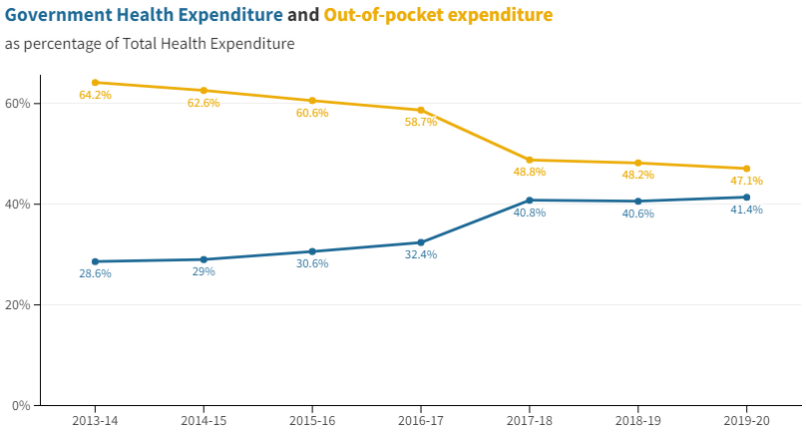
Economic Survey Series – IV

Human Capital

- **Health** – A significant increase in expenditure on health.
- There is *increase* in the share of
    - *Government Health Expenditure* (GHE) in the total GDP
    - GHE in Total Health Expenditure (THE)
- There was also a *decline in out-of-pocket expenditure* (OOPE) as a percentage of THE between FY15 and FY20.
- There is *improvements* in key health indicators such as Infant Mortality Rate (IMR) and Maternal Mortality Rate (MMR).



- **Mental health**– It acknowledges mental health *for the first time*.
- It states that, according to the National Mental Health Survey (NMHS) 2015-16
    - 10.6% adults in India suffered from mental disorders
    - Treatment gap for mental disorders ranged between 70% and 92% for different disorders.
- Mental health disorders can lead to productivity losses due to absenteeism, decreased productivity, disability, and so on.
- **Women** - India has moved from women's development to ***women-led development.***
- There has been *over 218% increase in budgetary allocation* for schemes for the welfare and empowerment of women.
- The share of the *Gender Budget* in the total Union Budget has increased to 6.5% in Financial Year 2025, the highest since it was introduced in Financial Year 2006
- The female Labour Force Participation Rate (LFPR) rose in 2022-2023 from 2017-2018 period.
- Women in India face the ***"motherhood penalty***" with a drop in female labour force participation rate around childbearing years.
- It also highlights the *potential of '**care economy**'* that could provide a lion's share of jobs for women

- The economic value of care sector is two-fold
    - Increasing female labour force participation rate (FLFPR)
    - Promoting a promising sector for output and job creation.

Employment

- **Job market** – *Services sector remains a major job creator*, the construction sector has been rising in prominence lately, driven by the government's push for infrastructure.
- Manufacturing sector employment creation has been subdued due to the legacy of bad loans & appears to have rebound since 2021-22.
- **Workforce** – India's workforce was *about 56.5 crore*
    - More than 45% are in agriculture
    - 11.4% in manufacturing
    - 28.9% in services (13% in construction)
- *Only 51%* of India's graduates are employable.
- The *median age* of India's workforce is 28.
- **Gig economy** – Gig workforce *to expand to 2.35 cr* by 2029–30.
    - They are expected *to form 6.7% of the non-agricultural workforce* or 4% of the total livelihood in India by 2029–30.
- **Wages** – India has a *higher overtime wage premium* than most countries", which is 100% as of now.

> ***Overtime wage premium*** *is the wage rate paid above the regular wage for working extra hours than normal.*

- **MGNREGA** – It underlined that despite low poverty levels, the MGNREGS *funds usage in Tamil Nadu and Kerala was higher* than that in Bihar and Uttar Pradesh.
- Its demand are *not a real indicator of rural distress.*
- MGNREGS fund usage and employment generation were not proportional to poverty levels.
- **AI** - Widespread adoption of *AI across the services sector* can significantly *reshape and even replace jobs*.

Industries

- **MSME** – Micro, Small and Medium-scale Enterprises face challenges, including
    - Issues with formalisation and inclusion
    - Limited access to finance, markets, technology, and digitalisation
    - Infrastructural bottlenecks, and skilling,
- **Corporate sector** – Profits had quadrupled between financial years 2019-20 to 2023-23.
- **Hospitality sector** - India saw *92 lakh foreign tourist* arrivals in 2023, thus has earned foreign exchange receipts amounting to over ₹2.3 lakh crore through tourism.
- Tourism sector represents relatively ***low hanging fruit*** for job creation.
- **Insurance** – Agriculture insurance, accounting for about 12% of the non-life insurance

market, witnessed flat growth in FY23.
- Agriculture insurance sector *to grow post-2024* with 2.5% premium growth, supported by technological advancements and government initiatives.
- It also highlighted *door-to-door enrolment* initiatives aimed at making crop insurance more accessible to farmers.

Energy and Power

- **Energy** – It can *move mountains* for every aspect of development.
- Energy has strong positive correlation with economic growth, access to education, improved health, availability of water, nutrition, infrastructure, and even life expectancy.
- **Power** – The *intermittency of renewable energy* sources and the lack of viable battery storage technologies are inherent limitations, requiring *coal to remain essential* to ensure power grid stability.
- **Green transition** – The associated costs for green transition increase the price of a 'round-the-clock' energy supply through renewable sources.

Trade and Supply Chains

- **Arms Trade** - India has transitioned from being an arms importer and found a place in the list of *top 25 arms exporter* nations.
- About 100 domestic companies are exporting a wide range of defence products and equipment.
    - Dornier-228 aircraft, artillery guns, BrahMos missiles, Pinaka rockets and launchers, radars, simulators, and armoured vehicles.
- While defence exports have gone up, India continued to remain the world's top arms importer in the period 2019-23.
- **China plus one strategy** – India *may gain more from Chinese FDI* than import reliance in tapping China plus one strategy.
- It refers to a supply chain strategy that encourages companies to minimise their supply chain dependency on China by *diversifying the countries* from which they source parts.
- **Protectionist measures** - It has noted that the forthcoming *Carbon Border Adjustment Tax (CBAT*) mooted by the European Union "went *against the spirit of the Paris Agreement*."
- CBAM are tariffs that will apply on energy-intensive goods imported into the European Union.
- **Near end of globalisation** – The idea of economic globalisation has run its course and it may not be reversed fully.

Infrastructure

- **Railway safety** – Capex deployment in railways has increased by 77% over past five years.
- It indicates limited progress on safety-related works such as deployment of automatic train protection system Kavach and overhaul of signalling systems at all stations.
    - It observes out of 17 operational railway zones in India, eight zones have become

free from mechanical signalling.

- **Shipping sector** - A total of *39 shipyards have registered*, and 18 shipyards utilised the benefits under the Centre's scheme to provide financial support to Indian shipyards.
- This is applicable for shipbuilding contracts signed between April 1, 2016, and March 31, 2026.
- **Indian airlines** – While the number of airports in India has *doubled since 2014* from 70 to over 140, there was a need to further augment this capacity.
- It calls for the need to add 'more airports as well as expansion/upgradation of existing airports in the next five years'.

Case Studies

- It Lauds success stories as case studies to be emulated by others

Place	Success Story	Steps taken
Baramulla in J&K	Declining of severe acute malnutrition and moderate acute malnutrition rates to near-zero levels	Monitoring with Poshan tracker tabs
Gumla in Jharkhand	Tackled anaemia and malnutrition	Promoting the cultivation of ragi, empowering women in self-help groups through livelihood opportunities.
Krishnagiri in Tamil Nadu	Significant job creation for women catalysing a positive socio-economic chain reaction.	Industrial investment
Siddhipet in Telangana	The steel utensils bank successfully addressed the challenge of managing plastic waste, particularly disposable utensils.	
Sailam in Mizoram	Transformed from water scarce to a water-sufficient model village with a 24x7 community-managed water supply system.	Efficient implementation of Jal Jeevan Mission

Environment

- **Sustainable Development** - India's path to SD has challenges in *twin imperatives* of meeting
  - Burgeoning energy demands
  - Reducing carbon emissions.
- **Green Steel** – It will play an important role in reshaping the future of the industry as the world moves towards a low-carbon economy.
- India remained a net importer of steel during the first, second and third quarters of FY24.

Recommendations

- **Strengthen governance** – Government's focus must shift to *bottom-up reforms* to

ensure that the structural reforms of the past decade result in strong, sustainable, balanced, and inclusive growth.

- **Health** – A proper implementation of healthcare programmes to accelerate improvements made in mental healthcare.
- **Skilling** – Learning outcomes shall be synched with skilling outcomes and emphasis on both *skilling and reskilling* of the labour force to support growth.
- **Employment** – The tendency of labour to migrate back to farming during the pandemic has to change and larger employment *should come from manufacturing* rather than construction sector.
- India need to create productive *jobs outside of agriculture*, especially in organised manufacturing and services.
- Indian economy must generate *almost 78.51 lakh jobs annually in the non-farm sector*.
- **Labour laws** – It need to *re-evaluate incentives* for employers, with a focus on achieving better outcomes for economic growth and prosperity in the manufacturing sector.
- Implementing more *flexible labour laws* could unleash substantial economic potential, promote gender inclusivity, and attract industrial investment.
- **Investment –** The *centre, states and private sector* need to work together by a ***tripartite agreement*** to improve investment and to diversify it across sectors.
- **Green transition** - The nation needs to be *cognizant of the changes* taking place and ensure that the problems do not blow over.
- Strategic *investments in R&D* are crucial for a smooth transition to low-carbon development strategies.
- **Agriculture** – Farmers need to grow more of oilseeds and pulses given the monsoon vulnerabilities that remain.
- **Supply chains** – The Centre is advised to ***allow substitution effects*** to play out before responding to domestic supply concerns.
    - For example, if sugar prices rise, consumers can consume less of it or switch to jaggery.
- **Environment** – Diversify energy portfolio to achieve ambitious growth targets while adhering to climate commitments.
- It calls for a more *balanced approach to climate change*, by *focussing on nearer-term policy goals* of improving human welfare rather than being excessively preoccupied with long-term global climate management.

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