

Economic Survey 2022-23

Highlights

The Economic Survey 2022-23 is now accompanied by a ‘Highlights’ document that features the salient aspects of each of the twelve chapters in the Survey, assembled chapter-wise. The highlights are stated through charts, infographics, tables, and minimum use of text, which limits the size of the document to 30-35 pages. The ‘Highlights’ document thus presents the Survey in a nutshell to enable its easier understanding. I am hopeful that readers will be able to relate to the ‘Highlights’ document and be motivated to locate relevant content in the Survey for deeper study.

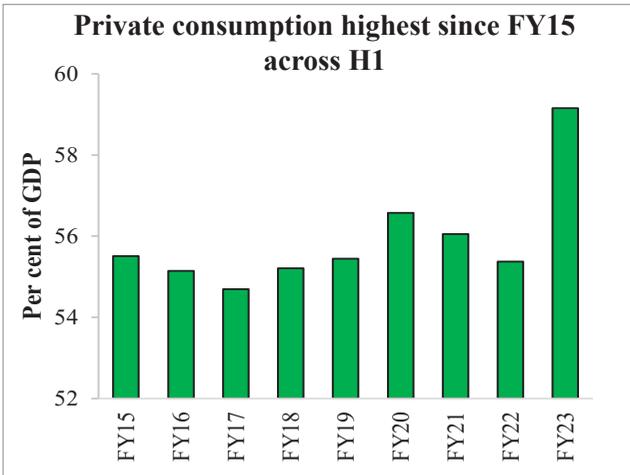
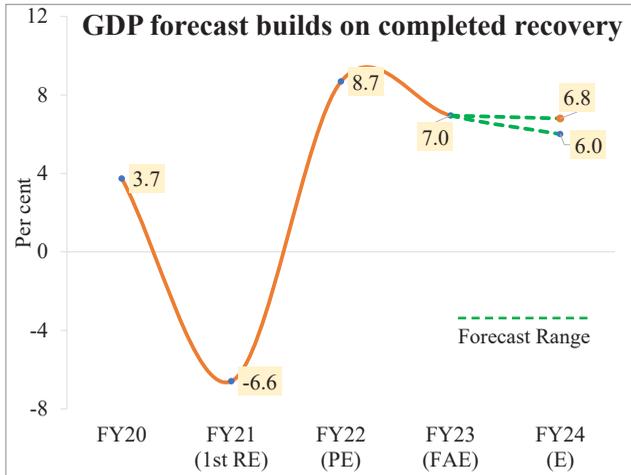
V. Anantha Nageswaran
Chief Economic Adviser
Ministry of Finance
Government of India

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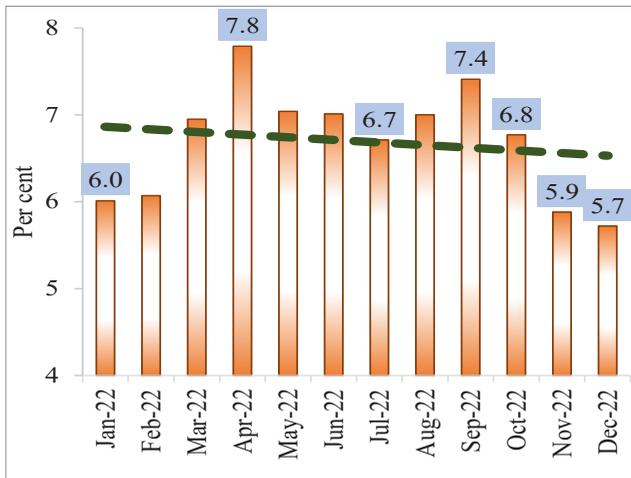
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State of the Economy 2022-23: Recovery Complete

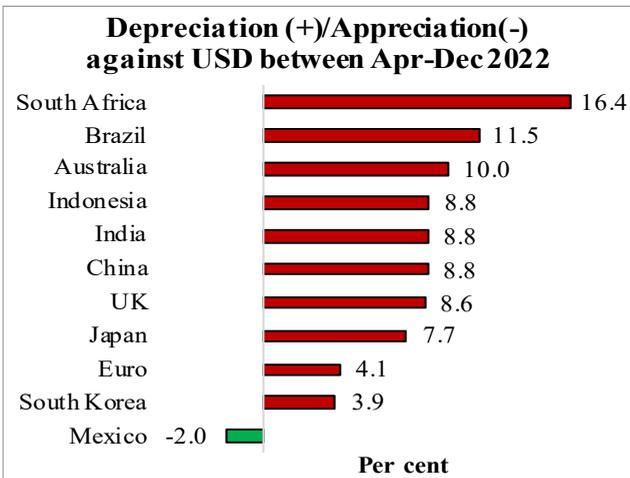
India's GDP Growth expected to remain robust in FY24, supported by strong domestic demand



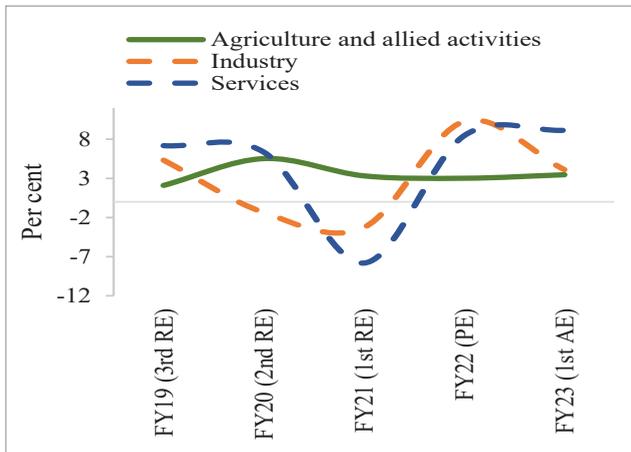
CPI Inflation back within RBI's target range



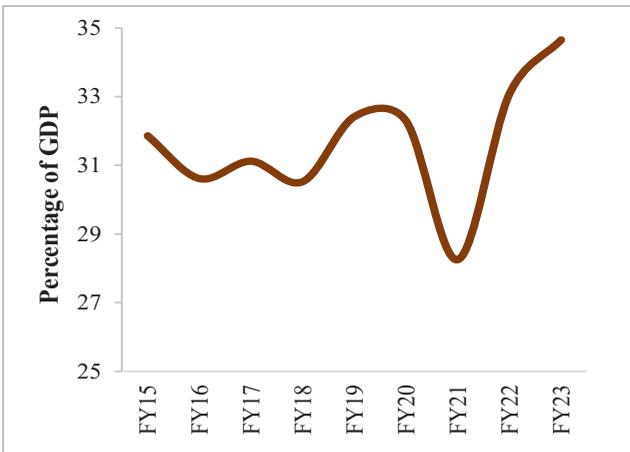
Indian Rupee performed well compared to other EMEs



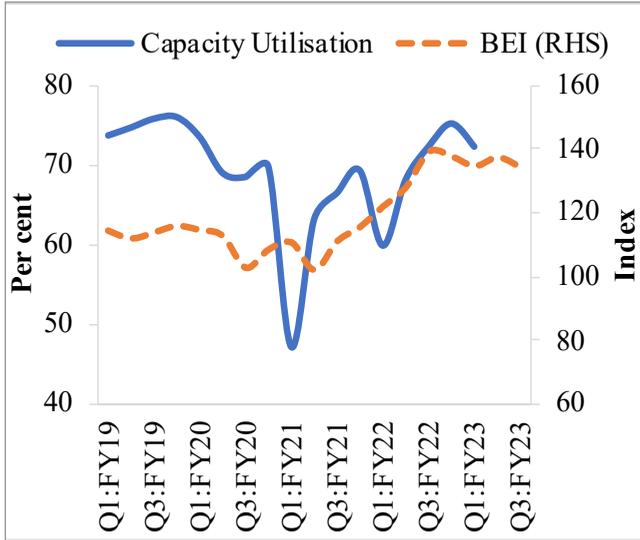
Broad - based recovery across sectors



Gross Fixed Capital Formation highest since FY15 across H1

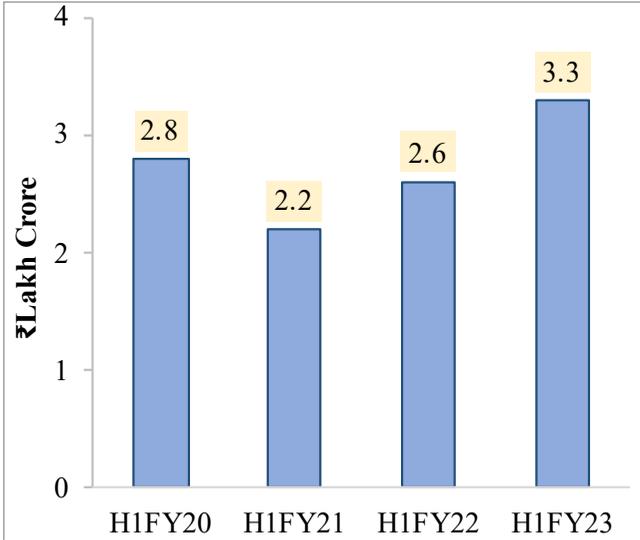


Enhanced capacity utilisation



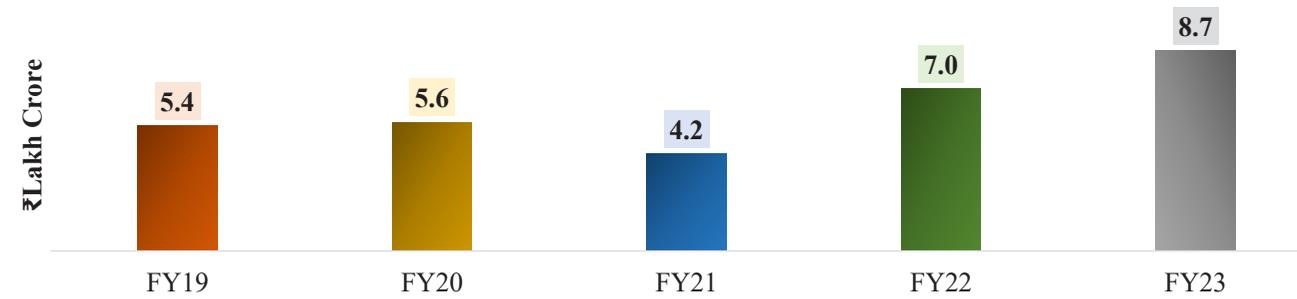
BEI: Business expectation index

Pick-up in private capex

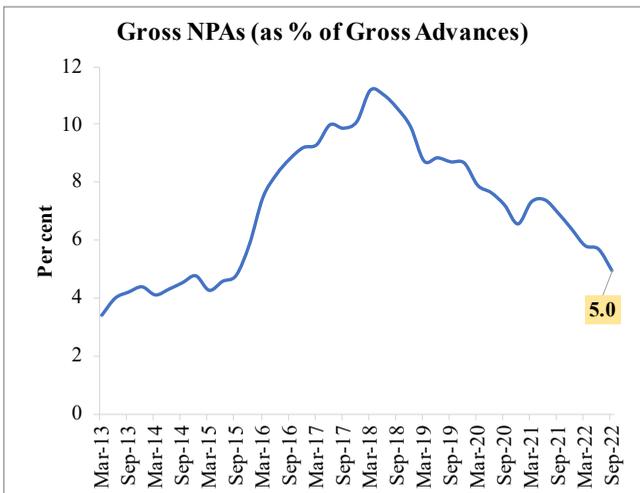
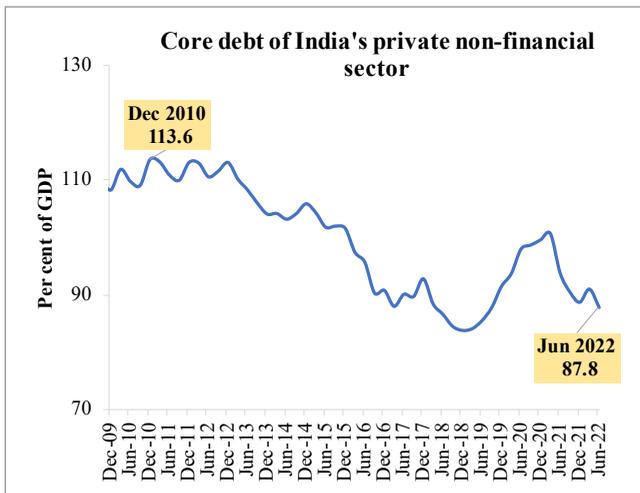


Source: Axis Bank Research, Capital Line

Direct Tax collections for the period April-November remains buoyant



India paid its growth dues in the previous decade



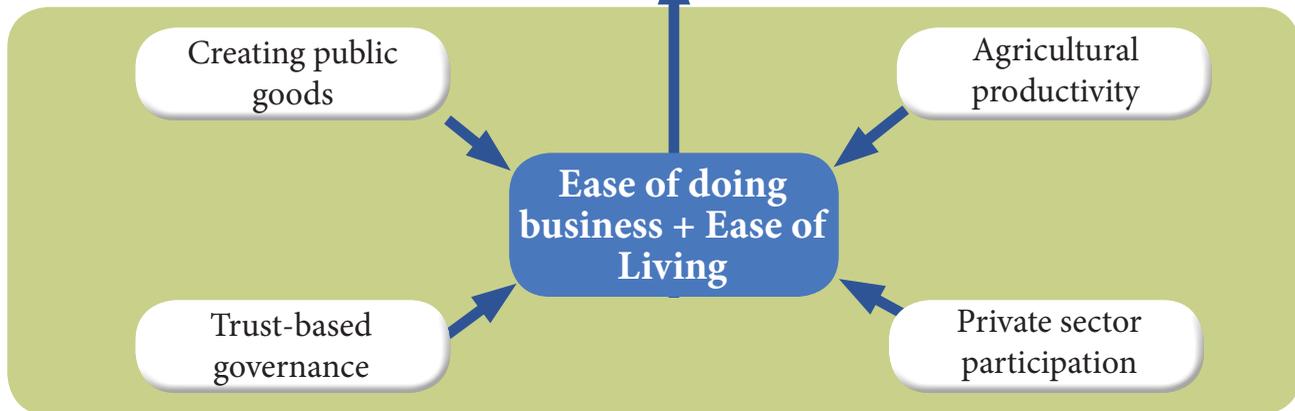
Source : BIS

Medium-Term Outlook: With Optimism and Hope

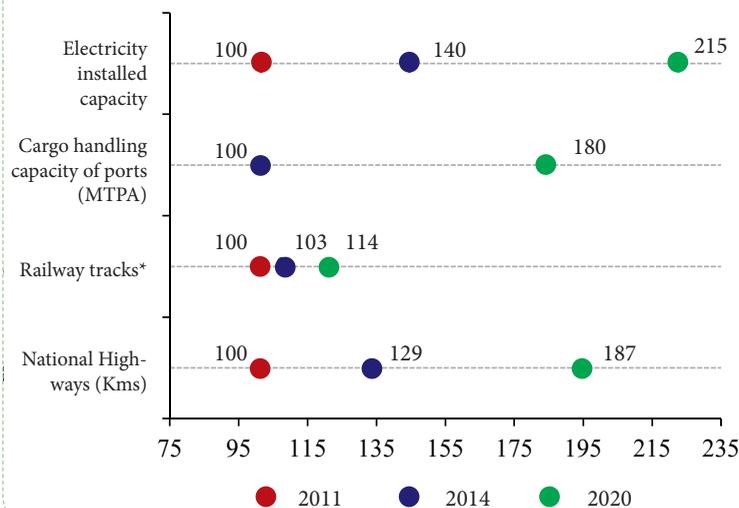
2014-2022 - Reforms for New India - Sabka Saath Sabka Vikaas

Enhancing productive potential of economy and its people

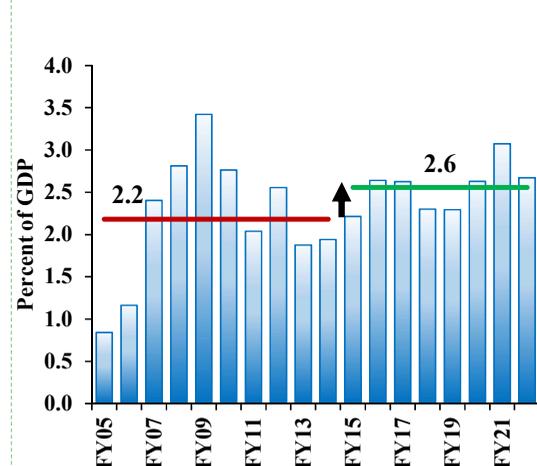
Efficient resource allocation



Improvements in physical infrastructure



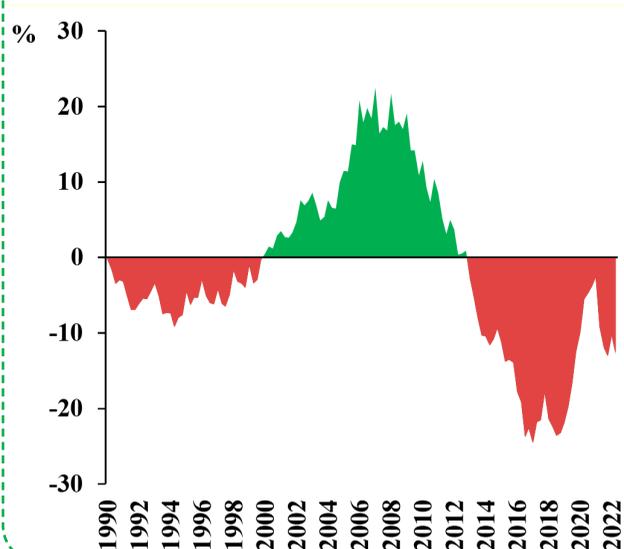
Structural shift in the Gross FDI/GDP



A parallel between the periods: 1998-2002 and 2014-2022

1998-2002	2014-2022
Shocks to the economy	
<ul style="list-style-type: none"> • Nuclear device testing 1998; sanctions followed • Banking and Corporate Sector deleveraging and repairing balance-sheets • Two successive droughts • Technology bust; US recession and 09/11 	<ul style="list-style-type: none"> • Period of Banking, Non-Banking and Non-Financial Corporate Sector Balance-sheet stress • Unprecedented pandemic shock followed by inflation global commodity price shock followed by tightening of financial conditions
Structural reforms in the economy	
<ul style="list-style-type: none"> • Interest rate deregulation • Privatisation • Asset Recovery for banks • Infrastructure (Golden quadrilateral) • FRBM Act 	<ul style="list-style-type: none"> • Unique Identity • Financial Inclusion • GST leading to formalisation • Insolvency & Bankruptcy Code • Privatisation • Tax rates rationalisation and tax administration reforms • Decriminalisation of offences • Vaccines roll-out • Expenditure Management Reforms • AatmaNirbhar • Public Digital Infrastructure
Growth returns	
<ul style="list-style-type: none"> • One off shocks overshadowed the growth returns • Once shocks faded away, structural reforms paid growth dividends from 2003 onwards 	<ul style="list-style-type: none"> • Balance sheets strengthened in the financial sector; the corporate sector deleveraged by about 30 percentage points (debt/GDP ratio) • Emphasis on macro-economic stability while dealing with global shocks

Credit to GDP Gap remained negative for most of the 2010s: Balance sheets are now repaired



Source: BIS

Growth magnets for the coming decade



Healthy and re-capitalised banking and corporate sector



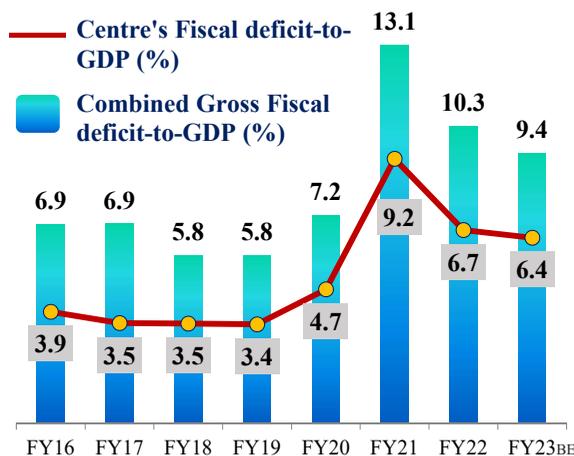
Digital technology based economic reforms leading to efficiency gains through financial inclusion, formalisation.



As the one-off shocks dissipate, India is prepared to grow at its potential in the medium term

Fiscal Developments- Revenue Relish

After peaking in FY21, Fiscal Deficit is on consolidation path

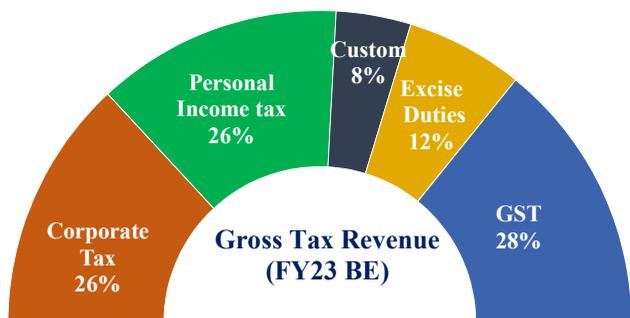


Union Government on track to achieve the Fiscal deficit target for FY23

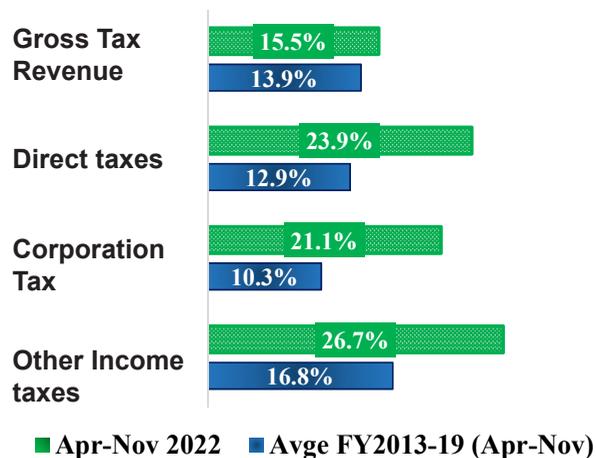
- Conservative budget assumptions provide a buffer in uncertain times
- Buoyant revenues & prudent expenditure ensure fiscal sustainability
- Govt. debt sustainability ensured with a positive growth-interest differential.

Sustained revenue buoyancy over the last two years

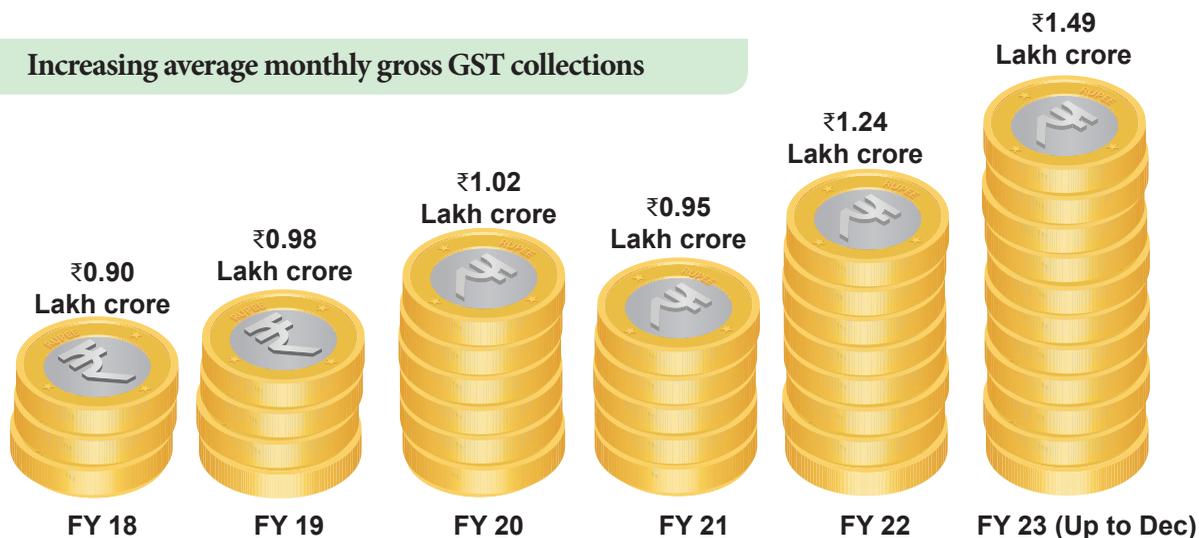
- Direct taxes constitute half of the Gross Tax Revenue.
- They are the key drivers of revenue growth.



- YoY growth rates for Apr-Nov 22 higher than longer-term averages

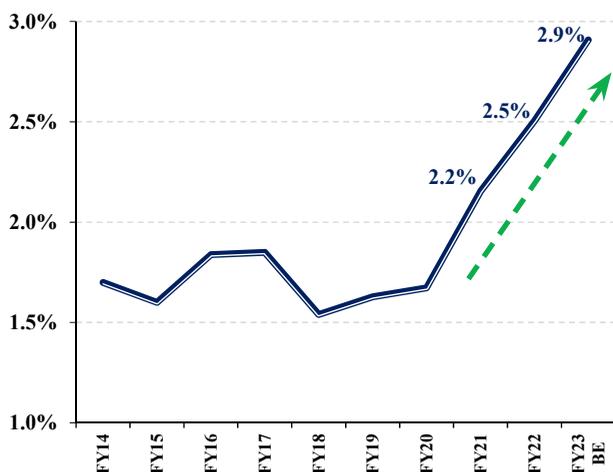


Increasing average monthly gross GST collections

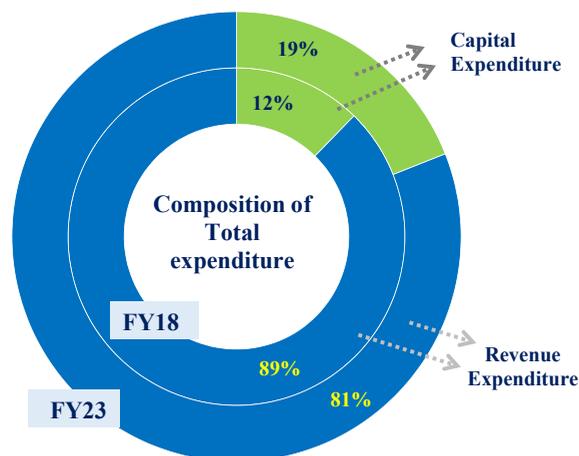


Pragmatic expenditure: re-prioritisation

Union government's capital expenditure as a per cent of GDP on the rise



Rising share of Capital Expenditure in Centre's Total Expenditure



Capex in select sectors (Apr-Nov 22)



Road transport and highways
(₹1.5 lakh crore)



Railways
(₹1.2 lakh crore)



Defence Services
(₹0.7 lakh crore)



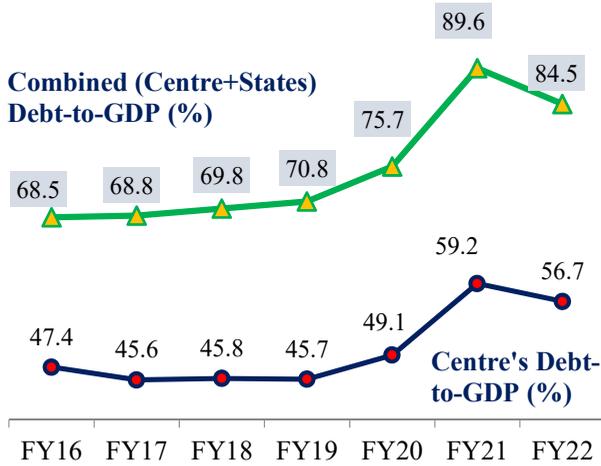
Telecommunications
(₹0.3 lakh crore)

Cooperative Fiscal Federalism

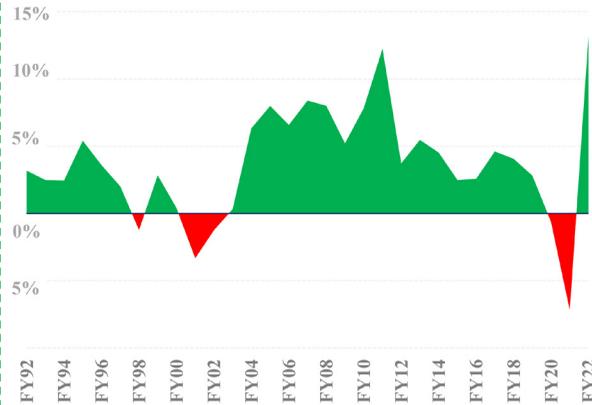
- ◆ Centre's back to back loans to states for supporting the GST compensation during pandemic times; will be repaid through future cess collections
- ◆ Compensation payments and tax devolution instalments frontloaded to give States early access to funds
- ◆ Enhanced borrowing limits for the States to 5 % of GSDP (FY21), 4 % (FY22) & 3.5% (FY23); additional 0.5% of GSDP linked to power sector reforms.
- ◆ Incentivised States to undertake reforms through conditional component in borrowing.
- ◆ Centre's support towards States' capital expenditure through ₹1.05 lakh crore as interest free loans.

Government debt sustainability is not a concern

Moderating Government debt after the spike during the pandemic year

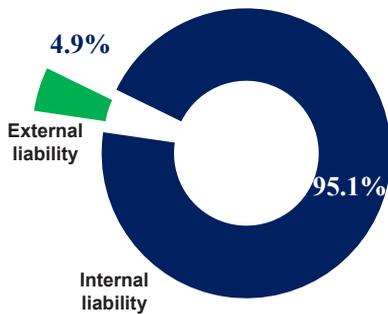


Positive growth- interest rate differential keeps Government debt sustainable

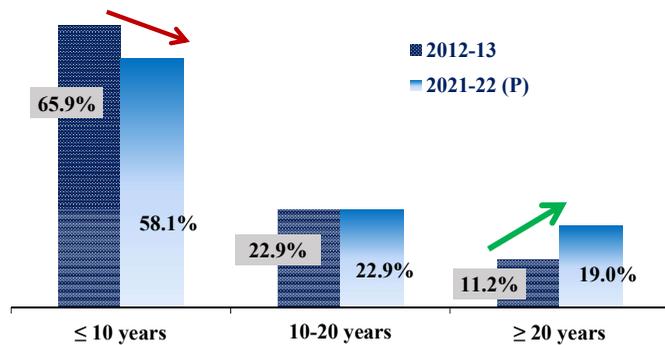


Stable Government debt profile with low currency and interest rate risk

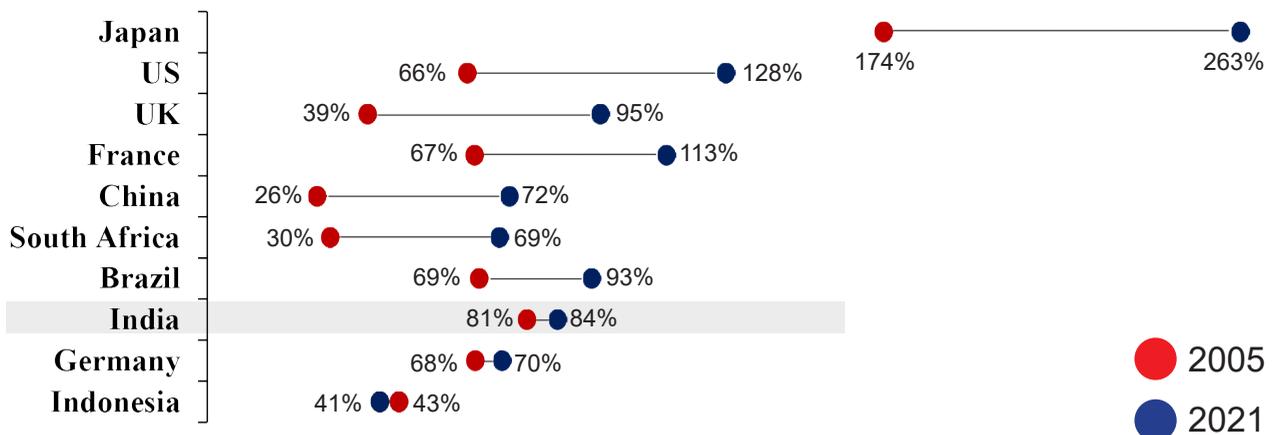
Low proportion of external liabilities in Central Government debt



Elongation of Government debt maturity profile



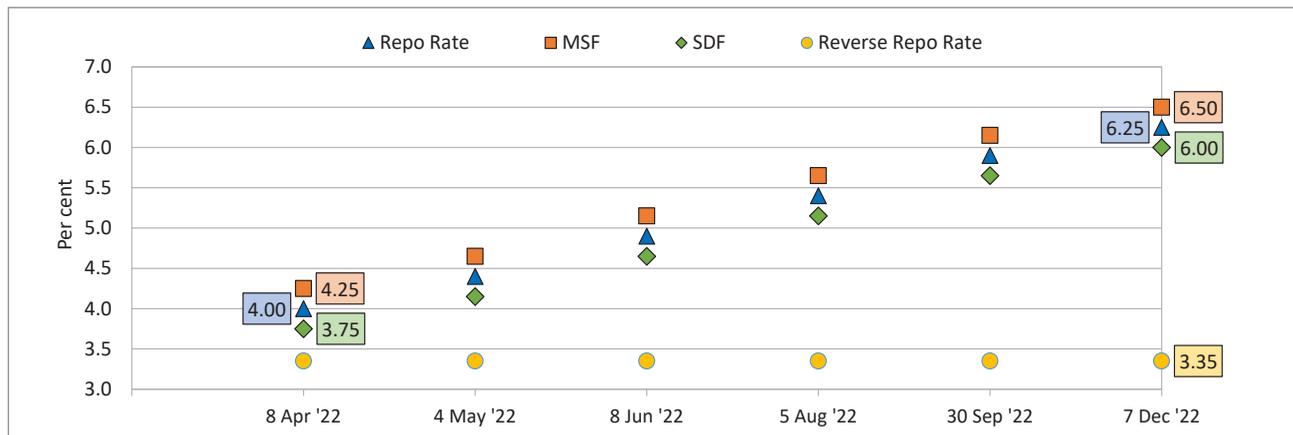
Modest growth in Government debt to GDP (%) for India, relative to peers



Source : IMF

Monetary Management & Financial Intermediation: A Good Year

RBI raised the policy rates by a cumulative 225 basis points (bps)



Monetary policy transmission from the repo rate hikes is underway

WALR Fresh Rupee Loan
(Weighted Average Lending Rate)



135 bps



April to November, 2022

WADTDR Outstanding Deposit
(Weighted Average Domestic Term Deposit Rate)

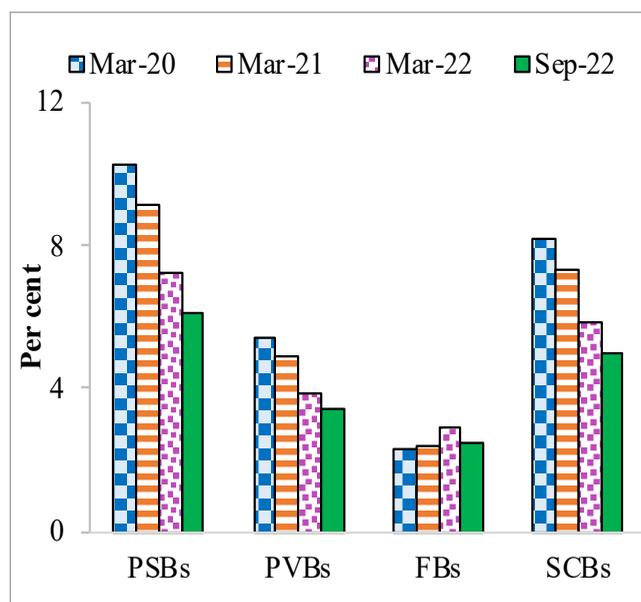


59 bps

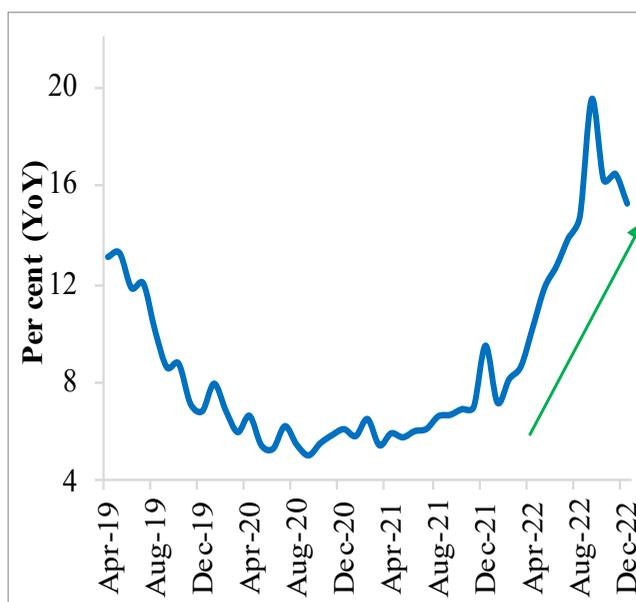


April to November, 2022

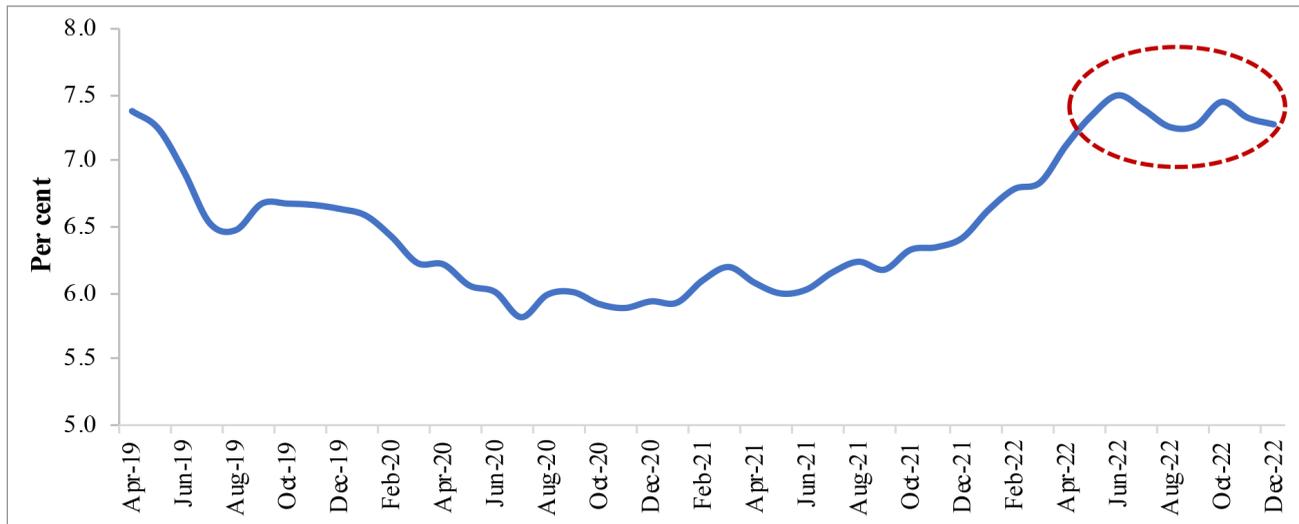
Gross Non-Performing Assets (GNPA) ratio at a seven-year low of 5 per cent



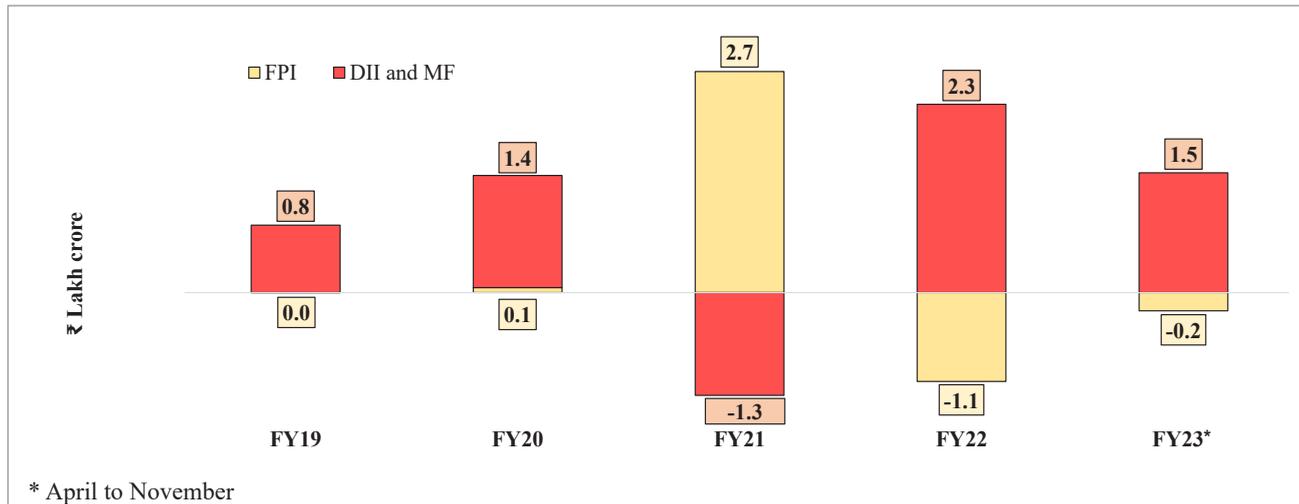
Non-food credit growth in double-digit since April-22



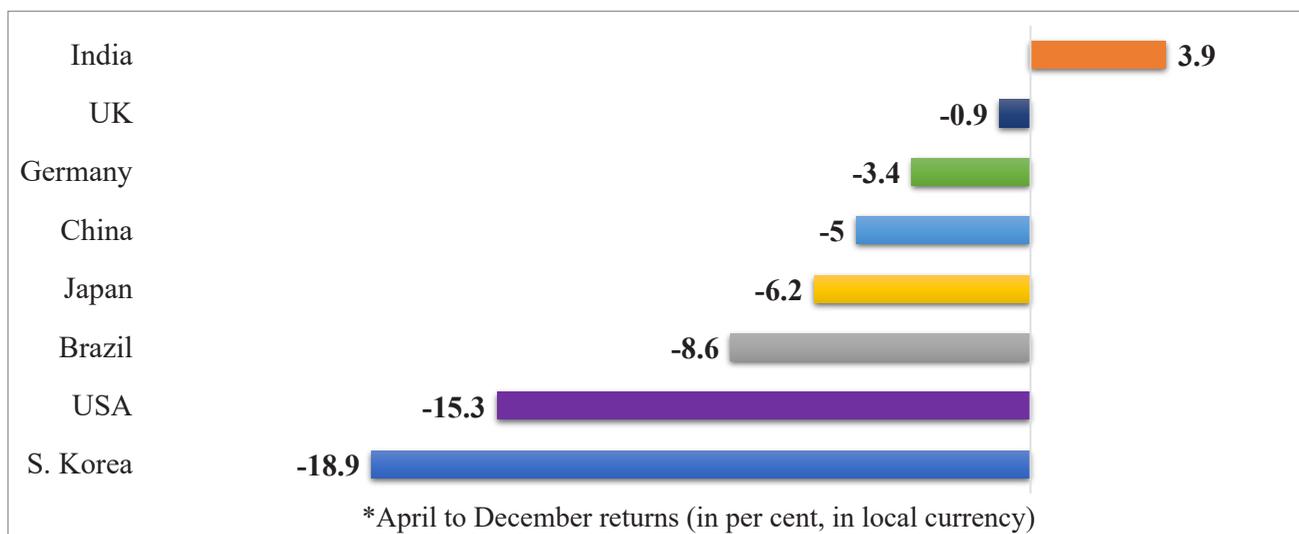
Yield on the 10-year government bond stable in 2022



DII acted as a countervailing force to FPI outflows in recent years



Stock Market Performance: India outperformed its peers in FY23*



Source : Bloomberg

Prices and inflation: Successful Tight-rope Walking

Inflation has come off its peak

- Sharp moderation in Wholesale Price basket led by multi-pronged approach of the government coupled with the softening of global commodity prices while the decline in food inflation was led by vegetables, fruits, and edible oil.
- The wedge between CPI and WPI widened in Nov 21 and May 22 due to a fading away of base effects and Russia-Ukraine conflict led commodity price hikes respectively. Subsequently a convergence was observed due to:

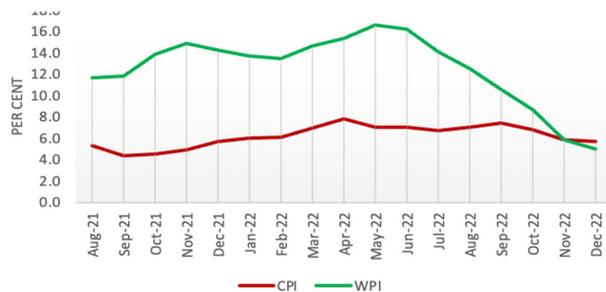


Decline in prices of commodities that had more weightage in WPI (eg. iron, aluminium and cotton)

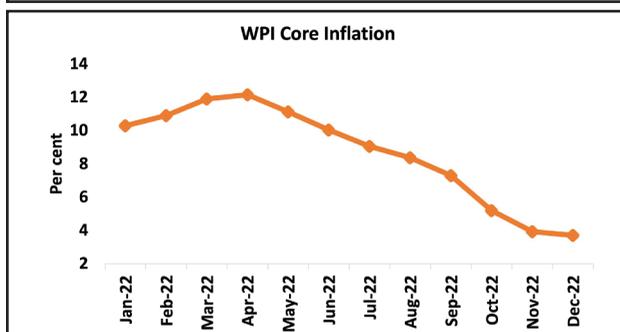
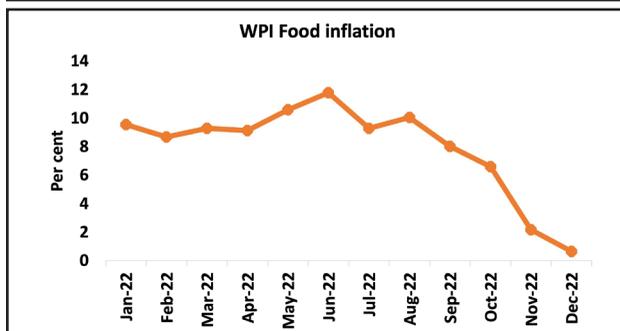
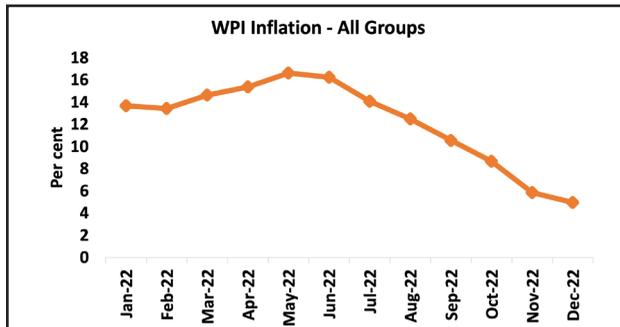


Persistence of services inflation on CPI basket (as can be observed in the CPI core inflation).

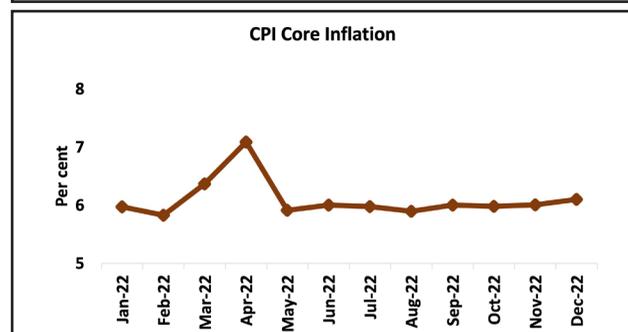
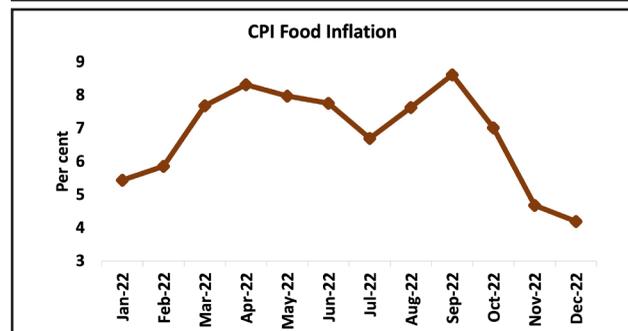
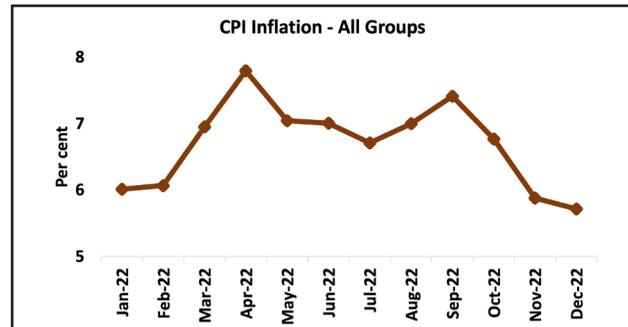
Convergence between CPI and WPI



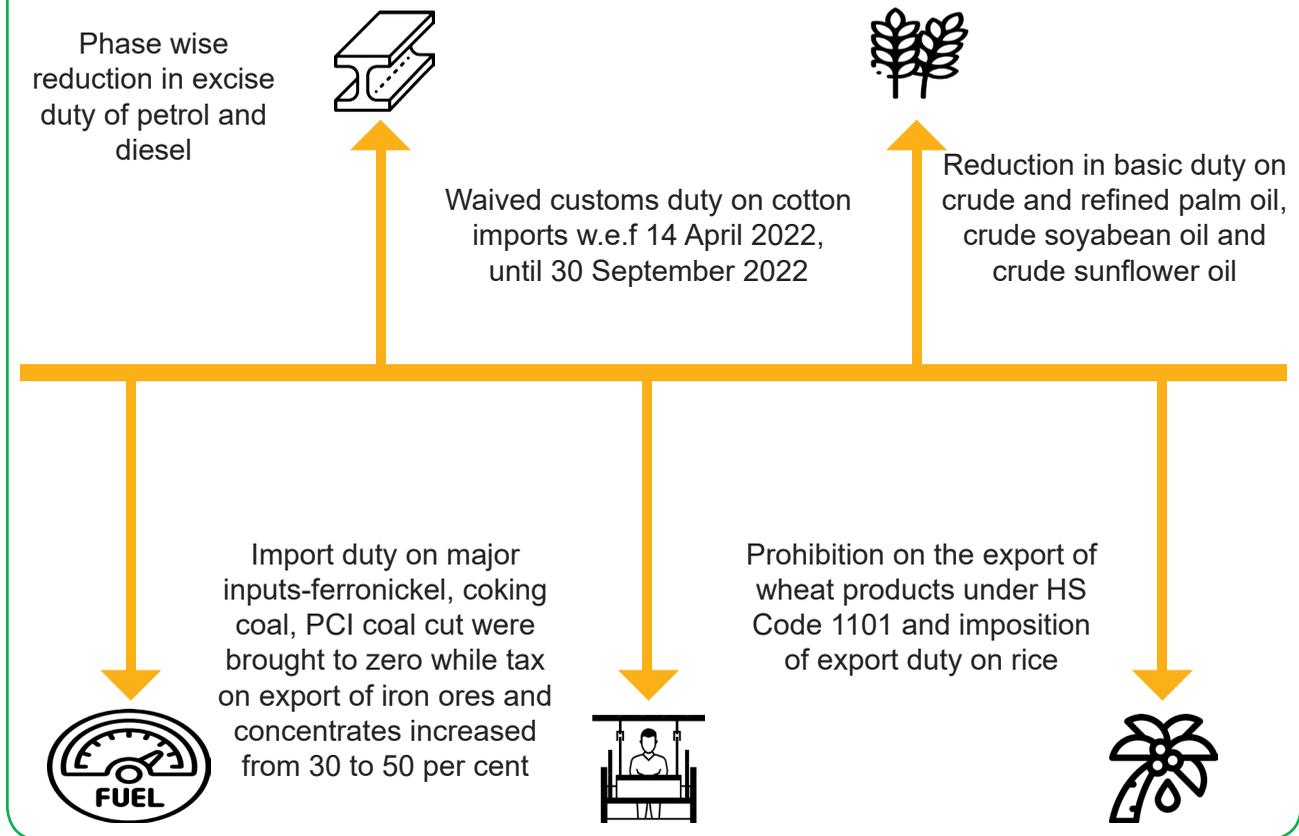
Key segments: WPI Inflation



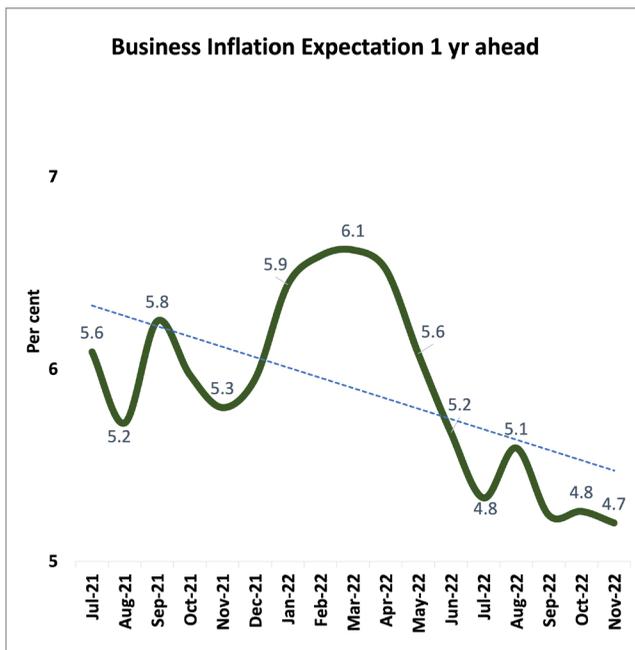
Key segments : CPI Inflation



Government measures to contain Inflation

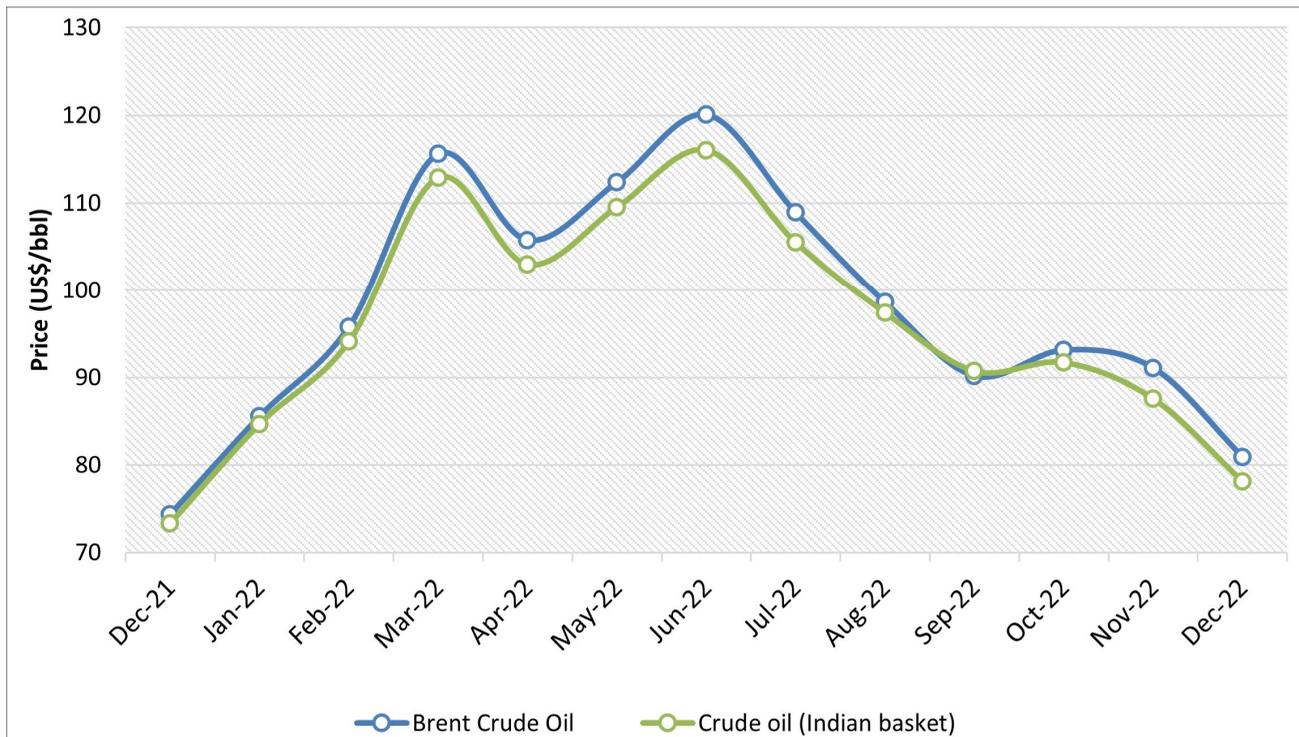
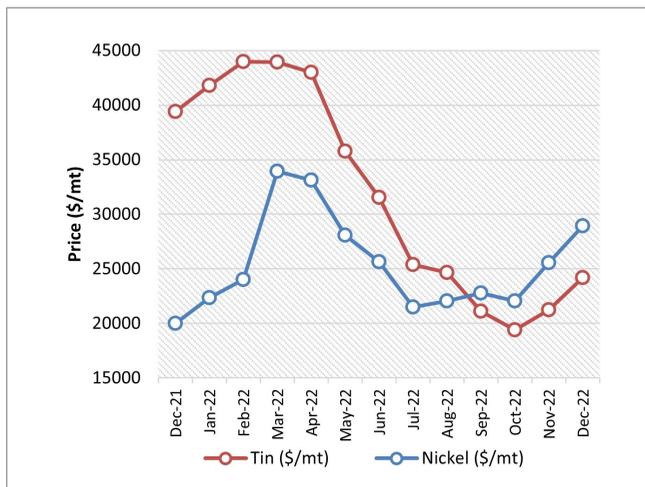
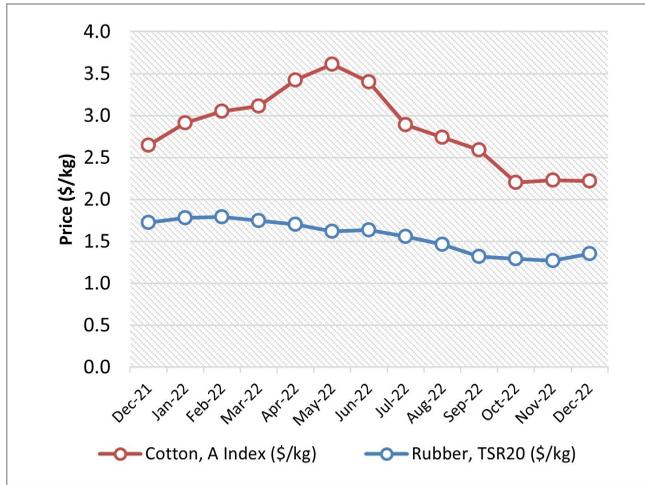
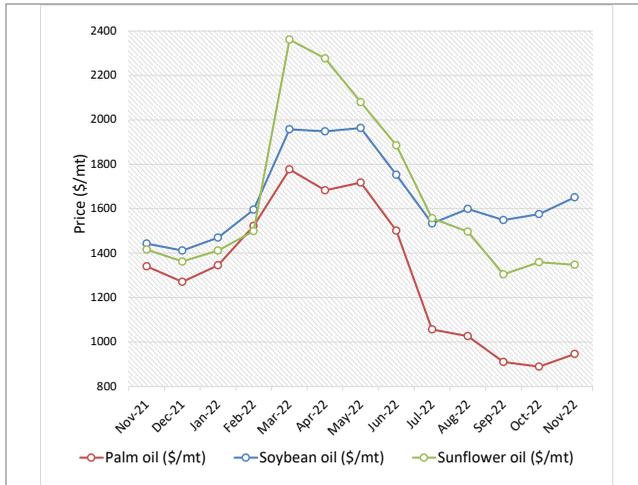


Subsiding Inflation Expectations

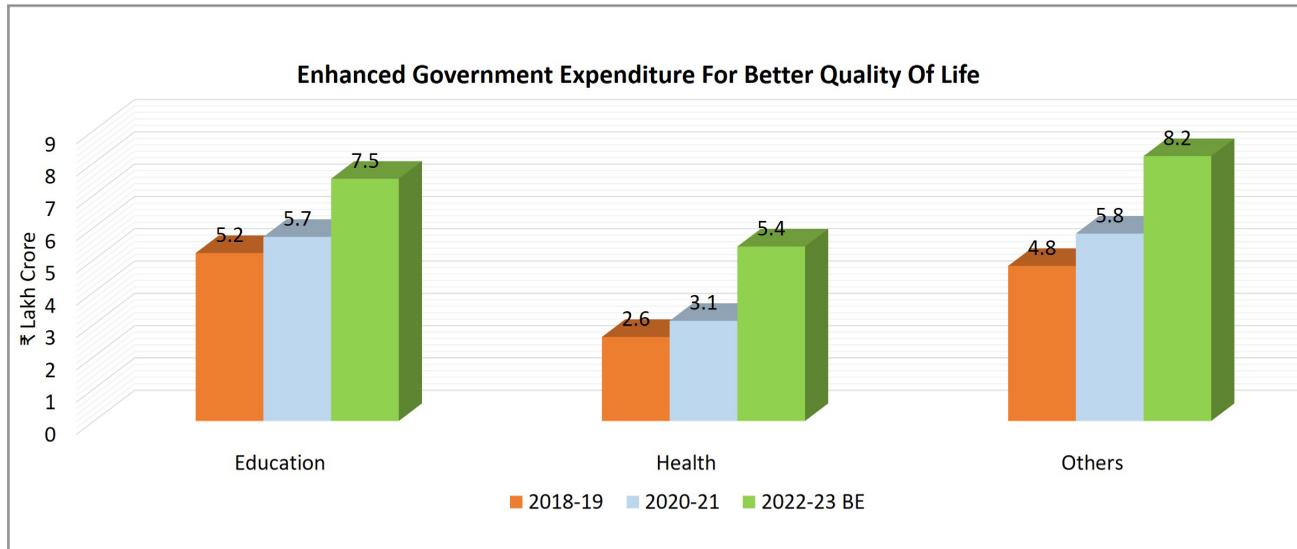


Source: IIM-A & RBI

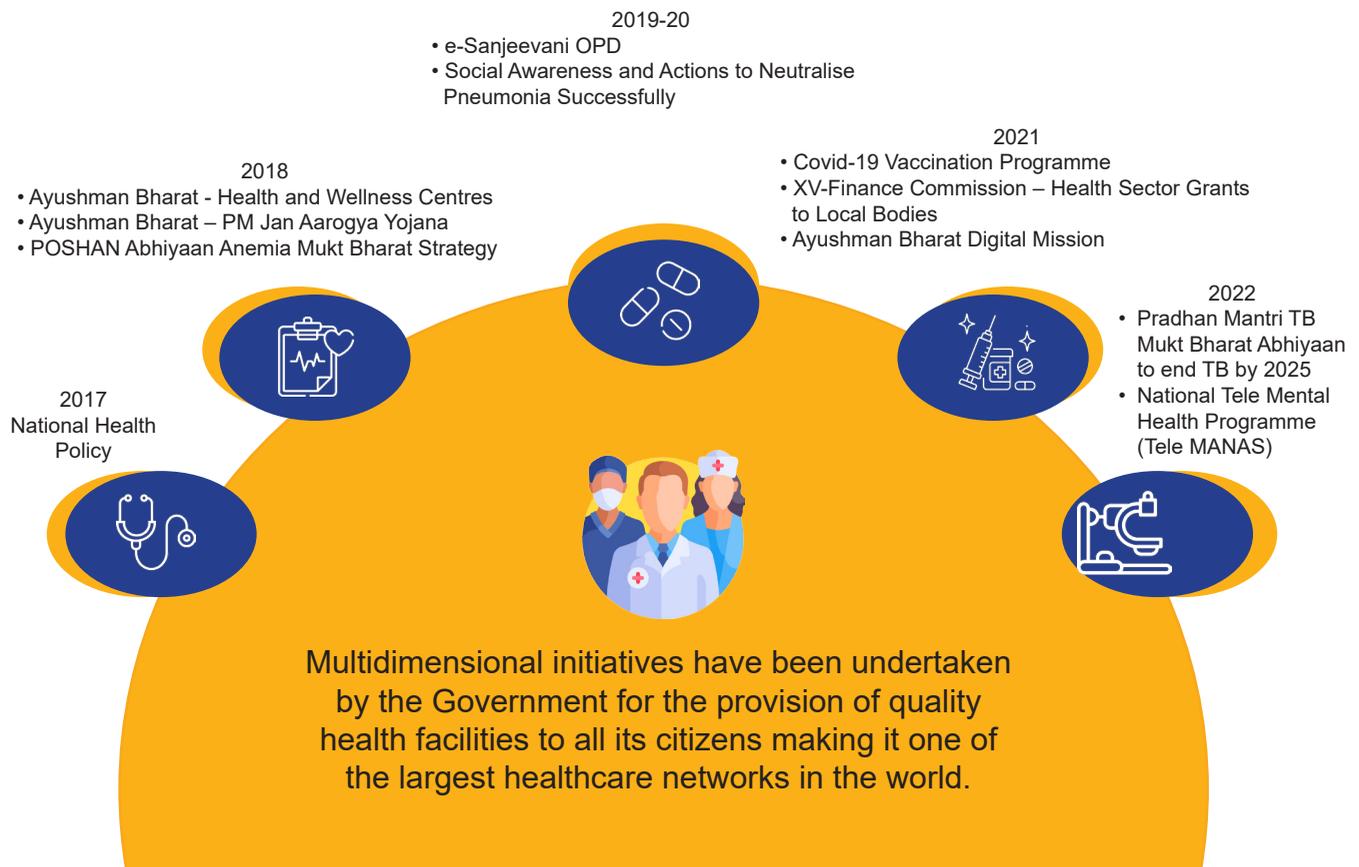
Moderation in Global Commodities



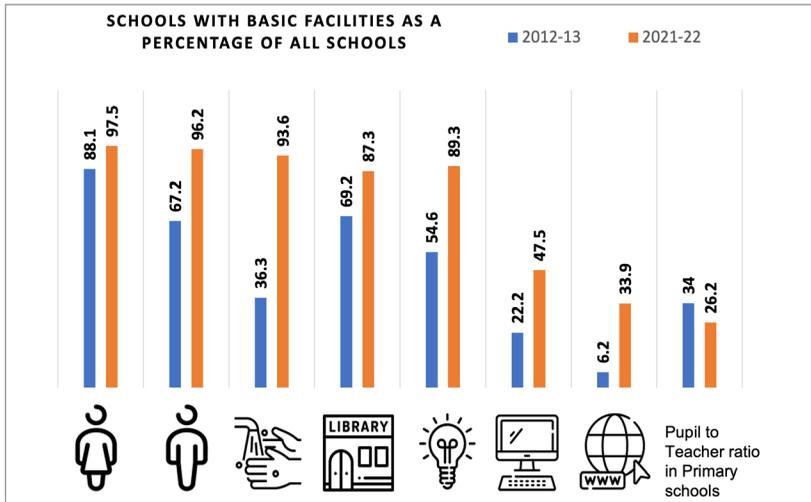
Social Infrastructure and Employment: Big Tent



Quality Health For All



Improving Basic Facilities in Schools



Initiatives under Education

- Over 14,500 PM SHRI Schools to be built between FY23 to FY27.
- National Education Policy to revolutionise education
- Rise in number of IITs from 16 to 23, IIMs from 13 to 20, medical colleges from 387 to 648, IIITs from 9 to 25

Creating a big tent to improve quality of life

22 crore AB-JAY beneficiaries

2.1 crore houses constructed under PMAY-G

Housing for all



Affordable Quality Healthcare



7.2 lakh km. roads constructed since 2000 under PMGSY

All-weather Roads



2.9 crore rural households electrified under Saubhagya

Electricity



Quality of Life

Social Security



49 Lakh enrolments in PM-SYM, 32 crore enrolments in PMSBY



Sanitation & Drinking Water

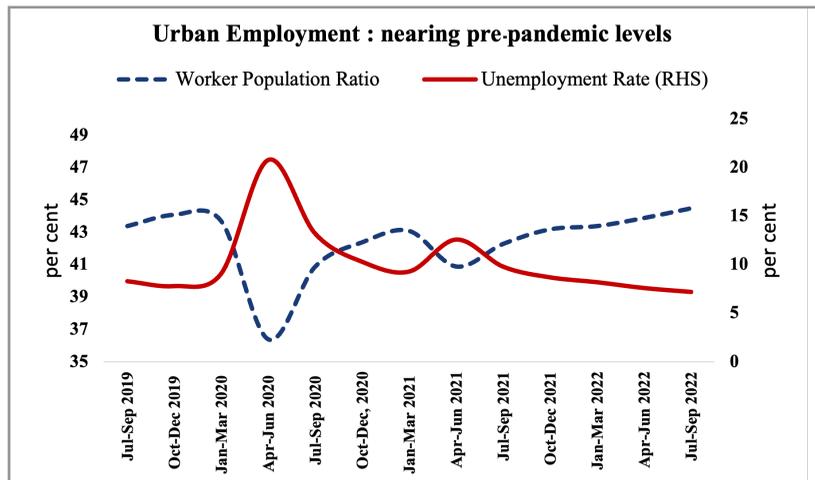
11 crore Tap water connection under JJM



Clean Cooking Fuel

11 crore LPG connections provided under PMUY

More avenues for employment and improving formalisation



Formalisation improved as economic activities picked up



EPFO based net payroll for all industries is on the rise: 105.4 lakh in FY23 (till Nov) against 78.6 lakh in FY20

SHG-Bank Linkage Programme empowering women



Number of women SHGs increased from 88.3 lakh in FY20 to more than 1 crore in FY22



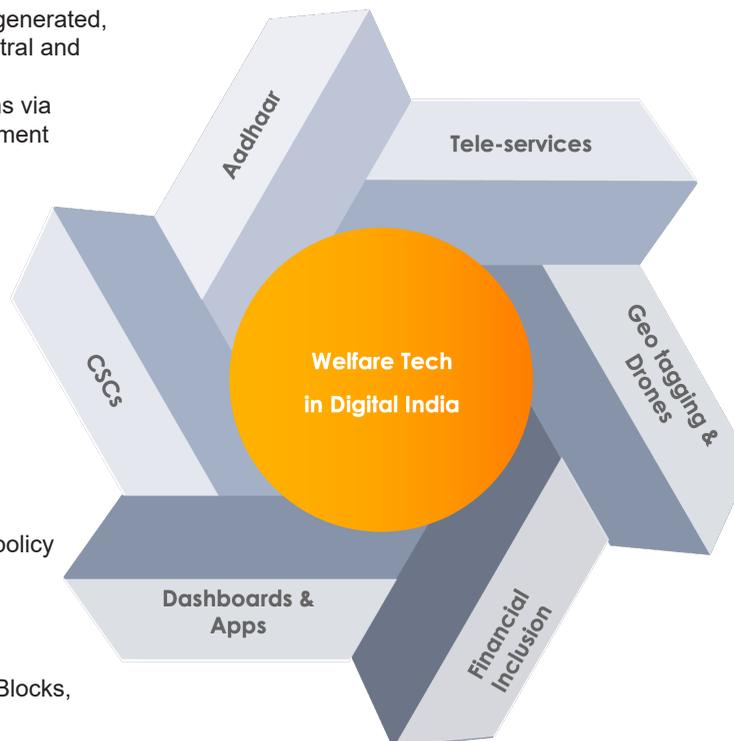
Savings from All-Women SHGs up from ₹23,320.6 crore in FY20 to ₹42,104.8 crore in FY22

Delivering digital services at the doorstep

- 134 crore unique IDs generated,
- DBT in nearly 900 central and state schemes,
- 1550 crore transactions via Aadhaar-enabled Payment Services

- 5 lakh Common Service Centres for delivery of public services to every citizen

- Agile & evidence-based policy making through:
- Co-WIN,
 - UMANG app,
 - e-Shram portal, A
 - spirational Districts & Blocks,
 - Jal Jeevan Mission

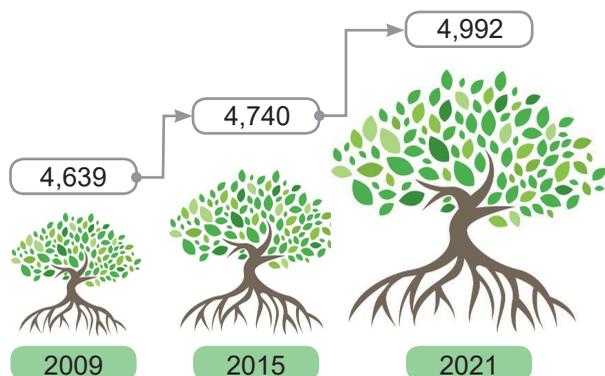


- Services on tap
- 9.3 crore e-Sanjeevani teleconsultations
 - 517 crore learning sessions in DIKSHA portal

- Powering efficient implementation:
- Geo-tagging of 5.2 crore MGNREGS assets & 7.7 lakh rural facilities
 - Drone survey of 2.1 lakh villages under SVAMITVA
 - 46 crore Jan-Dhan accounts with 56% female account holders
 - 8.7 crore women mobilized into SHGs under DAY-NRLM

Climate Change and Environment: Preparing to Face the Future

Expanding area under mangroves (sq km)



Updates to existing NDC



Reduce emissions intensity of its GDP by 45% by 2030 from 2005 levels



About 50% cumulative electric power installed capacity from non-fossil fuel-based energy resources by 2030



A mass movement for 'LIFE' – 'Life-style for Environment'



Sovereign Green Bond Framework (SGrBs) issued in November 2022.



RBI auctioned two tranches of ₹4,000 crore Sovereign Green Bonds (SGrB).

Salient Features of the National Green Hydrogen Mission



Likely Outcomes by 2030

- Green hydrogen production capacity of at least 5 MMT (Million Metric Tonne) per annum.
- Cumulative reduction in fossil fuel imports over ₹1 lakh crore and creation of over 6 lakh jobs.
- Renewable energy capacity addition of about 125 GW and abatement of nearly 50 MMT of annual GHG emissions.



Interventions

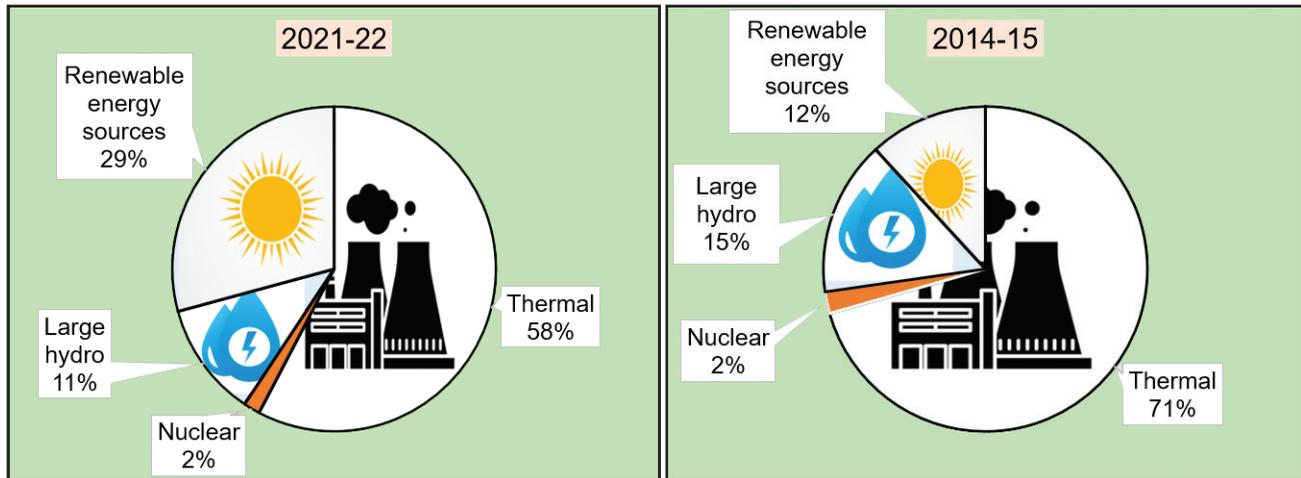
- Financial incentive targeting domestic manufacturing of electrolysers and production of Green Hydrogen.
- Regions capable of supporting large scale production and/or utilisation of Hydrogen to be developed as Green Hydrogen Hubs.



Policy Framework

- Development of an enabling policy framework to support establishment of Green Hydrogen ecosystem.
- Robust Standards and Regulations framework.
- Public-private partnership framework for R&D.
- Skill development programme

Rising share of non-fossil fuel sources in installed electricity capacity



National Solar Mission

- Solar power capacity of 61.6 GW installed (October 2022).



National Mission on Sustainable Habitat

- 721 km of metro rail network has been made operational in 18 cities.
- 62.8 lakh individual household toilets and 6.2 lakh community and public toilets constructed (August 2022).



National Mission for Sustaining Himalayan Ecosystems

- Inter-University Consortium
- 8 Major R & D Programmes initiated.



National Mission for Enhanced Energy Efficiency

- PAT Cycle-VII notified for energy saving target of 6.6 Million Tonnes of Oil Equivalent (MTOE) (October 2021).

National Action Plan on Climate Change

Progress on 8 missions to address climate change concerns & promote sustainable development



National Water Mission

- "Jal Shakti Abhiyan: Catch the Rain 2022" (launched in March 2022.)



National Mission on Strategic Knowledge for Climate Change

- Created and strengthened 12 Centres of Excellence for climate change (June 2021).



National Mission for a Green India

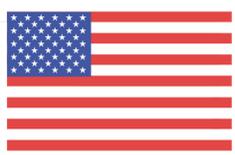
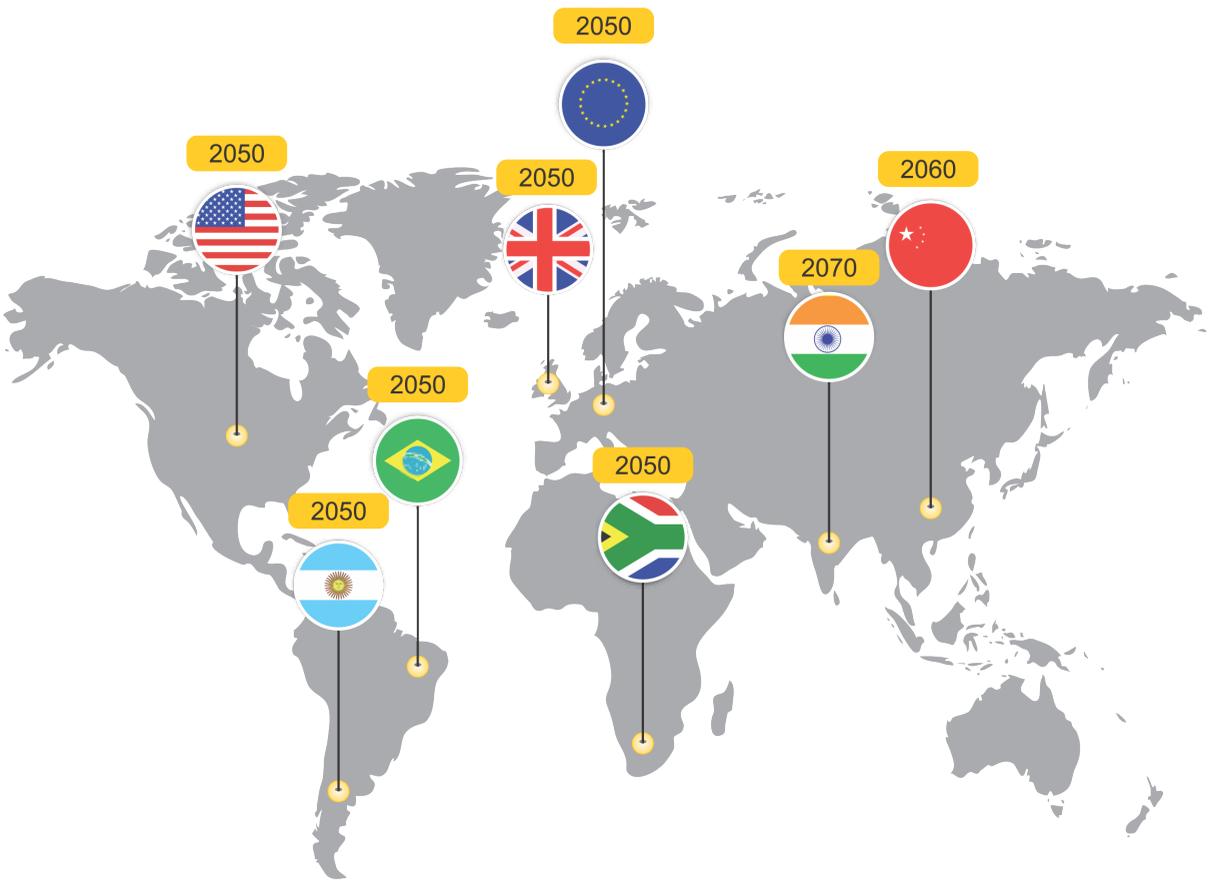
- ₹626.9 crore for afforestation targets over an area of 2.1 lakh ha.



National Mission for Sustainable Agriculture

- Key targets covering 0.15 lakh ha under organic farming and 10 lakh ha under micro-irrigation.

Net Zero Pledges



United States



Argentina



Brazil



Europe



South Africa



India



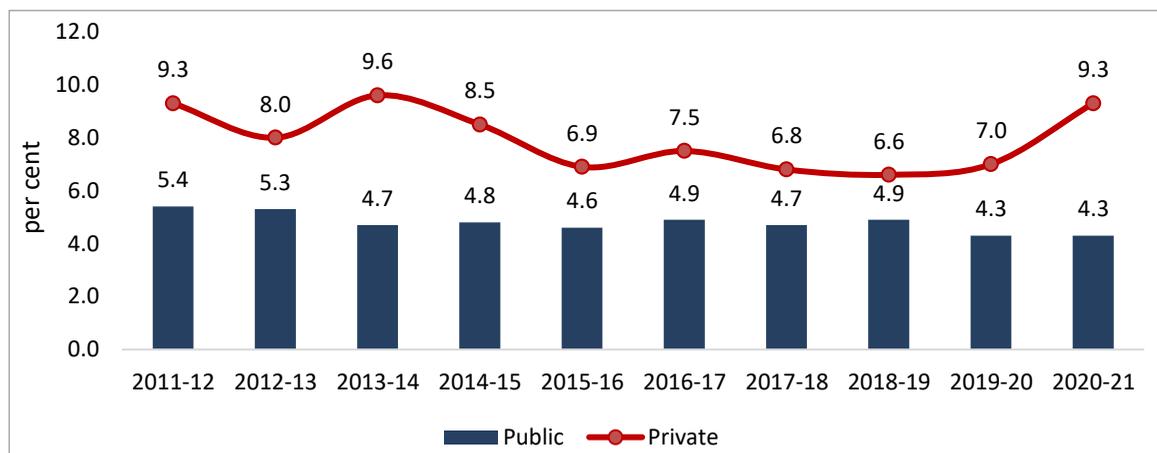
China



United Kingdom

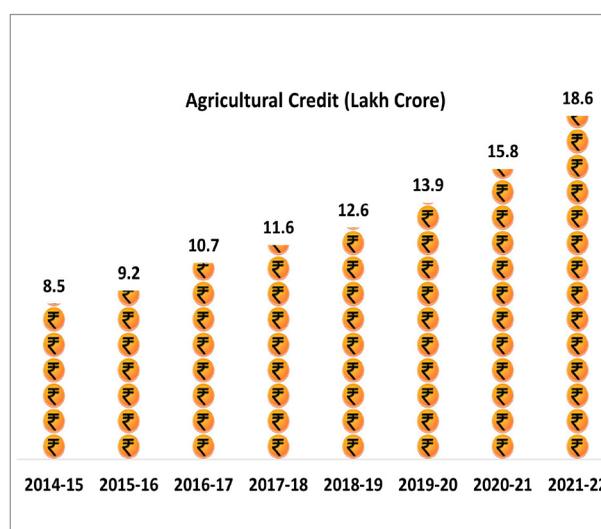
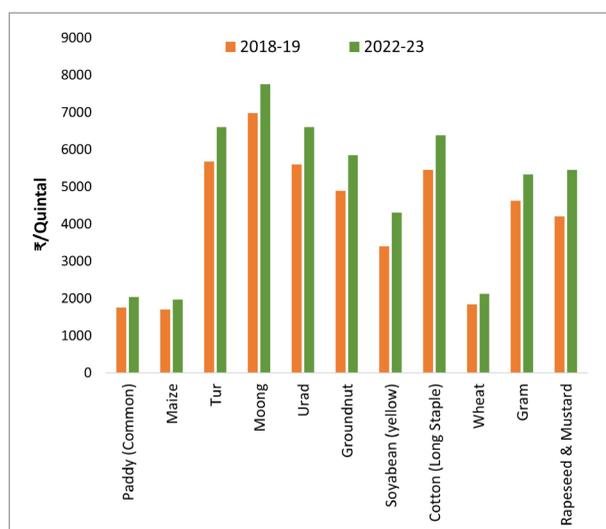
Agriculture and Food Management: From Food Security to Nutritional Security

Crowding in of Private investment in agriculture

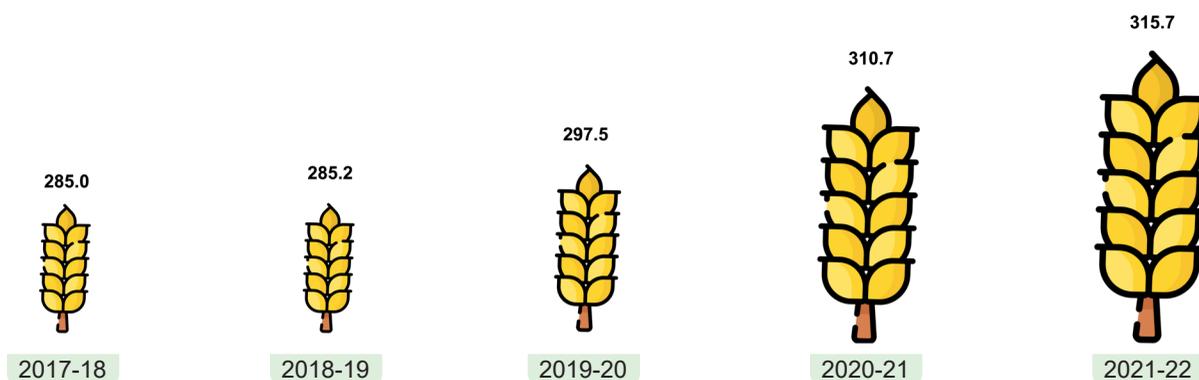


Since 2018, MSP for all mandated crops are fixed at 1.5 times of all India weighted average cost of production.

Continued growth in Institutional Credit to the Agricultural Sector



Sustained increase in Foodgrains Production in India (million tonnes)



Important Initiatives in Agriculture



PM-KISAN

Supplementing Financial Needs,
11.3 Cr Farmers covered since
inception



Agriculture Infrastructure Fund

Post-Harvest Support and
Community Farms via sanction of
₹13,681 crores



PM-Fasal Bima Yojana

Largest Crop Insurance Scheme
in the world with farmers
receiving compensation of ₹ 1.2
lakh crores since inception



Mission for Integrated Development of Horticulture

Leverage Geographic
Specialisations



National Agriculture Market (e-NAM) Scheme

Online, Competitive, Transparent
Bidding System with 1.74 crore
farmers and 2.39 lakh traders



Organic Farming

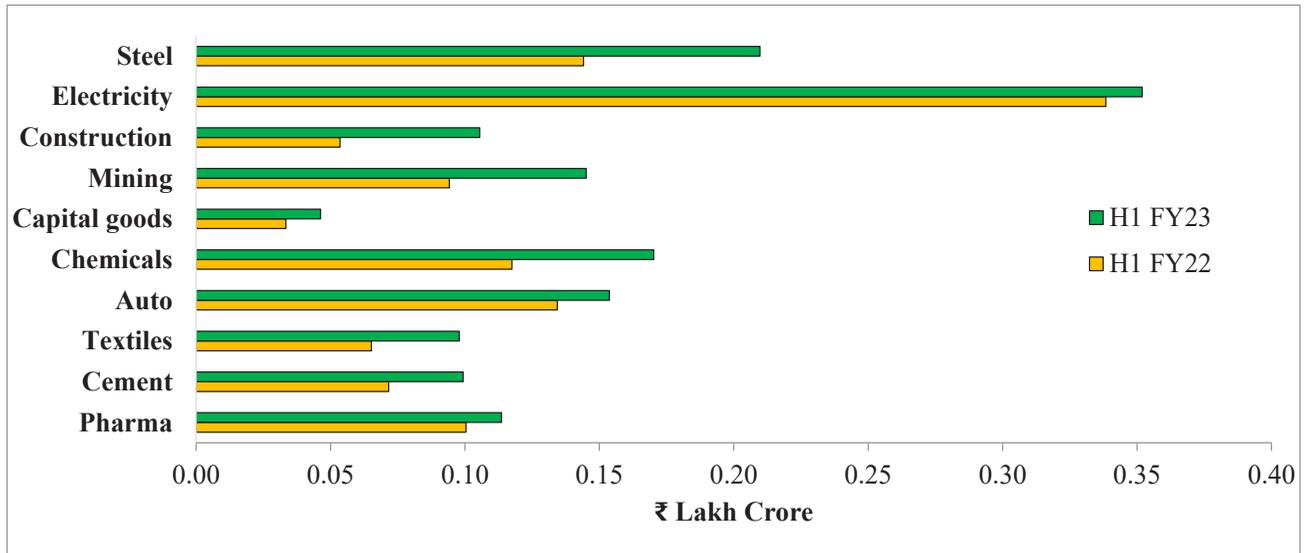
Organic Farming being
promoted through Farmer
Producer Organisations (FPO)
under the Paramparagat Krishi
Vikas Yojana (PKVY)

International Year of the Millets: Our traditional Staple and a healthier alternative



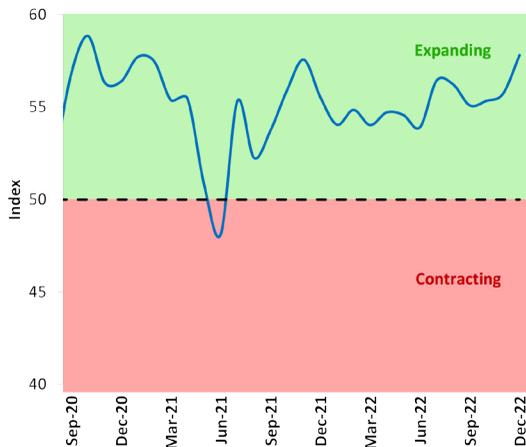
Industry: Steady Recovery

Rising Private Investment in Manufacturing Sector

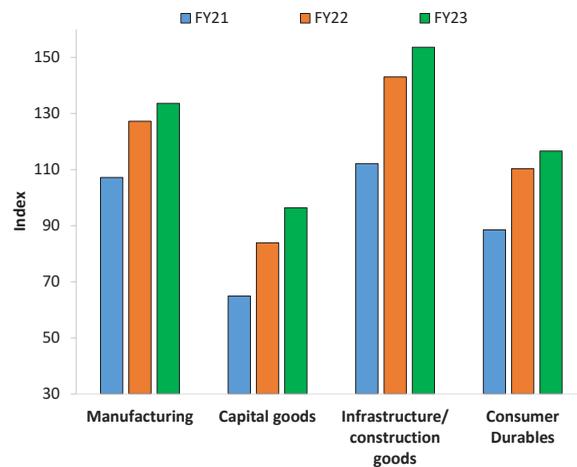


Source: Axis Bank Research, Capital Line

PMI Manufacturing in expansionary zone



IIP growing at a healthy pace (Apr-Nov)



Credit growth in Industry driven by MSMEs

Credit to MSMEs



Average credit growth to MSMEs around 30% since Jan-22

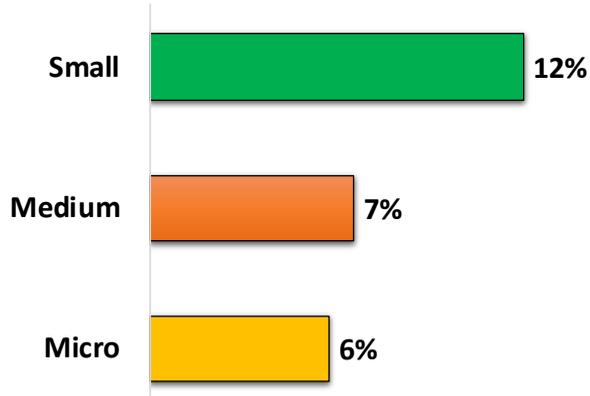
Credit to Large Industry



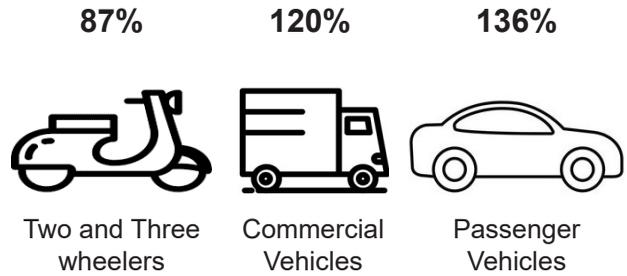
Double-digit growth since Oct-22

SECTORAL PERFORMANCE

Growth in GST paid by MSMEs in FY22 over FY20

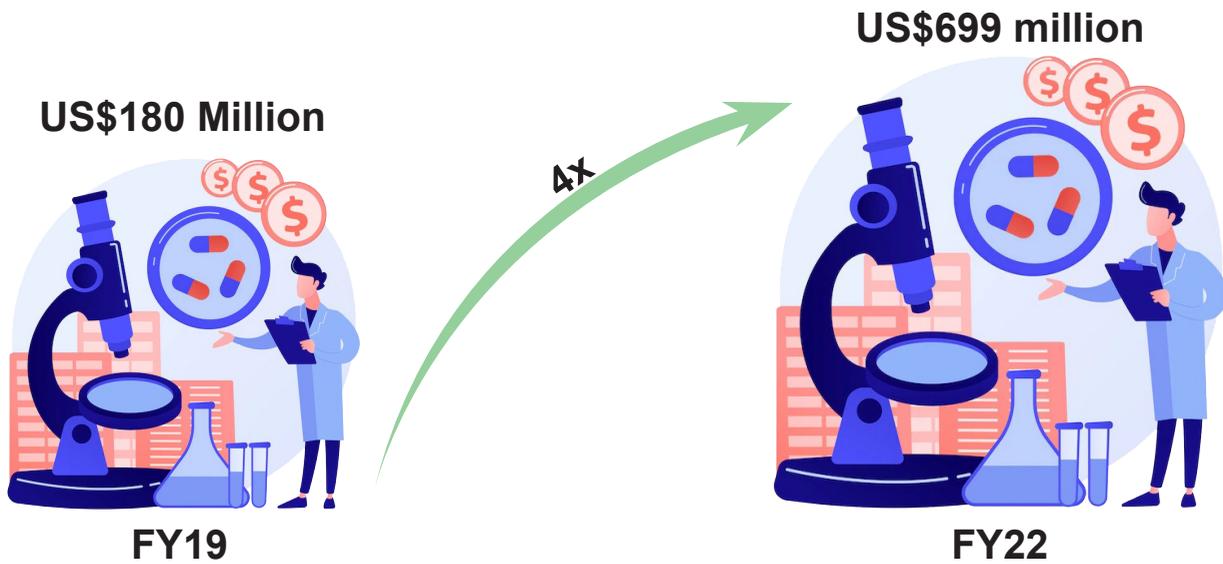


Automobile sales post smart recovery in FY23* (until Dec 2022)



* Recovery from pre-pandemic sales level of FY20.

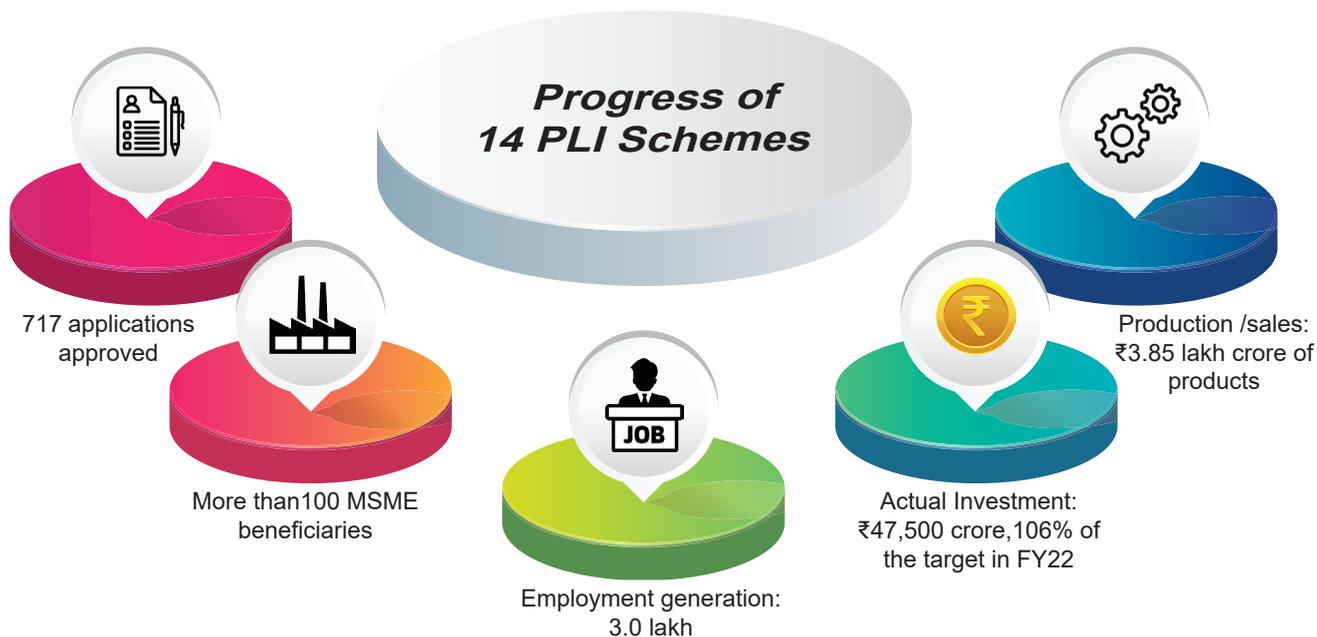
FDI Flows into Pharma Industry



Electronics Exports up by ~3x



ENHANCING MANUFACTURING CAPACITY



Enhancing Ease of Doing Business

- The 2020 assessment of the Business Reform Action Plan (fifth edition) shows that 7,496 reforms were implemented across States and UTs.
- More than 39,000* compliances reduced
- More than 3,500* provisions decriminalised

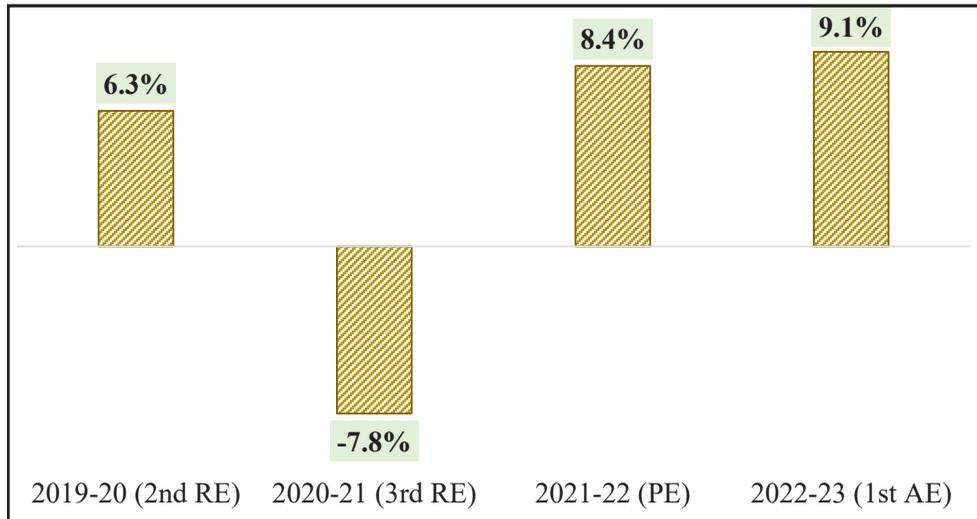
*As on 17th January 2023

24 Sub-Sectors under Make in India 2.0

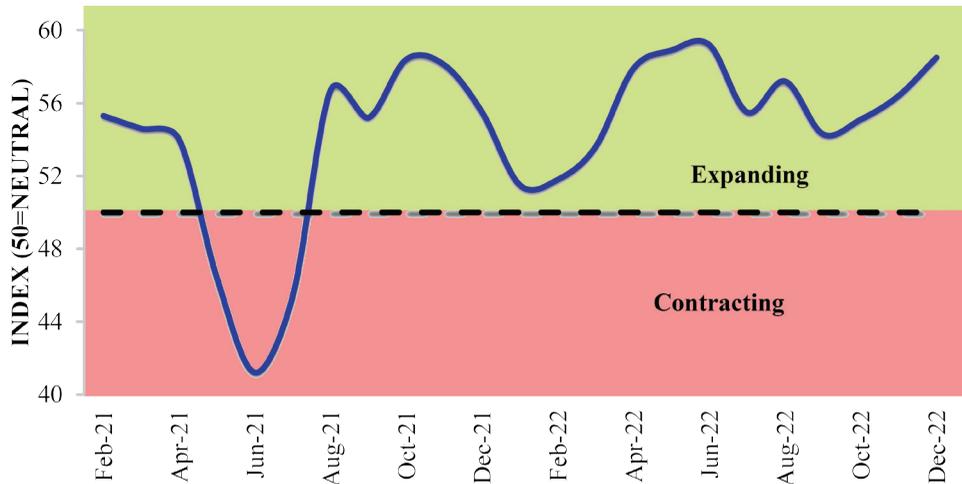


Services: Source of Strength

Services sector witnessed strong growth in FY23

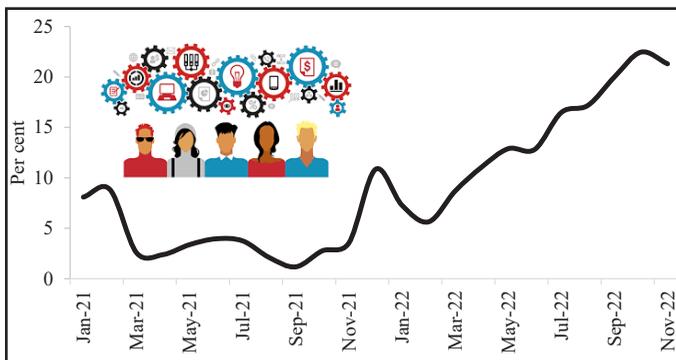


PMI Services witnessed strongest expansion since July 22



Broad based growth in credit to services sector

Credit to Services



Credit growth to services above 16% since July-22

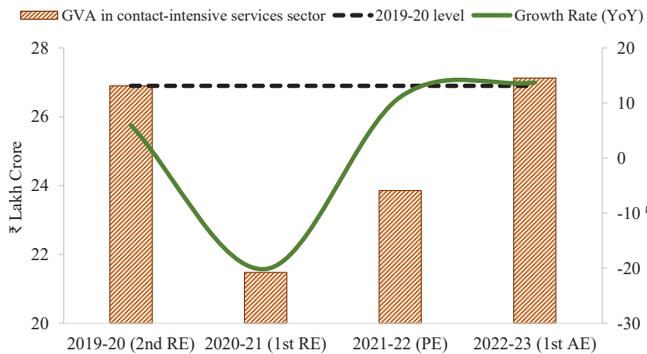
Credit to Trade sector



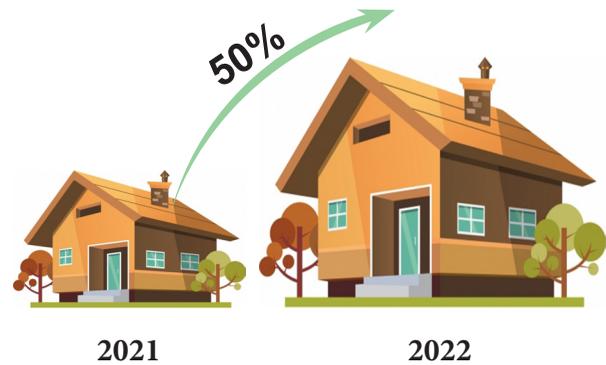
Double-digit growth (above 13%) since April-22

SECTORAL PERFORMANCE

Contact-Intensive Services to reclaim pre-pandemic level in FY23



Sustained growth in housing sales reclaiming pre-pandemic level



Source: PropTiger

Improvement in Hotel Occupancy Rate



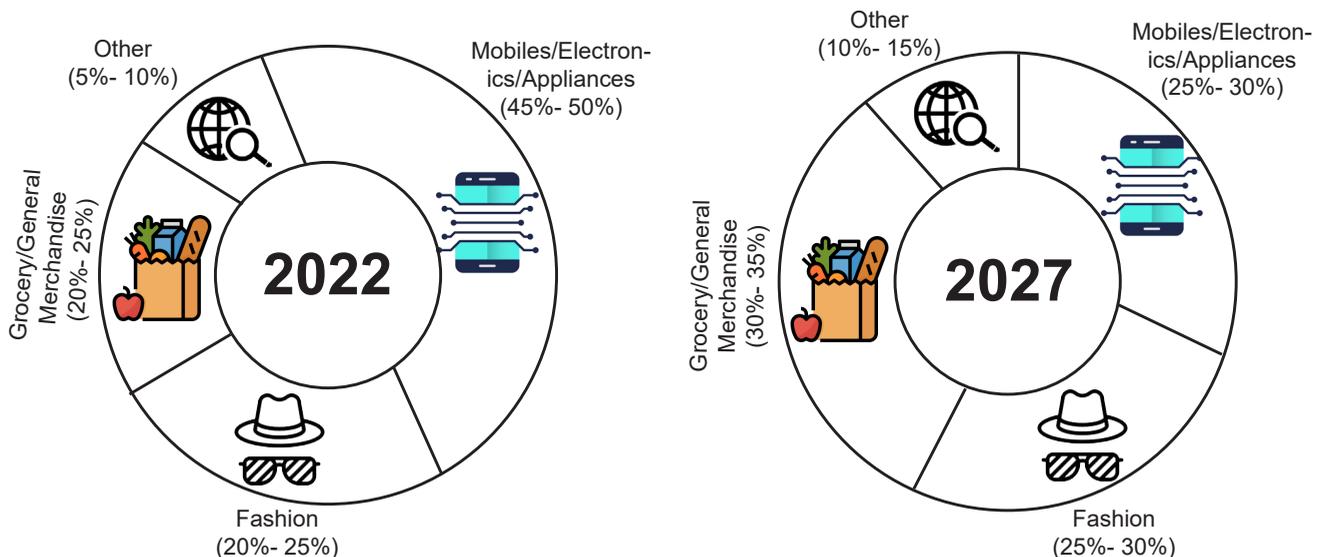
Source: Anarock

Digital platforms transforming India's financial services

75 Digital Banking Units announced



Fashion, grocery, and general merchandise to capture nearly two-thirds of the Indian e-commerce market by 2027



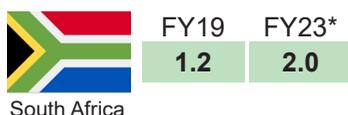
Source: How India shops online 2022, Bain and Company

External Sector: Watchful and Hopeful

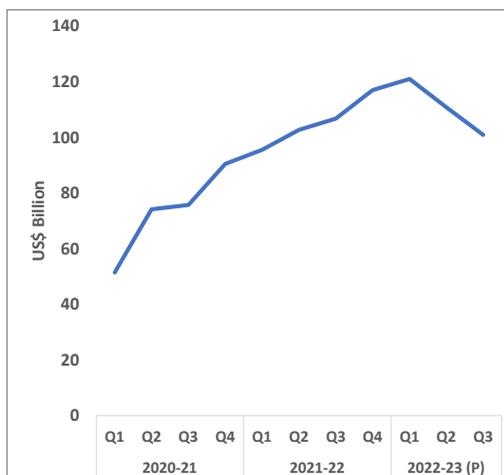
India's growing and diversifying Merchandise trade

Merchandise exports were US\$ 332.8 bn for April-December 2022 against US\$ 305.0 billion during the period April-December 2021

Diversified markets Increase in Export share



Resilient Merchandise Export



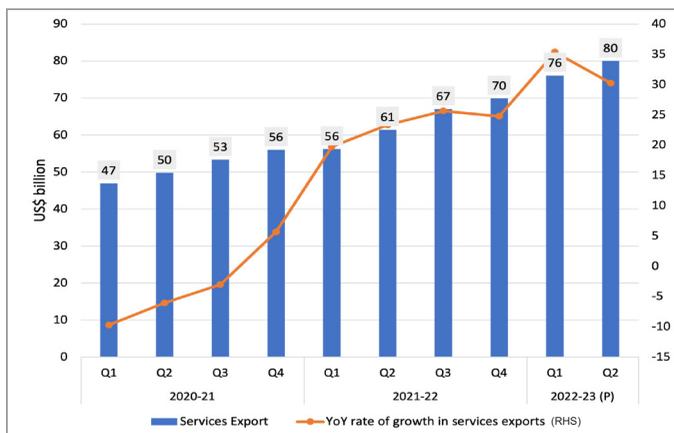
Increasing market size

13 Free Trade Agreements, 6 Preferential Trade Agreements in force

Recent FTA's

- India-UAE Comprehensive Economic Partnership Agreement (CEPA) entered into force on 1 May 2022
- The India-Australia Economic Cooperation and Trade Agreement (Ind-Aus ECTA), entered into force on 29 December 2022

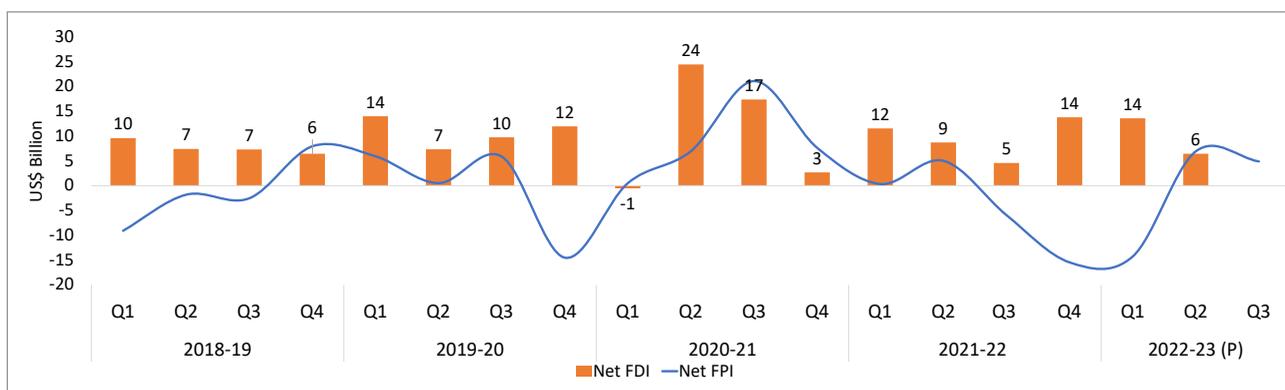
Robust services exports cushioning trade balance



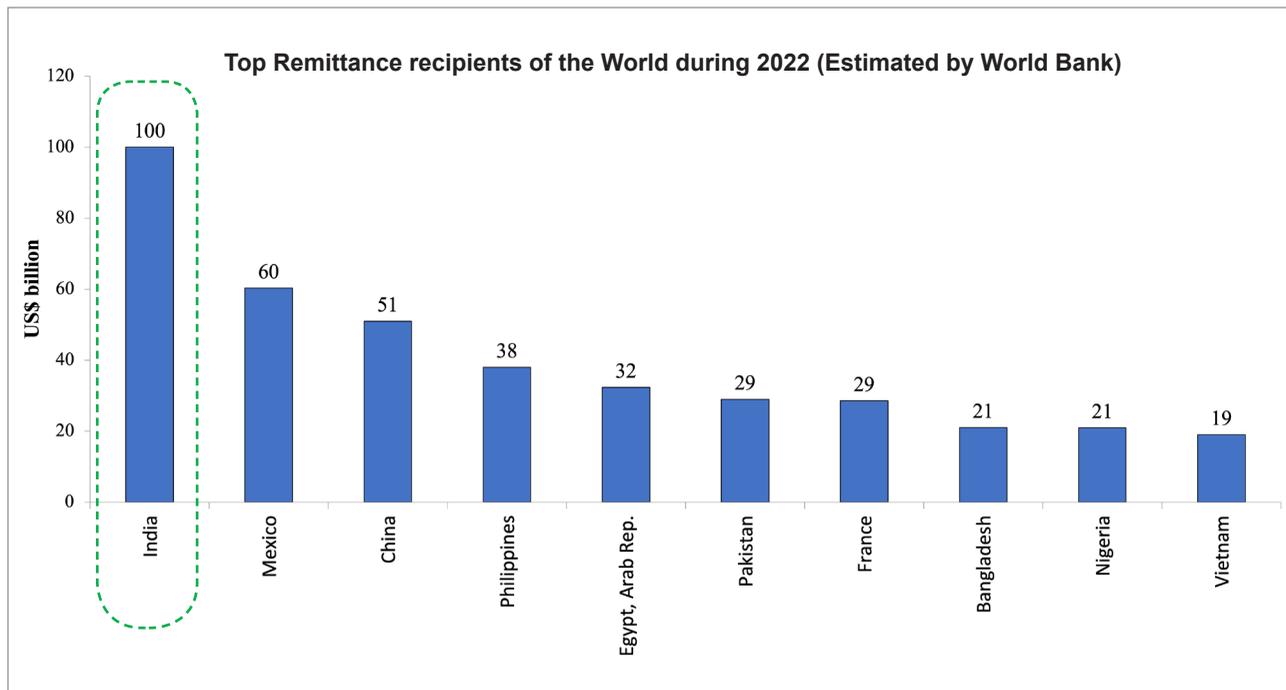
India's Position in Global Services

- 7th Largest Service Exporter
- 4% of World Exports
- 27.9 per cent growth in Exports (April-Sept) from FY22 to FY23
- Pre Covid maximum contribution to Net service exports came from software services. However, non-software services categories contributed more after Covid

Robust FDI and Returning FPI

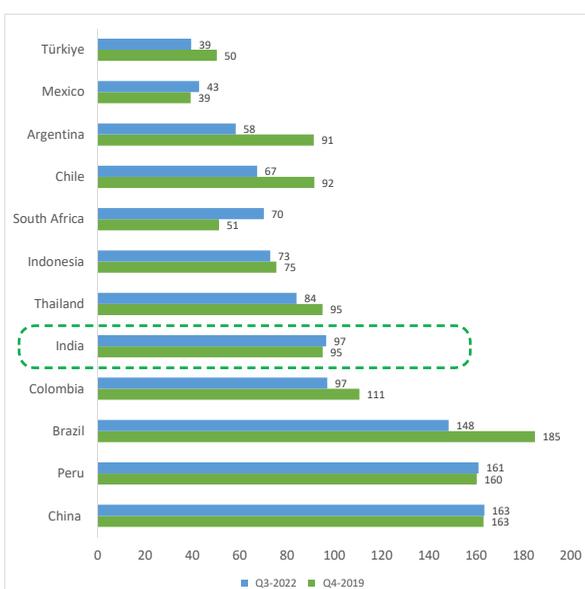


Remittances are the second largest major source of external financing after service export

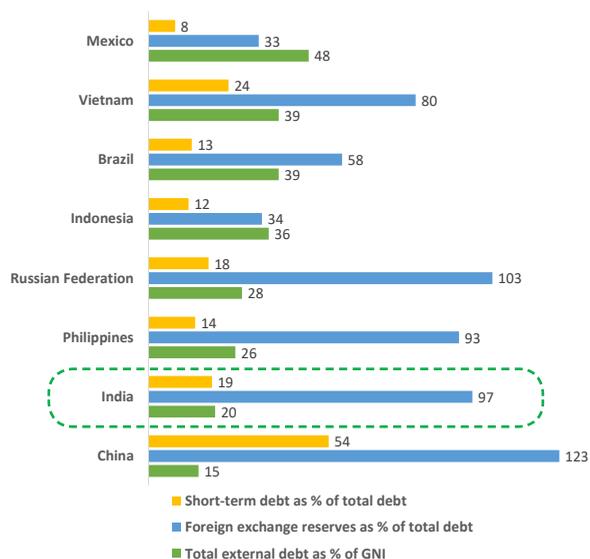


India well placed among major economies

- Forex Reserves sufficient at US\$ 563 bn for 9.3 months of imports (As of December 2022)
- Adequacy of India's Forex Reserves (as a percentage of Annual Imports): A Cross-country perspective

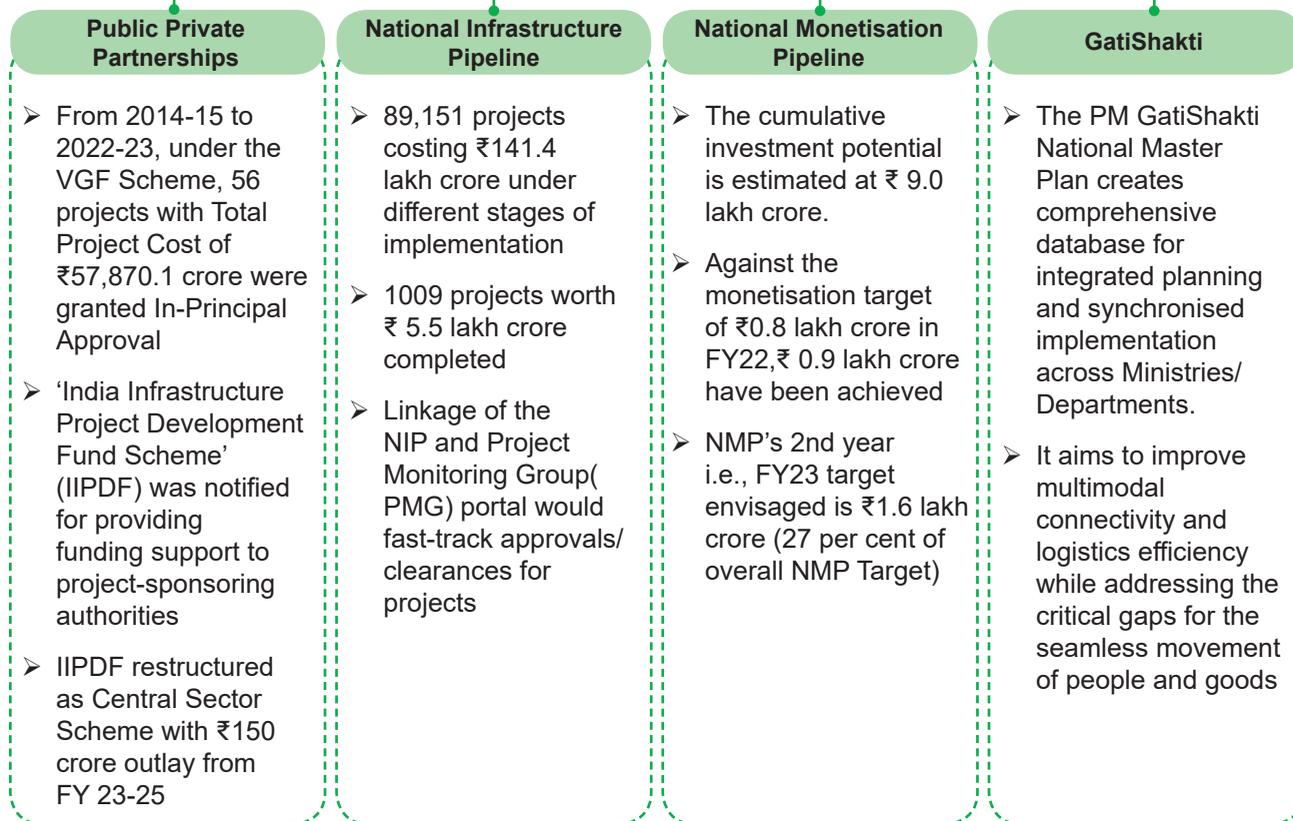


- India is in a better position in terms of relatively low levels of total debt as a percentage of Gross National Income and short-term debt as a percentage of total debt.
- The current stock of external debt is well shielded by the comfortable level of foreign exchange reserves.

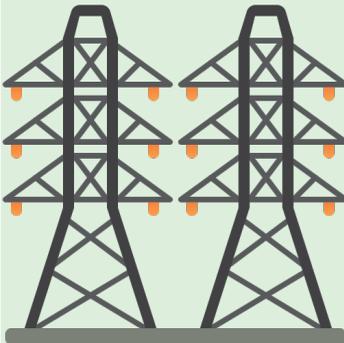
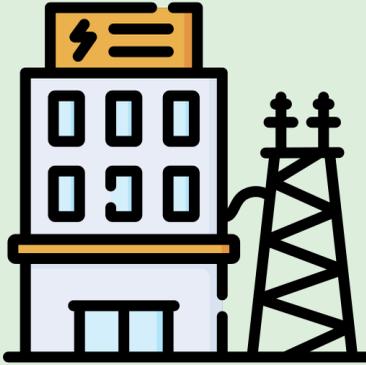


Physical and Digital Infrastructure: Lifting Potential Growth

Government's Vision for Infrastructure Development



Electricity Sector and Renewables

Solar Parks	Electricity Generated	Installed Power Capacity
 <p>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</p>	 <p>Total electricity generated during the year FY22 was 17.2 lakh GWh compared to 15.9 lakh GWh during the FY21</p>	 <p>The total 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</p>

Making Indian Logistics Globally Competitive

NATIONAL LOGISTICS POLICY

The vision of the NLP is to develop a technologically enabled, integrated, cost-efficient, resilient, sustainable and trusted logistics ecosystem in the country for accelerated and inclusive growth.

Targets for NLP:

- Reducing the cost of logistics in India to be comparable to global benchmarks by 2030
- To be among the top 25 countries on Logistics Performance Index ranking by 2030
- Creating a data-driven decision support mechanism for an efficient logistics ecosystem
- Implementation will be through the Comprehensive Logistics Action Plan (CLAP)
- Integrated Digital Logistics Systems, standardisation of physical assets & benchmarking service quality standards, State Engagement, EXIM (Export-Import) Logistics, Service Improvement framework, and Facilitation of Development of Logistics Parks.



Rapid increase in National Highways (NHs)

/Roads Construction:

10457 km NHs/roads constructed in FY22 compared to 6061 km in FY16



Renewed push on capital expenditure:

Budget expenditure increased from ₹ 1.4 lakh crore in FY20 to ₹2.4 lakh crore in FY23

Kisan Rail services: 2,359 rails till Oct,22, transported approximately 7.91 lakh tonnes of perishables



Air passenger and cargo traffic exceeded 90 per cent of pre-covid levels:

More than one crore air passengers have availed the benefit of the UDAN scheme since its inception in 2016



Capacity of major ports nearly doubled in 8 years:

Digitisation of Port Community System (PCS 1x), Radio Frequency Identification Device (RFID) solution has been implemented at all major ports.



Legislative Amendments for hassle free movement of Vessels:

Inland Vessels Act 2021 replaced 100-year-old Act to promote inland water transport as a potential mode for large-scale movement of cargo

The Story of India's Digital Public Infrastructure

Growth Drivers

Favourable Demographics

Middle- Class Expansion

Digital Behaviour Patterns

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



Low-cost accessibility (Aadhaar)

Since the launch of Aadhaar in 2009, the digital journey has progressed far.



Government Schemes

MyScheme', TrEDS, GEM, e-NAM, UMANG has transformed market place and has enabled citizens to access services across sectors



Unified Payment Interface

Between 19-22 CY, UPI-based transactions grew in value (121 per cent) and volume (115 per cent) terms, paving the way for its international adoption



Open Network for Digital Commerce

Making e-Commerce landscape more inclusive, accessible, and experience-driven for all consumers and sellers, especially for small businesses



Account Aggregator

The consent-based data sharing framework is currently live across over 110 crore bank accounts



Open Credit Enablement Network

Towards democratising lending operations while allowing end-to-end digital loan applications



Artificial Intelligence

National AI portal has published 1520 articles, 262 videos ,and 120 government initiatives. AI is viewed as a tool for overcoming the language barrier e.g. 'Bhashini'



Robust Data Governance

Introducing legislations for enhanced user privacy and creating an ecosystem for standard, open, and interoperable protocols