans.

Debt Profile of the Government

IMF projects the global government debt at 91% of GDP in 2022, about 7.5% points above the pre-pandemic levels. In this global backdrop, the total liabilities of the Union Government moderated from 59.2% of GDP in FY21 to 56.7% in FY22 (P).

India's public debt profile is relatively stable and is characterised by low currency and interest rate risks. Of the Union Government's total net liabilities in end-March 2021, 95.1% were denominated in domestic currency, while sovereign external debt constituted 4.9%, implying low currency risk. Further, sovereign external debt is entirely from official sources, which insulates it from volatility in the international capital markets, highlights the Economic Survey.

Furthermore, Public debt in India is primarily contracted at fixed interest rates, with floating internal debt constituting only 1.7% of GDP in end-March 2021. The debt portfolio is, therefore, insulated from interest rate volatility.

Consolidating General Government Finances

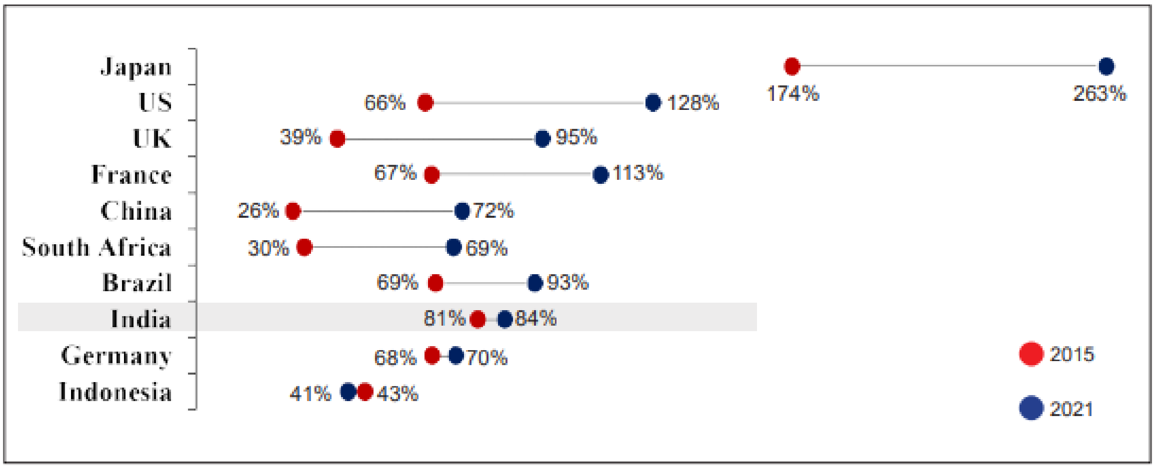
The General Government liabilities as a proportion of GDP increased steeply during FY21 on account of the additional borrowings made by Centre and States on account of the pandemic. However, the ratio has come off its peak in FY22 (RE), as observed by the Economic Survey. The General Government deficits as a percentage of GDP have also consolidated after their peak in F21.

A positive growth-interest rate differential

The Survey notes that the emphasis on capex in recent years is expected to boost GDP growth directly, and indirectly through multiplier effects on private consumption expenditure and private investment. Higher GDP growth would thereby facilitate buoyant revenue collection in the medium term, enabling a sustainable fiscal path. The General Government Debt to GDP ratio increased from 75.7% of end-March 2020 to 89.6% at the end of the pandemic year FY21. It is estimated to decline to 84.5% of GDP by end-March 2022. The emphasis on capex-led growth will enable India to keep the growth-interest rate differential positive. A positive growth-interest rate differential keeps the debt levels sustainable.

The change in General Government debt to GDP ratio from 2005 to 2021 has been substantial across the countries. For India, this increase is modest, from 81% of GDP in 2005 to around 84% of GDP in 2021. It has been possible on the back of resilient economic growth during the last 15 years leading to a positive growth-interest rate differential, which, in turn, has resulted in sustainable Government debt to GDP levels, explains the Economic Survey.

Fig.- Comparison of General Government debt to GDP ratio in 2005 with 2021 across the countries



Source: World Economic Outlook, October 2022.

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Economic Survey 2022-23

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AVAILABILITY AND SPREAD OF DIGITAL INFRASTRUCTURE TO CONTRIBUTE SIGNIFICANTLY TO ECONOMIC GROWTH

200 % INCREASE IN RURAL INTERNET SUBSCRIPTIONS AGAINST 158 % IN URBAN AREAS BETWEEN 2015 AND 2021

DIGITAL INFRASTRUCTURE ENSURED CONTINUOUS TRANSMISSION OF INFORMATION AND ADDED ECONOMIC VALUE

LAUNCH OF 5G SERVICES MARKED LANDMARK ACHIEVEMENT IN TELECOMMUNICATIONS IN INDIA

INDIA'S CREATION AND HARNESSING OF ITS DPI CAPTURING GLOBAL ATTENTION

New Delhi, 31ST January, 2023

While the role of traditional infrastructure has been well recognised, in recent years, the role of digital infrastructure in socio-economic development of the country has assumed an increased importance. In the coming years, the availability and spread of digital infrastructure will contribute significantly to economic growth, states the Economic Survey 2022 -23 which was presented by the Union Minister for Finance and Corporate Affairs Smt. Nirmala Sitharaman in the parliament today.

Developments in Digital Infrastructure

Deepening Digital Penetration

The survey notes that before 2014, access to digital services was perceived as a prerogative of urban households. However, with the vision of developing digital infrastructure as a core utility for every citizen, Digital India as an umbrella programme was launched in 2015. It has added more internet subscribers in rural areas in the last 3 years (2019-21) than in their urban counterparts (95.76 million vis-a-vis 92.81 million in rural and urban areas respectively). This has been a result of dedicated digital drives across rural areas through ambitious government schemes, like the flagship BharatNet Project Scheme, Telecom Development Plan, Aspirational District Scheme, initiatives in North-Eastern Region through Comprehensive Telecom Development Plan (CTDP) and initiatives towards areas affected by Left Wing Extremism (LWE) etc.

The Survey further explains that significant growth in internet subscribers in rural India was the major shock absorber during the COVID-19 pandemic when both businesses and consumer demand were impacted. Digital infrastructure created over the years ensured not just the continuous transmission of information but also added economic value when businesses went digital. The 200 per cent increase in rural internet subscriptions between 2015 and 2021 vis-a-vis 158 per cent in urban areas, reflects the increased impetus the government is putting to bring rural and urban digital connectivity to the same level.

Government Initiatives

For further widening the net, to include unconnected areas and populations, dedicated long-term efforts by the government have been taken observes the Economic Survey. Government Schemes like Production Linked Incentive (PLI) for telecom and networking products will promote domestic mobile manufacturing as well as network installation. Continuous proliferation of measures such as Bharat Net Project shall continue to improve accessibility, affordability, connectivity, and inclusivity pan-India. This in turn will help in realizing the vision of our Hon'ble Prime Minister to digitally empower every Indian, as we march towards India's 'Techade'.

Reaching Remote Areas

The Economic Survey states that to further create digital linkages at the grassroots level and increase the consumer experience other initiatives include approval of a project for the saturation of 4G mobile services in uncovered villages across the country. Apart from this, with a special focus on the states in the North-Eastern Region, the government is implementing a Comprehensive Telecom Development Plan (CTDP). A comprehensive initiative to connect our islands to the mainland has also been realised through the government's initiative of the Comprehensive Telecom Development Plan for Islands.

5G Launch- Landamark Achievement

The Economic Survey states that a landmark achievement in telecommunications in India was the launch of 5G services. Telecom reforms and clear policy direction led to the spectrum auction of 2022 garnering the highest-ever bids. As a major reform measure, the Indian

Telegraph Right of Way (Amendment) Rules, 2022, will facilitate faster and easier deployment of telegraph infrastructure to enable speedy 5G rollout. The government has brought in procedural reforms in Wireless Licensing, including delicensing of various frequency bands to promote innovation, manufacturing and export. The National Frequency Allocation Plan 2022 (NFAP) will give guidance to the users of the spectrum to plan their networks in accordance with the relevant frequency and parameters provided therein.

Growth Story of Digital Public Infrastructure

The Economic Survey observes that journey of Digital Public Infrastructure has been remarkably memorable, dating to 2009, when Aadhaar was first launched. It is fourteen years now, and the digital journey since then has taken the country quite far. The three growth drivers that acted as catalysts for DPI growth were favourable demographics, vast expansion of the middle-class, and digital behaviour patterns. By leveraging these growth drivers, India has built a competitive digital economy that empowers every individual and business to transact paperless and cashless. Various schemes and applications launched by the government such as 'MyScheme' and Unified Mobile Application for New-Age Governance (UMANG), 'Bhashini' and others enable citizens to access e-Government services offered by the Central and State Government in various sectors. Through platforms like OpenForge, the use of open-source software and sharing and reuse of e-governance-related source code is promoted notes the Survey.

Today, we have a powerful story on digital public infrastructure that is finding global resonance the Economic Survey states. The increasing digital adoption during covid-19 in areas like healthcare, agriculture, FinTech, education, and skilling indicates that the digital delivery of services in India has a massive potential across economic sectors. It is usually suggested that developing countries must follow global best practices. However, how India has created and harnessed its DPI is capturing the attention of many nations globally.

The government is committed to keeping pace with the digital landscape developments including those related to legislations and frameworks the the Economic Survey states. While the digital journey started with Aadhaar as a medium for service delivery at the doorstep, UPI strengthened the digital payment infrastructure. With other initiatives like CoWIN, e-RUPI, TReDS, Account Aggregators, ONDC, Open Credit Enablement Network (OCEN) etc. at different stages of implementation, India has developed a unique and cogent digital story to tell. The journey is ongoing and there is much untapped potential in India's digital public infrastructure space. In sum, the synergy between physical and digital infrastructure will be one of the defining features of India's future growth story states theSurvey.

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CAPITAL EXPENDITURE OUTLAY FOR 2022-23 INCREASED SHARPLY BY 35.4 % WITH APPROXIMATELY 67 PER CENT SPENT BETWEEN APRIL - DECEMBER 2022

₹2982.4 CRORE DISBURSED BY DEA UNDER VIABILITY GAP FUNDING SCHEME FROM FY15 TO FY23

8,964 PROJECTS WITH MORE THAN ₹108 LAKH CRORE INVESTMENT AT DIFFERENT STAGES OF IMPLEMENTATION UNDER NATIONAL INFRASTRUCTURE PIPELINE

MONETIZATION OF ₹0.97 LAKH CRORE ACHIEVED UNDER ROADS, POWER, COAL AND MINES, BEYOND TARGET OF ₹0.9 LAKH CRORE IN FY22 UNDER THE NATIONAL MONETIZATION PIPELINE

10,457 KM OF ROADS CONSTRUCTED IN FY22

CARGO MOVEMENT ON NATIONAL WATERWAYS ACHIEVES AN ALL-TIME HIGH OF 108.8 MILLION TONS DURING FY22, RECORDING 30.1 PER CENT GROWTH

New Delhi, 31st January 2023

Increase in infrastructure investment provides a critical push to the potential growth of the economy. The outlay for capital expenditure in 2022-23 (BE) was increased sharply by 35.4

per cent from 5.5 lakh crore in the previous year (2021-22) to 7.5 lakh crore, of which approximately 67 per cent has been spent from April to December 2022 states the Economic Survey 2022-23 which was tabled in Parliament today by the Union Minister for Finance and Corporate Affairs Smt. Nirmala Sitharaman. *"The government, in recent years, provided an increased impetus for infrastructure development and investment through the enhancement of capital expenditure even at a time of crisis when the capital expenditure by the private sector has been subdued*" observes the Economic Survey in its chapter on Physical and Digital Infrastructure: Lifting Potential Growth.

While the National Infrastructure Pipeline and the National Monetization Pipeline would provide the much-needed impetus for stepping up infrastructure investment, the National Logistical Policy will address the gaps in services, digital infrastructure and skills in the logistics workforce the Economic Survey states. Further, PM GatiShakti, with a multimodal approach, is designed to fill the gaps in physical infrastructure and to integrate existing and proposed infrastructure development initiatives of different agencies. As physical infrastructure requires continuous support over its long gestation period, the government has also set up National Bank for Financing Infrastructure and Development (NaBFID) as development financial institution to set in motion a virtuous investment cycle. An institutional mechanism to fast-track investments has been put in place, in the form of Project Development Cells (PDCs) in all concerned Ministries/ Departments of Government of India, notes the Economic Survey.

Public-Private Partnerships

PPPs are vital instruments for governments in channeling the strength of private sector in critical areas of infrastructure states the Economic Survey. The Public Private Partnership Appraisal Committee has cleared 79 projects with a total project cost of ₹2,27,268.1 crore from FY15 to FY23 it adds.

To provide financial assistance to financially unviable but socially/ economically desirable PPP projects, the Economic Survey notes that the Department of Economic Affairs launched the Viability Gap Funding (VGF) scheme in 2006. From 2014-15 to 2022-23, under the VGF Scheme, 56 projects with TPC of ₹57870.1 crore were granted In-Principle Approval and 27 projects with TPC of ₹25263.8 crore were granted final approval with a Total Viability Gap Funding approval of ₹5813.6 crore (Both GoI & State Share). The total VGF amount disbursed by DEA under the scheme from FY15 to FY23 is ₹2982.4 crore.

Further, a scheme for financial support for project development expenses of PPP Projects – the 'India Infrastructure Project Development Fund Scheme' (IIPDF) – was also notified by the government on 3 November 2022 with an outlay of ₹150 crore for a period of 3 years from FY23 to FY25 states the Economic Survey.

National Infrastructure Pipeline

The government launched the National Infrastructure Pipeline (NIP) with a forward-looking approach and with a projected infrastructure investment of around ₹111 lakh crore during FY20-25 to provide high quality infrastructure across the country. The NIP currently has 8,964 projects with a total investment of more than ₹108 lakh crore under different stages of implementation. It has been proposed to integrate NIP and Project Monitoring Group (PMG) portals.

National Monetization Pipeline - Creation through Monetization

Referring to the National Monetisation Pipeline (NMP), the Economic Survey states that it was announced on 23 August 2021 on the principle of ‘asset creation through monetisation’. The estimated aggregate monetisation potential under NMP is ₹6 lakh crore through core assets of the Central Government, over a four-year period, from FY20-25. Against the monetisation target of ₹0.9 lakh crore in FY22, ₹0.97 lakh crore have been achieved during the period under roads, power, coal and mines.

National Logistics Policy: Reducing the costs of logistics

The Survey notes that many efforts have already been made by the Government of India to improve the logistics ecosystem through ‘infrastructure initiatives’ such as *Ude Desh ka Aam Nagrik* (UDAN*), Bharatmala, Sagarmala, Parvatamala, National Rail Plan*, and through ‘process reforms’ GST, e-Sanchit, *Single Window Interface for Trade* (SWIFT), Indian Customs *Electronic Data Interchange Gateway* (ICEGATE), Turant Customs, and others.

To integrate all these efforts by different government agencies National Logistics Policy was launched on 17 September 2022, addressing the components of improving efficiency in logistics states the Economic Survey.

Developments in Physical Infrastructure Sectors

Road Transport

According to the Economic Survey, there has been an increase in the construction of National Highways (NHs)/roads over time, with 10,457 km of roads constructed in FY22 as compared to 6,061 km in FY16. Total budgetary support for investment in the sector has been increasing rapidly in the last four years and stood at around ₹1.4 lakh crore during FY23 (as of 31 October 2022).

In line with the vision of monetisation of public sector assets, National Highways Authority of India (NHAI) launched its InvIT in FY22. So far, NHAI InvIT has raised more than ₹10,200 crore from high quality foreign and Indian institutional investors (up to December 2022).

Railways

Freight traffic was sustained by Indian Railways (IR) despite the Covid-19 shock. During FY22-23 (up to November 2022), IR carried 976.8 million tonnes of revenue-earning freight traffic (excluding KRCL), as against 901.7 million tonnes during the corresponding period in FY21-22 (excluding KRCL), which translated into an increase of 8.3 per cent observes the Economic Survey.

Further, the capital expenditure (Capex) on infrastructure in railways has seen a continuous increase in the last four years with Capex (B.E.) of ₹2.5 lakh crore in FY23, up by around 29 per cent compared to the previous year.

Major initiatives under the Indian Railways include Mumbai Ahmedabad High-speed Rail Project, Dedicated Freight Corridor Project, Gati Shakti Multi Modal Cargo Terminal, Induction of Vande Bharat Trains, Electrical/Electronic Interlocking System, Development of Hyperloop technology and introduction of Kisan Rail trains in FY21 to enable speedy movement of perishables states the Economic Survey.

Civil Aviation

The total number of passengers carried in December 2022 stood at 150.1 lakh, which was 106.4 per cent of the pre-Covid level (average for 11 months from April 2019 to February 2020) as per the Economic Survey. During November 2022, total air cargo tonnage stood at 2.5 lakh MT, which is 89 per cent of the pre-Covid levels.

Ports

The capacity of major ports, which was 871.5 Million Tonnes Per Annum (MTPA) at the end of March 2014, has increased to 1534.9 MTPA by the end of March 2022. Cumulatively they handled 720.1 MT traffic during FY22 notes the Economic Survey.

To further enhance their efficiency, the government is focusing on improving port governance, addressing low-capacity utilisation, modernising berths with techno efficient loading/unloading equipment, and creating new channels for port connectivity. For streamlining the port compliances and for reducing the Turn Around Time for (TAT) for vessels, long strides have been taken at the major ports towards the digitisation of key EXIM processes observes the Economic Survey.

Inland Water Transport

Based on the outcome of techno-economic feasibility and Detailed Project Reports (DPRs), 26 National Waterways viable for cargo movement have been prioritized, out of which developmental activities have been initiated in the 14 most viable NWs states the Econmic Survey. The cargo movement on National Waterways achieved an all-time high of 108.8 million tons during FY22, recording 30.1 per cent growth compared to the previous year the Economic Survey notes.

Electricity

The total installed power capacity of utilities and captive power plants was 482.2 GW on 31 March 2022 as compared to 460.7 GW on 31 March 2021, up by 4.7 per cent. Installed capacity in utilities was 399.5 GW on 31 March 2022 as against 382.1 GW a year back (higher by 4.5 per cent) the Economic Survey notes. Thermal sources of energy make up the largest (59.1 per cent) share of total installed capacity in utilities, followed by renewable energy resources with 27.5 per cent and hydro with 11.7 per cent.

Between FY22 and FY21, the maximum rise in electricity generation was recorded in renewable energy resources for utilities and for captive plants. India has put in place a target of achieving 50 per cent cumulative installed capacity for generating electric power from non-fossil fuel-based energy resources by 2030.

The Economic Survey notes that India is well on its way to fulfilling its commitments with a gradual transition in India's energy sector from the conventional sources to the non-fossil fuel sources through schemes like PM-KUSUM, Solar Park scheme and others observes the Economic Survey. With the government support, the private sector has actively participated in boosting the overall generation capacity and bringing down unit costs over a short period.

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Economic Survey 2022-2023

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INDUSTRIAL SECTOR GROSS VALUE ADDED (GVA) ROSE BY 3.7 PER CENT IN FIRST HALF OF FY23

PRIVATE FINAL CONSUMPTION EXPENDITURE (PFCE) AS A SHARE OF GDP IN H1 OF FY23 WAS HIGHEST AMONG ALL HALF YEARS SINCE FY15

FDI INFLOW AT US$ 21.3 BILLION IN FY22 MARKING 76 PER CENT RISE FROM FY21

INDIAN PHARMACEUTICAL EXPORTS ACHIEVED 24 PER CENT GROWTH IN FY21

CUMULATIVE FDI IN PHARMA SECTOR CROSSED US$ 20 BILLION MARK BY SEPTEMBER 2022

COAL PRODUCTION FOR FY23 ESTIMATED TO INCREASE TO 911 MILLION TONNES

INDIA IS NOW THE 3RD LARGEST AUTOMOBILE MARKET

INDIA IS 2ND LARGEST MOBILE PHONE MANUFACTURER GLOBALLY

CREDIT TO INDUSTRY GROWING, PARTICULARLY FOR MSMEs

PLI SCHEME EXPECTED TO ATTRACT CAPEX OF APPROX ₹4 LAKH CRORE OVER THE NEXT FIVE YEARS

INDUSTRY 4.0 IS INDIA'S WAY FORWARD IN ACHIEVING THE GOALS OF AATMANIRBHARTA AND AMBITIONS OF BECOMING A KEY PLAYER IN GLOBAL VALUE CHAINS

New Delhi, 31st January 2023

The **Overall Gross Value Added (GVA) by the Industrial Sector rose 3.7 per cent**, based on data available for the first half of the FY23, which is **higher than the average growth of 2.8 per cent achieved in H1 of the last decade**, stated the Economic Survey 2022-23 presented by the Union Minister for Finance & Corporate Affairs Smt. Nirmala Sitharaman in Parliament today.

OVERVIEW OF INDUSTRIAL SECTOR

Economic Survey tabled in the Parliament stated that Industry sector witnessed modest growth of 4.1 per cent in FY23 compared to the strong growth of 10.3 per cent in FY22. It explained that this is likely on account of input cost-push pressures, supply chain disruptions and the China lockdown impacting the availability of essential inputs and slowing the global economy.

The Survey highlighted that the **PLI schemes** are set to unlock manufacturing capacity, boost exports, reduce import dependence and lead to job creation for both skilled and unskilled labour. The Survey was optimistic that **easing input prices and conducive demand conditions will support overall Industrial growth.**

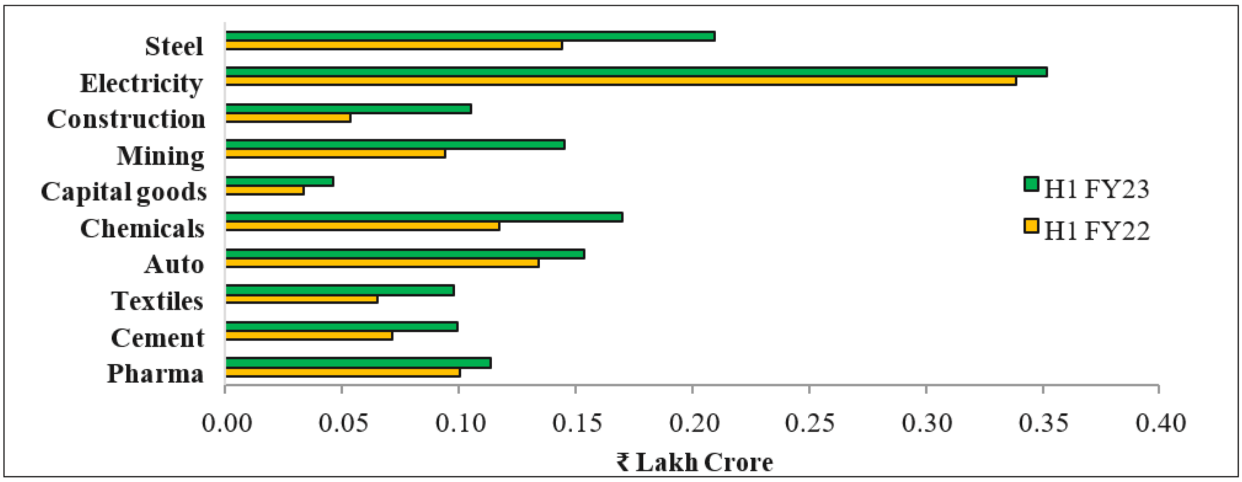
DEMAND STIMULUS TO INDUSTRIAL GROWTH

Private Final Consumption Expenditure (PFCE) as a share of GDP in H1 of FY23 was the highest among all half years, H1 or H2, since FY15, the Survey stated. The Survey optimistically expressed that with world commodity prices on a downward trajectory and showing up in declining rates of India's wholesale inflation, core retail inflation is expected to relent, making domestic consumption demand much stronger to further induce industrial growth in the country.

Economic Survey stated that the strong export performance of FY22 continued somewhat in the first half of FY23 while exports of goods and services as a share of GDP have been the highest since FY16 during H1 of FY23.

The Survey warned that export growth may slow further in the second half of the current financial year and remain weak beyond that, too, if the global economy falls into recession. It added that however, the strong domestic consumption growth and investment revival is expected to keep industrial production humming.

Private Investment gathers momentum

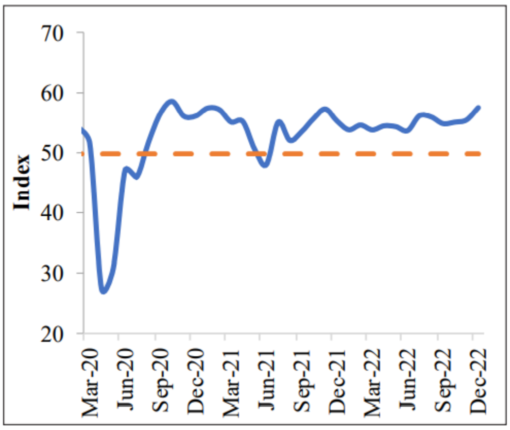


The Survey emphasized that New Investment announced in the manufacturing sector during April-December of FY23 was five times the corresponding level in FY20. The Survey analyzed this increase in investment demand was triggered by the **augmented capex of the central government in the current and the previous year** as compared to the pre-pandemic years. The leap also has crowded in private investment, already upbeat on the pent-up demand, export stimulus, and strengthening of the corporate balance sheets. It added that **Capacity utilization in the manufacturing sector has been rising** which bodes well for new investment activity in creating additional capacity.

SUPPLY RESPONSE OF INDUSTRY

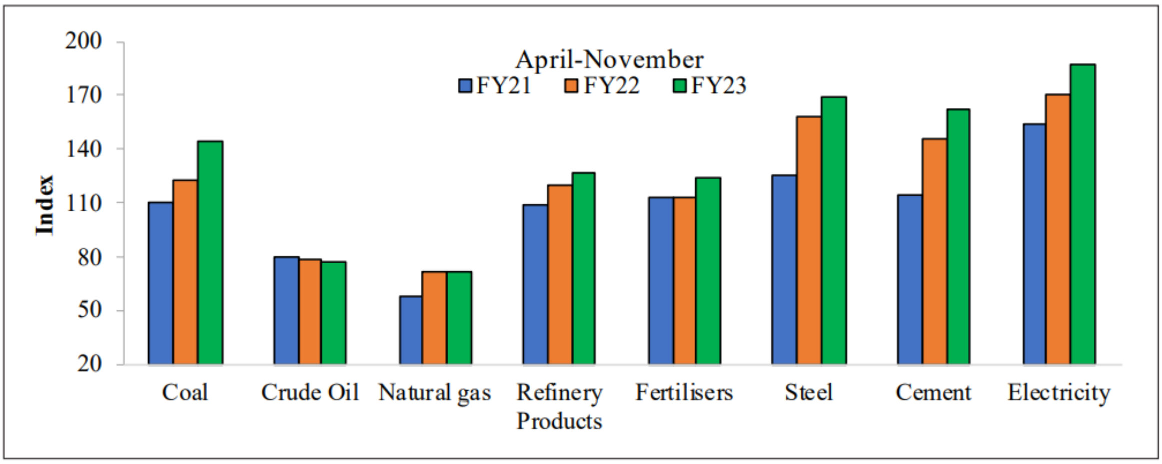
Purchaser's Manufacturing Index (PMI) manufacturing has remained in the expansion zone for 18 months since July 2021, and its sub-indices indicate an easing of input cost pressures, improving supplier delivery times, robust export orders, and future output, highlighted the Survey.

PMI Manufacturing remains in expansionary zone



The Survey noted the growth of the eight core industries of coal, fertilizers, cement, electricity, steel, and refinery products has held steady, reflecting a broad momentum in industrial activity.

Steady Growth in Components of Index of Core Industries

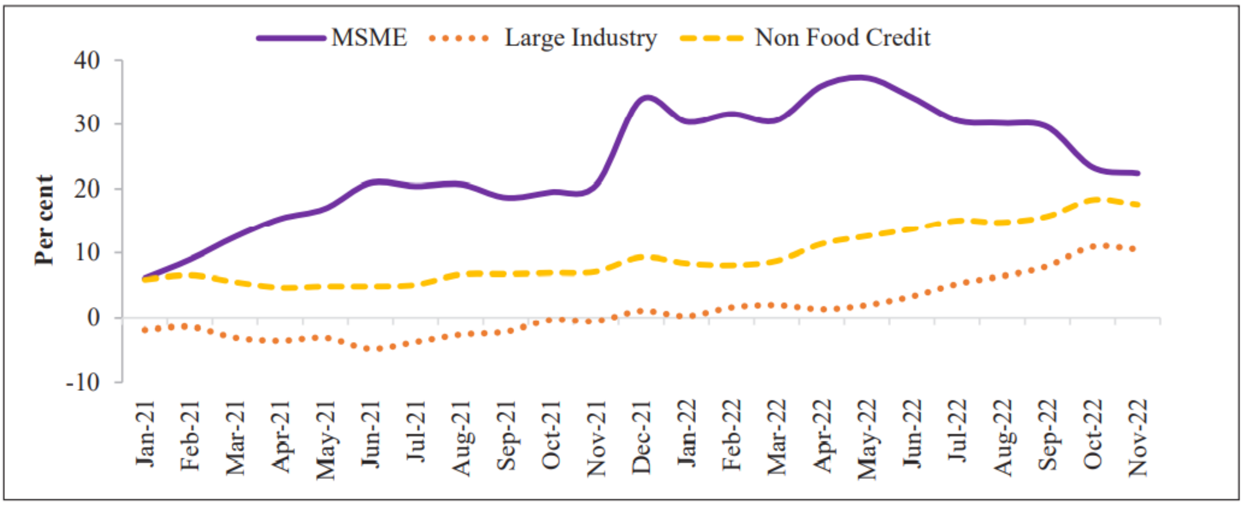


The Survey added that while growth in the consumer durables component of the Index of Industrial Production (IIP) is on account of the release of 'pent-up' demand, the increase in capital goods and infrastructure/ construction goods is indicative of the beginnings of a virtuous investment cycle that is expected to be led by the private sector.

ROBUST GROWTH IN BANK CREDIT TO INDUSTRY

The Survey highlighted that the **credit to industry** started recovering from January 2022 and has been **growing in double digits since July 2022**. It added that **Credit to MSMEs has also seen a significant increase** in part, assisted by the introduction of the **Emergency Credit Linked Guarantee Scheme (ECLGS).**

Double-digit credit growth in Industry driven by MSMEs



The Survey stated that the impact of ECLGS on increasing the growth of credit to MSME was felt most during the pandemic impacted years of 2020 and 2021. It continued in 2022 as the scheme was extended to March 2023.

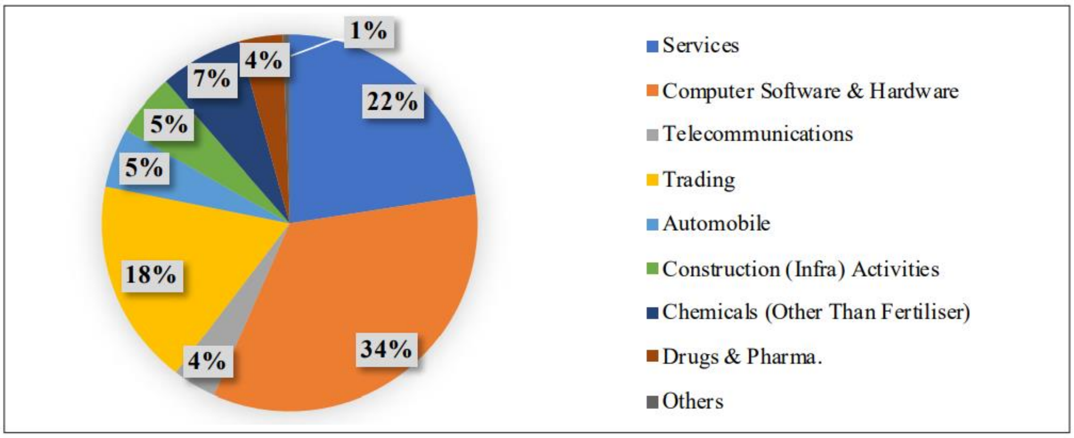
Further it added, growth in credit to MSME was buttressed by rebounding consumption levels, particularly in the services sector. Consequently, the share of MSMEs in gross credit offtake to the industry rose from 17.7 per cent in January 2020 to 23.7 per cent in November 2022.

The Survey expressed that robust growth in credit demand combined with rising capacity utilization and investment in manufacturing underscores businesses' optimism regarding future demand.

RESILIENT FDI INFLOW IN MANUFACTURING SECTOR

The Survey highlighted that the **FDI inflow jumped to US$ 21.3 billion in FY22 from US$ 12.1 billion in FY21** as the pandemic-driven expansionary policies of advanced economies led to a surge in global liquidity.

Sector-wise FDI Equity Inflows in 2022-23 during April-September 2022



The Survey mentioned that FDI equity inflow in manufacturing in the first half of FY23 fell below its corresponding level in the first half of FY22, with the rise in global uncertainty in the wake of the Russia-Ukraine conflict.

A rebound in FDI inflows is, however, expected as the Indian economy sustains its high growth while monetary tightening the world over eventually eases with the weakening of inflationary pressures, the Survey expressed optimism.

HIGHLIGHTS OF INDUSTRY GROUPS

1) MICRO, SMALL AND MEDIUM ENTERPRISES (MSMEs)

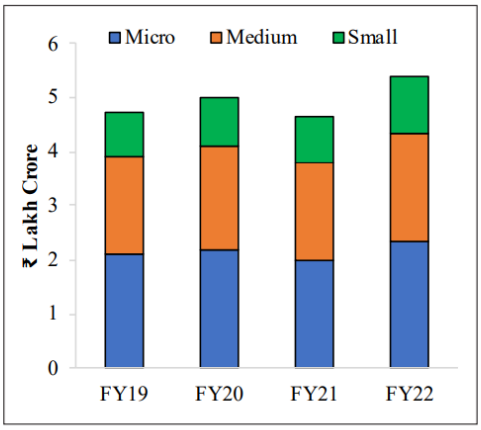
The Survey noted that the MSME contribution to the manufacturing sector's GVA also marginally fell to 36.0 per cent in FY21. The Survey further emphasized that the AatmaNirbhar Bharat Package by the Government provided cushion to the economic impact of the pandemic on MSMEs, which has helped post smart recovery from pandemic.

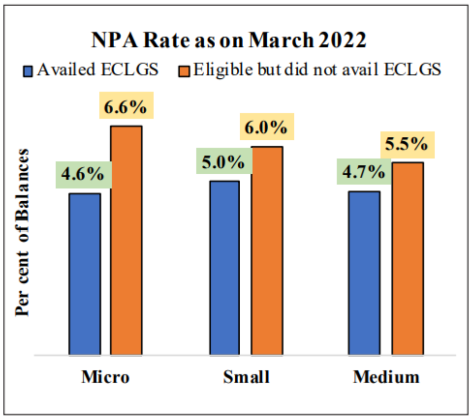
The Survey expressed that the recovery of the MSME sector from the pandemic-induced shock is evident in the trend in GST paid by the units of MSME sector in FY22 has crossed the pre-pandemic level in FY20.

Government's initiative of the Samadhaan Portal, CHAMPIONS:the single-window grievance redressal portal for MSMEs, Trade Receivables Discounting System (TReDS) platform for facilitating the discounting of trade receivables of MSMEs with a turnover of ₹200 crore or more, 'Raising and Accelerating MSME Performance' scheme (RAMP) etc. has helped in strengthening the MSMEs stated the Economic Survey.

GST paid by MSMEs in FY22 improving their asset quality

ECLGS aided MSMEs in



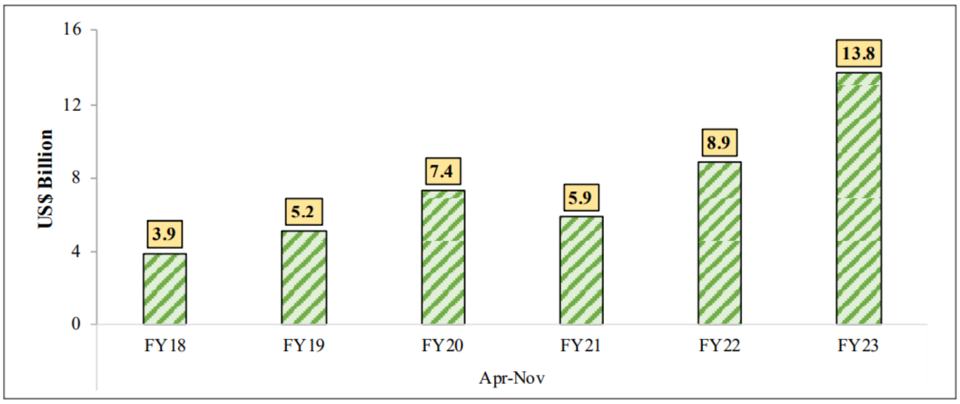


2) ELECTRONICS INDUSTRY

The Survey emphasized that Electronic goods were among the top five commodity groups exhibiting positive export growth in November 2022, with the exports in this segment growing YoY by 55.1 per cent.

Elaborating on the Electronics industry, the Survey stated that major drivers were mobile phones, consumer electronics and industrial electronics. It highlighted that India has become the **second-largest mobile phone manufacturer globally**, with the production of handsets going up from six crore units in FY15 to 31 crore units in FY22.

Robust growth in Electronics Exports



The Survey also mentioned that various initiatives and incentives of Government like PLI scheme for Large Scale Electronics Manufacturing, the PLI scheme for IT hardware, the Scheme for Promotion of Manufacturing of Electronic Components and Semiconductors (SPECS) has nurtured and enhanced the electronics manufacturing base.

Additionally, under the Programme for Development of Semiconductors and Display Manufacturing Ecosystem in India, the Cabinet approved the comprehensive development of a sustainable semiconductor and display ecosystem in the country with an outlay of ₹76,000 crore.

3) COAL INDUSTRY

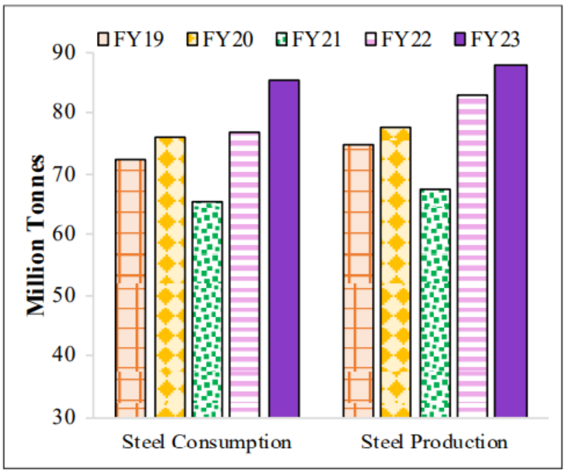
The coal production for FY23 is estimated to increase to 911 million tonnes, about 17 per cent higher compared to the previous year, highlighted the Survey. Consequent to the welltimed measures of the Government, India has been placed in a better position to cater to excess energy demand. It further added that the coal industry is expected to grow at 6-7 per cent annually to reach a production level of 1 billion tonnes by FY26 and about 1.5 billion tonnes by 2030.

4) STEEL INDUSTRY

Economic Survey highlighted the steel sector's performance in the current fiscal year as robust, with cumulative production and consumption of finished steel at 88 MT and 86 MT, respectively, during April-December 2022, higher than the corresponding period during the previous four years.

The Survey stated that iron and steel exports are higher by 20 per cent over the corresponding pre-pandemic levels of FY20, despite moderation in the first eight months of the current fiscal owing to a slowdown in the global economy.

Increasing Steel production and Consumption (Apr-Dec)



5) TEXTILE INDUSTRY

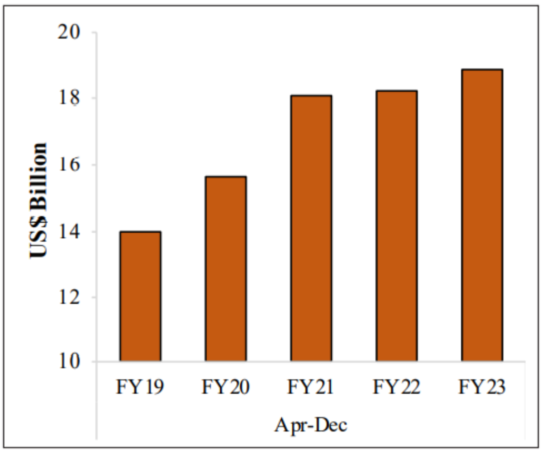
In the current financial year, the textile industry has been facing the challenge of moderating exports compared to FY22, mentioned the Survey. It added that export of readymade garments registered a growth of 3.2 per cent YoY basis during the same period.

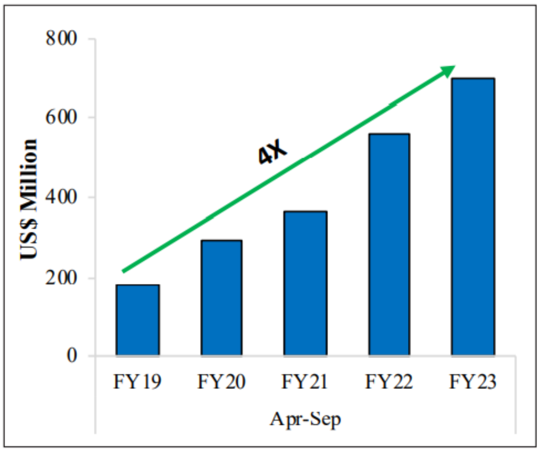
The Government approved the setting up of **seven PM Mega Integrated Textile Region and Apparel (PM MITRA) Parks** and launched the **Textile PLI Scheme** with an approved outlay of ₹10,683 crore over five years starting from 1st January 2022 to promote investments. These would help to develop integrated large-scale and modern industrial infrastructure facilities for the entire value chain of the textile industry, the Survey stated.

6) PHARMACEUTICALS INDUSTRY

The Survey highlighted that **Indian pharmaceutical exports achieved a healthy growth of 24 per cent in FY21**. It expressed hope that India's domestic pharmaceutical market is estimated to grow to US$ 65 billion by 2024 from estimated US$ 41 billion in 2021 and is further expected to reach US$ 130 billion by 2030.

Strong Growth in pharma exports **High Inflow of FDI in Pharma sector**





Carrying forward this growth momentum, drug and pharmaceutical exports during April-October 2022 was 22 per cent higher than the corresponding pre-pandemic period of FY20, noted the Survey. It added that **Cumulative FDI in the pharma sector crossed the US$ 20 billion mark in September 2022 and FDI inflows have increased four-fold over five years until September 2022, to US$ 699 million**, supported by investor-friendly policies and a positive outlook for the industry.

7) AUTOMOBILE INDUSTRY

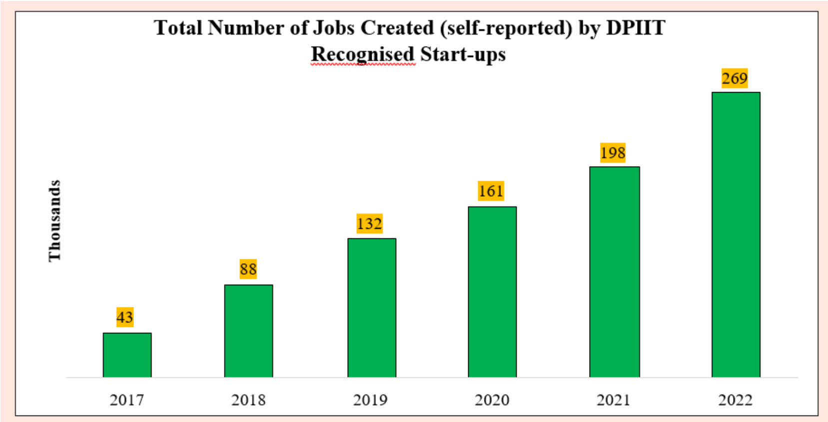
India became the 3rd largest automobile market, surpassing Japan and Germany in terms of sales, in December 2022, stated the Economic Survey. It added that in 2021, India was the largest manufacturer of two-wheeler and three-wheeler vehicles and the world's fourth-largest manufacturer of passenger cars.

Elaborating on the domestic electric vehicles (EV) market, the Survey stated that it is expected to grow at a compound annual growth rate (CAGR) of 49 per cent between 2022 and 2030 and is expected to hit one crore units annual sales by 2030. It added that the EV industry will create 5 crore direct and indirect jobs by 2030.

FOSTERING INNOVATION

Economic Survey stated that there was a 46 per cent growth in the domestic filing of patents over 2016-2021, signaling India's transition towards a knowledge-based economy.

Discussing the achievements of Start-ups, the Survey highlighted that an impressive 9 lakh+ direct jobs have been created by the DPIIT recognized startups (self-reported), with a notable 64 per cent increase in 2022 over the average number of new jobs created in the last three years. About 48 per cent of our startups are from Tier II & III cities, a testimony of our grassroots' tremendous potential.



INDUSTRY 4.0

The Survey highlighted that adoption of Industry 4.0 technologies such as cloud computing, IoT, machine learning, and artificial intelligence (AI) in the Indian manufacturing sector is underway, however, large-scale adoption is yet to happen and an enabling environment is rapidly developing.

The Survey mentioned that various Government Initiatives such as SAMARTH (Smart Advanced Manufacturing and Rapid Transformation Hubs) Udyog Bharat 4.0, establishment of the Centre for Fourth Industrial Revolution is the way forward in achieving the goals of Aatmanirbharta and its ambitions of becoming a key player in global value chains.

MAKE IN INDIA 2.0

The Survey mentioned that 'Make in India 2.0' is now focusing on 27 sectors, which include 15 manufacturing sectors and 12 service sectors. Amongst these, 24 sub-sectors have been chosen while keeping in mind the Indian industries' strengths and competitive edge, the need for import substitution, the potential for export and increased employability.

PERFORMANCE LINKED INCENTIVE (PLI) SCHEME

PLI scheme is expected to **attract a capex of approximately ₹4 lakh crore over the next five years** having a **potential of generate employment for over 60 lakh in India** stated the Economic Survey. It added that Sectors under which the PLI scheme has been announced currently constitute around 40 per cent of the total imports. The scheme, spread across 14 sectors, can enhance India's annual manufacturing capex by 15 to 20 per cent from FY23.

The Survey mentioned that **around ₹47,500 crore (US$ 6 billion) of actual investment has been made (As per recent reporting from implementing Ministries/ Departments); production/ sales of ₹3.85 lakh crore (US$ 47 billion) of eligible products and employment generation of around 3 lakh has been reported and 106 per cent achievement of actual investment reported** versus the corresponding projections of FY22.

The Survey stated that **more than 100 MSMEs are among the PLI beneficiaries** in sectors such as Bulk Drugs, Medical Devices, Telecom, White Goods and Food Processing. Key sectors such as Large-Scale Electronics Manufacturing, Pharmaceuticals, Telecom & Networking Products, Food Processing and White Goods have contributed considerably to investment, production, sales and employment.

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Economic Survey 2022-23

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SOCIAL SECTOR WITNESSES SIGNIFICANT INCREASE IN GOVERNMENT SPENDING

SOCIAL SECTOR EXPENDITURE INCREASES TO 21.03 LAKH CRORE IN FY 23(BE) FROM 9.1 LAKH CRORE IN FY 16

41.5 CRORE PEOPLE EXIT POVERTY BETWEEN 2005-06 AND 2019-20

New Delhi, 31st January, 2023

The Economic Survey 2022-23, tabled by the Minister of Finance and Corporate Affairs, Smt Nirmala Sitharaman, in Parliament today states that as the world recovers from the effects of a global pandemic, and an ongoing war, India prepares to enter it's Amrit Kaal. This era promises to be one where economic growth is supported by social welfare, where India today is committed to **leave no one behind**, and ensure that the impact and benefits of its growth and progress reach all in its diverse and expansive populace transcending innumerable cultures, languages, and geographies, constituting the real wealth of the country.

The Economic Survey further states that the focus on social welfare is all the more pertinent in the contemporary scenario as India has adopted the UN SDGs 2030, which are a set of comprehensive, far-reaching, and people-centric universal and transformative goals and targets. Many of these 17 goals concern the social well-being of individuals, resolving as follows: "We resolve, between now and 2030, to end poverty and hunger everywhere; to combat inequalities within and among countries; to build peaceful, just, and inclusive societies; to protect human rights and promote gender equality and the empowerment of women and girls; and to ensure the lasting protection of the planet and its natural resources. We resolve also to create conditions for sustainable, inclusive and sustained economic growth, shared prosperity and decent work for all, taking into account different levels of national development and capacities."

SOCIAL SECTOR EXPENDITURE

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. The share of expenditure on social services in the total expenditure of the Government has been around 25 per cent from FY18 to FY20. It increased to 26.6 per cent in FY23 (BE). According to the Economic Survey, the social services expenditure witnessed an increase of 8.4% per cent in FY21 over FY20 and another 31.4 per cent increase in FY22 over FY21, being the pandemic years, which required enhanced outlay, especially in the health and education sectors. While the social sector expenditure outlay of the Centre and State governments was 9.15 lakh crore in 2015-16, it has increased steadily to stand at 21.3 lakh crore in FY23 (BE).

As per Economic Survey, the share of expenditure on health in the total expenditure on social services, has increased from 21 per cent in FY19 to 26 per cent in FY23 (BE). The Fifteenth Finance Commission, in its report, had recommended that public health expenditure of Union and States together should be increased in a progressive manner to reach 2.5 per cent of GDP by 2025 (FFC report, para 9.41, iii). In keeping with this objective, Central and State Governments' budgeted expenditure on the health sector reached 2.1 per cent of GDP in FY23 (BE) and 2.2 per cent in FY22 (RE), against 1.6 per cent in FY21.

POVERTY

Poverty is primarily measured in terms of lack of monetary means for a decent living. However, by definition 'poverty' has wider implications and leads to multiple disadvantages at the same time – such as poor health or malnutrition, lack of sanitation, clean drinking water or electricity, poor quality of education etc. Multidimensional poverty measures are hence used to create a more comprehensive picture.

The 2022 report of the UNDP on MPI was released in October 2022 and covers 111 developing countries. As regards India, the survey data for 2019-21 has been used. Based on these estimates, 16.4 per cent of the population in India (228.9 million people in 2020) is multidimensionally poor while an additional 18.7 per cent is classified as vulnerable to multidimensional poverty (260.9 million people in 2020).

The findings of the report suggest that in India, 41.5 crore people exited poverty between 2005-06 and 2019-21. It clearly demonstrates that the SDG target 1.2 of reducing at least by half the proportion of men, women, and children of all ages living in poverty in all its dimensions according to national definitions by 2030 is possible to achieve.

AADHAAR for delivery of Social Services:

Aadhaar is an essential tool for social delivery by the State. 318 Central schemes and over 720 state DBT schemes are notified under section 7 of the Aadhaar Act, 2016, and various initiatives like Direct Benefit Transfer, Aadhaar Enabled Payment systems, JAM (Jan-Dhan, Aadhaar, and Mobile) trinity, One Nation One Ration Card, CoWin use Aadhaar for targeted delivery of financial services, subsidies, and benefits.

As per Economic Survey, 135.2 Crore Aadhaar enrollments have been generated, 75.3 crore residents have linked their Aadhaar with ration cards to avail of Ration. It is further stated that 27.9 crore residents linked Aadhaar with cooking gas connection for LPG Subsidy and 75.4 crore bank accounts are linked with Aadhaar, and more than 1500 crore transactions have taken place via Aadhaar Enabled Payment Systems (AePS).

With the overall development of the economy, the concept of quality of life has enlarged to include many more elements than the traditional metrics of income (which determine the availability of basic requirements such as food and shelter) and education levels. It now encompasses access to clean drinking water, sanitation, employment prospects, health care, social security, connectivity, etc. All these together determine the quality of life. Hence the focus on social life aims to achieve the vision of “Sabka Sath, Sabka Vikas and Sabka Vishwas”.

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Economic Survey 2022-23

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GOVERNMENT COMMITTED TO ENSURE QUALITY EDUCATION FOR ALL

SCHOOL ENROLLMENT STANDS AT 26.5 CRORE CHILDREN IN FY22

19.4 LAKH ADDITIONAL SCHOOL CHILDREN ENROLLED IN PRIMARY TO HIGHER SECONDARY LEVEL IN FY 22

SCHOOL DROPOUT RATES WITNESS A STEADY DECLINE IN RECENT YEARS FOR BOTH GIRLS AND BOYS AT ALL LEVELS

A 3.3 % INCREASE IN THE ENROLMENT OF CHILDREN WITH SPECIAL NEEDS (CWSN) IN FY22 i.e 22.7 LAKH AS COMPARED TO 21.9 LAKH IN FY21

PUPIL-TEACHER RATIO IMPROVES AT ALL LEVELS CONTINUOUSLY FROM FY13 TO FY22

OVER 14,500 SCHOOLS TO BE DEVELOPED AS EXEMPLARY SCHOOLS UNDER PM SHRI, MORE THAN 20 LAKH STUDENTS TO BENEFIT

NUMBER OF INDIAN INSTITUTES OF INFORMATION TECHNOLOGY (IIITS) RISES TO 25 IN 2022 AGAINST 9 IN 2014

TOTAL ENROLMENT IN HIGHER EDUCATION INCREASES TO NEARLY 4.1 CRORE IN FY21 FROM 3.9 CRORE IN FY20.

HIGHER EDUCATION SEEES AN INCREASE OF 21 PERCENT IN ENROLMENT SINCE FY15

FEMALE ENROLMENT IN HIGHER EDUCATION INCREASES TO 2 CRORE IN FY21 FROM 1.9 CRORE IN FY20

ENROLMENT IN DISTANCE EDUCATION INCREASES BY AROUND 7 PER CENT OVER FY20 AND BY 20 PER CENT SINCE FY15

GER IN HIGHER EDUCATION RECORDED AT 27.3 PER CENT IN FY21, STOOD AT 25.6 IN FY20

GER FOR MALES INCREASES FROM 24.8 IN FY20 TO 26.7 IN FY21, GER FOR FEMALES IMPROVES FROM 26.4 TO 27.9 DURING SAME PERIOD

New Delhi, 31st January, 2023

The Survey states that the Quality Education which is enlisted as Goal 4 under UN SDGs (SDG4) aims to "Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all" by 2030. It is in this context that the National Education Policy 2020 was laid down as the *1st Education Policy of the 21st century,* aiming to address the many growing developmental imperatives of the country. The policy provided for the revision and revamping of all aspects of the education structure. The Union Minister for Finance and Corporate Affairs, Smt Nirmala Sitharaman tabled Economic Survey 2022-23 in Parliament today.

School Enrolment:

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 FY 22. This improvement has reversed the declining trends between FY17 and FY19. GER in Upper Primary (enrolment in class VI to VIII as a per cent of the population in age 11-13 years), which was stagnant between FY17 and FY19, improved in FY22. In corresponding age groups in Primary and Upper-Primary levels, girls' GER is better than boys.

School Gross Enrolment Ratios

(in per cent)

Year	Primary			Upper Primary			Secondary		
	Girls	Boys	Total	Girls	Boys	Total	Girls	Boys	Total
2013-14	107.9	106.5	107.2	88.6	85.0	86.7	73.5	74.2	73.8
2019-20	103.7	101.9	102.7	90.5	88.9	89.7	77.8	78.0	77.9
2020-21	104.5	102.2	103.3	92.7	91.6	92.2	79.5	80.1	79.8
2021-22	104.8	102.1	103.4	94.9	94.5	94.7	79.4	79.7	79.6

Source: Unified District Information System for Education (UDISE+)[35]
Notes: 1. UDISE+ data comes with more than one-year lag, hence data is available up to 2021-22
2. GER greater than 100 per cent might represent the presence of over or under-age children in a particular level of education.

In FY22, school enrolment stood at 26.5 crore children with 19.4 lakh additional children enrolled in Primary to Higher Secondary levels. Total enrolment of Children with Special Needs (CWSN) in FY22 stands at 22.7 lakh as compared to 21.9 lakh in FY21, which is an increase of 3.3 per cent. The enrolments increased across all levels viz., Primary, Upper-Primary, Secondary, and Higher Secondary except for the Pre-Primary level. At the Pre-primary level, enrolment reduced from 1.1 crore in FY21 to 1.0 crore in FY22. During the year, about 1.0 crore children were enrolled in pre-primary, 12.2 crore in Primary, 6.7 crore in Upper Primary, 3.9 crore in Secondary and 2.9 crore in Higher Secondary.

School Drop-out

School dropout rates at all levels have witnessed a steady decline in recent years. The decline is for both girls and boys. The schemes such as Samagra Shiksha, RTE Act, improvement in school infrastructure and facilities, residential hostel buildings, availability of teachers, regular training of teachers, free textbooks, uniforms for children, Kasturba Gandhi Balika Vidyalaya and the PM POSHAN Scheme play an important role in enhancing enrolment and retention of children in schools.

School dropout rates

(in per cent)

Year	Primary			Upper Primary			Secondary		
	Girls	Boys	Total	Girls	Boys	Total	Girls	Boys	Total
2013-14	4.7	4.7	4.7	4.0	2.3	3.1	14.5	14.5	14.5
2019-20	1.2	1.7	1.5	3.0	2.2	2.6	15.1	17.0	16.1
2020-21	0.7	0.8	0.8	2.6	2.0	2.3	13.7	14.3	14.0
2021-22	1.4	1.6	1.5	3.3	2.7	3.0	12.3	13.0	12.6

Source: UDISE+

School Infrastructure

The education infrastructure in the form of schools, amenities, and digitalisation has been steadily promoted along with a focus on pedagogy. The basic infrastructure facilities in schools

– both in terms of the number of recognised schools and teachers' availability reflected in the Pupil-Teacher Ratio, showed an improvement in FY22.

Basic facilities in schools continued to improve in FY22 over earlier years. Toilets (girls or boys), drinking water, and hand-washing facilities are now available in most Government schools. Priority to drinking water and sanitation in schools under Samagra Shiksha Scheme as well as Swachh Bharat Mission have been instrumental in providing required resources and creating these assets in schools. Under the Information & Communication Technology (ICT) component of the Samagra Shiksha Scheme, Government supports the establishment of smart classrooms, and ICT labs in schools, including support for hardware, educational software, and e-content for teaching.

Improving School Infrastructure

(Schools with basic facilities as a percentage of all schools)

Year	2012-13	2019-20	2020-21	2021-22
Girls Toilet	88.1	96.9	97.3	97.5
Boys Toilet	67.2	95.9	96.2	96.2
Hand wash Facility	36.3	90.2	91.9	93.6
Library/Reading Room/ Reading corner	69.2	84.1	85.6	87.3
Electricity	54.6	83.4	86.9	89.3
Medical check-ups in school in a year	61.1	82.3	50.4*	54.6*
Computer	22.2	38.5	41.3	47.5
Internet	6.2	22.3	24.5	33.9

** Due to Covid, schools were closed physically. Hence, fewer medical check-ups were done.*
Source: UDISE+

The availability of teachers, measured by pupil-teacher ratio, an indicator which is inversely related to improvement in quality of education, has improved at all levels continuously from FY13 to FY22: from 34.0 to 26.2 at Primary, 23.0 to 19.6 at Upper Primary, 30.0 to 17.6 at Secondary, and 39.0 to 27.1 at the Higher Secondary level. The improvement in the number of schools, teachers' availability, and facilities in schools is expected to help improve enrolment and reduce dropout rates.

Various programmes and schemes for school education launched during FY23 are presented in the following paras.

- **PM Schools for Rising India:** The Government launched a Centrally Sponsored Scheme (CSS) called PM Schools for Rising India (PM SHRI) on 7 September, 2022. Under the scheme, there is a provision for setting up more than 14,500 PM SHRI Schools, over the period FY23 to FY27 by strengthening the existing schools from those managed by Central Government/State/UT Government/local bodies. These schools will be equipped with modern infrastructure and showcase the implementation of the NEP and emerge as exemplary schools over a period of time, while offering leadership to other schools in the neighbourhood. More than 20 lakh students are expected to be direct beneficiaries of the scheme.

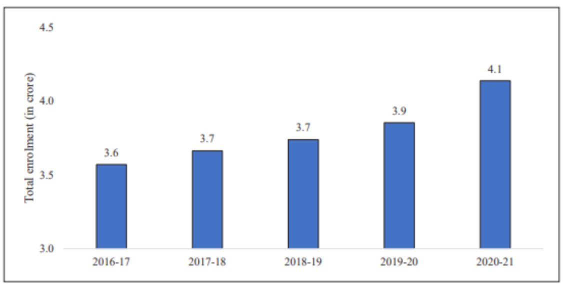
- **The National Curriculum Framework (NCF) for Foundational Stage:** NCF for Foundational Stage has been launched as the new 5+3+3+4 curricular structure which integrates early childhood care and education for all children of ages 3 to 8.
- **Pilot project of Balvatika:** With a focus on developing cognitive, affective, and psychomotor abilities and also early literacy and numeracy for students in the age groups of 3+, 4+ and 5+ years, Project Balvatika, i.e.,'Preparatory Class', was launched in October 2022 in 49 Kendriya Vidyalayas.
- **A handbook for Toy-based pedagogy**
- **Screening tools (Mobile App) for specific learning disabilities**
- **National Credit Framework**
- **Strengthening Teaching-Learning and Results for States (STARS):**
- **Vidyanjali (A School Volunteer Initiative):** The programme has successfully managed to impact around 11,34,218 students across the nation.
- **Samagra Shiksha Scheme:** An overarching programme for the school education sector extending from pre-school to class XII. The Samagra Shiksha Scheme has been aligned with the recommendations of the NEP 2020 and extended from FY22 to FY26.

Higher Education

Number of Indian Institutes of Technology (IITs) and Indian Institute of Management (IIMs), respectively stand at 23 and 20 in 2022 against 16 and 13 in 2014. The strength of Indian Institutes of Information Technology (IIITs) is 25 in 2022 against 9 in 2014.

The total enrolment in higher education has increased to nearly 4.1 crore in FY21 from 3.9 crore in FY20. Since FY15, there has been an increase of around 72 lakh in enrolment (21 per cent). The female enrolment has increased to 2.0 crore in FY21 from 1.9 crore in FY20.

Total Students' Enrolments in Higher Education



Source: All India Survey on Higher Education (AISHE) report 2020-21, Ministry of Education

Students' Enrolment in Higher Education

(in crore)

Year	Male	Female	Total
2016-17	1.9	1.7	3.6
2017-18	1.9	1.7	3.6
2018-19	1.9	1.8	3.7
2019-20	2.0	1.9	3.9
2020-21	2.1	2.0	4.1

Source: AISHE report 2020-21

The enrolment in Distance Education is 45.7 lakh (with 20.9 lakh females), an increase of around 7 per cent since FY20 and 20 per cent since FY15. The GER in higher education, based on 2011 population projections (revised), was recorded at 27.3 per cent in FY21, which is an improvement from 25.6 in FY20. GER for males increased from 24.8 in FY20 to 26.7 in FY21 while GER for females has also shown improvement from 26.4 to 27.9 during the same period.

The total number of faculty/teachers in Higher Education is 15,51,070 of which about 57.1 per cent are male and 42.9 per cent are female.

The survey appreciated the various initiatives for Higher education including Research & Development Cell (RDC) in Higher Education Institutions, Guidelines for pursuing two academic programmes simultaneously, Interest subsidy on education loan.

The Survey also mentions about a three-day Akhil Bharatiya Shiksha Samagam organised at Varanasi on 7-9 July 2022 by the Ministry of Education in association with the UGC and Banaras Hindu University. The event brought together over 300 Vice Chancellors and Directors from public and private universities, educationists, policymakers, as also industry representatives to deliberate on how the implementation of NEP 2020 can be taken further across the country after successful implementation of several initiatives in the last two years. The Summit provided a platform for thought-provoking discussions that helped articulate the roadmap and implementation strategies, foster knowledge exchange, build networks through interdisciplinary deliberations, and discuss challenges being faced by educational institutions and articulate solutions.

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Economic Survey 2022-23

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UNEMPLOYMENT RATES FALL FROM 5.8 PER CENT IN 2018-19 TO 4.2 PER CENT IN 2020-21

RISE IN RURAL FEMALE LABOUR FORCE PARTICIPATION RATE FROM 19.7 % IN 2018-19 TO 27.7% IN 2020-21

NEED TO BROADEN HORIZON OF MEASURING WORK FOR WOMEN

28.5 CRORE UNORGANIZED WORKERS REGISTERED ON E-SHRAM PORTAL

THE SHARE OF SELF-EMPLOYED INCREASED AND THAT OF REGULAR WAGE/SALARIED WORKERS DECLINED IN 2020-21 VIS-À-VIS 2019-20

NET AVERAGE MONTHLY SUBSCRIBERS ADDED UNDER EPFO INCREASED FROM 8.8 LAKH IN APRIL-NOVEMBER 2021 TO 13.2 LAKH IN APRIL-NOVEMBER 2022

New Delhi, 31st January 2023

The Economic Survey 2022-23 tabled by the Minister of Finance and Corporate Affairs, Smt Nirmala Sitharaman in Parliament today states that while the pandemic impacted both labour markets, and employment ratios, now with sustained effort in the last few years, coupled with quick response after the pandemic, and the world's largest vaccination drive being undertaken in India, labour markets have recovered beyond pre-Covid levels, in both urban and rural areas, as observed in supply-side and demand-side employment data.

PROGRESSIVE LABOUR REFORM MEASURES

In 2019 and 2020, 29 Central Labour Laws were amalgamated, rationalised, and simplified into four Labour Codes, viz., the Code on Wages, 2019 (August 2019), the Industrial Relations Code, 2020, the Code on Social Security, 2020, and the Occupational Safety, Health & Working Conditions Code, 2020 (September 2020).

According to the survey, rules made under the Codes have been entrusted to Central Government, State Government and at the appropriate level. As of 13 December 2022, 31 States also have pre published the draft rules under the Code on Wages, 28 States under Industrial Relations Code, 28 States under Code on Social Security, and 26 States under Occupational Safety Health and Working Conditions Code.

IMPROVING EMPLOYMENT TRENDS

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.

As per Usual Status in Periodic Labour Force Survey(PLFS), the Labour Force Participation Rate (LFPR), Worker Population Ratio (WPR) and unemployment rate (UR) in PLFS 2020-21(July-June) have improved for both males and females in both rural and urban areas compared to PLFS 2019-20 and 2018-19.

The Labour Force Participation Rate for males has gone up to 57.5% in 2020-21, as compared to 55.6% in 2018-19. Female Labour Force Participation Rate has gone up to 25.1% in 2020-21 from 18.6% in 2018-19. There is a notable rise in Rural Female Labour Force Participation Rate from 19.7 % in 2018-19 to 27.7% in 2020-21.

According to broad status in employment, the share of self-employed increased and that of regular wage/salaried workers declined in 2020-21 vis-à-vis 2019-20, driven by trend in both rural and urban areas. The share of casual labour declined slightly, driven by rural areas. As per the Economic Survey, based on the industry of work, the share of workers engaged in agriculture rose marginally from 45.6 per cent in 2019-20 to 46.5 per cent in 2020-21, the share of manufacturing declined faintly from 11.2 per cent to 10.9 per cent, the share of construction increased from 11.6 per cent to 12.1 per cent, and share of trade, hotel & restaurants declined from 13.2 per cent to 12.2 per cent, over the same period.

FEMALE LABOUR FORCE PARTICIPATION RATE: MEASUREMENT ISSUES

The Economic Survey highlights measurement issues in calculating Female Labour Force Participation Rate. The common narrative of Indian women's low LFPR misses the reality of working females integral to the economy of the household and the country. Measurement of employment through the survey design and content can make a significant difference to final LFPR estimates, and this matters more for measuring female LFPR than male LFPR.

The survey states that there is a need to broaden the horizon of measuring work, which constitutes the whole universe of productive activities alongside employment, especially for women. According to the latest ILO standards, limiting productive work to labour force participation is narrow and only measures work as a market product. It does not include the value of women's unpaid domestic work, which can be seen as expenditure-saving work such as collecting firewood, cooking, tutoring children, etc, and contributes significantly to the household's standard of living.

The Survey recommends that a wholesome measurement of "work" may require improved quantification through redesigned surveys. That said, there is further significant scope to nullify the gender-based disadvantages to enable free choice of women to join the labour market. Ecosystem services, including affordable creches, career counselling/handholding, lodging and transportation, etc., can further help unlock the gender dividend for inclusive and broad-based growth.

QUARTERLY PLFS FOR URBAN AREAS

The PLFS conducted by the MoSPI at a quarterly level for urban areas is available till July-September 2022. The data shows an improvement in all the key labour market indicators in the quarter ending September 2022 both sequentially and over the last year, as per the Current Weekly Status. The labour participation rate increased to 47.9 per cent in July-September 2022 from 46.9 per cent a year ago, while the worker-population ratio strengthened from 42.3 per cent to 44.5 per cent in the same period.This trend highlights that the labour markets have recovered from the Covid impact.

DEMAND SIDE OF EMPLOYMENT QUARTERLY EMPLOYMENT SURVEY (QES)

The QES, conducted by the Labour Bureau, covers establishments with ten or more workers in nine major sectors viz. manufacturing, construction, trade, transport, education, health, accommodation & restaurants, IT/BPOs, and financial services. So far, results of four rounds of the QES have been released, covering four quarters of FY22. The estimated total employment in the nine selected sectors according to the fourth round of QES (January to March 2022) stood at 3.2 crore, which is nearly ten lakh higher than the estimated employment from the first round of QES (April-June 2021). The increase in estimates of workers from Q1FY22 to Q4FY22 was driven by rising employment in sectors such as IT/BPO (by 17.6 lakh), health (7.8 lakh), and education (1.7 lakh), due to rising digitisation and resurgence of services sector economy. Regarding terms of employment, regular employees constituted the majority of workers across sectors, with a share of 86.4 per cent in the total workforce in Q4FY22. Further, out of the total employed in the fourth round of QES, 98.0 per cent are employees while 1.9 per cent are self-employed. Gender-wise, 31.8 per cent of the total estimated employed are women and 68.2 per cent are men. In the sectors covered, manufacturing employs the highest number of workers.

ANNUAL SURVEY OF INDUSTRIES (ASI) 2019-20

As per the latest ASI FY20, employment in the organised manufacturing sector has maintained a steady upward trend over time, with the employment per factory increasing gradually. In terms of share of employment (total persons engaged), the food products industry (11.1 per cent) remained the largest employer, followed by wearing apparel (7.6 per cent), basic metals (7.3 per cent), and motor vehicles, trailers, and semi-trailers (6.5 per cent). State-wise, Tamil Nadu had the largest number of persons engaged in factories (26.6 lakh), followed by Gujarat (20.7 lakh), Maharashtra (20.4 lakh), Uttar Pradesh (11.3 lakh), and Karnataka (10.8 lakh).

Over time, there is a visible trend towards bigger factories employing more than 100 workers, their numbers rising by 12.7 per cent from FY17 to FY20, compared to a broadly constant number of smaller factories. Between FY17 and FY20, total persons engaged in larger factories rose by 13.7 per cent, compared to 4.6 per cent in smaller factories. Resultantly, the share of larger factories in the total number of factories has increased from 18 per cent in FY17 to 19.8 per cent in FY20, and their share in total persons engaged shows a similar expansion from 75.8 per cent in FY17 to 77.3 per cent in FY20. Thus, in terms of total persons engaged, employment has been rising in larger factories (employing more than 100 workers) than in smaller ones, suggesting scaling up of manufacturing units.

FORMAL EMPLOYMENT

Employment generation coupled with improving employability is the priority of the Government. The net addition in EPF subscriptions during FY22 was 58.7 per cent higher than in FY21 and 55.7 per cent higher than that in the pre-pandemic year 2019. In FY23, net average monthly subscribers added under EPFO increased from 8.8 lakh in April-November 2021 to 13.2 lakh in April-November 2022. The swift rebound of formal sector payroll addition can be attributed to the Aatmanirbhar Bharat Rojgar Yojana (ABRY), launched in October 2020 to boost the economy, increase the employment generation in post Covid-19 recovery phase, and to incentivise creation of new employment along with social security benefits and restoration of employment lost during the pandemic.

E-SHRAM PORTAL

Ministry of Labour and Employment (MoLE) has developed E-Shram portal for creating a National database of unorganised workers, which is verified with Aadhaar. It captures details of workers like name, occupation, address, occupation type, educational qualification, and skill types etc., for the optimum realisation of their employability and extend the benefits of the social security schemes to them. It is the first-ever national database of unorganised workers, including migrant workers, construction workers, gig and platform workers, etc. Currently, E-Shram portal has been linked to NCS portal and ASEEM portal for seamless facilitation of services.

As on 31 December 2022, total over 28.5 crore unorganised workers have been registered on E-Shram portal. Female registrations stood at 52.8 per cent of the total and 61.7 per cent of total registrations belonged to the age group 18-40 years. State-wise, Uttar Pradesh (29.1 per cent), Bihar (10.0 per cent), and West Bengal (9.0 per cent) accounted for nearly half of total registrations. Agriculture sector workers contributed to 52.4 per cent of the total registrations, followed by domestic and household workers (9.8 per cent), and construction workers (9.1 per cent).

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Economic Survey 2022-23

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GOVERNMENT COMMITTED TO EQUIP WORKFORCE WITH EMPLOYABLE SKILLS AND KNOWLEDGE IN MISSION MODE

NEP GIVES SPECIAL FOCUS ON VOCATIONAL EDUCATION AND SKILL DEVELOPMENT

PERIODIC LABOUR FORCE SURVEY FY21 SHOWS FORMAL VOCATIONAL /TECHNICAL TRAINING AMONG YOUTH AND WORKING POPULATION IMPROVED IN FY21 OVER FY19 AND FY20

BETWEEN FY17 AND FY23 (AS OF 5 JANUARY 2023), UNDER PMKVY 2.0 ABOUT 1.1 CRORE PERSONS TRAINED: 83 PER CENT CERTIFIED AND ABOUT 21.4 LAKH RECEIVED PLACEMENT

UNDER PMKVY 1.3 LAKH MIGRANT LABOURERS AFFECTED DUE TO COVID TRAINED

UNDER NATIONAL APPRENTICESHIP PROMOTION SCHEME 21.4 LAKH APPRENTICES ENGAGED BY INDUSTRIES AS ON 31 DECEMBER 2022

UNDER CRAFTSMEN TRAINING SCHEME 91.7 LAKH STUDENTS TRAINED AS ON 30 OCTOBER 2022

New Delhi, 31st January, 2023

The Survey says that with the establishment of a Central Ministry, efforts to improve and streamline the skilling ecosystem were ramped up as the government launched the National Skill Development Mission as well as the National Policy on Skill Development and Entrepreneurship. Under the NEP 2020 also, there is a special focus on vocational education and skill development. Integration of vocational education with general education and mainstreaming of vocational education have been identified as the key reform in the education System of the country. The Union Minister for Finance and Corporate Affairs, Smt Nirmala Sitharaman tabled Economic Survey 2022-23 in Parliament today.

Periodic Labour Force Survey (PLFS) FY21 shows that formal vocational/technical training among youth (age 15- 29 years) and the working population (age 15-59 years) have improved in FY21 over FY19 and FY20. The improvement in skills has been for males and females, both in rural and urban sectors.

Distribution of persons who received formal vocational/technical training

(per cent)

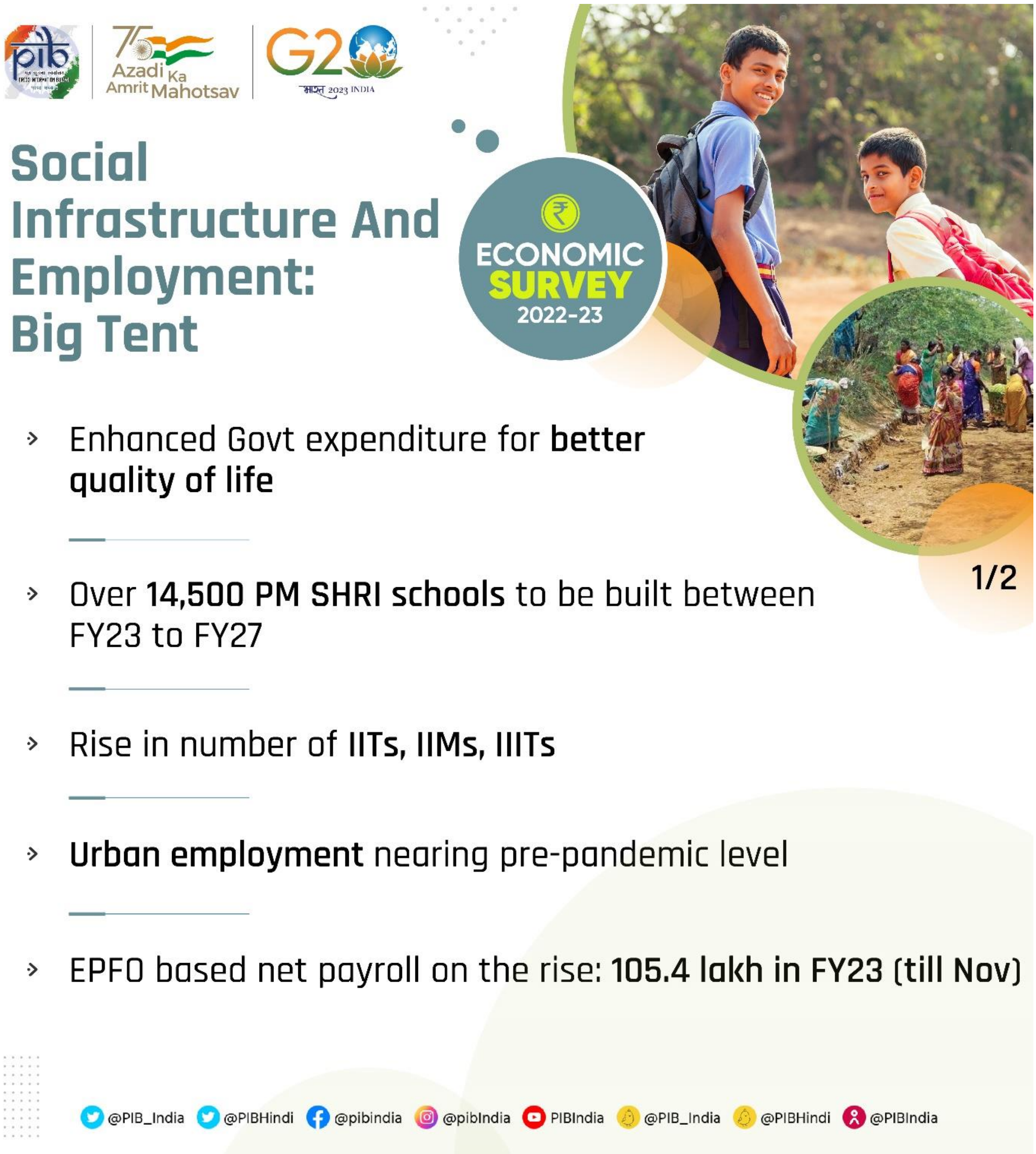
Age group	Rural			Urban			All India		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
2018-19									
15-29 years	2.4	1.5	2.0	4.8	4.6	4.7	3.2	2.5	2.8
15-59 years	1.8	1.1	1.5	4.9	3.9	4.4	2.8	2.0	2.4
2019-20									
15-29 years	3.1	2.7	2.9	7.0	6.5	6.8	4.3	3.8	4.1
15-59 years	2.2	1.7	2.0	6.3	5.4	5.8	3.5	2.9	3.2
2020-21									
15-29 years	3.4	2.6	3.0	7.3	6.5	6.9	4.5	3.7	4.1
15-59 years	2.5	1.9	2.2	6.2	5.3	5.8	3.6	2.9	3.3

Source: Annual PLFS Reports, 2017-18 to 2020-21

As per the reports of the fourth round of the Quarterly Employment Survey (QES) (for Q4 FY22) in respect of establishments employing at least 10 workers in major nine sectors, 15.6 per cent of estimated establishments imparted formal skill training and 20.5 per cent imparted on-the-job training. The health sector had the highest percentage of estimated establishments imparting formal skill training (24.7 per cent) and on-the-job training (31.6 per cent), followed by financial services (20.4 per cent of establishments imparting formal training and 26.4 per cent imparting on-the-job training).

Skill Indian Mission

The Skill Indian Mission focuses on skilling, re-skilling and up-skilling through short term and long term training programmes. Under the Mission, the government, through more than 20 Central Ministries/Departments, is implementing various skill development schemes across the country. The advocacy of the programmes is being done through print media, electronic media, and State Governments' campaigns. More and more areas are being aligned with the common framework spanning the skills ecosystem so that the outcomes of the Government skilling programmes are uniform across the skilling ecosystem.



The progress in some of these schemes is presented in Box:

Progress of Skill India Mission	
Skill Development Scheme	**Progress**
PMKVY was first launched in 2015. Presently, the third phase of PMKVY, i.e., PMKVY 3.0 is being implemented across the country since January 2021 PMKVY has two training components, viz., Short Term Training (STT) and Recognition of Prior Learning (RPL).	✓ Between FY17 and FY23 (as of 5 January 2023), under PMKVY 2.0 about 1.1 crore persons have trained: 83 per cent certified and about 21.4 lakh placed. Under PMKVY 3.0, during FY21 to FY23 (as on 5 January 2023) 7.4 lakh persons have been trained, 66 per cent certified and 41,437 placed.

Pradhan Mantri Kaushal Kendra set up at District level, are envisaged as state of the art, visible and aspirational model training Centres	✓ PMKVY also provided training to Shramiks (migrant labourers) affected due to Covid-19. This component covered 116 districts of 6 States, viz., Assam, Bihar, Madhya Pradesh, Odisha, Rajasthan, and Uttar Pradesh. As on 31 October 2022, 1.3 lakh migrants have been trained/ oriented (0.88 lakh in STT and 0.38 lakh in RPL).
Jan Shikshan Sansthan Scheme provides for a lump sum annual grant is released to Jan Shikshan Sansthans (NGOs) for skill training to non-literate, neo-literates, persons with a rudimentary level of education and school dropouts up to class XII in the age group of 15-45 years. The priority groups are women, SC, ST, and other backward sections of society.	✓ From FY20 to FY23 (as of 5 January 2023), 16.0 lakh beneficiaries have been trained of which 28.4 per cent are from urban areas and 69.0 per cent are from rural areas and 2.7 per cent are from tribal areas. Notably, 81 per cent of the trainees are women.
National Apprenticeship Promotion Scheme provides financial support to industrial establishments undertaking apprenticeship programmes under the Apprentices Act, 1961.	✓ Since the launch of the scheme in 2016, as on 31 December 2022, 21.4 lakh apprentices have been engaged by Industries
Craftsmen Training Scheme provides long-term training in 149 trades through 14,938 Industrial Training Institutes (ITIs) across the country	✓ Since 2015, 91.7 lakh students have been trained as on 30 October 2022.
Craft Instructor Training Scheme provides comprehensive training both in skills and training methodology is imparted to the instructor trainees to make them conversant with the methodology of teaching and techniques of transferring hands-on skills, to train skilled manpower for the industry.	✓ During the year FY22, a total of 8,847 trainees have been trained in various National Skill Training Institutes and Institute of Training of Trainers
Making India Skill Capital of the World	With an aim to make India a Skill Capital of the World and improve mobility of Skilled manpower the National Skill Development Corporation (NSDC) International has been set up, which aims to create a network of institutions across India. This network of institutions will be called as Skill India International (SII) Network. It shall be created through the empanelment of state-of-the-art government and private institutions. ✓ MSDE has also signed MoUs with 11 countries, Australia, Belarus, China, Denmark, France, Germany, Japan, Qatar, Switzerland, UAE, and the United Kingdom in the field of skill development and vocational education training.

	✓ NSDC has also signed 18 B2B MoUs with countries like Australia, Canada, Germany, Japan, Malaysia, Kingdom of Saudi Arabia, UAE, etc.
Skill Acquisition and Knowledge Awareness for Livelihood Promotion (SANKALP) is a World Bank loan-assisted programme launched in 2018 to decentralise skilling initiatives and align skill development programmes with local demand and aspirations of the youth	✓ Under the National Component and State Components of SANKALP, 64 and 700 projects respectively have been taken up in the area of Skill and Entrepreneurship development and strengthening of monitoring. ✓ 724 District Skill Committees (DSCs) have been constituted, which are mandated to plan, manage and monitor skilling activities at the District level

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ECONOMIC SURVEY 2022-23

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PUBLIC HEALTH INFRASTRUCTURE IS 'NERVE CENTRE OF THE PUBLIC HEALTH SYSTEM': ECONOMIC SURVEY 2023

1.5 LAKH AYUSHMAN BHARAT- HEALTH & WELLNESS CENTRES SET UP BEFORE 31ST DECEMBER 2022, LEADING TO STRENGTHENING OF PRIMARY HEALTHCARE

NOTABLE ENHANCEMENT IN HUMAN RESOURCES, CORE BUILDING BLOCKS OF THE HEALTH SYSTEM

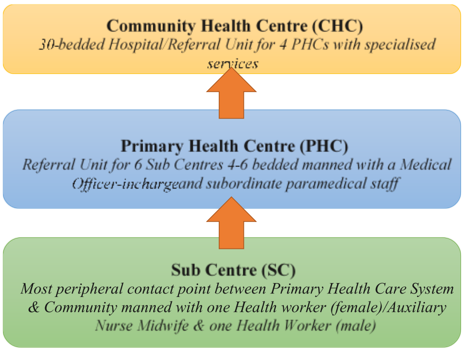
New Delhi 31st January, 2023

The Economic Survey 2022-23 tabled by Smt Nirmala Sitharaman, Union Minister for Finance and Corporate Affairs has centre staged primary health care and termed public health infrastructure as 'the nerve centre of the public health system', forming the basic support system for the last-mile delivery of public health services. Healthcare infrastructure has been acknowledged as an important indicator for understanding the healthcare delivery provisions and welfare mechanisms in a country.

The Economic Survey highlights the recent health sector reforms that have led to a strengthened health infrastructure in the public sector. This is amply reflected in rise in the number of Sub-centres (SCs), Primary Health Centres (PHCs), and Community Health Centres (CHCs) in rural areas. Under the Ayushman Bharat programme, 1.5 lakh Health & Wellness

Centres (HWCs) have been made operational before 31st December, 2022. These deliver comprehensive Primary Healthcare services closer to the communities.

Rural healthcare system in India



Progress in Health Infrastructure

The Economic Survey 2023 also underlines the notable enhancement in human resources which are the core building blocks of the health system. These include physicians, nursing professionals, pharmacists, midwives, dentists, allied health professionals, community health workers, social health workers and other health care providers, as well as health management and support personnel.

Indicators	2014	2019	2020	2021	2022
Sub-centres (SCs)	152.3	157.4	155.4	156.1	157.9
Primary Health Centres (PHCs)	25.0	24.9	24.9	25.1	24.9
Community Health Centres (CHCs)	5.4	5.3	5.2	5.5	5.5
Doctors at PHCs	27.4	29.8	28.5	31.7	30.6
Total Specialists at CHCs	4.1	3.9	5.0	4.4	4.5
Auxiliary Nurse Midwife at SCs & PHCs	213.4	234.2	212.6	214.8	207.6
Nursing Staff at PHCs & CHCs	63.9	81.0	71.8	79.0	79.9
Pharmacists at PHCs & CHCs	22.7	26.2	25.8	28.5	27.1
Lab Technicians at PHCs & CHCs	16.7	18.7	19.9	22.7	22.8

(Numbers in thousands, as of March each year)
Source: Rural Health Statistics 2021-22, MoHWF

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ECONOMIC SURVEY 2022-23 ILLUSTRATES SIGNIFICANT IMPROVEMENT IN QUALITY OF RURAL LIVES; HEALTH INDICATORS REGISTER UPTICK

REMARKABLE PROGRESS IN TOTAL FERTILITY RATE, IMR, INSTITUTIONAL BIRTHS, VACCINATION

REDUCTION IN STUNTING, WASTING AND UNDER WEIGHT CHILDREN

New Delhi 31st January, 2023

The Economic Survey 2022-23 tabled today by Smt Nirmala Sitharaman, Union Minister for Finance and Corporate Affairs has illustrated a significant improvement vis-à-vis 2015-16 in an array of indicators concerning the quality of rural lives, of which most health indicators have registered an impressive uptick. These outcome-oriented statistics establish tangible medium-run progress in rural living standards, aided by the policy focus on basic amenities and efficient programme implementation. This indicates the outcome of some of the important schemes/programmes of the Government in various areas to improve the quality of life in rural areas.

Quality of rural lives – findings from the National Family Health Survey 2019-21

As per the National Family Health Survey (NFHS) 2019-21, various parameters related to maternal and child health have reported encouraging numbers (as below).

	For Rural Areas	NFHS 4 (2015-16)	NFHS 5 (2019-21)
Population	Sex ratio at birth for children born in the last five years (females per 1,000 males)	927	⬆ 931

	Total fertility rate (children per woman)	2.4	↓ 2.1
Health	Households with any usual member covered under a health insurance/financing scheme (per cent)	28.9	↑ 42.4
	Infant mortality rate	46.0	↓ 38.4
	Mothers who had an antenatal check-up in the first trimester (%)	54.2	↑ 67.9
	Mothers who consumed iron folic acid for 100 days or more when they were pregnant (per cent)	25.9	↑ 40.2
	Institutional births (per cent)	75.1	↑ 86.7
	Children aged 12-23 months fully vaccinated based on information from vaccination card only (per cent)	61.3	↑ 84.0
	Children aged 12-23 months who received most of their vaccinations in a public health facility (per cent)	94.2	↑ 97.0
	Prevalence of diarrhoea in the 2 weeks preceding the survey (per cent)	9.6	↓ 7.7
	Children under 5 years who are stunted (height-for-age) (per cent)	41.2	↓ 37.3
	Children under 5 years who are wasted (weight-for-height) (per cent)	21.5	↓ 19.5
	Children under 5 years who are underweight (weight-forage) (per cent)	38.3	↓ 33.8
	For Rural Areas	**NFHS 4 (2015-16)**	**NFHS 5 (2019-21)**
	Children age 6-23 months receiving an adequate diet	8.8	↓ 11.0
	Women whose Body Mass Index (BMI) is below normal (BMI <18.5 kg/) (per cent)	26.7	↑ 21.2
	Children aged 6-59 months who are anaemic (per cent)	59.5	↓ 68.3
	All women aged 15-49 years who are anaemic (per cent)	54.3	↑ 58.5

	Men aged 15-49 years who are anaemic (per cent)	25.3	⬆ 27.4

Source: National Family Health Surveys (NFHS) 2015-16 and 2019-21, MoHFW

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HEALTH- A NARRATIVE ON DEDICATED COVID INFRASTRUTURE

THREE-TIER ARRANGEMENT OF DEDICATED COVID-19 HEALTH FACILITIES IMPLEMENTED TO REDUCE COVID RISK

4,135 PSA PLANTS BEING ESTABLISHED IN COUNTRY TO ENHANCE OXYGEN GENERATION CAPACITY BY 4,852 MT

GUIDELINES DEVELOPED FOR SETTING UP OXYGEN PLANTS IN ALL HEALTH FACILITIES

GOVERNMENT ENSURES ADEQUATE SUPPLY OF MEDICAL OXYGEN FOR PATIENT CARE IN STATES; MORE THAN 4 LAKH OXYGEN CYLINDERS SUPPLIED TO STATES/UTS/ CENTRAL GOVERNMENT HOSPITALS

New Delhi 31st January, 2023

Covid-19 virus posed an unprecedented challenge to the country which was tackled with an agile approach, based on feed-back loops, real-time monitoring of actual outcomes, flexible responses, and safety-net buffers, as discussed in previous Economic Surveys. Over two years since the pandemic was declared, the Government has taken various fiscal and social measures to balance the revival of the economy and deal with increasing caseloads. These included ramping up health infrastructure, both physical and digital, enhanced training of health professionals and, continuing with the mass vaccination drive, says the Economic Survey 2022-23. The Union Minister for Finance & Corporate Affairs tabled the Economic Survey 2022-23 in Parliament today.

Highlighting the focus of Government on scaling up of health infrastructure under the Aatmanirbhar Bharat Abhiyaan, the Survey observes that the Union Government focussed on scaling up expenditure on health infrastructure by (a) investing in grass root health institutions and ramping up HWCs in rural and urban areas; (b) setting up critical care hospital blocks in all districts; and (c) strengthening the laboratory network and surveillance by integrated public health laboratories in all districts and blocks and public health units to manage pandemics. The State Governments also took various measures to fight the pandemic. This was complemented by digital infrastructure through Co-WIN for mass vaccination and e-Sanjeevani for telemedicine to reach the last mile. The timely intervention at all levels helped India navigate the Covid pandemic successfully despite successive shocks, notes the Economic Survey.

The Survey observes that in the last few months, the caseload has subsided significantly, where the active caseload is below 4000 and daily new cases recorded below 300 (as of 29 December 2022).

Dedicated Covid Infrastructure:

A three-tier arrangement of dedicated Covid-19 health facilities in the country was implemented to reduce the risk of cross-infection to non-Covid patients and to make provision for non-Covid essential health services, mentions the Economic Survey. This three-tier arrangement of health facilities comprises (i) a Dedicated Covid Care Centre with isolation beds for mild or pre-symptomatic cases; (ii) a Dedicated Covid Health Centre oxygen-supported isolation beds for moderate cases, and (iii) Dedicated Covid Hospital with ICU beds for severe cases. Besides this, tertiary care hospitals under the ESIC, Defence, Railways, Central Armed Police Forces, Steel Ministry, etc., were also leveraged for case management. In addition, in many states, the Defence Research and Development Organisation (DRDO) utilised large-scale field hospitals to rapidly scale up treatment capacities.

Oxygen Infrastructure Strengthening during Covid Pandemic

- **Pressure Swing Adsorption (PSA) Oxygen Generation Plants:** Elaborating on the criticality of PSA plants, the Economic Survey states that PSA plants are being established in hospitals, especially in far-flung areas enabling the hospitals to become self-sufficient in the generation of oxygen for their needs and, thereby, reducing the burden on the medical oxygen supply grid across the country. It was emphasised that each district of the country should have at least 1 PSA plant from PM-CARES support at the public health facilities. Accordingly, 4,135 PSA plants are being established in the country, which enhance the oxygen generation capacity by 4,852 MT, as per details below. Ministry of Health and Family Welfare (MoHFW) has developed and shared the guidelines on indicative norms for setting up oxygen plants in all health facilities on 6 July 2021 with the states, the Survey states.

Source	No. of PSA Plants	Commissioned
PM-CARES	1225	1225
Central Government PSUs	283	283
Foreign Aid	53	50
State/CSR Initiatives	2574	2571
Total	**4135**	**4127**

*** Data as on 28 December 2022**

- **Oxygen Cylinders:** The Survey mentions that the Government has ensured an adequate supply of medical oxygen for patient care in the states. Until now, 4,02,517 oxygen cylinders have been supplied to States/UTs/ Central Government hospitals; which consists of 1.0 lakh by Central Medical Services Society (CMSS) in 2020; 1.3 lakh by CMSS in 2021; 1.5 lakh by DRDO in 2021 and 23,000 from foreign aid. The oxygen cylinder allocation has been performed in a transparent and participative manner with States/UTs.

- Moreover, MoHFW has approved distribution of additional 14,340 D-Type oxygen cylinders among states from UNICEF-ADB (Asian Development Bank) support, which is under process.

- **Oxygen Concentrators:** A total of 1,13,186 oxygen concentrators have been procured by the Government for Covid management, i.e., 99,186 under PM-CARES through ONGC for use in rural areas; and 14,000 under Emergency Covid Response Package (ECRP) support. All these domestically procured concentrators have already been allocated to states/UTs. Moreover, states have been advised to promptly issue oxygen concentrators to districts with details of consignee points and promptly enter data pertaining to the receipt of oxygen concentrators at the district level on the OC-MIS portal (OxyCare MIS Portal).

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ECONOMIC SURVEY 2022-23

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NATIONAL COVID-19 VACCINATION PROGRAMME MEETS ITS GOALS BY OVERCOMING R&D AND LOGISTICAL CHALLENGES, SAYS ECONOMIC SURVEY 2022-23

UNDER THE PROGRAMME, MORE THAN 220 CRORE COVID VACCINE DOSES ADMINISTRED AS ON 6 JANUARY 2023

97 PER CENT OF ELIGIBLE BENEFICIARIES RECEIVE AT LEAST ONE DOSE OF COVID-19 VACCINE

90 PER CENT OF ELIGIBLE BENEFICIARIES RECEIVE BOTH THE DOSES

CO-WIN SYSTEM PROVIDES END-TO-END SOLUTION WITH UTILITIES FOR ENTIRE PUBLIC HEALTH SYSTEM

CO-WIN PLATFORM PROVIDES REAL-TIME STOCK TRACKING AT THE NATIONAL, STATE, AND DISTRICT LEVELS; HELPS PLUG WASTAGE OF COVID-19 VACCINES

New Delhi 31st January, 2023

Elaborating on success story of India's National Covid-19 Vaccination Programme, the Economic Survey 2022-23, tabled by Union Minister of Finance and Corporate Affairs Smt Nirmala Sitharaman, says that as on 6 January 2023, India has been able to administer more than 220 crore Covid vaccine doses across the country. 97 per cent of eligible beneficiaries have already received at least one dose of Covid-19 vaccine and around 90 per cent of eligible beneficiaries have received both the doses. Vaccination for the age group 12-14 years was started on 16 March 2022, followed by the precautionary dose for the age group 18-59 years starting from 10 April 2022. Also, 22.4 crore precautionary doses have been administered, added the Survey further.

India's National Covid-19 Vaccination Programme, which is the world's largest vaccination programme, began on 16 January 2021, initially with the aim of covering the adult population of the country in the shortest possible time. The programme was expanded to include all persons aged 12 years and above and for the precautionary dose for all persons aged 18 years and above.

The introduction of Covid-19 vaccines entailed many challenges such as research and development for new Covid vaccines, training of more than 2.6 lakh vaccinators and 4.8 lakh other vaccination team members, optimum utilisation of available vaccine, difficult-to reach population, and the need to ensure all essential health services along with scaling up of vaccination programme. In addition, logistical challenges such as storage and decentralised distribution of vaccines across 29,000 cold chain points, augmenting cold chain capacity, and developing IT platform for registering the beneficiaries and vaccine service delivery, were also noticed. The programme was able to overcome these challenges and meet its goals within a short time frame.

Co-WIN: A successful digital story of vaccination

The Economic Survey highlighted that the present administration of more than 220 crore Covid-19 vaccine doses was made possible because of the robust digital infrastructure of Co-WIN. It was this broad interlock of digital framework and the Government's vigour of continuously improving its outreach for better inclusion that India could register a quick and durable economic recovery while continuing to secure both lives and livelihoods. With more than 84.7 crore Co-WIN beneficiaries seeded with Aadhaar among the total 104 crore (between January 2021 to September 2022), the seeds of JAM sown in FY15 proved to be a life saver for the nation.

The Economic Survey observes that the history of vaccines and vaccinations in India takes us back to 1802 when the first dose of vaccine was registered for smallpox. Tracing the medical history of the vaccines during those times was a rigorous task. However, in the contemporary scenario, we have substantially progressed in the digital journey, and most medical science searches are a ‘click’ away. Also, even before Covid arrived, India had laid down the strategy for mass vaccination as year-long programmes were running for several other diseases. Over the years, the government focused on digital health service delivery by imbibing the basic philosophy of “Antyodaya”. However, the need for end-to-end digitisation in the vaccination process was felt as this was the only way to achieve herd immunity during the pandemic. While many economies had to develop a model from scratch, India was in a comfortable position. Thanks to the Government’s vision of the JAM trinity, the critical challenge was addressed in a time-bound manner through Co-WIN (Covid Vaccine Intelligence Network) in implementing the National Covid-19 Vaccination Programme.

Emphasising the vitality of Co-WIN which has been developed as an extension of the eVIN (electronic Vaccine Intelligence Network) platform, in India’s National Covid-19 Vaccination Programme, the Survey highlighted that Co-WIN, a comprehensive cloud-based IT solution for planning, implementing, monitoring, and evaluating Covid-19 vaccination in India, the Co-WIN system provided an end-to-end solution with utilities for the entire public health system. The dual interface of the open platform made it scalable across citizen and administrator-centric services. To ensure accountability and transparency in supply chains for vaccination, the platform provided real-time stock tracking at the national, state, and district levels (Government and Private). This further plugged the wastage of Covid-19 vaccines, which otherwise occurred pre-Co-WIN.

The Survey says, going beyond the users (admins, supervisors, and vaccinators), vaccination centres, and beneficiaries’ registration in 12 regional languages, the web solution extended the issuance of digitally verifiable certificates. The Vaccination Certificate was designed at par with WHO Guidelines to assist even international travellers. To reduce the burden of registration hinging on a single document (Aadhaar), the Government allowed registration using any of the 10 photo identity cards [Aadhaar Card, Driving License, PAN Card, Passport, Pension Passbook, NPR Smart Card, Voter ID, Unique Disability Identification Card, Ration Card with Photo, Student Photo ID card]. Tackling the problem of the digital divide and digital exclusion, multiple beneficiaries (up to six) were allowed onboarding using a single mobile number through the National Covid helpline. To ensure that those having limited access to physical facilities during times of Covid, either due to age, disability or identity, are not left out, special provisions through the “Workplace Covid Vaccination Centre” in the Government and private sector and also “Near to Home Covid Vaccination Centres “ were made available.

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ECONOMIC SURVEY 2022-23

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NEARLY 22 CRORE BENEFICIARIES VERIFIED UNDER AYUSHMAN BHARAT SCHEME, AS OF 4TH JANUARY 2023

OVER 1.54 LAKH HWCs OPERATIONALISED ACROSS THE COUNTRY UNDER AYUSHMAN BHARAT

MORE THAN 135 CRORE CUMULATIVE FOOTFALL AT AB-HWCs

OVER 31 CRORE HEALTH ACCOUNTS CREATED UNDER AYUSHMAN BHARAT DIGITAL MISSION

New Delhi 31st January, 2023

As many as 21.9 crore beneficiaries have been verified under the Ayushman Bharat Pradhan Mantri – Jan Arogya Yojana (AB PM-JAY) Scheme including 3 crore beneficiaries verified using State IT systems as on 4th January, 2023. Approximately 4.3 crore hospital admissions, amounting to Rs. 50,409 crore, have also been authorised under the scheme through a network of over 26,055 hospitals, highlights the Economic Survey 2022-23. The Union Minister for Finance & Corporate Affairs, Smt Nirmala Sitharaman tabled the Economic Survey 2022-23 in Parliament today.

The Pre-budget Survey observes that AB-PMJAY is the world's largest health insurance scheme that aims to minimise the Out of Pocket Expenditure (OOPE) of the target beneficiaries arising due to expenditure on healthcare. The scheme provides health cover of Rs. 5 lakh per family per year for secondary and tertiary care hospitalisation to over 10.7 crore poor and vulnerable families (approximately 50 crore beneficiaries) that form the bottom 40 per cent of the Indian population identified based on the deprivation and occupational criteria of the SocioEconomic Caste Census 2011 (SECC 2011) and other State schemes.

Ayushman Bharat – Heath and Wellness Centres (AB-HWCs)

1,54,070 AB-HWCs have been operationalized across the country by upgrading the SHCs and PHCs in rural and urban areas, states the Survey. The AB-HWCs provide Comprehensive Primary Health Care, by expanding and strengthening the existing Reproductive & Child Health services and Communicable Diseases services and by including services related to Non- Communicable Diseases such as hypertension, diabetes and 3 common cancers, viz. Oral, Breast and Cervix. The first HWCs was inaugurated on 14 April 2018 in the Bijapur District of Chhattisgarh.

According to the Economic Survey, as on 31 December 2022:

- 1,54,070 HWCs operationalised across the country.
- More than 135 Crore cumulative footfall.
- More than 87.0 Crore cumulative screening of Non communicable diseases
- More than 1.6 crore Wellness Sessions, including Yoga.
- Under the e-Sanjeevani teleconsultation platform, more than 9.3 crore tele-consultations have been provided through functional HWCs at 15,465 Hubs (comprising MBBS/ Specialty/Super Specialty doctors at zonal level) and 1,12,987 Spokes (AB-HWCs at state level) across the country, as on 17 January 2023.

Ayushman Bharat Digital Mission (ABDM)

The Ayushman Bharat Digital Mission aims at creating a secure online platform based on open, interoperable digital standards. This will enable access and exchange of health records of citizens with their consent through services such as the issuance of Health ID, Healthcare Professionals Registry, Health Facility Registry and Health Records. This will boost the adoption of digital technologies in healthcare, thereby making quality healthcare more accessible and affordable.

As per the Survey, as on 10 January 2023 key achievements of the Mission are:

- Ayushman Bharat health account (earlier known as Health ID) created: 31,11,96,965
- Verified facilities on health facility registry: 1,92,706
- Verified healthcare professionals on healthcare professional registry: 1,23,442
- Health records linked : 7,52,01,236

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ECONOMIC SURVEY 2022-23

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HEALTH AN INTEGRAL COMPONENT OF SOCIAL WELFARE, *LEITMOTIF* FOR THE GOVERNMENT

COMPREHENSIVE AND 'LEAVE NO ONE BEHIND' APPROACH GUIDING PRINCIPLES OF HEALTHCARE

ENSURING THE PROVISION OF QUALITY HEALTH FACILITIES TO CITIZENS -AN IMPORTANT PRIORITY FOR THE GOVERNMENT

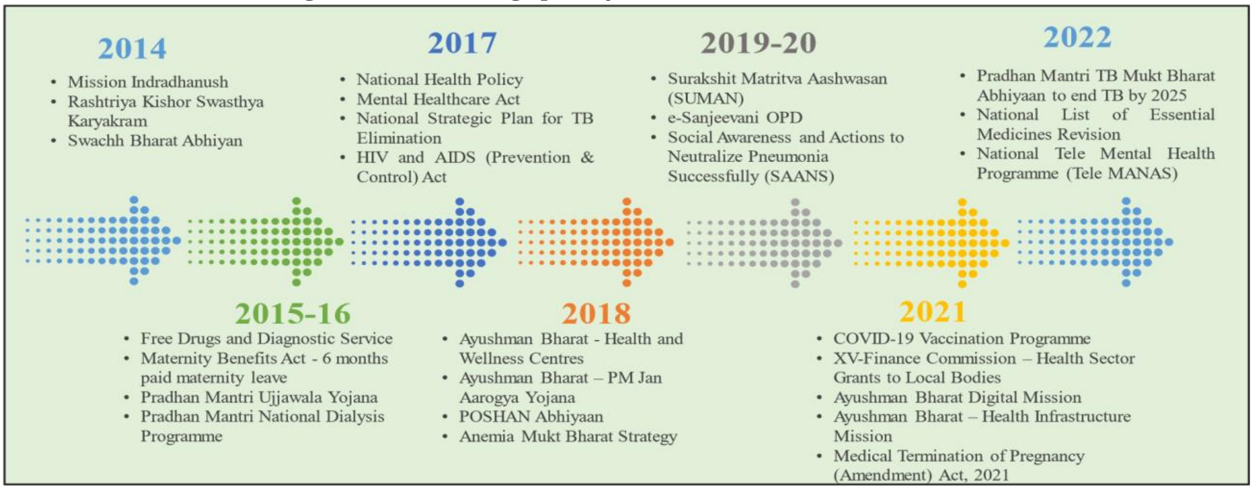
INFANT MORTALITY RATE (IMR), UNDER FIVE MORTALITY RATE (U5MR) AND NEONATAL MORTALITY RATE (NMR) FOLLOW A STEADY DOWNWARD TREND

New Delhi 31st January, 2023

Health is an integral component of social welfare, *leitmotif* for the Government. Comprehensive and 'leave no one behind' approach form the guiding principles of healthcare, as per the Economic Survey 2022-23 tabled today in Parliament by Smt Nirmala Sitharaman, Union Minister for Finance and Corporate Affairs.

Major initiatives from 2014 to 2022 for better overall health

The pre-budget Survey notes that ensuring the provision of quality health facilities to citizens is an important priority for the Government. Towards this objective, multidimensional initiatives have been launched and carried forward for better overall health of the citizens, as encapsulated below. Under the National Health Mission, the Government has made concerted efforts to engage with all relevant sectors and stakeholders to move in the direction of achieving universal health coverage and delivering quality healthcare services to all at affordable cost.



Improvement in health-related Indicators

The Economic Survey highlights that the Indian healthcare network is among the largest in the world. The results of an effective health approach are visible in the improvement in some of the important health-related indicators, as seen below.

	NFHS-4 (2015-16)	NFHS-5 (2019-21)
Households with any usual member covered under a health insurance/ financing scheme (per cent)	28.7	⬆ 41.0

Total fertility rate (children per woman)	2.2	2.0
Current Use of Family Planning Method- Any Method (per cent)	53.5	66.7
Mothers who had at least 4 antenatal care visits (per cent)	51.2	58.1
Institutional births (per cent)	78.9	88.6
Neonatal mortality rate (per 1000 live births)	29.5	24.9
Infant mortality rate (per 1000 live births)	40.7	35.2
Under-five mortality rate (per 1000 live births)	49.7	41.9
Children age 12-23 months fully vaccinated based on information from either vaccination card or mother's recall (per cent)	62.0	76.4
Children under age 6 months exclusively breastfed (per cent)	54.9	63.7
Children under 5 years who are stunted (height-for-age) (per cent)	38.4	35.5
Children under 5 years who are wasted (weight-for-height) (per cent)	21.0	19.3
Children under 5 years who are underweight (weight-for-age) (per cent)	35.8	32.1
Children under 5 years who are overweight (weight-for-height) (per cent)	2.1	3.4
Women who are overweight or obese (BMI≥25.0 kg/m^2) (per cent)	20.6	24.0
Men who are overweight or obese (BMI≥25.0 kg/m^2) (per cent)	18.9	22.9
Women age 15-24 years who use hygienic methods of protection during their menstrual period (per cent)	57.6	77.3

Source: National Family Health Surveys (NFHS) 2015-16 and 2019-21, MoHFW

With concerted efforts made under the Reproductive, Maternal, New-born, Child, Adolescent Health Plus Nutrition (RMNCAH+N) strategy, India has made considerable progress in improving the health status of both mothers and children. As per the Sample Registration System (SRS) data, India has successfully achieved the major milestone to bring the Maternal Mortality Ratio (MMR) to below 100 per lakh live births by 2020 (laid down in National Health Policy 2017) by bringing it down to 97 per lakh live births in 2018-20 from 130 per lakh live births in 2014-16. Eight states have already achieved the SDG target to reduce MMR to less than 70 per lakh live births by 2030. These include Kerala (19), Maharashtra (33), Telangana (43) Andhra Pradesh (45), Tamil Nadu (54), Jharkhand (56), Gujarat (57), and Karnataka (69).

Following a steady downward trend, Infant Mortality Rate (IMR), Under Five Mortality Rate (U5MR) and Neonatal Mortality Rate (NMR) have further declined as a result of countrywide efforts towards increasing health service coverage through strengthening of service delivery; quality assurance; RMNCAH+N; human resources, community processes; information and knowledge; drugs and diagnostics, and supply chain management, etc.

Trends in Mortality indicators

	2014	2016	2018	2020
Maternal Mortality Ratio (per lakh live births)	167 (2011-13)	130 (2014-16)	113 (2016-18)	97 (2018-20)
Infant Mortality Rate (per 1000 live births)	39	34	32	28
Neonatal Mortality Rate (per 1000 live births)	26	24	23	20
Under 5 Mortality Rate (per 1000 live births)	45	39	36	32
Early Neonatal Mortality Rate – 0- 7 days (per 1000 live births)	20	18	18	15

Source: Sample Registration System

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ECONOMIC SURVEY 2022-23

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ECONOMIC SURVEY 2022-23 UNDERLINES SHGS' CONTRIBUTION IN CRISIS MANAGEMENT DURING COVID

PRODUCTION OF MASKS BY SHGs ENABLE ACCESS TO AND USE OF MASKS BY COMMUNITIES IN REMOTE RURAL AREAS

DEMONSTRATION OF RESILIENCE AND FLEXIBILITY BY SHGs DURING CRISES NEEDS TO BE REGULARISED FOR LONG-RUN RURAL TRANSFORMATION, RECOMMENDS SURVEY

New Delhi 31st January, 2023

The years of pestilence acted as an opportunity towards mobilising Self Help Group (SHG) women to unite, transcend their group identity and collectively contribute to crisis management. They emerged as pivotal players in crisis management, leading from the front in - producing masks (with cultural variants such as Gamusa Masks in Assam), sanitisers, and protective gear, creating awareness about the pandemic (e.g. Patrakar Didis of Jharkhand), delivering essential goods (e.g. Floating supermarkets in Kerala), running community kitchens (e.g. Prerna Canteens in Uttar Pradesh), supporting farm livelihoods (e.g. Pashu Sakhis for animal health care services, Aajeevika Farm Fresh Online selling and distribution mechanism for vegetables in Jharkhand), convergence with MGNREGS (in UP, Bihar, Chhattisgarh), and in delivery of financial services (e.g. Bank Sakhis managing bank rush for availing Covid-relief DBT cash transfers), notes the Economic Survey 2022-23. Union Minister for Finance & Corporate Affairs Smt Nirmala Sitharaman tabled the Economic Survey in Parliament today.

The Survey observes that the production of masks by SHGs has been a noteworthy contribution, enabling access to and use of masks by communities in remote rural areas and providing vital protection against the Covid-19 virus. As on 4 January 2023, more than 16.9 crore masks were produced by SHGs under DAY-NRLM.

Government's Covid-19 Package for SHGs

- Under Pradhan Mantri Garib Kalyan Yojana (PMGKY), the limit for collateral-free loans for women's SHGs was doubled from Rs.10 lakh to Rs.20 lakh. This is expected to benefit 63 lakh women SHGs and 6.85 crore households.
- National Rural Livelihood Mission (NRLM) allowed for an additional Vulnerability Reduction Fund of Rs. 1.5 lakh to be extended to Village Organisations (VOs) in Covid hotspot areas and for vulnerable groups.

Way forward

SHGs are well-placed to facilitate overall rural development owing to their access to the last mile, ability to draw on communities' trust and solidarity, knowledge of local dynamics, and ability to swiftly manufacture simple products and services through the aggregation of members' economic activities. The Pre-budget Survey recommends that the demonstration of their resilience and flexibility during crises, including Covid, needs to be thus regularised for long-run rural transformation. This includes, among other things, addressing inter-regional disparity in the deepening of the SHG movement, graduating SHG members into micro-entrepreneurs, culturally contextualised skill development for moving up the value chain in products and services, and including the least privileged under the SHG umbrella.

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ECONOMIC SURVEY 2022-23

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SHARE OF GOVERNMENT HEALTH EXPENDITURE IN TOTAL HEALTH EXPENDITURE INCREASES FROM 28.6 PER CENT IN FY14 TO 40.6 PER CENT IN FY19

DECLINE IN OUT-OF-POCKET EXPENDITURE AS A PERCENTAGE OF TOTAL HEALTH EXPENDITURE FROM 64.2% (IN FY14) TO 48.2% (IN FY19)

INCREASE IN SHARE OF EXPENDITURE ON HEALTH IN THE TOTAL EXPENDITURE ON SOCIAL SERVICES, FROM 21% IN FY19 TO 26 PER CENT IN FY23 (BE)

CENTRAL AND STATE GOVERNMENTS' BUDGETED EXPENDITURE ON HEALTH SECTOR TOUCHES 2.1% OF GDP IN FY23 (BE) AND 2.2% IN FY22 (RE), AGAINST 1.6% IN FY21

SOCIAL SECURITY EXPENDITURE ON HEALTH INCREASES FROM 6% IN FY14 TO 9.6% IN FY19

New Delhi 31st January, 2023

In a significant milestone, depicting the importance given by the Government on health expenditure and ensuring the provision of quality health facilities to citizens, the share of government health expenditure in total health expenditure has increased from 28.6 per cent in FY14 to 40.6 per cent in FY19. Noting that India is entering the Amrit Kal with better-equipped schools, affordable healthcare, towards attaining different SDGs and the outcomes thereof, these significant figures have been highlighted in the Economic Survey 2022-23 tabled in Parliament by Smt Nirmala Sitharaman, Union Minister for Finance and Corporate Affairs, here today. The document also reports a concomitant decline in out-of-pocket expenditure as a percentage of total health expenditure from 64.2 per cent in FY14 to 48.2 per cent in FY19.

The Survey also shows the hike in the share of expenditure on health in the total expenditure on social services, which has increased from 21 per cent in FY19 to 26 per cent in FY23 (BE). This underscores the rising importance of public healthcare and social security in ensuring universal health coverage.

This is aligned with the National Health Policy, 2017 which envisages "the attainment of the highest possible level of health and well-being for all at all ages, through a preventive and promotive healthcare orientation in all developmental policies, and universal access to good quality healthcare services without anyone having to face financial hardship as a consequence. This would be achieved through increasing access, improving quality, and lowering the cost of healthcare delivery." Accordingly, the Policy recommended an increase in the Government's health expenditure from the existing 1.2 per cent to 2.5 per cent of GDP by 2025. Also, the Fifteenth Finance Commission, in its report, had recommended that public health expenditure of Union and States together should be increased in a progressive manner to reach 2.5 per cent of GDP by 2025 (FFC report, para 9.41, iii). In keeping with this objective, Central and State Governments' budgeted expenditure on the health sector reached 2.1 per cent of GDP in FY23 (BE) and 2.2 per cent in FY22 (RE), against 1.6 per cent in FY21.

Trends in social services expenditure by General Government (Combined Centre and States)

(₹ crore)

Items	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22 RE	2022-23 BE
Total Expenditure	3760611	4265969	4515946	5040747	5410887	6353359	7453320	8008684
Expenditure on Social Services	915500	1040620	1139524	1278124	1364906	1479389	1944013	2132059
of which:								
Education	391881	434974	483481	526481	579575	575834	681396	757138
Health	175272	213119	243388	265813	272648	317687	516427	548855
Others	348348	392527	412655	485829	512683	585868	746191	826065
As per cent of GDP								
Expenditure on Social Services	6.6	6.8	6.7	6.8	6.8	7.5	8.2	8.3
of which:								
Education	2.8	2.8	2.8	2.8	2.9	2.9	2.9	2.9
Health	1.3	1.4	1.4	1.4	1.4	1.6	2.2	2.1
Others	2.5	2.6	2.4	2.6	2.6	3.0	3.2	3.2
As per cent of total expenditure								
Expenditure on Social Services	24.3	24.4	25.2	25.4	25.2	23.3	26.1	26.6
of which:								
Education	10.4	10.2	10.7	10.4	10.7	9.1	9.1	9.5
Health	4.7	5.0	5.4	5.3	5.0	5.0	6.9	6.9
Others	9.3	9.2	9.1	9.6	9.5	9.2	10.0	10.3
As per cent of social services								
Education	42.8	41.8	42.4	41.2	42.5	38.9	35.1	35.5
Health	19.1	20.5	21.4	20.8	20.0	21.5	26.6	25.7
Others	38.0	37.7	36.2	38.0	37.6	39.6	38.4	38.7

The ratios to GDP at current market prices are based on 2011-12 base till 2021-22. GDP for 2022-23 is as per Union Budget 2022-23.

Sources: *Budget Documents of Union and State Governments.*

The National Health Account (NHA) estimates for FY19 show that there has been an increase in the share of Government Health Expenditure (GHE) in the total GDP from 1.2 per cent in FY14 to 1.3 per cent in FY19. Additionally, the share of GHE in Total Health Expenditure (THE) has also increased over time, standing at 40.6 per cent in FY19, substantially higher than 28.6 per cent in FY14.

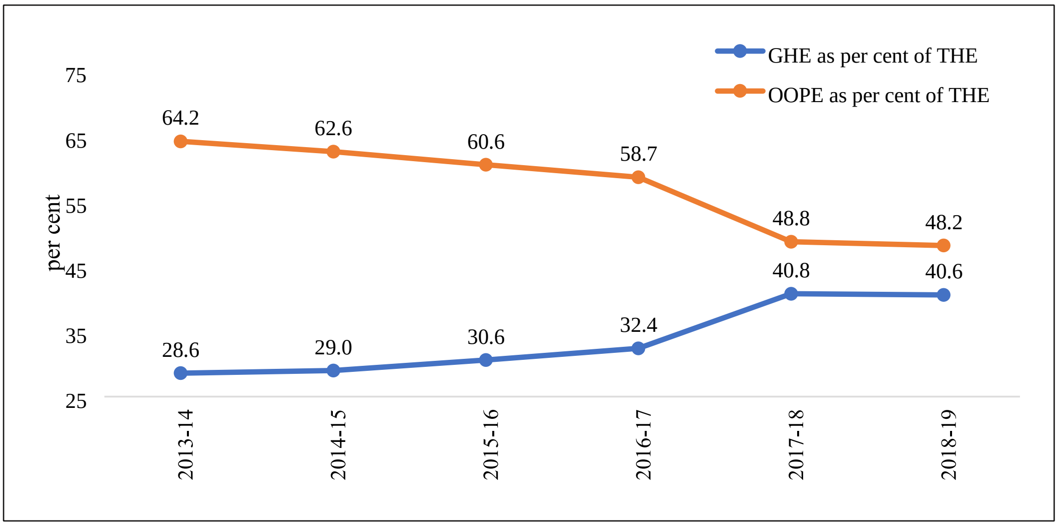
Overall, for FY19, Total Health Expenditure (THE) for India is estimated to be Rs.5,96,440 crore (3.2 per cent of GDP and Rs.4,470 per capita). Current Health Expenditure

(CHE) is Rs.5,40,246 crore (90.6 per cent of THE) and capital expenditures is Rs.56,194 crore (9.4 per cent of THE). Of the Government Health Expenditure (GHE), Union Government's share is 34.3 per cent and the State Governments' share is 65.7 per cent.

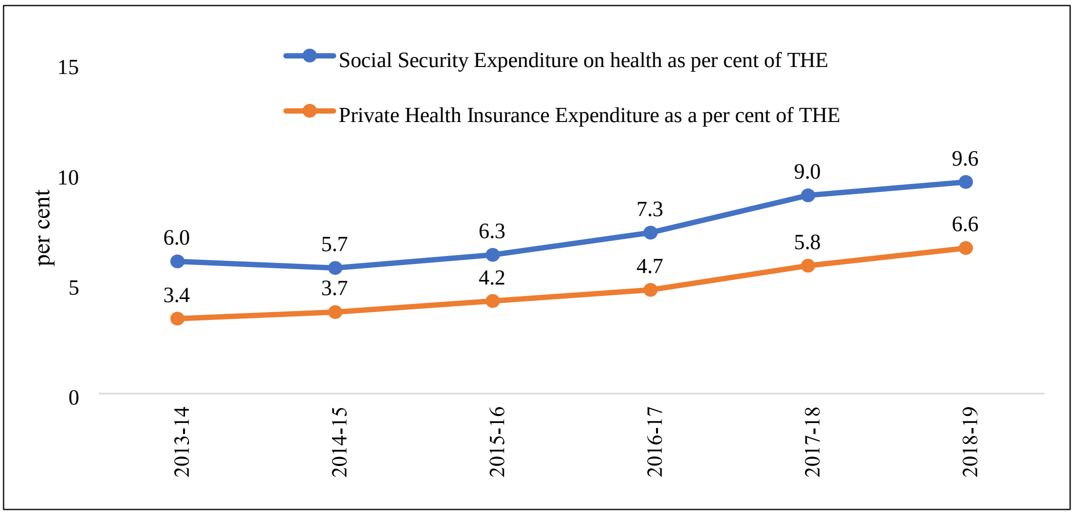
In sync with the focus on providing healthcare services to all, which comprises one of the policy recommendations of the National Health Policy 2017, the Government is focusing on primary healthcare expenditure which has increased from 51.1 per cent in FY14 to 55.2 per cent in FY19. This not only ensures quality services at the grassroots level but also reduces the chances of ailments requiring secondary or tertiary healthcare services. Between FY14 and FY19, the share of primary and secondary care in the GHE increased from 74.4 per cent to 85.7 per cent. On the other hand, share of primary and secondary care in private health expenditure has declined from 82.0 per cent to 70.2 per cent during the same period.

The social security expenditure on health, which includes the social health insurance programme, government-financed health insurance schemes, and medical reimbursements made to government employees, has increased from 6 per cent in FY14 to 9.6 per cent in FY19. The Economic Survey notes that this is a significant increase which shows that the citizens are better equipped and better provided in terms of healthcare at their doorstep making it more accessible. Due to several such steps, Out of-Pocket Expenditure (OOPE) as a percentage of THE has declined substantially from 64.2 per cent in FY14 to 48.2 per cent in FY19.

Government Health Expenditure (GHE) and Out of Pocket Expenditure (OOPE) as per cent of Total Health Expenditure (THE)



Social Security Expenditure and Private Health Insurance Expenditure as per cent of Total Health Expenditure (THE)

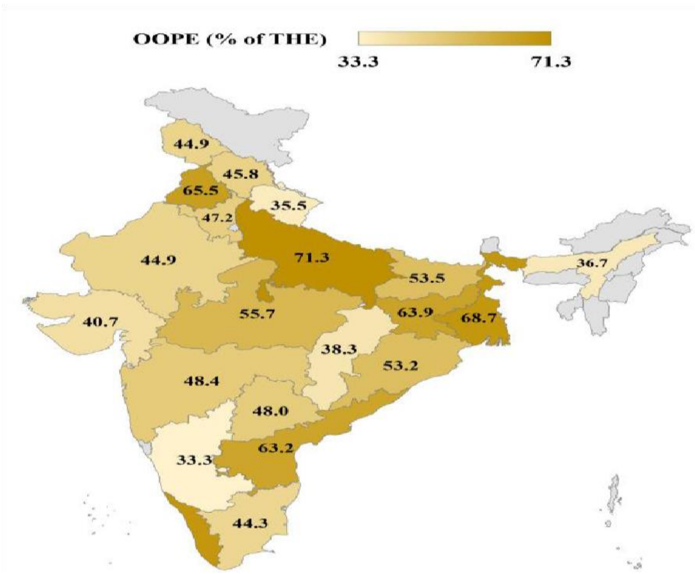


Source: National Health Accounts, MoHFW

Out of Pocket Expenditure as per cent of Total Health Expenditure - Statewise for 2018-19

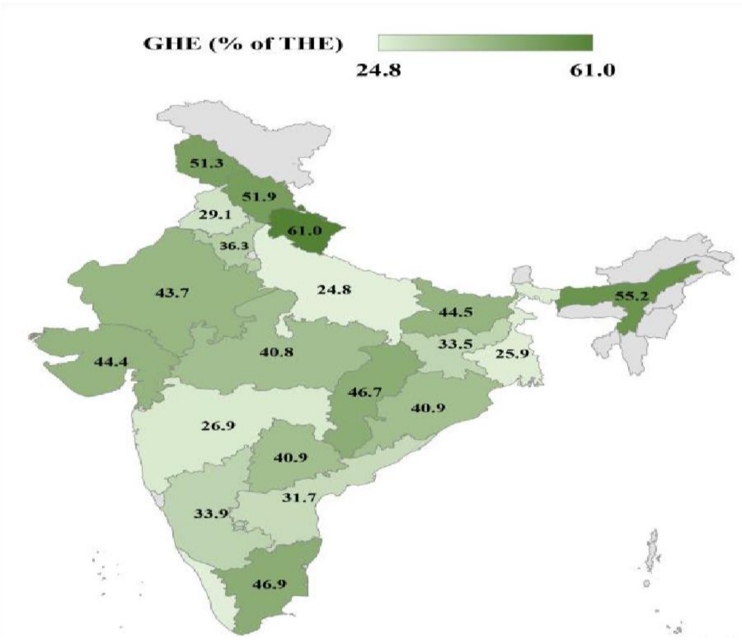
(Note: Jammu and Kashmir represents the erstwhile J&K including Ladakh

Source: National Health Accounts 2018-19, MoHFW)



Government Health Expenditure as per cent of Total Health Expenditure – State-wise for 2018-19

(Note: Jammu and Kashmir represents the erstwhile J&K including Ladakh
Source: National Health Accounts 2018-19, MoHFW)



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Economic Survey 2022-23

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ECONOMIC SURVEY HIGHLIGHTS THRUST ON RURAL DEVELOPMENT

AIMS TO IMPROVE QUALITY OF LIFE IN RURAL AREAS FOR MORE EQUITABLE AND INCLUSIVE DEVELOPMENT

ASSETS CREATED UNDER MGNREGS POSITIVELY IMPACTING AGRICULTURAL PRODUCTIVITY AND HOUSEHOLD INCOME; REDUCING MIGRATION AND INDEBTEDNESS

SIGNIFICANT RISE IN RURAL FEMALE LABOUR FORCE PARTICIPATION RATE FROM 19.7 PERCENT (2018-19) TO 27.7 PERCENT (2020-21)

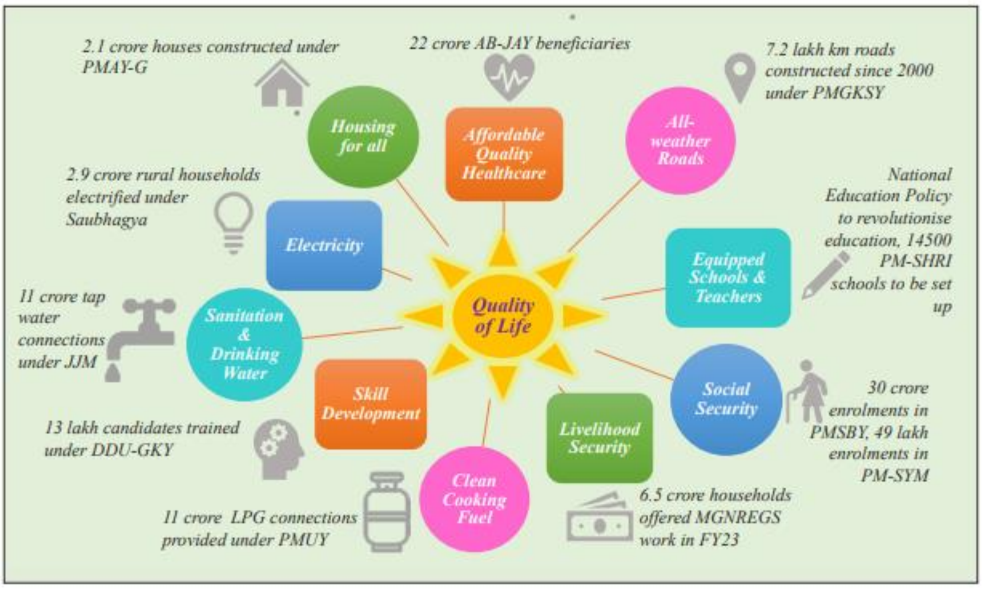
New Delhi, 31st January, 2023

The thrust of the Government on rural development is discernable from the emphasis it gets in the Economic Survey 2022-23 tabled by the Union Minister for Finance and Corporate Affairs Smt Nirmala Sitharaman in Parliament today.

The Survey notes that 65 per cent (2021 data) of the country's population lives in the rural areas and 47 per cent of the population is dependent on agriculture for livelihood. Thus, the focus of the government on rural development is imperative. The Government's emphasis has been on improving the quality of life in rural areas to ensure more equitable and inclusive development. The aim of engagement of the government in the rural economy has been "transforming lives and livelihoods through proactive socio-economic inclusion, integration, and empowerment of rural India."

The Survey refers to the National Family Health Survey data for 2019-21 which illustrates a significant improvement vis-à-vis 2015-16 in an array of indicators concerning the quality of rural lives, including, inter alia, access to electricity, presence of improved drinking water sources, coverage under health insurance schemes, etc. Women empowerment has also gained momentum, with visible progress in female participation in household decision-making, owning bank accounts, and use of mobile phones. Most of the indicators concerning the health of rural women and children have improved. These outcome-oriented statistics establish tangible medium-run progress in rural living standards, aided by the policy focus on basic amenities and efficient programme implementation.

Multifaceted initiatives to improve the ecosystem of quality of life



Source: Economic Survey 2022-23

The Survey notes a multi-pronged approach to raise the rural incomes and quality of life through different schemes.

1) Livelihood, Skill Development

- **The Deendayal Antyodaya Yojana-National Rural Livelihood Mission (DAY-NRLM),** aims to enable economically weak households to access gainful self-employment and skilled wage employment opportunities resulting in sustainable and diversified livelihood options for them. This is one of the world's largest initiatives to improve the livelihoods of the poor. The cornerstone of the Mission is its 'community-driven' approach which has provided a huge platform in the form of community institutions for women empowerment.

  Rural women are at the core of the program which is extensively focused on their socio-economic empowerment. Nearly 4 lakh Self Help Group (SHG) members have been trained as Community Resource Persons (CRPs) (viz. Pashu Sakhi, Krishi Sakhi, Bank Sakhi, Bima Sakhi, Poshan Sakhi etc.) help in the implementation of the Mission at the ground level. The Mission has mobilised a total of 8.7 crore women from poor and vulnerable communities into 81 lakh SHGs.

- **Under Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS)** a total of 5.6 crore households availed employment and a total of 225.8 crore person-days employment has been generated under the Scheme (until 6 January 2023). The number of works done under MGNREGS has steadily increased over the years, with 85 lakh completed works in FY22 and 70.6 lakh completed works so far in FY23 (as on 9 January 2023). These works include creating household assets such as animal sheds, farm ponds, dug wells, horticulture plantations, vermicomposting pits etc., in which the beneficiary gets both labour and material costs as per standard rates. Empirically, within a short span of 2-3 years, these assets have been observed to have a significant positive impact on agricultural productivity, production-related expenditure, and income per household, along with a negative association with migration and fall in indebtedness, especially from non-institutional sources. This, the Survey notes has long-term implications for aiding income diversification and infusing resilience into rural livelihoods. Meanwhile, the Economic Survey also observes a Year-on-Year (YoY) decline in monthly demand for Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) work and this the Survey notes is emanating from normalisation of the rural economy due to strong agricultural growth and a swift bounce-back from Covid-19.

- Skill development has also been one of focus areas for the Government. Under the **Deen Dayal Upadhyaya Grameen Kaushalya Yojana (DDU-GKY)**, until 30 November 2022, a total of 13,06,851 candidates have been trained of which 7,89,685 have got job placements.

2) Women Empowerment

- The transformative potential of Self Help Groups (SHGs), exemplified through their key role in the on-ground response to Covid-19, has served as the fulcrum of rural development through women empowerment. India has around 1.2 crore SHGs, 88 per cent being all-women SHGs. The SHG Bank Linkage Project (SHG-BLP), launched in 1992, has blossomed into the world's largest microfinance project. The SHG-BLP covers 14.2 crore families through 119 lakh SHGs with savings deposits of Rs. 47,240.5 crore and 67 lakh groups with collateral-free loans outstanding of Rs. 1,51,051.3 crore, as on 31 March 2022. The number of SHGs credit linked has grown at a CAGR of 10.8 per cent during the last ten years (FY13 to FY22). Notably, SHGs' bank repayment is more than 96 per cent, underscoring their credit discipline and reliability.

  Women's economic SHGs have a positive, statistically significant effect on women's economic, social, and political empowerment, with positive effects on empowerment achieved through various pathways such as familiarity with handling money, financial decision-making, improved social networks, asset ownership and livelihood diversification.

  According to a recent assessment of DAY-National Rural Livelihood Mission, both participants and functionaries perceived high impacts of the programme in areas related to women empowerment, self-esteem enhancement, personality development, reduced social evils; and additionally, medium impacts in terms of better education, higher participation in village institutions and better access to government schemes.

  During Covid, SHGs were in action mobilising women to unite, transcend their group identity and collectively contribute to crisis management. They emerged as pivotal players in crisis management, leading from the front in - producing masks, sanitisers, and protective gear, creating awareness about the pandemic, delivering essential goods, running community kitchens, supporting farm livelihoods etc. The production of masks by SHGs has been a noteworthy contribution, enabling access to and use of masks by communities in remote rural areas and providing vital protection against the Covid-19 virus. As on 4 January 2023, more than 16.9 crore masks were produced by SHGs under DAY-NRLM.

- Rural women are increasingly participating in economic activity. The survey notes the noticeable rise in Rural Female Labour Force Participation Rate (FLFPR) from 19.7 per cent in 2018-19 to 27.7 per cent in 2020-21. The survey calls this upturn in the FLFPR as a positive development on the gender aspect of employment, which could be attributable to rising rural amenities freeing up women's time, and high agricultural growth over the years. Meanwhile the survey also observes that India's female LFPR is likely to be underestimated, with reforms in survey design and content required to capture the reality of working females more accurately.

3) Housing For All

The Government rolled out “Housing for All by 2022” to provide shelter with dignity for each and every one. With this target, the **Pradhan Mantri Awaas Yojana –Gramin (PMAY-G)** was launched in November 2016 with the aim of providing around 3 crore pucca houses with basic amenities to all eligible houseless households living in kutcha and dilapidated houses in rural areas by 2024. Under the scheme, landless beneficiaries are accorded the highest priority in the allotment of houses. A total of 2.7 crore houses have been sanctioned and 2.1 crore houses have been completed by 6 January 2023 under the Scheme. Against the total target of completion of 52.8 lakh houses in FY23, 32.4 lakh houses have been completed.

4) Water and Sanitation

- On the 73rd Independence Day, 15 August 2019, the **Jal Jeevan Mission (JJM)** was announced, to be implemented in partnership with States, to provide by 2024, tap water connection to every rural household and public institutions in villages like schools, Anganwadi centres, ashram shalas (tribal residential schools), health centres etc. At the time of the rollout of the JJM in August 2019, about 3.2 crore (17 per cent) households out of the total of 18.9 crore rural households had a tap water supply. Since the launch of the Mission, as of 18 January 2023, of 19.4 crore rural households, 11.0 crore households are getting tap water supply in their homes.

- **Mission Amrit Sarovar** aimed at developing and rejuvenating of 75 water bodies in each district of the country during the Amrit Varsh - 75th year of independence. The mission was launched by the Government on National Panchayati Raj Day in 2022. Against an initial target of 50,000 Amrit Sarovars, a total of 93,291 Amrit Sarovar sites were identified, works commenced on more than 54,047 sites and out of these sites were works began, a total of 24,071 Amrit Sarovars have been constructed. The mission helped develop 32 crore cubic meters of water holding capacity and created a total carbon sequestration potential of 1.04,818 tonnes of carbon per year. The mission transformed into a mass movement with Shram Dhaan from the community, where Freedom Fighters, Padma Awardees and elder citizens of the area also participated along with the establishment of Water User Groups. This coupled with the launch of Jaldoot App that helps the Government document and monitor ground water resources and local water level would make water scarcity a thing of the past.

- Phase II of the **Swachh Bharat Mission (G)** is under implementation from FY21 to FY25. It aims to transform all villages into ODF Plus with focus to sustain ODF status of villages and covering all the villages with Solid and Liquid Waste management systems. India achieved ODF status in all villages in the country on 2nd October 2019. Now, about 1,24,099 villages have been declared as ODF Plus till November 2022 under the mission. Andaman & Nicobar Islands have been declared as the first ‘Swachh, Sujal Pradesh’ with all its villages being declared as ODF plus.

5) Smoke Free Rural Homes

The release of 9.5 crore LPG connections under the Pradhan Mantri Ujjwala Yojana, has helped in increasing the LPG coverage from 62 per cent (on 1 May 2016) to 99.8

per cent (on 1 April 2021). The Union Budget for FY22, made a provision for the release of an additional one crore LPG connections under the PMUY scheme, i.e., Ujjwala 2.0 - this scheme will offer deposit-free LPG connection, first refill and hot plate free of cost to beneficiaries, and a simplified enrolment procedure. In this phase, a special facility has been given to migrant families. Under this Ujjwala 2.0 scheme, 1.6 crore connections have been released until 24 November 2022.

6) Rural Infrastructure

- Since its inception, the **Pradhan Mantri Gram Sadak Yojana** helped create 1,73,775 number of roads measuring 7,23,893 km and 7,789 Long Span Bridges(LSBs) against the sanctioned, 1,84,984 roads measuring 8,01,838 km and 10,383 Long Span Bridges (LSBs) under all its verticals/interventions points the survey. The survey observes that various independent impact evaluation studies were carried out on PMGSY, which have concluded that the scheme has had a positive impact on agriculture, health, education, urbanization, employment generation etc.

- **SAUBHAGYA**- Pradhan Mantri Sahaj Bijli Har Ghar Yojana, was launched to achieve universal household electrification by providing electricity connections to all willing un-electrified households in rural areas and all willing poor households in urban areas in the country. The connections were given for free to economically poor households and for others, Rs 500 was charged after the release of the connection in 10 instalments. The Saubhagya scheme has been successfully completed and closed on 31st March 2022. **Deendayal Upadhyaya Gram Jyoti Yojana** (DDUGJY), envisaged the creation of basic electricity infrastructure in villages/habitations, strengthening & augmentation of existing infrastructure, and metering of existing feeders/distribution transformers/consumers to improve the quality and reliability of power supply in rural areas. A total of 2.9 crore households have been electrified since the launch of the Saubhagya period in October 2017 under various schemes viz (Saubhgaya, DDUGJY, etc.).

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AGRICULTURE SECTOR REMAINS BUOYANT WITH 4.6 PERCENT ANNUAL GROWTH DURING LAST SIX YEARS

2021-22 AGRI EXPORTS REACH AN ALL TIME HIGH OF USD 50.2 BILLION

INCREASING MSP, GROWING AGRI CREDIT, INCOME SUPPORT SCHEMES AND AGRI INSURANCE AMONG KEY FACTORS PROMOTING THE SECTOR

New Delhi, 31st January 2023

India's agriculture sector has been witnessing robust growth with an average annual growth rate of 4.6 per cent over the last six years. This has enabled agriculture and allied activities sector to contribute significantly towards country's overall growth, development and food security, says the Economic Survey 2022-23 tabled in the Parliament by the Union Minister of Finance and Corporate Affairs Smt. Nirmala Sitharaman here today. Further in recent years the country has emerged as the net exporter of agricultural products, with exports in 2021-22 touching a record US $ 50.2 billion.

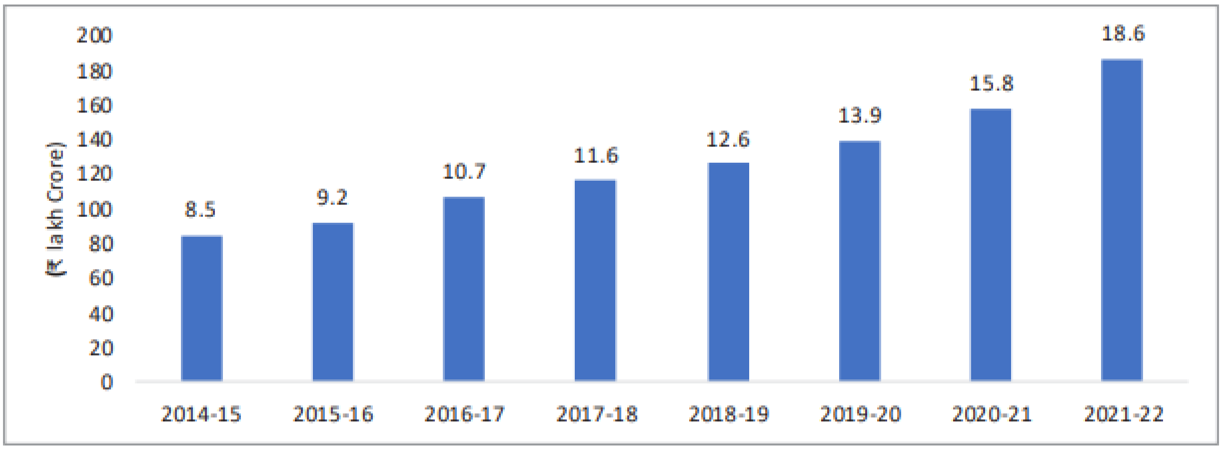
The Survey attributes the sector's growth and buoyancy to the "measures taken by the government to augment crop and livestock productivity, ensure certainty of returns to the farmers through price support (Minimum Support Price), promote crop diversification" and, focused interventions to "enhance credit availability, facilitate mechanisation and boost horticulture and organic farming". The Survey observes that these interventions are in line with the recommendations of the Committee on Doubling of Farmers' Income.

Minimum Support Price (MSP) to Ensure Returns Over Cost of Production

The Government has been increasing the MSP for all 22 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, says the Survey. Relatively higher MSP was given to pulses and oilseeds in order to keep pace with the changing dietary patterns and achieve the goal of self-sufficiency.

Enhanced Access to Agricultural Credit

The Government has set a target of ₹18.5 lakh crores in agricultural credit flow in 2022-23. The Government had consistently increased this target every year and it has also been able to continuously surpass the target set every year over the past several years. In 2021-22, it was about 13 per cent more than the target of ₹16.5 lakh crores.



Source: Based on data from DAFW and Agricultural Statistics at a Glance 2021.

The survey suggests, this achievement was made possible because the Government had designed multitude of initiatives to ensure hassle-free credit availability to farmers at a competitive interest rates - Kisan Credit Card (KCC) Scheme which provides credit at any time, and Modified Interest Subvention Scheme which provides short term agricultural loan up to ₹3 lakhs at subsidized interest rate.

Kisan Credit Cards have been issued to 3.89 crore eligible farmers with a KCC limit of ₹4,51,672 crore as on December 2022. With the Government of India extending the KCC facility to fisheries and animal husbandry farmers in 2018-19, now over 1.0 lakh (as on 17th October 2022) KCCs have been sanctioned for the fisheries sector and 9.5 lakh (as of 4 November 2022) for the animal husbandry sector.

Income and Risk Support

The Survey points out that 11.3 crore farmers received income support from the Government under the April-July 2022-23 cycle of PM KISAN. The scheme, over the past three years has provided assistance worth more than ₹2 lakh crores to the needy farmers. An empirical study by the Indian Council of Agriculture Research (ICAR) and the International Food Policy Research Institute (IFPRI) found that the scheme has helped address the liquidity constraints of farmers for buying agricultural inputs, helped specifically the small and marginal farmers to meet their daily consumption, education, health and other incidental expenses.

Pradhan Mantri Fasal Bima Yojna is currently the largest crop insurance scheme in the world in terms of farmer enrolments, averaging 5.5 crore applications every year and the third largest in terms of the premium received, notes the survey. During the last six years of its implementation, farmers paid a premium of ₹25,186 crore and received claims amounting to ₹1.2 lakh crore (as of 31 October 2022). The Survey notes that the acceptability of the scheme amongst the farmer can be ascertained from the fact that the share of non-loanee, marginalised, and small farmers have increased by 282 per cent since the scheme's inception in 2016.

Farm Mechanisation – Key to Unlock the Productivity

With the average size of household ownership farm holdings seeing a downward trend, the Economic Survey suggests that machines that are viable and efficient for small farm holdings are the key to increase the productivity. Under the Sub Mission on Agricultural Mechanisation (SMAM), of 21,628 Custom Hiring Centres, 467 Hi-Tech hubs and 18306 farm machinery banks have been established as on December 2022, besides assisting state governments with training and demonstration of agricultural machinery use. Farm mechanisation additionally also reduces the cost of cultivation and the drudgery associated with farm operations notes the Survey.

Organic and Natural Farming

India has the highest number of organic farmers in the world at 44.3 lakhs, and 59.1 lakh ha area has been brought under organic farming by 2021-22, says the Survey. Organic and natural farming provides chemical and pesticide free food grains and crops, improves soil health and reduces environmentally pollution.

The Government has been promoting organic farming by two dedicated schemes viz., Paramparagat Krishi Vikas Yojana (PKVY) and Mission Organic Value Chain Development for North Eastern Region (MOVCDNER) through cluster and Farmer Producer Organisations formation. Under PKVY, 32,384 clusters totaling 6.4 lakh ha area and 16.1 lakh farmers have been covered as of November 2022. Likewise, under MOVCDNER, 177 FPOs/FPCs have been created, covering 1.5 lakh farmers and 1.7 lakh hectares to promote organic farming of niche crops in the North East Region.

Under Bhartiya Prakratik Krishi Paddhati (BPKP), a scheme to help farmers adopt all forms of traditional/ecological farming practices including Zero-Budget Natural Farming (ZBNF), 4.09 lakh hectares of land have been brought under natural farming in eight states.

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INDIA'S FOODGRAINS PRODUCTION TOUCHED A RECORD 315.7 MILLION TONNES IN 2021-22

RECORD PRODUCTION OF 342.3 MILLION TONNES OF HORTICULTURE PRODUCTS IN 2021-22

₹20,050 CRORE TO PRADHAN MANTRI MATSYA SAMPADA YOJANA

FREE FOODGRAINS TO ABOUT 81.35 CRORE BENEFICIARIES UNDER THE NATIONAL FOOD SECURITY ACT, 2013 FOR ONE YEAR FROM 1ST JANUARY 2023

ONE NATION ONE RATION CARD (ONORC) SCHEME ENABLED IN ALL STATES/UTs

₹13,681 CRORE SANCTIONED FOR AGRICULTURE INFRASTRUCTURE

MORE THAN 1.7 CRORE FARMERS AND 2.3 LAKH TRADERS HAVE BEEN REGISTERED ON E-NAM PORTAL

INDIA HAS MORE THAN 500 START-UPS WORKING IN THE MILLET VALUE CHAINS

New Delhi, 31st January 2023

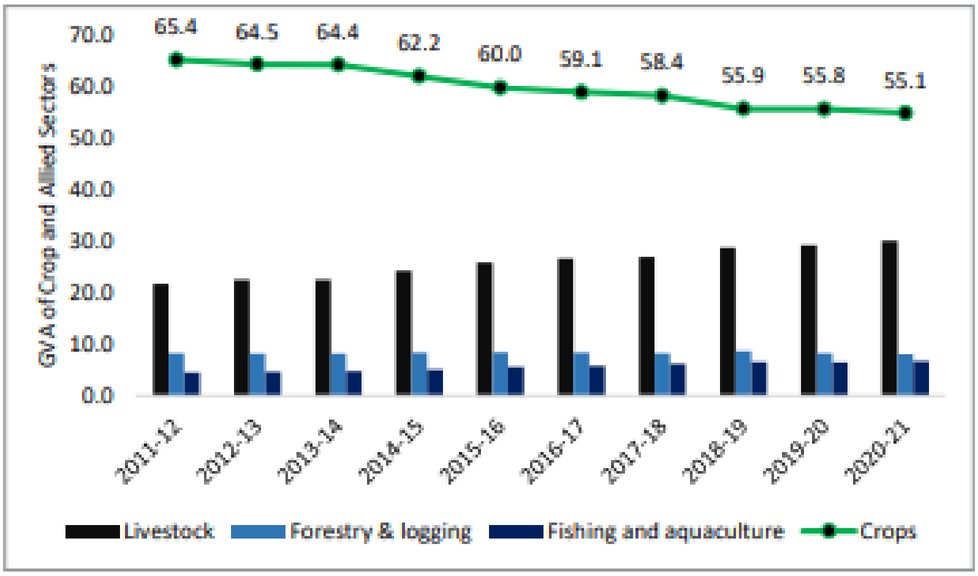
India's foodgrains production touched a record 315.7 million tonnes in 2021-22 despite climate change challenges says the Economic Survey 2022-23 tabled in the Parliament by the Union Minister of Finance and Corporate Affairs Smt. Nirmala Sitharaman here today. Further, as per the First Advance Estimates 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). The production of pulses has also been notably higher than the average of 23.8 million tonnes in the last five years points the Survey.

Mission for Integrated Development of Horticulture (MIDH)

The Survey describes, Horticulture as a “high growth area” and “a source of buoyant growth and improved resilience for farmer”. According to third advance estimates (2021-22), a record production of 342.3 million tonnes in an area of 28.0 million hectares was achieved. The Government has identified 55 horticulture clusters, of which 12 have been selected for the Cluster Development Programme (CDP) pilot phase. MIDH is designed to leverage the geographical specialisation of horticulture clusters, promote integrated and market-led development of pre-production, production and post-harvest activities across the entire supply chain.

Animal Husbandry, Dairying and Fisheries

The allied sectors of Indian agriculture - livestock, forestry & logging and fishing & aquaculture are gradually becoming sectors of robust growth and a potential source of better farm incomes says the Survey.



Source: Based on data of MoSPI.

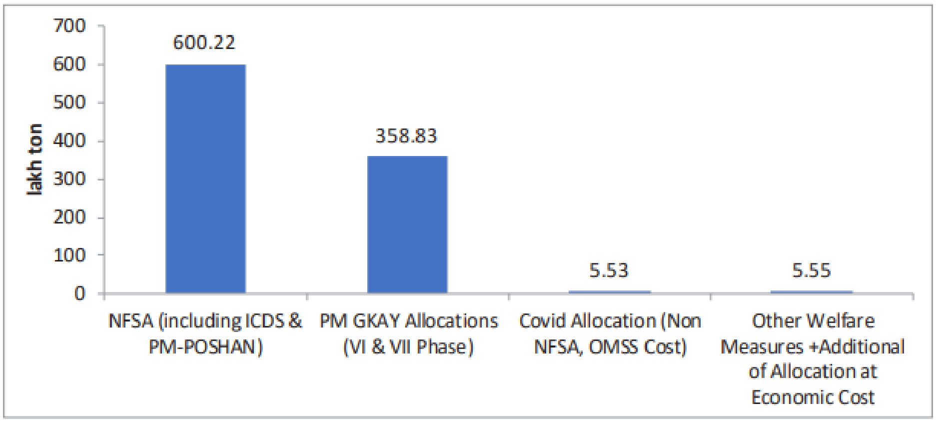
The livestock sector grew at a CAGR of 7.9 per cent during 2014-15 to 2020-21 (at constant prices), and its contribution to total agriculture GVA (at constant prices) has increased from 24.3 per cent in 2014-15 to 30.1 per cent in 2020-21. Similarly, the annual average growth rate of the fisheries sector has been about 7 per cent since 2016-17 and has a share of about 6.7 per cent in the total agricultural GVA. The dairy sector which employs more than eight crore farmers directly is critical along with products like eggs and meat. India ranks first in milk production in the world, it ranks third in egg production and eighth in meat production in the world points the Survey.

Cognisant of the importance of the allied sectors, the Government has made multiple interventions to enhance the infrastructure, improve productivity and disease control. Under, Animal Husbandry Infrastructure Development Fund, 116 projects have been approved with total cost of ₹3,731.4 crore. The scheme was launched with a total allocation of ₹15,000 crore. While the National Livestock Mission lays emphasis on breed development and entrepreneurship development, the Livestock Health & Disease Control Scheme is being implemented to prevent control and contain animal diseases of economic and zoonotic importance and the National Animal Disease Control Programme is being implemented to control Foot & Mouth Disease and Brucellosis.

Pradhan Mantri Matsya Sampada Yojana (PMMSY), with a total outlay of ₹20,050 crore. PMMSY marks the highest-ever investment in the fisheries sector in India, to be implemented over five years from FY21 to FY25 across the country to drive sustainable and responsible development of the fisheries sector while ensuring socio-economic development of the fishers, fish farmers and fish workers. Under a dedicated Fisheries and Aquaculture Infrastructure Development Fund (FIDF), proposals to the tune of ₹4,923.9 crore have been approved and have benefitted over 9.4 lakh persons, through direct and indirect employment, in fishing and allied activities as on 17th October 2022.

Food Security

The Survey describes that the food management programme in India comprises procurement of food grains from farmers at remunerative prices, distribution of food grains to consumers, particularly the vulnerable sections of society, at affordable prices and maintenance of food buffer stock for food security and price stability. The Government in a recent decision has decided to provide free foodgrains to about 81.35 crore beneficiaries under the National Food Security Act (NFSA), 2013 for one year from 1st January 2023. Further, to remove the financial burden of the poor, the government will spend more than ₹2 lakh crore in this period on food subsidies under NFSA and other welfare schemes says the Survey. During Kharif Marketing Season (KMS) 2021-22, 581.7 lakh metric tons (LMT) of Rice was procured against an estimated target of 532.7 LMT. In the current year, KMS 2022-23, a total of 355 LMT of rice has been procured up to 31 December 2022.



Source: Department of Food and Public Distribution.

Under the PM Garib Kalyan Anna Yojana, the Government allocated about 1,118 LMT foodgrains to the States/UTs to ease the hardships faced by the poor during the COVID-19 pandemic. To further ease the process of access to food, the Government launched a citizen-centric and technology-driven scheme in 2019 called the One Nation One Ration Card (ONORC) scheme. The ONORC system enables intra-State and inter-State portability of ration cards. Presently, the national/inter-State portability is enabled in all 36 States/UT, covering 100 per cent of the total NFSA population.

International Year of Millets

The United Nations General Assembly, in its 75th session during March 2021, declared 2023 the International Year of Millets (IYM). India produces more than 50.9 million tonnes (as per fourth advance estimate) of millet which accounts for 80 per cent of Asia's and 20 per cent of global production. The global average yield is 1229 kg/ha, whereas India has a higher average yield of 1239 kg/ha. Given the nutritional value of the millets, the Government notified Millets as Nutri-cereals in April 2018. Under the National Food Security Mission (NFSM), millets have been introduced to provide nutritional support. A sub-mission on Nutri-cereals is being implemented since 2018-19 in 212 districts of 14 States. India has more than 500 start-ups working in the millet value chains.

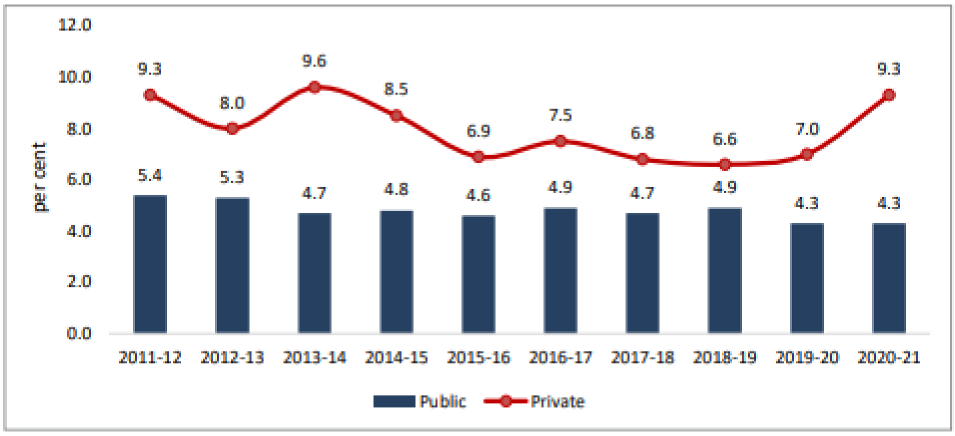
Food Processing Sector

Over the last five years ending FY21, the food processing industries sector has been growing at an average annual growth rate of around 8.3 per cent. The food processing sector is of enormous significance for India's development because of the strong connections and interactions it promotes between industry and agriculture. The value of agri-food exports, including processed food exports, was about 10.9 per cent of India's total exports during 2021-22 points the Survey.

Recognising the abundant potential of the sector, the Government has been at the forefront with various interventions aimed at the development of food processing in the country. Through the component schemes of Pradhan Mantri Kisan SAMPADA Yojana (PMKSY), for the overall growth and development of the food processing sector, 677 projects have been completed till 31 December 2022. Further, under the Prime Minister's Formalisation of Micro Food Processing Enterprises (PMFME) Scheme to enhance the competitiveness of individual micro-enterprises in the unorganised segment and promote the formalisation of this sector, as of 31 December 2022, 15,095 loans of ₹1402.6 crore were sanctioned. The scheme adopts One District, One product (ODOP) approach to reap the benefit of scale in procuring inputs, using shared services and marketing products. So far, 713 Districts with 137 unique products were approved under the ODOP in 35 States/ UTs. The Production Linked Incentive Scheme for Food Processing Industry (PLISFPI), launched in March 2022, has the specific mandate to incentivise investments to create global food champions. Sectors with high growth potential, like marine products, processed fruits & vegetables, and 'Ready to Eat/ Ready to Cook' products, are covered for support points the Survey.

Agriculture Infrastructure Fund (AIF)

The NITI Aayog Strategy for New India identifies the lack of adequate and efficient cold chain infrastructure as a critical supply-side bottleneck that leads to massive post-harvest losses (mostly of perishables) estimated at ₹92,561 crore annually. To tackle this and unlock the growth potential of the agriculture and allied sector, the Government introduced AIF. It is a financing facility operational from the year 2020-21 to 2032-33 for the creation of post-harvest management infrastructure and community farm assets, with benefits including 3 per cent interest subvention and credit guarantee support. Since its inception, an amount of ₹13,681 crore has been sanctioned for agriculture infrastructure in the country, covering more than 18,133 projects. These include 8,076 warehouses, 2,788 primary processing units, 1,860 custom hiring centres, 937 sorting & grading units, 696 cold store projects, 163 assaying units and around 3613 other kinds of post-harvest management projects and community farming assets.



Source: Agricultural Statistics at a Glance 2021.

National Agriculture Market (e-NAM)

As on 31 December 2022, more than 1.7 crore farmers and 2.3 lakh traders have been registered on e-NAM portal. The scheme was launched to create an online transparent, competitive bidding system to ensure farmers get remunerative prices for their produce Under the e-NAM Scheme, the Government provides free software and assistance of ₹75 lakh per APMC mandi for related hardware, including quality assaying equipment and the creation of infrastructure like cleaning, grading, sorting, packaging, compost unit, etc.

The Survey observes that the performance of the agriculture sector remains critical to growth and employment in the country. Investment in the sector must be encouraged through an affordable, timely and inclusive approach to credit delivery. A focus on the horticulture sector and the thrust towards allied activities have diversified farmers' income making them more resilient to weather shocks. All these initiatives have led to sustainable and inclusive development of the sector.

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INDIA RANKS THIRD IN NET GAIN IN AVERAGE ANNUAL FOREST AREA IN LAST DECADE: ECONOMIC SURVEY 2022-23

75 RAMSAR SITES IN INDIA; INCREASE IN MANGROVE COVER BY 364 SQ. KM

INDIA BECOMING A FAVORED DESTINATION FOR RENEWABLES; INVESTMENTS IN 7 YEARS STAND AT USD 78.1 BILLION

NATIONAL GREEN HYDROGEN MISSION LAUNCHED WITH AN OUTLAY OF ₹19,744 CRORE TO MAKE INDIA AN ENERGY-INDEPENDENT NATION

SOVEREIGN GREEN BONDS TO CREATE AN ECOSYSTEM FOR FOSTERING FLOW OF CAPITAL INTO THE GREEN PROJECTS

INDIA HAS REVISED ITS TARGET OF ACHIEVING INSTALLED ELECTRIC CAPACITY FROM NON-FOSSILS TO 50%

New Delhi, 31st January 2023

India is spearheading one of the world's most ambitious clean energy transitions and remains steadfast in its commitment to tackle the climate change. The Economic Survey 2022-23, tabled in the Parliament today by the Union Minister for Finance & Corporate Affairs, Smt Nirmala Sitharaman, highlights India's climate vision which is integrally linked to its vision of development that foregrounds the goals of poverty eradication and guaranteeing basic well-being to all its citizens.

Progress on India's Climate Action

India has made significant progress in promoting the sustainable development by integrating its development goals with the ambitious climate action goals.

1. **<u>India's Forest Cover</u>**

   India ranks **third** globally with respect to the **net gain** in **average annual forest area** between 2010 and 2020. The survey attributes the same to the **robust framework** and **policies** of the National and State Governments such as Green India Mission (GIM), Compensatory Afforestation Fund Management and Planning Authority (CAMPA), etc. Among the Indian States, **Arunachal Pradesh** has the **maximum carbon stock** in **forests** and **Jammu & Kashmir** contributes the **maximum per-hectare carbon stock** of 173.41 tonnes.

2. **Preservation of Ecosystems**

As part of dedicated efforts to preserve ecosystems, India now has **75 Ramsar sites** for wetlands covering the area of 13.3 lakh hectares. The economic survey also underlines an **increase** in **mangrove cover** by 364 sq. km. in 2021, as a result of various regulatory and promotional measures to protect and conserve mangroves.

3. **Transition to Renewable Energy**

India is progressively becoming a **favored destination** for investment in renewables. During the period 2014 -2021, total investment in **renewables** stood at **US$ 78.1 billion** in India.

The Economic Survey mentions that the **likely installed capacity** by the end of 2029-30 is expected to be more than 800 GW, of which non-fossil fuel would contribute **more than 500 GW**, resulting in the decline of average emission rate of around 29 per cent by 2029-30, compared to 2014-15.

The Survey also makes note of the **National Green Hydrogen Mission,** approved by the government with an outlay of ₹19,744 crore to make India an **energy-independent** nation, and to **de-carbonize** the critical sectors, thereby resulting **in 3.6 Giga tonnes** of cumulative CO_2 emission reduction by 2050.

Finance for Sustainable Development

Recognizing finance as a critical input for achieving climate action goals, the survey throws light on the efforts that India has taken towards **mobilizing private capital**.

1. **Green Bonds**

The issuance of **Sovereign Green Bonds** will help the government to tap the requisite finance from potential investors for deployment in public sector projects aimed at reducing the carbon intensity of economy. A **framework** in this regard has been issued in compliance with International Capital Market Association (ICMA) Green Bond Principles (2021), the survey states. A **Green Finance working committee** has also been set up to oversee and validate key decisions on the issuance of Sovereign green bonds.

The Reserve Bank of India has notified the **indicative calendar** for the issuance of Sovereign Green Bonds for the fiscal year 2022-23, totaling **₹16,000 crore**.

2. **Business Responsibility and Sustainability Report (BRSR)**

SEBI has issued new sustainability reporting requirements under the Business Responsibility and Sustainability Report (BRSR), which are more granular with quantifiable metrics in line with the principles ensconced in the **'National Guidelines on Responsible Business Conduct'**. The Survey mentions that BRSR was made **mandatory** for the top 1000 listed entities (by market capitalisation) from 2022-23.

India at COP 27

India has updated its Nationally Determined Contributions (NDCs) by advancing its target of installed electric capacity from non-fossil fuels ahead of 2030, to 50%. The Survey mentions India's **Long-Term Low Carbon Development Strategy (LT-LEDS)** which focuses on the rational utilisation of national resources with due regard to energy security. This strategy is in line with the vision of **LiFE**, *Lifestyle for the Environment*, calling for a worldwide paradigm shift from mindless and destructive consumption to **mindful** and **deliberate utilisation.**

Initiatives related to other environmental issues

India and **Nepal** have signed a **Memorandum of Understanding (MoU)** in August 2022 on biodiversity conservation to strengthen and enhance the coordination and cooperation in the field of forests and wildlife.

The survey highlights the achievement of India in **doubling** the **tiger numbers** in 2018, four years before the targeted year 2022. The population of **Asiatic Lions** has also shown a steady increase, with a population of **674 individuals** in 2020, higher than the 523 lions in 2015.

New **Battery Waste Management Rules, 2022**, & **E-Waste (Management) Rules, 2022**, have also been notified to promote the circular economy.

RM/KS/AV

Economic Survey 2022-23

PRESS INFORMATION BUREAU

GOVERNMENT OF INDIA

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SERVICES SECTOR GREW AT 8.4 % (YoY) IN FY 22

SECTOR EXPECTED TO GROW AT 9.1 % IN FY 23

US$ 7.1 BILLION FDI EQUITY INFLOWS IN SERVICES SECTOR

BANK CREDIT TO SECTOR GREW AT 21.3%

IT-BPM REVENUES REGISTERED GROWTH OF 15.5 %

₹1 LAKH CRORE WORTH ANNUAL PROCUREMENT THROUGH GeM

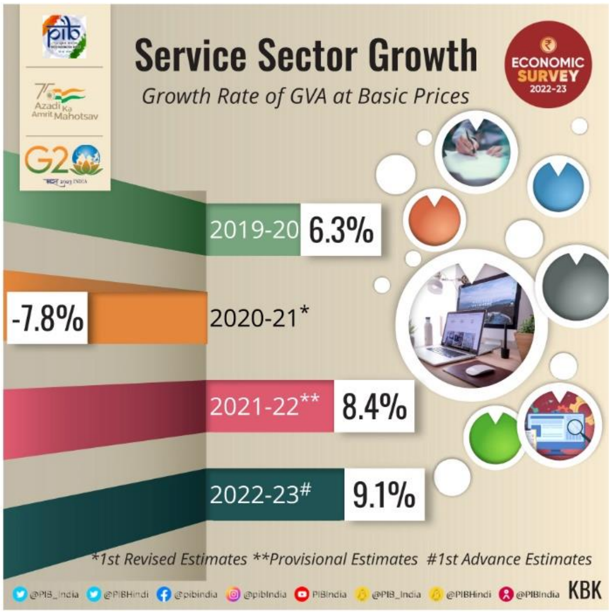
INDIA RANKED 10th OUT OF THE TOP 46 COUNTRIES IN THE WORLD IN THE MEDICAL TOURISM INDEX FY21

INDIA'S FINTECH ADOPTION RATE AT 87% AS AGAINST WORLD AVERAGE OF 64%

New Delhi, 31ST January, 2023

The services sector witnessed a swift rebound in FY22, growing Year-on-Year (YoY) at 8.4% compared to a contraction of 7.8% in the previous financial year, highlighted the Economic Survey 2022-23, tabled by the Union Minister for finance & Corporate Affairs, Smt Nirmala Sitharaman in Parliament today. This swift rebound was driven by growth in the contact intensive services sub-sector which registered sequential growth of 16% driven by the release of pent-up demand, ease of mobility restriction, and near-universal vaccination coverage. *"India's services sector is a source of strength and is poised to gain more. From low to high value-added activities with export potential, the sector has enough scope to generate employment and foreign exchange and contribute to India's external stability"*, noted the Survey.

As per the First Advance Estimates, Gross Value Added (GVA) in the services sector is estimated to grow at 9.1% in FY23, driven by 13.7% growth in contact-intensive services sector. The Survey highlighted that PMI services witnessed an uptick and expanded to 58.5 in December 2022, following an overall easing of retail inflation leading to retreating price pressures of inputs and raw materials.



Bank Credit

The Economic Survey observed that the bank credit to Services Sector saw a YoY growth of 21.3% in November 2022, the second highest in 46 months, with the improvement in vaccination coverage and recovery in the services sector. Within the sector, credit to wholesale and retail trade increased by 10.2% and 21.9% in November 2022, respectively, reflecting the strength of the underlying economic activity. "*Credit to NBFCs grew by 32.9% as NBFCs shifted to bank borrowings because of high bond yields",* stated the Survey.

Services Trade

The Survey observed that India's services exports may improve as runaway inflation in advanced economies drives up wages and makes local sourcing expensive, opening up avenues for outsourcing to low-wage countries, including India. *"India is a significant player in services trade, being among the top ten services exporter countries in 2021",* noted the Survey. Services exports registered growth of 27.7% during April-December 2022 as compared to 20.4% in the corresponding period last year. Among services exports, software exports have remained relatively resilient during the Covid-19 pandemic as well as amid current geopolitical uncertainties, driven by higher demand for digital support, cloud services, and infrastructure modernisation catering to new challenges.

Foreign Direct Investment (FDI) in Services

The World Investment Report 2022 of UNCTAD places India as the seventh largest recipient of FDI in the top 20 host countries in 2021. India received the highest-ever FDI inflows of US$ 84.8 billion including US$ 7.1 billion FDI equity inflows in the services sector in FY22. *"To facilitate investment, various measures have been undertaken by the Government, such as the launch of the National Single-Window system, a one-stop solution for approvals and clearances needed by investors, entrepreneurs, and businesses",* mentioned the Survey.

Sub-Sector-Wise Performance

IT-BPM Industry

The Survey noted that the IT-BPM revenues registered YoY growth of 15.5% during FY22 compared to 2.1% growth in FY21, with all sub-sectors showing double-digit revenue growth. Within the ITBPM sector, IT services constitute the majority share (greater than 51%). Exports (including hardware) witnessed a growth of 17.2% in FY22 compared to 1.9% growth in FY21, owing to the increased reliance of businesses on technology, the roll-out of cost-reducing deals and the use of core operations. The industry recorded nearly 10% estimated growth in direct employee pool in FY22 with a highest-ever net addition to its employee base. *"India's massive digital infrastructure played a crucial role in driving technology adoption, with public digital platforms becoming the bedrock of India's digital advantage"*, stated the Survey.

E-Commerce

According to the Global Payments Report by Worldpay FIS, India's e-commerce market is projected to post impressive gains and grow at 18% annually through 2025. The Government E-Marketplace (GeM) attained an annual procurement of ₹1 lakh crore within FY22, representing a 160% growth compared to last FY. Initiatives taken by the Government for the promotion of e-Commerce, including the Digital India program, UPI, One District - One Product (ODOP) initiative, Open Network for Digital Commerce (ONDC) etc., have been major contributory factors to the growth of E-commerce in recent years.

Tourism and Hotel Industry

The Survey noted that with travel restrictions and health concerns subsiding, tourism has become a vital driver of a strong upswing in contact-intensive activity. The entire aircraft movement in the country increased by 52.9% YoY between April and November 2022 as India resumed all regular international flights at full capacity towards the end of 2021-22. With the waning of the pandemic, India's tourism sector is also showing signs of revival. India is ranked 10th out of the top 46 countries in the World in the Medical Tourism Index FY21 released by by Medical Tourism Association. *"Recent initiatives like the Ayush visa for tourists who desire to visit India for medical treatment, the launch of the National Strategy for Sustainable Tourism & Responsible Traveller Campaign, the introduction of the Swadesh Darshan 2.0 scheme, and Heal in India can assist in capturing a larger share of the global medical tourism market"*, observed the Survey.

Real Estate

The Economic Survey stated that notwithstanding the current impediments, such as rising interest rates on home loans and an increase in property prices, the sector witnessed resilient growth in the current year, with housing sales and the launch of new houses in Q2 of FY23 surpassing the pre-pandemic level of Q2 of FY20. *"The recent government measures, such as the reduction in import duties on steel products, iron ore, and steel intermediaries, will cool off the construction cost and help to check the rise in housing prices",* mentioned the Survey. According to JLL's 2022 Global Real Estate Transparency Index, India's real estate market transparency is among the top ten most improved markets globally. The Survey stated that regulatory initiatives such as the Model Tenancy Act and digitisation of land registries & market data through the Dharani and Maha RERA platforms have helped to broaden the market and bring more formalisation to the sector.

Digital Financial Services

The Economic Survey stated that digital financial services enabled by emerging technologies and innovative solutions were accelerating financial inclusion, democratising access, and spurring the personalisation of products. India took the lead with the fintech adoption rate of 87%, substantially higher than the world average of 64% as per the latest Global FinTech Adoption Index. The Survey stated that Neobanks have eased availability and provided access to financial services to MSMEs and underbanked customers and areas. The introduction of Central Bank Digital Currency (CBDC) will also significantly boost digital financial services. *“Digitalising documents has also played a pivotal role in giving further impetus to digital financial services”*, stated the Survey.

<u>Outlook</u>

The Survey noted that India’s services sector growth which was highly volatile and fragile during the last 2 fiscal years, has shown resilience in FY23. The prospects look bright with improved performance of various sub-sectors like Tourism, Hotel, Real estate, IT-BPM, E-commerce etc. *“The downside risk, however, lies in the external exogenous factors and bleak economic outlook in Advanced Economies impacting growth prospects of the services sector through trade and other linkages”,* mentioned the Survey.

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