



**APTI PLUS**

Academy for Civil Services Pvt. Ltd.  
CREATING CIVIL SERVANTS FOR THE NATION

# INDIAN ECONOMY REVIEW 2024



**GIST**

# 1 INDIAN ECONOMY: PAST, PRESENT, AND FUTURE

## INTRODUCTION

In the words of Prime Minister Narendra Modi, India has undergone a significant economic transformation over the last decade, moving from the 10th to the 5th largest economy globally. This chapter examines India's economic journey since independence, the state of the economy in 2014 when the Modi government assumed power, key drivers of growth in the past decade, and the outlook till 2030.

## THE INDIAN GROWTH STORY (1950-2014)

### Post-Independence Economic Strategies

- After independence, India's share of world income declined from 22.6% in 1700 to 3.8% in 1952.
- The 1950s focused on economic self-sufficiency through rapid industrialization, marked by state-owned enterprises.
- The 1960s faced challenges such as wars and drought, leading to a growth rate of 4.1%.

### The 1980s: Initiating Reforms

- The 1980s witnessed modest liberalization, fiscal reforms, and increased global integration.
- GDP growth improved to 5.7% in the 1980s, but external shocks like the Soviet Bloc breakup impacted trade.
- The Balance-of-Payments crisis in 1991 demanded bold reforms to rejuvenate the economy.

### Economic Reforms of 1991

- The reforms aimed to dismantle complex regulations, reduce state ownership, and adopt an outward-looking trade strategy.
- The 1990s saw some setbacks due to the East Asian financial crisis, fiscal challenges, and changes in governments.
- Real GDP growth averaged 5.8% per annum in the 1990s.

### Sustained Momentum in the 2000s

- Early 2000s saw sustained economic activity, better corporate performance, and a conducive investment climate.
- Transformative reforms during 1998-2002 contributed to growth, and GDP averaged 6.3% per annum in the 2000s.
- The global financial crisis in 2008 exposed vulnerabilities, leading to a slowdown.

### Challenges of 2009-2014

- The period 2009-2014 faced high fiscal deficits, loose monetary policy, and high inflation.
- Annual double-digit inflation rates for five years, high twin deficits, and a depreciating rupee led to economic challenges.

## LESSONS FROM THE GROWTH EXPERIENCE TILL 2014

### Transition to an Open Economy

- India transitioned from a closed economy to an open one, with import substitution and export subsidies till the 1980s.
- Post-1980, pro-business reforms included import liberalization, export incentives, and fiscal policies, leading to a market-oriented economy.
- The BoP crisis of 1990-91 triggered comprehensive economic policy changes towards a market economy.

### Shift from Public to Private Investment

- India transitioned from a reliance on public investment to a coexistence of public and private investment.
- Public sector savings, assumed to generate higher investment levels, were proven inadequate, leading to increased public sector borrowings.
- The private sector emerged as a major engine of growth and job generation during the 1990s and 2000s.

### Technology as a Growth Driver

- Technology emerged as a key growth driver, evolving from a closed economy in which foreign technologies were restricted.
- India developed self-reliance in civilian and strategic sectors like space, defense, nuclear energy, and supercomputers through 'techno nationalism.'
- Since the 1980s, India has steadily employed technology to transform its economy.

## PRESENT CHALLENGES AND FUTURE OUTLOOK (TILL 2030)

### Challenging Economic Scenario (2012-2014)

- Prime Minister Modi assumed power in 2014 amid challenging economic conditions.
- The GDP growth was lower than 5% for two consecutive years (2012-13 and 2013-14).
- WPI inflation in food articles averaged 12.2%, impacting overall inflation rates.

### Structural Constraints (2014)

- Difficulties in quick decision-making on project proposals affected the ease of doing business.
- Ill-targeted subsidies limited fiscal space for public investment and distorted resource allocation.
- Low manufacturing base, especially in capital goods, and low-value addition in manufacturing.
- A large informal sector and insufficient labor absorption in the formal sector.
- Low agricultural productivity due to intermediaries, storage shortages, and logistical challenges.

### Present Economic Landscape

- In 2014, when Prime Minister Modi assumed power, India was the 10th largest economy; it moved to the 5th position in the next 10 years.
- The economy faced challenges like the Covid pandemic and geopolitical conflicts, demonstrating resilience and adaptability.

### Modi Government's Initiatives

- The Modi government initiated economic reforms focusing on ease of doing business, GST implementation, and financial inclusion.
- Measures such as demonetization and 'Make in India' aimed to boost transparency, curb corruption, and enhance manufacturing capabilities.

### Future Outlook (Till 2030)

- The government aims for strong, sustainable, balanced, and inclusive growth in the coming decade.
- Policies targeting infrastructure development, digitalization, and sustainable practices aim to drive economic expansion.
- India's potential and performance position it as a key player in the global economy.

## 2014-2024: DECADE OF TRANSFORMATIVE GROWTH

### Structural Reforms and Macroeconomic Fundamentals

- Since 2014, Prime Minister Modi's government implemented structural reforms, strengthening macroeconomic fundamentals.
- India emerged as the fastest-growing economy among G20 nations, with an estimated growth of 7.3% in 2023-24.
- Urban unemployment rates declined to 6.6%, and the economy generated jobs.

### Infrastructure Development and Social Indicators

- The government accelerated road, rail, and air network expansion, with a record pace of airport and university constructions.
- The Gross Enrolment Ratio (GER) for girls in higher education increased from 12.7% in FY10 to 27.9% in 2020.

## ECONOMIC RESPONSE TO GLOBAL PANDEMIC AND FUTURE PROSPECTS

### Economic Impact of the Global Pandemic (FY21)

- India's real GDP contracted by 5.8% in FY21 due to the global pandemic.
- Government responses, including fiscal, monetary, and health measures, supported economic recovery.

### Fiscal Measures and Infrastructure Development

- Despite global disruptions, the government managed crude oil purchases at optimal prices, preventing retail price increases.
- Interest-free loans to states supported infrastructure development, contributing to a 47% increase in states' capital expenditure in April-September 2023.

### Conclusion

- The decade from 2014 to 2024 marked transformative growth for the Indian economy.
- Structural reforms, responsive policies, and infrastructure development have positioned India as a resilient and fast-growing economy.
- Despite global challenges, the government's proactive measures and focus on sustainable development bode well for India's economic future.

## DRIVERS OF INDIA'S GROWTH IN THE LAST DECADE

### Focus on Restoring Growth Potential

#### Visionary Economic Policies

- The government's focus was to restore India's growth potential by revitalizing the financial sector, easing business conditions, and enhancing physical and digital infrastructure.

#### Financial Sector Reforms

- Post the credit boom in the first decade, India faced a financial crisis until 2020.
- Reforms included recapitalization, Public Sector Bank (PSB) mergers, and the introduction of the Insolvency and Bankruptcy Code 2016.
- The IBC facilitated the resolution of distress, rescuing 2,808 corporate debtors until September 2023.

#### Regulatory Simplification

- Regulatory frameworks were simplified, with reforms like the Real Estate (Regulation and Development) Act 2016.
- Transparent transactions reduced black money circulation, promoting investments.

### Taxation and Business Ecosystem Reforms

#### Transformational Tax Policies

- Substantial changes post-2014, including the adoption of Goods and Services Tax (GST) and reducing corporate and income tax rates.
- GST enhanced tax base, reduced compliance, and formalized the economy.
- FDI policy liberalization opened most sectors for 100% FDI.

#### Government-Private Sector Collaboration

- Government engaged the private sector as a development co-partner.
- Disinvestment policies revived, and a New Public Sector Enterprise (PSE) Policy introduced.
- Initiatives like Aatmanirbhar Bharat and Make in India aimed to boost manufacturing and exports.

#### Decriminalization and Policy Certainty

- Minor economic offences under the Companies Act of 2013 decriminalized, enhancing ease of doing business.
- Reforms eliminated unnecessary compliances, repealed archaic laws, abolished Angel tax, and removed retrospective taxation.

#### MSME Sector Support

- Progressive reforms for Micro, Small, and Medium Enterprises (MSMEs) included the Emergency Credit Line Guarantee Scheme (ECLGS) and revised MSME definitions.

- Incentives and initiatives created an ecosystem for startups, with recognized startups increasing from 452 in 2016 to over 98,000 in 2023.

### Infrastructure Development and Digital Transformation

#### **Focus on Infrastructure**

- Large-scale public spending since 2014 addressed infrastructure and logistics bottlenecks.
- Dedicated programs like Bharatmala, Sagarmala, UDAN, and National Logistics Policy 2022 modernized infrastructure.

#### **Digital Transformation**

- Technology and digital platforms utilized for efficiency gains, formalization, financial inclusion, and economic opportunities.
- Digital infrastructure enabled digital identities, improved access to finance, reduced transaction costs, and enhanced tax collection.

### Inclusive Growth and Social Initiatives

#### **Inclusive Growth Policies**

- Over 10.11 crore women provided free gas connections, 11.72 crore toilets built, 51.6 crore Jan Dhan accounts opened, 3.24 beneficiaries registered, and 2.6 crore pucca houses built.
- Ayushman Bharat Scheme resulted in 6.27 crore hospital admissions.

## **CHALLENGES CONFRONTING THE INDIAN ECONOMY**

#### **Reform-Led Growth Challenges**

- Despite transformative growth, challenges persist.
- Global economic dynamics, trade-offs between energy security and transition, impact of Artificial Intelligence (AI), and workforce skills are key concerns.

#### **Global Economic Integration**

- India's growth is influenced by global developments, with increasing friend shoring and onshoring affecting global trade and growth.

#### **Energy Security vs. Transition**

- Balancing energy security and economic growth against the backdrop of global energy transition poses multifaceted challenges.

#### **Artificial Intelligence**

- The advent of AI poses challenges to employment, especially in service sectors, requiring investments in infrastructure and a digitally skilled labor force.

#### **Domestic Workforce and Skill Development**

- Ensuring a skilled workforce, age-appropriate learning outcomes, and a healthy population are vital priorities for sustained economic growth.

#### **The Path Ahead**

- Despite challenges, India's decade of transformative growth lays a robust foundation.
- Ongoing reforms, visionary policies, and a focus on inclusive development position India for a resilient and prosperous future.

## **TRACK RECORD OF OVERCOMING CHALLENGES: A RESILIENT DECADE**

### Skilling and Climate Change Mitigation

#### **Pradhan Mantri Kaushal Vikas Yojana (PMKVY)**

- PMKVY aims to provide industry-relevant skill training, benefitting 1.3 crore candidates by December 2023.
- Around 24 lakh individuals have been successfully placed through the program.

**Focus on Renewable Energy**

- Efforts to promote renewable energy have resulted in a combined installed capacity of 179.57 GW, with a shift away from coal.
- Initiatives align with climate change mitigation strategies.

**Converting Disadvantages into Strengths****Technological Leapfrogging**

- India successfully harnessed technology for inclusive growth, as seen in the three-fold growth of internet penetration since 2014.
- Aadhar played a pivotal role in facilitating over 34 lakh crores in Direct Benefit Transfers.

**COVID-19 Response**

- CoWin app facilitated one of the world's largest vaccination programs, administering 221 crore doses by July 2023.
- Successful management of the Covid pandemic highlighted India's resilience and adaptability.

**Advancements in Space and Technology**

- India launched 431 foreign satellites, showcasing significant progress in space exploration.
- Rapid deployment of 5G marked India's technological prowess.

**Meeting Current and Emerging Challenges****Mission Mode Approach**

- India's commitment to overcoming challenges is evident in the 'Mission Mode' approach.
- Robust responses to current and emerging challenges reflect the country's preparedness.

**LOOKING AHEAD: A PROSPEROUS FUTURE****Positive Growth Outlook****Macro and Financial Stability**

- India's growth outlook remains strong, supported by macroeconomic stability and a facilitating regulatory environment.
- Digital revolution, entrepreneurship support, and efforts toward economic upliftment contribute to positive growth prospects.

**Sustained Brisk Growth**

- Reforms in the last decade form a foundation for a resilient governance ecosystem.
- India poised for sustained brisk growth, with longer and stronger economic and financial cycles.

**Global Recognition and Achievements****Global Standing**

- G20 Presidency marked India's role as a consensus builder on global issues.
- Landmark achievements in space exploration, 5G deployment, and GDP's growing share in the global economy underscore India's rising importance.

**Confidence and Optimism****Resilience and Progress**

- India has demonstrated resilience and progress amid global uncertainties.
- Timely policy actions, investments in infrastructure, and effective macro-stability measures contribute to the economy's steady path.

**Trust and Confidence**

- The path reflects both government vision and citizens' resilience and determination, built on trust.
- Prime Minister Modi highlights trust as India's greatest strength, emphasizing confidence in policies, practices, and a brighter future.

**CONCLUSION**

India's economic journey from independence to the present day reflects a resilient spirit, adaptability to challenges, and a commitment to reforms.

India's journey over the past decade showcases a nation overcoming challenges, achieving global recognition, and embarking on a future with confidence. Trust, resilience, and transformative policies position India for sustained growth and inclusive development.

The future outlook, guided by strategic policies, positions India as a significant player in the evolving global economic landscape.



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SALT LAKE: AMP Mall Vaisakhi, 8th floor, Office no. 803, AG 112, Salt Lake, Sector-II, Kolkata 700091  
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**BHUBANESWAR**  
BHUBANESWAR: Plot No: 2280, Biju Pattanaiik College Road, Jaydev Vihar, Bhubaneswar, Odisha - 751033

For details contact: **80171 45735, 77353 37281**  
[info@aptiplus.in](mailto:info@aptiplus.in)

## 2

**WHAT MADE THE INDIAN ECONOMY RESILIENT?****DEFINING RESILIENCE**

- Cambridge dictionary defines resilience as the ability to return to normal shape after pressure. India, as a major economy, showcased remarkable resilience post-pandemic, recording over 7% growth for three consecutive years.

**Resilience Beyond Growth**

- Resilience extends beyond economic growth:
- Decline in unemployment rate.
- Robust economic activity, evident in high-frequency indicators.
- Steady growth in E-way bill generation, rail freight, port cargo, and air travel.
- Strong focus on infrastructure and housing driving construction.

**HISTORICAL RESILIENCE AND POST-COVID RECOVERY****Fortitude in Natural Disasters**

- India's historical resilience in facing natural disasters contributes to post-Covid recovery.

**Pre-Pandemic Policy Measures**

- Resilience is an outcome of policies adopted six years before the pandemic:
  - Smart Covid management with localised lockdowns and rapid vaccination.
  - Targeted fiscal policies for the poor, liquidity support for MSMEs.
  - Large expansion of government's capex budget in the last three years.
  - Proactive inflation management countering global shocks.

**Structural Foundations of Resilience**

- Strong balance sheets of public sector banks, rooted in RBI's Asset Quality Review.
- Fiscal discipline enabling capital expenditure.
- Stable external debt, protecting against currency fluctuations.
- Simultaneous pursuit of energy security and transition without derailing growth.
- Robust domestic demand supporting the economy pre-pandemic.

**FOCUS AREAS FOR RESILIENCE: A DECADE OF POLICY MEASURES****Domestic Economy: Sectors Driving Growth****Average Growth**

- India's real GDP estimated to grow at 7.9% between FY22 and FY24, showcasing consistent post-Covid recovery.

**Manufacturing's Contribution**

- Manufacturing's share in total GVA increased from 17.2% in FY14 to 18.4% in FY18 due to Make in India. It remains robust at 17.7% in FY24 with PLI schemes.

**Construction Sector**

- Construction's share in total GVA recovered from 8.8% in FY14 to 8.7% in FY24, driven by moderation in real estate prices, wealth effect, RERA, and government capex.

**Services Sector**

- Services' share in total GVA rose from 51.1% in FY14 to 54.6% in FY24, backed by the pandemic-driven surge in non-contact services and government's digitalisation drive (India Stack).

**Demand-Driven Growth**

- Strength in domestic and external demand sustained sectoral responses on the supply side.



- Astute pandemic management, IBC, and government capex strengthened consumption and investment.
- Impressive export growth, supported by specific government measures, contributed to external demand-induced growth.

The Indian economy's resilience is multifaceted, encompassing historical fortitude, pre-pandemic policy measures, and sustained efforts across various sectors. Chapter 2 delves into the structural foundations, policy measures, and sectoral contributions shaping India's robust economic recovery and continued growth.

## RESILIENCE OF CONSUMPTION DEMAND

### Consumption in GDP

- Share of Private Final Consumption Expenditure (PFCE) in GDP increased from 58.4% (pre-pandemic) to 60.8% (FY24), making it a vital growth driver post-Covid.

### PFCE as a Resilience Factor

- PFCE emerged as a key post-pandemic growth driver amid geopolitical shocks, monetary tightening, and global demand challenges.
- PFCE's role in rejuvenating private capital investment enhances resilience to external challenges.

### Foundations of Consumption Resilience

#### Secured Consumption Base

- Robust Per Capita Real Gross National Income (GNI) growth (CAGR of 5.3% from FY12 to FY20) created a secured consumption base.
- Government initiatives, market-friendly reforms, reduced compliance burden, and strategic disinvestment facilitated private sector growth.

#### Policy Measures

- Measures to promote foreign investment, investor-friendly policies (100% FDI in most sectors), and financial sector recovery.
- Pragmatic monetary policy and coordinated economic and monetary policies contributed to robust pre-pandemic growth.

#### Balanced PFCE Growth

- PFCE growth balanced across durables, semi-durables, and services.
- Post-pandemic, durables and semi-durables grew by 22% and 21.3%, respectively, in FY22.
- Positive economic outlook, increased retail participation in the stock market, and infrastructure investments strengthened PFCE.

### Role of Digitalisation and Inclusiveness

#### Digitalisation Impact

- Government's focus on public digital infrastructure as a game-changer.
- Aarogya Setu and CoWin apps played a crucial role in pandemic management and economic reopening.
- Digitalisation facilitated virtual healthcare visits, digital payments, and e-grocery shopping.

#### Inclusiveness Contribution

- Increasing social and economic inclusiveness in rural India.
- Pradhan Mantri Jan Dhan Yojana (PMJDY) and Direct Benefit Transfer (DBT) narrowing rural-urban divide.
- Government's welfare approach contributes to expanding the middle class and increasing the consumption base.

Resilience in consumption demand is attributed to a robust foundation, policy measures, balanced growth across sectors, digitalisation, and inclusiveness. The combination of economic growth, financial inclusiveness, and technological advancements positions India's consumption base for sustained resilience.

## ENABLING INVESTMENT-LED ECONOMIC GROWTH

### Transformation in Investment Climate

#### Evolution of Investment Climate

- First decade had unsustainable investment rate based on excessive borrowing and over-optimism.
- Second decade faced reluctance in lending and balance sheet trimming, leading to a decline in investment share of GDP.
- Government measures, including recapitalization and industry restructuring, strengthened balance sheets for increased investments.

### Positive Economic Outcomes

- Investment-boosting reforms and healthier balance sheets lead to private corporate investment and increased credit disbursement.
- Non-food bank credit growth, net of personal loans, rebounded to 13% in FY23.
- Government's role in sustaining investment growth during balance sheet retrenchment period.

### Government's Capital Expenditure Boost

#### Government's Capital Expenditure

- Public sector capital expenditure surged from ₹ 5.6 lakh crore (FY15) to ₹ 18.6 lakh crore (FY24).
- Capital spending rose from 12% (FY18) to 22% (FY24) of total expenditure.
- Infrastructure investments addressed supply-side deficiencies.

### Infrastructure Project Acceleration

- Government expedited stalled infrastructure projects through digitalization, streamlined approvals, legal reforms, and tax incentives.
- Pragati/Project Monitoring Group (PMG) mechanism facilitated project execution.
- Numerous structural and process reforms positively impacted project implementation.

### Emerging Private Capex

- Multiple indicators and reports suggest green shoots of a private capex upcycle.
- Indices like capital goods and infrastructure/construction goods show robust growth.
- Corporate results and research indicate expanding private investment in FY24.

### Household Investment Contribution

- Household sector investment, a significant part of Gross Fixed Capital Formation, was on an uptrend before the pandemic.
- Recovery in housing prices and increased credit for housing contributed to household investments.
- Despite real estate price appreciation and higher interest rates, housing sales and launches witnessed an uptrend.

### Overall Investment Landscape

- The overall investment rate in the last three years surpasses FY16 levels relative to GDP.
- Increased investments from public, private, and household sectors, indicating confidence in future economic prospects.
- The foundation is laid for sustained investment-led growth in the Indian economy over the next decade.

## AGRICULTURAL SECTOR POLICIES ENSURING FOOD SECURITY

### Agricultural Sector Growth and Resilience

#### Overview of Agricultural Sector

- Agricultural sector contributes 18% to India's GVA in FY24.
- Demonstrated resilience with a higher average annual growth rate of 3.7% (FY15-FY23).
- Sector grew at 4.0% in FY23.

#### Record Food Grains Production

- Total food grains production for FY23 reached 329.7 million tonnes, a rise of 14.1 million tonnes.
- Average food grain production per year increased from 233 million tonnes (FY05-FY14) to 289 million tonnes (FY15-FY23).
- India's global dominance in various agricultural commodities.

### Government's Strategic Measures

- Consistent increase in Minimum Support Prices (MSPs) for 22 crops.
- MSP ensures a minimum of 50% margin over the cost of production.
- Focus on reducing import dependence and diversifying towards pulses, oil, and commercial crops.

### Key Agricultural Policies and Initiatives

#### Policy Initiatives Supporting Farmers

- Pradhan Mantri Kisan Maandhan Yojana (PM-KMY), Pradhan Mantri Kisan Samman Nidhi (PM-KISAN), and Pradhan Mantri Fasal Bima Yojana (PMFBY) provide financial and income support.
- PM-KISAN transferred over ₹ 2.8 lakh crore to 11 crore beneficiaries.
- Success of PMFBY with 55.5 crore farmer applications insured and ₹ 1.5 lakh crore paid as claims.

#### Digital Inclusion and Mechanization

- e-NAM (National Agriculture Market) integrates APMC mandis, facilitating online trading of 209 commodities.
- Over 1.8 crore farmers and 2.5 lakh traders registered on e-NAM.
- Drone technology made affordable for farmers.
- Agristack for effective planning and implementation of schemes.

#### Focus on Post-Harvest Infrastructure

- Agriculture Infrastructure Fund (AIF) and Pradhan Mantri Kisan Sampada Yojana (PMKSY).
- Adoption of sustainable agriculture practices (PMKSY-PDMC) and promotion of Natural Farming.

#### Ensuring Food Security

- Timely and efficient procurement and distribution of food grains.
- Over 830 LMT paddy procured for the Central Pool.
- Pradhan Mantri Garib Kalyan Anna Yojana (PMGKAY) extended for five years from January 1, 2024.

### Continuous Innovation and Future Considerations

- Need for continuous innovation in farming practices, crop varieties, and technology adoption.
- Policy consistency and continuity crucial for expanding market and production choices.

## REFORM PUSH TO THE INDIAN INDUSTRY

### Industrial Growth and Reforms

#### Industrial Growth

- Industrial growth accelerated to 7.1% per annum (FY15-FY19).
- Anticipated robust 8% growth per annum (triennium ending March 2024).
- Multi-pronged reforms contribute to sectoral growth.

#### Make in India Initiative and PLI Scheme

- 'Make in India' initiative and PLI scheme incentivize domestic manufacturing and self-reliance.
- PLI Scheme's significant achievements in various sectors.
- Decriminalization of compliances and regulatory reforms under Jan Vishwas Amendment Bill 2023.

#### Vibrancy in MSMEs

- Supportive measures for MSMEs, including timely payment deduction and Udyam portal.
- PM Vishwakarma supports artisans and craftspeople with 48.8 lakh enrolments.

#### Financial Support for MSMEs

- Pradhan Mantri Mudra Yojana disburses ₹ 25.98 lakh crore to non-corporate, non-farm small and micro enterprises.
- Credit guarantee limit raised under CGTMSE to ₹ 5 crore.
- ECLGS provides guarantees of ₹ 2.4 lakh crore, resulting in impressive credit growth.

#### Unified Logistics Interface Platform (ULIP)

- ULIP integrated with 35 systems of 8 Ministries, 699 industry players registered.

- Integration with GST for multi-modal cargo tracking and demand-supply mapping.

### Reduction in Logistics Cost

- Implementation of GST led to a significant reduction in logistics costs.
- Average turnaround time at major ports decreased, contributing to construction industry growth.

This comprehensive set of policies and reforms reflects the government's commitment to fostering growth, innovation, and sustainability across the agricultural and industrial sectors. The emphasis on technological adoption, financial support, and logistical improvements is instrumental in achieving broader economic development and resilience.

## DIGITAL INFRASTRUCTURE AND DELIVERY OF CITIZEN-CENTRIC SERVICES

### India Stack: A Digital Public Infrastructure

#### Introduction to India's Digital Public Infrastructure (DPI)

- India's DPI, or India Stack, proved vital during the pandemic, enabling online, paperless, and cashless access to public and private services.
- DPI played a crucial role in resurrecting the economy.

#### Three Interconnected Layers of India Stack

- Identity Layer (Aadhaar), Payments Layer (UPI, Aadhaar Payments Bridge, Aadhaar Enabled Payment Service), and Data Layer (Account Aggregator).
- Aadhaar pivotal in providing digital identity.
- UPI saw significant growth, with transactions reaching ₹ 143.4 lakh crore (April-December 2023).
- Data Layer transformed authentication, reducing e-KYC costs.

### Key Initiatives Leveraging India Stack

#### Pradhan Mantri Jan Dhan Yojana (PMJDY)

- PMJDY utilized India Stack for direct benefit transfers, increasing formal banking inclusion.
- PMJDY accounts grew three-fold, reaching 51.5 crore by January 10, 2024.
- DBT mode transferred over ₹33.6 lakh crore, saving ₹2.7 lakh crore for the government.

#### Digital Initiatives During the Pandemic

- Aarogya Setu and CoWin apps tracked and contained the virus, facilitating vaccination.
- PM eVIDYA bridged learning gaps.
- E-commerce platforms saw significant growth during lockdowns.
- India's e-commerce market expected to reach USD 163 billion by 2026.

#### Financial Services and Digital Infrastructure

- Account Aggregator benefited 4.5 million individuals and companies.
- Digital Document Execution platform facilitated quick loan documentation.
- Financial and telecom sector policies supported India Stack growth.

#### Enabling Policies and Telecom Sector Growth

- Demonetization increased non-cash payments.
- 100% FDI in telecom and non-discriminatory data tariffs increased competition.
- Surge in mobile data usage, with a significant reduction in tariffs.
- GST rollout facilitated by India Stack evolution.

#### Impact of Robust Digital Public Infrastructure

- Improved financial inclusion and formalization, widening the tax base.
- Achieved in 8-10 years what took other countries 47 years in financial inclusion.
- India a leader in global real-time payment transactions in 2022.

#### Export of Services and Fintech Industry

- Sharp increase in services exports in GDP.

- Growth in business services exports, particularly post-pandemic.
- India's Fintech industry among the fastest-growing globally.

### Digital Transformation and Economic Impact

- India's DPI has played a pivotal role in transforming the services sector, promoting financial inclusion, and enabling a resilient economic recovery.
- Digitization initiatives, leveraging India Stack, have enhanced citizen-centric services, leading to increased formalization, financial inclusion, and economic growth.
- India's digital prowess is evident in its global leadership in real-time payment transactions and the flourishing Fintech industry.
- The robust digital infrastructure has not only supported domestic economic activities but has also contributed significantly to the export of services, making India a favored destination for global capability centers.

## CREDIT CREATION AND FINANCIAL RESILIENCE

### Phenomenal Growth in Bank Credit

#### **Robust Growth Post-COVID-19**

- Bank credit exhibited remarkable growth, surpassing deposit growth.
- Non-food bank credit grew at 15% in FY23, the highest in the last decade.

#### **Healthier Banking Sector**

- Asset quality across Scheduled Commercial Banks (SCBs) improved, reaching a multi-year low in GNPA's and Net NPAs in September 2023.
- Reforms by the government and RBI helped clean up balance sheets, addressing the "twin balance sheet problem."

#### **Initiatives for Financial Sector Resilience**

- Asset Quality Review (AQR) and prompt corrective action (PCA) framework instilled transparency.
- Implementation of Insolvency and Bankruptcy Code (IBC) and amendments to Banking Regulation Act in 2016 led to quicker resolution of bad debt.
- IBC rescued 808 corporate debtors with realizations of 168.5% against liquidation value.

#### **Credit Growth Cycle**

- GNPA ratio declined, and Credit to Risk-Weighted Asset Ratio (CRAR) improved.
- Banks, after recapitalization, extended credit through schemes like Emergency Credit Linked Guarantee Scheme (ECLGS).
- Bank credit to MSMEs grew at a CAGR of 14.2% from FY19 to FY24.

#### **Financial Resilience and "Twin Balance Sheet Advantage"**

- Merger of public sector banks strengthened financial resilience.
- Government and RBI efforts transformed the "twin balance sheet problem" into an advantage.

### NBFCs and Credit Expansion

- NBFCs experienced robust credit expansion, surpassing bank credit growth.
- Measures, including a revised regulatory framework and PCA extension, strengthened NBFCs.

### Financial Market Development

#### **Evolution of Financial Markets**

- Indian financial markets have developed significantly, supported by ongoing reforms.
- Resilience attributed to a balance between liberalization and regulatory safeguards.

#### **Equity Market Outperformance**

- BSE Sensex and Nifty 50 delivered a CAGR of about 13.5% from January 2014 to December 2023.
- Decreased volatility in 2023 due to improved corporate fundamentals and increased retail investor access.

#### **IPO Activity and Market Capitalization**

- Increased IPO issuances, especially in SMEs, since FY15.
- India's market capitalization to GDP ratio improved significantly.

### Bond Market Growth

- Stable spread between US and India sovereign bond yields.
- Corporate bond market set to more than double from ₹ 43 lakh crore in FY24 to ₹ 100-120 lakh crore in FY30.
- Initiatives like Retail Direct scheme and introduction of new instruments contributed to market growth.

### Further Market Initiatives

- RBI's Retail Direct scheme allowed individual investors to subscribe to government securities.
- SEBI introduced regulations for new instruments like InvITs and Municipal Bonds.
- SEBI framework mandates large corporates to meet 25% of financing needs through debt securities.

### Future Outlook

- Financial markets expected to play a vital role in financing capital investment needs.
- Investment in financial literacy and understanding financial markets history emphasized alongside asset investment.

## SAFEGUARDING MACROECONOMIC STABILITY

### Macroeconomic Stability Goals

- Macroeconomic stability crucial for sustained economic growth, price stability, and a robust external account.
- Government committed to an institutional architecture fostering macro stability.

### Inflation Management

#### Flexible Inflation Targeting

- Period FY09-FY14 saw high average retail inflation (10%).
- Flexible inflation-targeting introduced in FY16 (4 +/- 2%), with retail inflation averaging 4.2% till FY20.
- Price Stabilization Fund (PSF) since 2014-15 effectively tackled price volatility in agri-horticultural commodities.
- Fiscal balance and external balance improved, reducing macro-vulnerabilities.

#### Challenges During COVID-19

- Managing inflation within 2 to 6% range during the pandemic was challenging.
- Economic challenges, supply disruptions, elevated food prices, and global economic fragility impacted fiscal balance.
- Extreme volatility in global financial markets and tumbling crude oil prices in FY21.

#### Post-Pandemic Challenges

- FY22 witnessed economic revival, but FY22-end saw global economic deterioration.
- Rising global commodity prices, geopolitical conflicts, and inflation spurred by supply chain pressures.
- Diversification of energy supply sources contributed to India's growth revival.

#### Inflation Moderation in FY24

- Average retail inflation eased to 5.5% in FY24 (April-December).
- Benign trends in core inflation, stable overall retail inflation within the 2 to 6% band.

### Food Inflation Management

#### Global and Domestic Challenges

- Global challenge of persistent food inflation.
- In India, untimely rains, crop losses, and supply chain disruptions affected specific food prices.
- Supply-side initiatives, price monitoring, and policy measures helped keep food inflation moderate.

### Monetary Policy Support

- RBI increased the policy repo rate progressively to 6.5% by February 2023.
- Inflation targeting and growth support.
- RBI projected average inflation of 5.4% in FY24, aligning with the target.
- Expected improvements in fiscal balance and external current account to moderate macro vulnerabilities.

## HUMAN RESOURCES: DOVETAILING GROWTH WITH CAPACITATING WELFARE

### Transformation in Welfare Concept

- Indian welfare transformed into a long-term-oriented, efficient, and empowering system.
- Capacitating edge to welfare, laying a foundation for human development.

### Efficient Social Sector Spending

- Rising productivity of social sector spending.
- Union government expenditure on social services (CAGR 5.9% FY12-FY23).
- Capital expenditure on social services (CAGR 8.1%).
- Focus on universal access to basic amenities (Ujjwala Yojana, PM-Jan Aarogya Yojana, PM-Jal Jeevan Mission, PM-AWAS Yojana, etc.).
- Builds social infrastructure, empowers underprivileged segments.

### Outcome Monitoring and Efficiency Boosters

- Output-Outcome Monitoring Framework for schemes since FY20.
- User-friendly dashboards and MIS for transparency and accountability.
- DBT scheme and Jan Dhan Yojana-Aadhaar-Mobile (JAM) trinity for fiscal efficiency and minimizing leakages.
- 'One Nation One Ration Card' for seamless portability of ration cards for migrant workers.
- Prioritizing Social Enablers
- Child immunization (5.1 crore children, 1.3 crore pregnant women vaccinated under Mission Indradhanush since 2014).
- Sanitation (90% villages ODF plus, 100% villages ODF under Swachh Bharat Mission in 2019).
- Positive externalities include reduced disease incidence, lesser school absenteeism, and improved long-term health.

### Social Security for Unorganized Sector

- Atal Pension Yojana (APY), PM Jeevan Jyoti Yojana (PMJJY), PM Suraksha Bima Yojana (PMSBY) launched in 2015.
- Success stories with expanding social safety net and universal bank account penetration.
- APY subscriber base stands at 6.1 crore in December 2023, 30 times the base in FY15.

### Infrastructure Development for Employment

- Large-scale push to infrastructure for development with a multiplier impact on employment.
- Digital, energy, and transport infrastructure noted for strengthening the link between growth and development.

### Crisis Response and Phased Approach

- Phased response to the Covid-19 crisis with safety nets for vulnerable sections.
- Iterative response addressing specific needs while allowing sectors to recover at different paces.

### Impact on Quality of Life

- Remarkable improvement in the quality of life in India over the last decade.
- India becoming the 5th largest economy.
- 13.5 crore Indians escaping multidimensional poverty between 2015-16 and 2019-21.

### Health and Education Achievements

- National Family Health Survey data (2019-21) showing improved access to electricity, drinking water, sanitation, clean fuel, etc.
- Decline in out-of-pocket health expenditure from 62.6% of total health expenditure (THE) in FY15 to 47.1% of THE in FY20.
- Maternal mortality ratio decline (130 per lakh live births in 2014-16 to 97 per lakh live births in 2018-20).
- Female Gross Enrollment Ratio (GER) in higher education overtaking male GER since FY18.
- Fiscal transfers through welfare schemes lowering economic inequality.

### Big Tent Achievements Under the New Welfare Approach

*Affordable and Wholesome Health*

**Ayushman Bharat:**

- 30.3 crore Ayushman Bharat cards created.
- 6.2 crore hospital admissions (as of January 17, 2024).

**Primary Healthcare Facilities:**

- Over 1.6 lakh primary healthcare facilities upgraded to Ayushman Arogya Mandir.
- More than 17.4 crore patients availed e-Sanjeevani OPD services.

**Janaushadhi Kendras:**

- 10,000 Kendras across the country, selling medicines at 50-90% cheaper rates.

**TB Incidence:**

- 16% decline in TB incidence between 2015 and 2022.

**Janani Suraksha Yojana:**

- One crore beneficiaries in FY22.

**Revamped Education****National Education Policy (NEP) 2020:**

- Structural reform in education.

**PARAKH:**

- Performance Assessment, Review, and Analysis of Knowledge for Holistic Development launched in 2023.

**PM-SHRI Schools:**

- Scheme for 14,500 schools to emerge as model schools.

**NIPUN Bharat Mission:**

- Universal acquisition of foundational literacy and numeracy by 2026-27.

**Infrastructure and Skilling:**

- Expansion of digital learning through Swayam Prabha and MOOCs.
- Significant achievements in Samagra Shiksha from 2018-19 to 2023-24.

**Large-Scale Skilling****PM Kaushal Vikas Yojana:**

- 1.4 crore candidates trained since 2015 (as of December 13, 2023).

**Skill India Digital Platform:**

- Launched in September 2023.

**National Apprenticeship Promotion Scheme:**

- 26.9 lakh apprentices engaged (as of September 30, 2023).

**Craftsmen Training Scheme:**

- 1.1 crore persons trained at ITIs in 2014-22.

**PM Vishwakarma Scheme:**

- Launched in September 2023 for artisans and craftspeople.

**Entrepreneurship****DPIIT-Recognized Startups:**

- 1,14,902 startups across 763 districts (as of October 31, 2023).

**MUDRA Yojana:**

- 44.5 crore loans worth ₹ 26.1 lakh crore sanctioned.



**PMSVANidhi:**

- 82.3 lakh loans sanctioned to over 58 lakh street vendors (as of January 11, 2024).

**DAY-NRLM:**

- 9.5 crore women mobilized into 87.4 lakh Self-Help Groups (as of December 2023).

**Stand-Up India:**

- 2.1 lakh loans sanctioned, 84% to women entrepreneurs (as of November 24, 2023).

**Basic Amenities****Swachh Bharat Mission-Grameen:**

- 11 crore toilets and 2.3 lakh community toilet complexes constructed.

**Jal Jeevan Mission:**

- 10.8 crore households provided tap water connection.

**PM-AWAS-Urban and PM-AWAS-Gramin:**

- 79 lakh and 2.5 crore houses constructed (as of January 8, 2024).

**PM Ujjwala Yojana:**

- 10 crore LPG connections provided since 2016.

**Saubhagya:**

- 21.4 crore rural households electrified (as of March 31, 2019).

**Digital India:**

- 4.5 lakh common service centres set up in rural areas.

**Social Security****PM Jan Dhan Yojana:**

- 51.4 crore accounts opened (as of January 3, 2024).

**PM Jeevan Jyoti Yojana and PM Suraksha Beema Yojana:**

- 18.5 crore and 41.0 crore enrolments (as of November 15, 2023).

**Atal Pension Yojana:**

- Total subscriber base risen to 6.1 crore (as of December 31, 2023).

**PM Shram Yogi Maandhan Yojana:**

- Assured pension for 49.7 lakh unorganized workers enrolled (as of December 31, 2023).

**WOMEN-LED DEVELOPMENT: TAPPING THE GENDER DIVIDEND FOR INDIA@100****Women's Reservation Bill (NSVA) and India's G20 Presidency**

- The NSVA, passed in September 2023, aligns with India's G20 Presidency, prioritizing "women-led development."
- Globally, attention to women's workforce participation increased post the Nobel Prize in Economics awarded to Prof. Claudia Goldin for her work on gender differences in the labor market.

**Women's Participation in Governance**

- The NSVA aims at better women's participation in the government, linked to improved institutions and probity.
- The reservation for women in Panchayats since 1991 led to increased investment in public goods related to women's concerns.
- Female political representation is associated with better child health and primary education outcomes.

**Prerequisites for Women-led Development**

- Equal opportunity and basic needs fulfillment are prerequisites for women-led development.

- Initiatives focus on improving the quality of life for women, enabling their economic participation.

### Financial Inclusion and Empowerment

- PM Jan Dhan Yojana increased women's bank account ownership from 53% (2015-16) to 78.6% (2019-21).
- Women-led Self Help Groups (SHGs) positively impact economic, social, and political empowerment.
- DAY-NRLM, covering nine crore women through 83 lakh SHGs, is associated with empowerment and self-esteem enhancement.

### Participation in Skill Development and Entrepreneurship

- Female participation in Skill India Mission and Start-up and Stand-Up India is encouraging.
- PM Kaushal Vikas Yojana certified over 59 lakh women.
- Majority of loans under PM Mudra Yojana sanctioned to women.
- 80% of beneficiaries under Stand-Up India are women.

### Transformation through Basic Amenities

- Initiatives like Swachh Bharat Mission, Ujjwala Yojana, and Jal Jeevan Mission transformed women's lives.
- Over 11 crore toilets constructed, clean cooking gas connections provided, and tap water connections for rural households.

### Focus on Health and Education of the Girl Child

- Initiatives like "Beti Bachao, Beti Padhao" and Sukanya Samridhi Yojana emphasize health and education of the girl child.
- Gender dividend focus makes economic sense, utilizing the best talent for India's development by 2047.

### Positive Impact and Progress

- Female LFPR increased to 37% in 2022-23 from 23.3% in 2017-18.
- Improved sex ratio at birth and reduced maternal mortality rate.
- Emphasis on long-term goals and tackling issues like malnutrition for a demographic dividend.

### Challenges and Mitigation

- Persistent issues like malnutrition require sustained efforts.
- Mission Saksham Anganwadi and Poshan 2.0 focus on health, wellness, and immunity.
- National Education Policy targets learning outcomes and quality of education.

## EMPLOYMENT SITUATION IN THE PAST DECADE

### Transformation in Employment Landscape

- Positive trends in India's employment landscape attributed to economic reforms, technological advancements, and skill development.

### Unemployment Rate Trends

- Unemployment rate declined substantially from 6% in 2017-18 to 3.2% in 2022-23.
- Labor Force Participation Rate (LFPR) increased from 49.8% in 2017-18 to 57.9% in 2022-23, led by a surge in rural female LFPR.

### Organised Sector Job Market

- Payroll data for EPFO indicates consistent YoY increase in payroll addition since 2018-19.
- Net payroll additions to EPFO tripled from 61 lakh in 2018-19 to 139 lakh in 2022-23, aided by Aatmanirbhar Bharat Rojgar Yojana.

### Gig Economy and Internet Access

- Gig economy emerged as a significant job generator, employing 77 lakh workers in FY21.
- Rise of gig economy attributed to affordable internet access, boosting entry-level job creation in tier-2 and tier-3 cities.

**Positive Transformation in Employment**

- Achievements in formalization, skill development, entrepreneurship, industry diversification, and inclusive growth.
- Challenges remain, such as formalizing the workforce and providing social security benefits.

**Rising Youth Employment**

- Youth unemployment rate declined from 17.8% in 2017-18 to 10% in 2022-23.
- Youth LFPR expanded from 38.2% to 44.5% during the same period.
- Positive shift in youth employment contradicts the narrative of dwindling job opportunities.

**Rising Female LFPR**

- Female LFPR rose from 23.3% in 2017-18 to 37% in 2022-23.
- Rural female LFPR witnessed significant growth.
- Shift in female workforce composition towards agriculture with a focus on skilled agriculture labor.

**SKILL DEVELOPMENT AND ENTREPRENEURSHIP****Government Initiatives**

- National Skill Development Mission and National Policy on Skill Development and Entrepreneurship.
- Skill India Mission launched in 2015 with a focus on vocational education and skill development.

**Skill Development Landscape**

- Skill India Mission led to the training of nearly 1.4 crore candidates under PM Kaushal Vikas Yojana since 2015.
- Skill India Digital platform introduced for skilling, education, employment, and entrepreneurship.

**Success in WorldSkills Competitions**

- India's rising position in WorldSkills Competitions from 39 in 2011 to 11 in 2022.
- Employable percentage of students increased from 33.9% in 2014 to 51.3% in 2024.

**Opportunities and Scope**

- Rising employability of the young workforce.
- Opportunities to mainstream skilling into education curriculum and upskill the existing workforce.
- Focus on reaching out to youth with ten or more years of schooling for employability.

**Positive Impact on Sectors**

- Transformative journey in skill development likely to drive economic prosperity and social development.
- Continued investment in human capital expected to yield positive results across sectors.

**INDIA'S EXTERNAL SECTOR: SAFELY NAVIGATING THROUGH UNCERTAINTIES****Merchandise Trade Resilience**

- Record-high merchandise exports since FY22, growing over 50% in the past decade.
- Services exports increased by 120%, with software services consistently comprising almost half.
- FY23 witnessed the highest-ever merchandise export of USD 451.1 billion.

**Diversification in Export Basket**

- Progressive diversification in India's export basket, with potential for further quality and complexity.
- Continuous efforts for enhancing production capacity and export promotion, targeting USD 2 trillion exports by 2030.

**Current Account and Remittances**

- Service exports and remittances contribute to India's current account balance.
- Current account deficit for H1 of FY24 dropped to USD 17.5 billion, a decline of 64.1%.
- India is the largest recipient of worker remittances in the world, receiving USD 125 billion in 2023.

**Capital Account and FDI**

- Positive balance on the capital account compensated for the current account deficit.
- Foreign exchange reserves increased by USD 27 billion since the end of FY23.
- FDI continues to be a significant driver, with a CAGR of 28.0% during FY13-FY23.
- India received cumulative FDI of USD 596.5 billion in the nine years between FY15 and FY23.

**Rupee Stability and Foreign Exchange Reserves**

- Stability in the rupee against other currencies during FY24.
- Foreign exchange reserves at USD 623.2 billion, covering more than ten months of imports.

**External Debt Management**

- External debt at USD 635.3 billion, considered comfortable and prudently managed.
- External debt as a ratio to GDP fell to 18.6% at the end of September 2023.
- Short-term debt at 20.1% of Total External Debt at end-September 2023.

**International Investment Position (IIP)**

- Net IIP to GDP ratio declined from (-) 18.2% at end-March 2014 to (-) 11.3% at end-September 2023.
- Stable IIP position during the past decade, with total assets and liabilities increasing.

**Challenges and the Way Forward**

- Challenges include sticky inflation, sluggish global growth, and mounting fiscal pressures.
- Geopolitical tensions and shipping cost surges pose potential risks.
- Exports' share in GDP expected to moderate in FY24 due to a global demand slowdown.
- Continuous reforms in FDI policy, infrastructure improvement, and investment facilitation expected to sustain inflow momentum.
- Growth in remittances expected to be up to 8%, reaching USD 135 billion in 2024.

**INDIA'S CLIMATE ACTION TOWARDS BUILDING RESILIENCE****Priority for Resilient Growth**

- High resilient growth while ensuring sustainable and inclusive livelihoods is a priority.
- Access to energy crucial for achieving development goals and overall well-being.

**Global Climate Agreements**

- Developed countries mandated to provide resources for climate action in developing nations.
- Flow of resources to developing countries for climate action has been meagre.

**Comprehensive Climate Approach**

- India adopts a comprehensive approach addressing adaptation, resilience, and mitigation.
- Despite low historical carbon contribution, India contributes to the global response to climate change.
- Per capita, India remains a low emitter for an extended period.

**Nationally Determined Contributions (NDCs)**

- India's first NDCs in 2015 included reducing emission intensity of GDP by 33-35% by 2030.
- Targets for non-fossil fuel installed capacity and additional carbon sink achieved.
- Updated NDC in 2022 sets more ambitious goals.

**National Action Plan on Climate Change (NAPCC)**

- Nine missions under NAPCC addressing specific areas for climate action.
- National Adaptation Fund for Climate Change (NAFCC) introduced in 2015-16.

**Rapid Growth in Non-fossil Fuel Capacity**

- Installed non-fossil fuel capacity more than doubled in the last nine years.
- Solar energy capacity increased by more than 25 times from 2014 to 2023.

### Energy Efficiency Measures

- Perform Achieve and Trade (PAT) scheme resulted in significant energy savings.
- Energy Conservation Act amended in 2022 to establish the Carbon Credit Trading Scheme (CCTS).

### Policy Incentives for Renewable Energy

- Various schemes and incentives introduced to promote renewable energy.
- Major schemes include PM-KUSUM, UJALA, PMUY, and others.
- Over 10 crore LPG connections released under PMUY, and millions of LED bulbs distributed.

### Hydrogen Mission and Resilience Measures

- National Green Hydrogen Mission launched in 2023.
- Policies and initiatives to enhance resilience across various sectors.

### Global Initiatives and Leadership

- India leads international initiatives like ISA, CDRI, IRIS, and GGI-OSOWOG.
- Co-leads LeadIT with Sweden, focusing on inclusive industry transition.

### Balancing Climate Policies with Development

- Recognition of socio-economic costs and uncertainties associated with ambitious climate policies.
- Focus on a pragmatic approach, blending near-term pragmatism with long-term goals.
- India pursues net-zero by 2070 and enhanced NDC for 2030 while prioritizing developmental priorities.

### India as a Climate Leader

- India's significant climate actions establish it as a climate leader.
- Only G20 nation in line with 2°C warming compared to its fair share contribution to climate action.

## OUTLOOK FOR THE INDIAN ECONOMY

### A Decade of Growth

- India's GDP increased from USD 1.9 trillion to USD 3.7 trillion in the last ten years.
- Despite macro imbalances and a broken financial sector, economic reforms contributed to resilience.

### Future Projections

- Expected to become the third-largest economy globally with a GDP of USD 5 trillion in the next three years.
- Ambitious goal of becoming a 'developed country' by 2047 set by the government.

### Reforms for Achieving Goals

- Continued reforms deemed crucial for achieving higher goals.
- Emphasis on state government participation and citizen-friendly governance at local levels.

### Robust Domestic Demand

- Domestic demand, driven by private consumption and investment, led to a 7% plus growth rate.
- Robust supply side with investments in physical and digital infrastructure and measures to boost manufacturing.

### Potential for Growth Beyond 7%

- Speedy construction of physical infrastructure expected to lower the Incremental Capital Output Ratio (ICOR).
- Insolvency and Bankruptcy Code (IBC) strengthened balance sheets, freeing up economic capital.
- Digital infrastructure expansion improving institutional efficiency.
- Collaboration with foreign partners fostering technological progress.
- Decisive steps for human capital formation.
- Favorable overall investment climate with sustained ease of doing business improvements.

### Benefits of GST and Economic Climate

- GST unification of domestic markets encourages larger-scale production and reduces logistics costs.
- Expanding tax base strengthens Union and state government finances for growth-enhancing expenditures.
- RBI's credibility in restraining inflation provides a stable interest rate environment.

**Global Economic Scenario**

- Despite sluggish global economic growth and trade, India maintained a compounded annual growth rate of 7.4% between 2014 and 2019.
- Demonstrates internal strengths allowing growth despite unfavorable global conditions.

**Potential for USD 7 Trillion Economy**

- Indian economy can aspire to reach USD 7 trillion by 2030 under reasonable assumptions.
- Priority areas for future reforms include skilling, learning outcomes, health, energy security, MSME compliance reduction, and gender balancing in the labor force.
- Geopolitical conflicts are a concern, but strong structural reforms provide optimism for continued growth.