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Economic Survey 2024-25

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Context:

The **Economic Survey 2024-25**, presented by Union Finance Minister **Nirmala Sitharaman**, provides a comprehensive review of India's economic performance and projections for the future.

Highlights of the economic survey:

State of the Economy:

- **GDP Growth:** India's **real GDP growth** is estimated at **6.4%** for FY25, in line with its **decadal average**.
- **Global Context:** The global GDP grew **3.3%** in 2023, surpassing the IMF forecast of **3.2%**. India's **FY26 GDP growth** is projected to range between **6.3% and 6.8%**.
- **Retail Inflation:** Reduced to **4.9%** in FY25 (April-Dec), with projections of inflation aligning around **4%** by FY26.

Monetary and Financial Sector Developments:

- **Bank Credit:** Steady growth in bank credit, with improved **asset quality** and profitability.
- **Non-performing Assets (NPAs):** **GNPAs** decreased to **2.6%** of gross loans, the lowest in 12 years.
- **Stock Market:** Indian stock markets **outperformed emerging market peers**.
- **Primary Market:** **₹11.1 lakh crore** mobilized from primary markets in FY25.
- **Insurance and Pension:** Insurance premiums grew **7.7%**, and the **pension sector** saw a **16% rise** in subscribers.

External Sector:

- **Exports:** Exports grew by **6%**, with **services exports** increasing by **11.6%** (April-Dec FY25).
- **FDI:** Foreign Direct Investment inflows surged by **17.9% YoY** to **USD 55.6 billion** in FY25.
- **Forex Reserves:** India's forex reserves stood at **USD 640.3 billion**, covering **10.9 months of imports**.

Investment and Infrastructure:

- **Capital Expenditure (CAPEX):** Government CAPEX grew by **38.8%** from FY20 to FY24.
- **National Highways:** **5853 km** of national highways constructed in FY25.
- **Renewable Energy:** India's renewable energy capacity grew by **15.8% YoY** by Dec 2024.
- **Infrastructure:** Major projects in **metro expansion**, **rural electricity access**, and other significant infrastructure developments.

Industry:

- **Industrial Growth:** Projected at **6.2%** in FY25, primarily driven by the **electricity** and **construction** sectors.
- **Automobile Sales:** Increased by **12.5%** in FY24.

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- **MSMEs:** Strong growth of the **Micro, Small, and Medium Enterprises (MSME)** sector, with initiatives like the **Self-Reliant India Fund**.

Services:

- **Contribution to GDP:** The services sector contributed **55.3%** to **Gross Value Added (GVA)** in FY25.
- **Exports: Services exports** grew by **12.8%** in FY25.
- **Railways and Tourism:** Significant growth in both sectors.

Agriculture and Food Management:

- **Agriculture's Contribution:** Contributed **16%** to GDP in FY24.
- **Kharif Production:** **89.37 LMT** increase in Kharif foodgrain production expected in FY24.
- **MSP Increases:** MSPs for **Arhar** and **Bajra** increased by **59%** and **77%**, respectively.

Climate & Environment:

- **Non-Fossil Fuel Power:** Non-fossil fuel power generation capacity reached **46.8%** of total capacity.
- **LiFE Initiative:** India's **LiFE (Lifestyle for Environment)** initiative could save **USD 440 billion** globally by 2030.
- **Carbon Sink:** India's carbon sink increased by **2.29 billion tonnes CO2 equivalent**.

Social Sector:

- **Government Spending:** Social services expenditure grew at a **15% CAGR** from FY21 to FY25.
- **Income Inequality:** Decline in income inequality, with improvements in rural and urban Gini coefficients.
- **Healthcare:** Government health expenditure increased from **29% to 48%**, significantly reducing out-of-pocket expenses.
- **Ayushman Bharat:** Saved over **₹1.25 lakh crore**.

Employment and Skill Development:

- **Unemployment:** The unemployment rate declined to **3.2%** in FY24.
- **Women Entrepreneurship:** Strong support for women entrepreneurship, with initiatives focused on credit and skill development.
- **Job Growth:** The **digital economy** and **renewable energy** sectors are expected to generate substantial employment.
- **EPFO Payroll:** **EPFO** payroll additions doubled over the past six years.

Labour in the AI Era:

- **AI:** AI is expected to surpass human performance in key sectors, but faces challenges like reliability and infrastructure.
- **India's Advantage:** India's young, tech-savvy population is well-positioned to harness AI for enhanced productivity.

Issues and Concerns:

- **Global Challenges:** Challenges such as **trade tensions** and rising commodity prices could impact growth.
- **Slower Investment Growth:** Investment growth has slowed due to weak government and private sector CAPEX, partly influenced by elections and global uncertainties.
- **MSME Sector:** Challenges for MSMEs due to regulatory burdens hindering formalization, productivity, and innovation.
- **Employment Quality:** Many new jobs are low-skill, which limits economic progress.

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Way Forward:

- **Economic Reforms:** The survey stresses the need for continued **economic reforms**, particularly around **deregulation, skill development**, and fostering **strategic investments**.
- **Leveraging Youth:** India's **young workforce** is a key asset, and leveraging this demographic can help unlock significant growth potential and help the country meet its long-term goal of becoming a '**Viksit Bharat**' by 2047.

The **Economic Survey 2024-25** highlights India's steady growth trajectory, while also addressing the challenges that need to be navigated to ensure sustained and inclusive development in the future.