Summary of Economic Survey 2022-23

Highlights of Economic Survey

The Economic Survey 2022-23 prepared by a team of economists led by chief economic adviser Anantha Nageswaran analyses developments in the economy in the past year and makes projections for the following year.

Growth

- India is the 3rd largest economy in the world in PPP terms and the 5th largest in market exchange rates.
- **GDP** - The Indian economy is expected to expand 7% in real terms in 2022-23.
- It has been projected to be around 6.0 to 6.8% in 2023-24 depending on the trajectory of economic and political developments globally.
- Global growth is forecasted to slow to 2.7% in 2023 as per IMF's World Economic Outlook, October 2022.
- **Private consumption** - As a percentage of GDP, private consumption recovered to 58.4% in the second quarter of 2022-23, due to rebound in contact-intensive services such as trade and transport.

Fiscal developments

- **Inflation -** India's retail inflation rate peaked at 7.8% in April 2022, above the Reserve Bank of India's (RBI) upper tolerance limit of 6%.
- **Tax collection** - The gross tax revenue registered a year-on-year growth of 15.5% from April to November 2022 driven by robust growth in the direct taxes and GST.
- **Capital expenditure** - The Centre's capital expenditure rose to 2.5% of GDP in 2021-22.

Monetary management

- **Non-performing assets** - The gross non-performing assets ratio of scheduled commercial banks fell to a seven-year low of 5%.
- **CRAR** - The Capital-to-Risk Weighted Assets Ratio (CRAR) remains healthy at 16.0.
- **Fiscal deficit** - The survey expressed confidence that the Union government should be able to meet the fiscal deficit target of 6.4% of GDP for this financial year.
- The government aims to lower the fiscal deficit to 4.5% of GDP by FY26 from a target of 6.4% of GDP in this fiscal year.

Social infrastructure and employment

- **Education** - As a share of total GDP, the budgetary allocation for education was at 2.9%.
- **Health** - The out-of-pocket expenditure as a percentage of total health expenditure declined to 48.2 % in 2018-19.
- **Food security** - Schemes like PM-Kisan and PM Garib Kalyan Yojana have helped in ensuring food security and their impact was also endorsed by the United Nations Development Programme (UNDP).
- **Inclusion** - The JAM (Jan-Dhan, Aadhaar and mobile) trinity and direct benefit transfers has brought the marginalised sections into the formal financial system.
- **Employment** - Labour markets recovered beyond pre-Covid levels, in both urban and rural areas, with unemployment rates falling to 4.2% in 2020-21.
- Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) is indirectly creating opportunities for rural households to diversify their sources of income generation.

Agriculture and food management

- **Private investment** - Private investment in agriculture rose to 9.3% in 2020-21.
- **Institutional credit** - Institutional credit to the agricultural sector continued to grow to Rs 18.6 lakh crore in 2021-22.
- **MSP** - The minimum support price for all mandated crops was fixed at 1.5 times of the all-India weighted average cost of production from 2018.
- **Foodgrain production** - Foodgrain production in India saw sustained increase and stood at 315.7 million tonnes in 2021-22.
- India stands at the forefront to promote millets through the International Year of Millets initiative.

Industry

- India became the second-largest mobile phone manufacturer globally.
- The production-linked incentive (PLI) schemes were introduced across 14 categories, with an estimated capex of Rs 4 lakh crore over the next five years, to plug India into global supply chains.

Services

- The services sector is expected to grow at 9.1% in 2022-23.
- India was among the top ten services exporting countries in 2021.
- India’s e-commerce market is projected to grow at 18% annually through 2025.

External sector

- **Exports** - Merchandise exports were 332.8 billion dollars for April-December 2022 as India diversified its markets to Brazil, South Africa and Saudi Arabia.
- India entered into a comprehensive economic partnership agreement with the United Arab Emirates and an economic cooperation and trade agreement with Australia in 2022.
- **Remittances** - India continued to be the largest recipient of remittances in the world,

netting 100 billion dollar in 2022.
- Remittances are the 2nd largest major source of external financing after service exports.
- **Forex reserves** - As of end-November 2022, India was the 6th largest foreign exchange reserves holder in the world.

Climate Change and Environment

- India declared the Net Zero Pledge to achieve net zero emissions goal by 2070.
- India achieved its target of 40% installed electric capacity from non-fossil fuels ahead of 2030.
- A mass movement LIFE– Life style for Environment was launched.
- Sovereign Green Bond Framework (SGrBs) were issued in 2022.
- National Green Hydrogen Mission enables India to be energy independent by 2047.

Infrastructure

- **Physical Infrastructure-** Projects that are currently active include
  - National Infrastructure Pipeline
  - National Monetisation Pipeline
  - Gati Shakti
  - National Logistics Policy
- **Digital Public Infrastructure**
  - Unified Payment Interface (UPI)-based transactions grew in value (121%) and volume (115%) terms between 2019-22.
  - Rural internet subscriptions witnessed a 200% increase, between 2015 and 2021.

Challenges for the Global Economy

- The Survey narrates about six challenges faced by the global economy.
  1. **COVID-19** related disruptions in economies
  2. **Russian-Ukraine conflict** and its adverse impact along with disruption in supply chain
  3. Central Banks led by Federal Reserve responding with **policy rate hikes** to curb inflation, leading to appreciation of US Dollar and widening of Current Account Deficits (CAD) in net importing economies
  4. The prospects of **global stagflation** compelling the nations to protect their respective economic space, thus slowing cross-border trade
  5. **China's slowdown** induced by its policies
  6. **Loss of education and income-earning opportunities** brought in by the pandemic

References

1. PIB | Summary of the Economic Survey 2022-23
2. PIB | Economic Survey 2022-23: Highlights



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