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ECONOMIC SURVEY 2024-25

Contents

Introduction

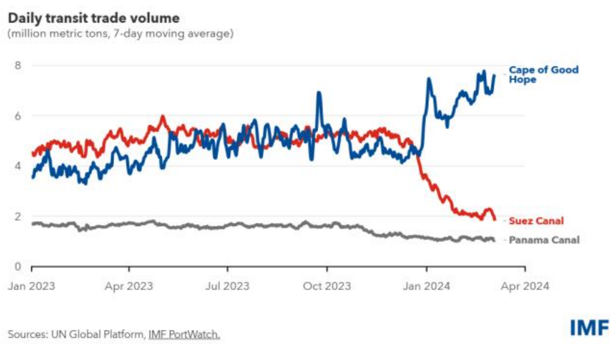
- Economic Survey presents a comprehensive analysis of India's growth trajectory including global optimism towards nation, focus on infrastructure and emphasis on futuristic sectors
- **Prepared by**: Economic Division of the Department of Economics Affairs, Ministry of Finance under the guidance of Chief Economic Advisor
- It is released **a day before the Union Budget presentation**.
- It is presented to Parliament ahead of the Budget for the ensuing year
- It is flagship document of Ministry of Finance providing
    - Statistical data covering all aspects of the economy
    - Authoritative guide of the Indian economy
    - Policy perspective to the Union Budget

Economic Survey 2024-25, **authored by Chief Economic Advisor V. Anantha Nageswaran**, highlights deregulation as a key driver for domestic growth and economic resilience.

Chapter 1- State of the Economy

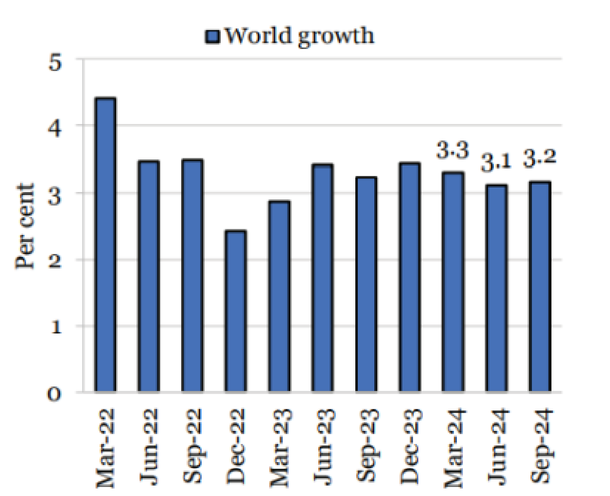
Global Economic Scenario

- The global economy on an average grew by 3.3 % in 2023 against the IMF projection of 3.2 % growth in the next 5 years.
- Slowdown in global manufacturing, especially in Europe and parts of Asia, due to supply chain disruptions and weak external demand.
- Services sector performed better, supporting growth in many economies
- **Inflationary pressures:** Inflation rates across economies have trended downward steadily, approaching central bank target levels.
    - **Disinflation** seems to have slowed due to the persistence of services inflation, while core goods inflation has fallen to negligible levels.
- **Global uncertainty:** Tensions in the Middle East have disrupted trade through one of the critical shipping routes – Suez Canal (a key route for 15% of global maritime trade).



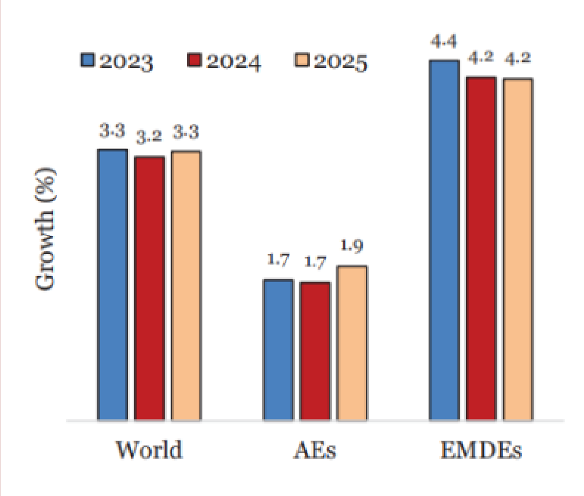
- **Geopolitical Economic Policy Uncertainty index** increased from 121.7(2023) to 133.6 (2024) due to global concerns about economic policies.
- **World Trade Uncertainty Index** increased from 8.5(2023) to 13 (2024) driven by trade tensions and policy shifts in major economies.

Chart I.1: Resilient global growth trends in 2024



Source: OECD Economic Outlook, Volume 2024 Issue 2.

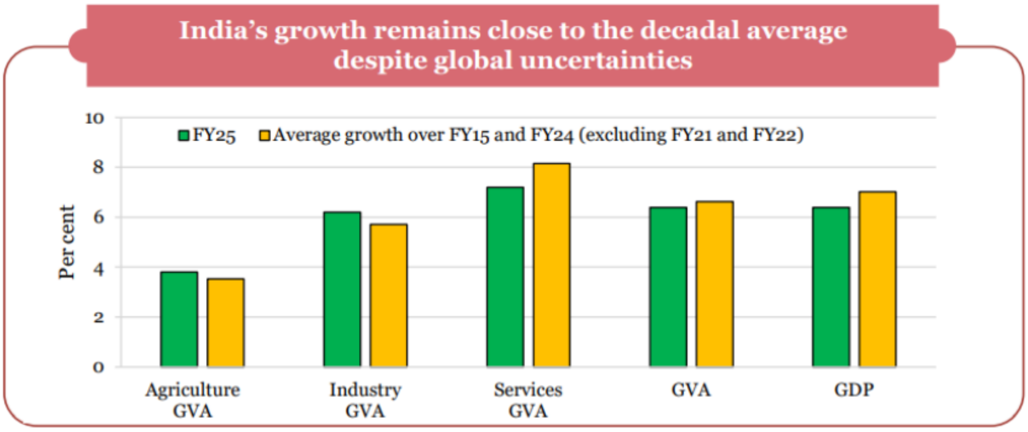
Chart I.2: Steady growth outlook across country groups



Source: IMF WEO (January 2025)
Note: AEs- Advanced Economies, EMDEs- Emerging market and developing economies

Indian Economy

- **Real GDP growth:** Estimated at 6.4% in FY25 (as per first advance estimates of national income), which equates nearly to its decadal average.
- **Demand side:** Private final consumption expenditure at constant prices is estimated to grow by 7.3 %, driven by a rebound in rural demand.
- **Supply side:** Real gross value added (GVA) is estimated to grow by 6.4%.
- **Real GDP growth in FY26:** Expected to grow between 6.3 and 6.8%, keeping in mind the upsides and downsides to growth.
- **Sector Performance:**
  - **Agriculture sector** is expected to rebound to a growth of 3.8 % in FY25.
  - **Industrial sector** is estimated to grow by 6.2 % in FY25.
    - ✓ Strong growth rates in construction activities and electricity, gas, water supply and other utility services are expected to support industrial expansion.
  - **Services sector** growth is expected to remain robust at 7.2%
    - ✓ It will be driven by healthy activity in financial, real estate, professional services, public administration, defence, and other services.



Source: MoSPI, Note: GVA: Gross value added: GDP: Gross domestic product

- Despite various challenges, India continues to register the fastest growth in manufacturing **Purchasing Managers' Index (PMI).**

  The PMI typically includes five main components: New Orders, Production, Employment, Supplier Deliveries, Inventory Levels.

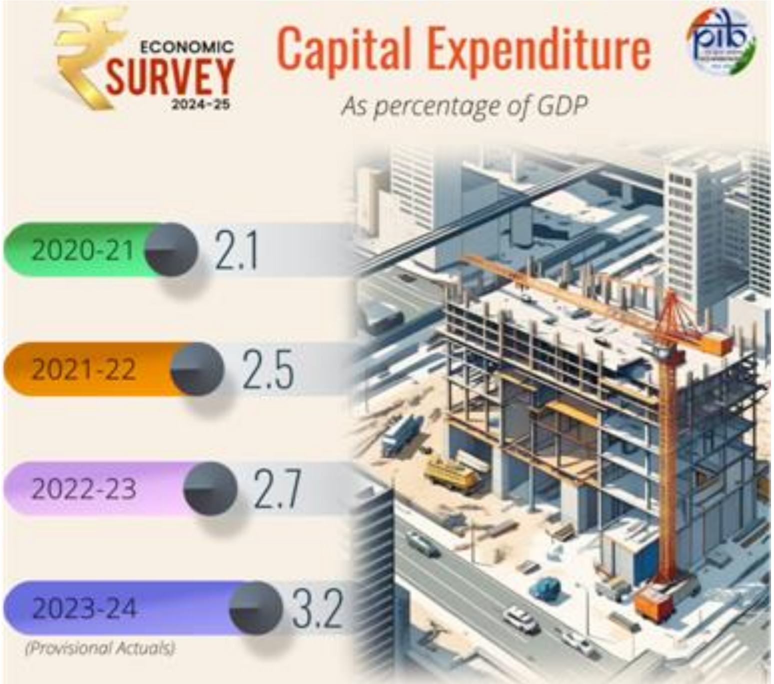
  A PMI value above **50** generally indicates that the sector is expanding, while a value below **50** suggests contraction.

  - **PMI > 50**: Economic expansion (e.g., rising production, orders, employment).
  - **PMI < 50**: Economic contraction (e.g., declining production, orders, employment).
  - **PMI = 50**: No change (neutral, no growth or decline)

  - PMI services have been in an expansionary zone during first half of FY25, supported by growth in new orders, rise in output, improvement in sales and enhanced employment generation.

- **Inflation:** Retail headline inflation, as measured by the change in the Consumer Price Index (CPI), has softened from 5.4% in FY24 to 4.9% in April – December 2024.

- **Capital expenditure (CAPEX)** improved continuously from FY21 to FY24.
  - Post general elections, CAPEX grew YOY by 8.2% during July –November 2024.



- **External Sector**
  - India accounts for **seventh-largest share in global services exports**, underscoring India's global competitiveness in the sector.

  - During April to December 2024, **non-Petroleum and non-Gems & Jewellery exports went up by 9.1 %** reflecting resilience of India's merchandise exports amid volatile global conditions.

- **Employment trends:**
  - **As per the 2023-24 annual Periodic Labour Force Survey (PLFS) report**, the unemployment rate (for individuals aged 15 years and above) has steadily declined from 6% (2017-18) to 3.2 % (2023-24).

  - India's formal sector has expanded significantly, with net Employees' Provident Fund Organisation (EPFO) subscriptions **rising from 61 lakh in FY19 to 131 lakhs in FY24**.

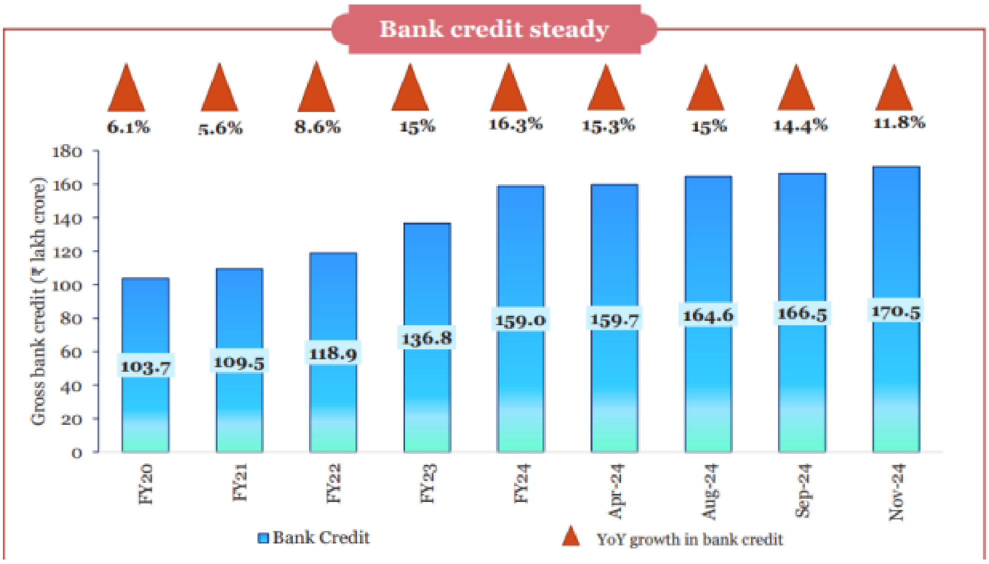
- **Reforms**: Thrust on grassroots-level structural reforms and deregulation to reinforce the medium-term growth potential and boost global competitiveness of Indian economy.

- **Challenges:** Geopolitical tensions, ongoing conflicts and global trade policy risks continue to pose significant challenges to the global economic outlook.

Chapter 2 - Monetary and Financial Sector Developments

Performance of the banking sector

- **Bank credit**: Grown at a steady rate with credit growth converging towards deposit growth.



- **Profitability of Scheduled Commercial Banks improved**: Reflects fall in **gross non-performing assets (GNPAs) and rise in capital to risk weighted asset ratio (CRAR)**.

- **Credit growth:** Credit growth outpaced nominal GDP growth for two successive years. The **credit-GDP gap narrowed to (-) 0.3% in Q1 of FY25** from (-) 10.3% in Q1 of FY23, indicating sustainable bank credit growth

- **Banking sector:** Exhibits improvement in asset quality, robust capital buffers, and strong operational performance.
  - **Gross non-performing assets (GNPAs) of Scheduled Commercial Banks:** Declined to a 12-year low of 2.6% of gross loans and advances at the end of September 2024.

  - **Capital to Risk-Weighted Assets Ratio (CRAR) of SCBs**: Stood at 16.7%, and all banks met the Common Equity Tier-1 (CET-1) requirement of 8% at the end of September 2024.

- **Global comparison:** India's bank credit to private non-financial sector to GDP ratio is lower than that of Advanced Economies (AEs) such as US, UK, and Japan.
  - Compared to emerging market economies (EMEs), the ratio is also lower. Still, it is higher than that of Indonesia and Mexico.

- **Rural Financial Institutions:** Regional Rural Bank's number of branches grew substantially from 14,494 in 2006 to 21,856 in 2023.

- **Financial Inclusion:** Improvement in RBI's Financial Inclusion Index from 53.9 in March 2021 to 64.2 by March 2024.

Developments in capital markets

- **Stock Markets:** Indian stock markets outperformed its emerging market peers despite election-driven market volatility challenges.
- **Total resource mobilisation:** Rs. 11.1 lakh crore mobilised from primary markets primary markets (equity and debt) during Apr-Dec 2024 (5% more than the amount mobilised in FY24).
- **Number of Demat accounts** rose by 33% to 18.5 crore at the end of December 2024 on a YoY basis.
- **Number of initial public offerings (IPOs)** increased to 259 in Apr-Dec 2024 from 196 in Apr-Dec 2023 (up 32.1% YoY)
- **BSE stock market capitalisation to GDP ratio** stood at 136% at the end of December 2024, far higher than other Emerging Market Economies like China (65%) and Brazil (37%).

Developments in the Insurance sector

- **Total insurance premium** grew by 7.7% in FY24, reaching Rs 11.2 lakh crore.
- **Decline in insurance penetration** from 4% in FY23 to 3.7% in FY24.
- **Life insurance penetration** dropped marginally from 3 % in FY23 to 2.8 %in FY24.
- **Non-life insurance penetration** remained stable at 1%.

Developments in the pension sector

- As of September 2024, the total number of subscribers reached 783.4 lakh, showing a YoY growth of 16% from 675.2 lakh in September 2023.
- According to the Mercer CFA Institute Global Pension Index, 2024, India's overall index value has moderated from 45.9 in 2023 to 44 in 2024.

Efficacy of Insolvency Law

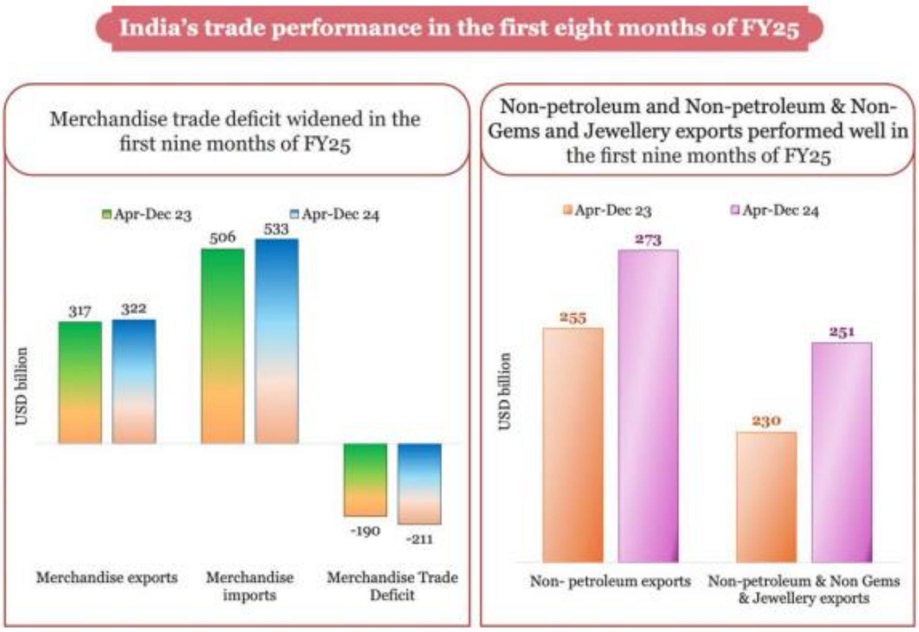
- **Insolvency Resolution:** Under Insolvency and Bankruptcy Code, Rs 3.6 lakh crore realized in resolution of 1,068 plans till September 2024.
  - It amounts to 161% against the liquidation value and 86.1% of the fair value of the assets involved.

Way forward

- Dominance of financial markets in shaping policy and macroeconomic outcomes, a phenomenon known as '**financialization.**' It has led to unprecedented levels of public and private sector debt (some visible to regulators and some not) in advanced economies.
- India should strive to maintain the fine balance between financial sector development and growth on the one hand and financialization on the other.

Chapter 3- External Sector

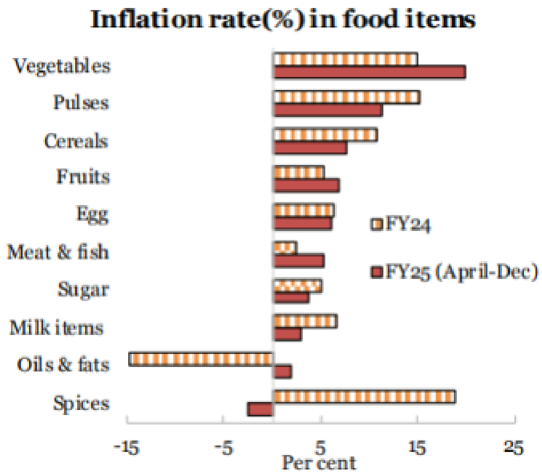
- India’s external sector continues to display resilience amidst global uncertainties and headwinds.
  - **Overall exports (merchandise + services):** Grew **by 6%** (YOY) in the first nine months of FY25.
  - Services sector grew **by 11.6 %** during the same time.
  - Total imports during the same period reached **USD 682.2 billion**, registering a growth of 6.9 % on the back of steady domestic demand.
- **India’s Global Export Market share:** It commands 10.2% of the global export market in ‘Telecommunications, Computer, & Information Services’, **ranking 2nd largest exporter** in the world, as per UNCTAD.



- **India’s India Balance of payments:**
  - **Current account deficit (CAD): Stood at 1.2% of GDP in Q2 of FY25**, supported by rising net services receipts and an increase in private transfer receipts.
  - **Capital and Financial Account:** Over the period from Q1 of FY23 to Q2 of FY25, India has generally recorded surpluses in the capital account, largely driven by robust inflows from FDI, FPI, and external loans.
- **Gross Foreign Direct Investment (FDI) inflows**: Recorded a revival in FY25, increasing from US $47.2 billion in the first eight months of FY24 to US $55.6 billion in the same period of FY25, a YoY growth of 17.9%.
  - Over the long term, FDI inflows into India have surpassed the USD 1 trillion mark from April 2000 to September 2024.
- **India’s FOREX reserves:** Stood at US $640.3 billion as of the end of December 2024, sufficient to cover 10.9 months of imports and approximately 90% of the country’s external debt.
  - India's foreign exchange reserves comprise foreign currency assets (FCA), gold, special drawing rights (SDRs) and reserve tranche position (RTP) in the IMF
- **India’s external debt**: Remained stable over the past few years, with the external debt to GDP ratio standing at 19.4% at the end of September 2024.

Chapter 4 - Prices and Inflation

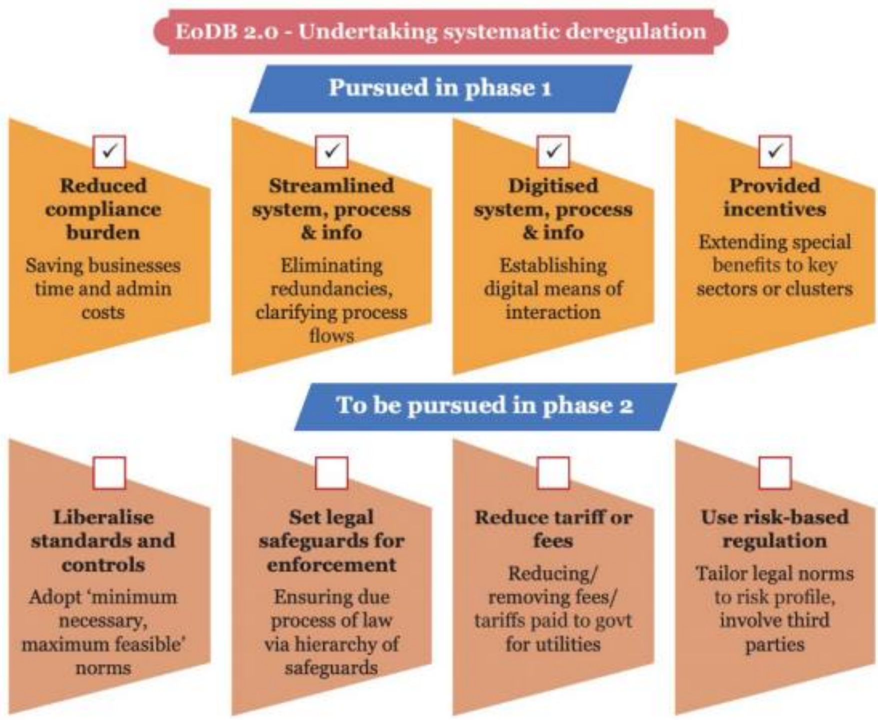
- **Global Inflation:** As per the IMF, the global inflation rate moderated to 5.7% by 2024 from its peak of 8.7% in 2022.
  - **Core inflation:** Reached its lowest point in a decade.
- **India's Retail inflation:** Reduced from 5.4% in FY24 to 4.9% in FY25 (April-December 2024).
- **Reason for decline in retail inflation:** Decrease in core inflation by 0.9 percentage points between FY24 and FY25, largely driven by core services inflation and decrease in fuel price inflation.
  - Decline in core inflation was largely driven by core services inflation, which was lower than core goods inflation.
- **Food Inflation:** Over the past two years, India's food inflation rate has remained firm.
  - Extreme weather conditions (cyclones, heavy rains, hailstorms, droughts, heatwaves etc.) impacts vegetable production (mainly onion and tomato), and supply chains, thereby affecting retail prices.
  - Consumer Food Price Index (CFPI) has increased from **7.5% in FY24 to 8.4% in FY25**, primarily driven by a few food items particularly vegetables and pulses.
  - By **excluding Tomato, Onion and Potato (TOP)** – most price-sensitive vegetables- from CPI basket, average food inflation rate in FY25 was 6.5%.
- RBI and the IMF project India's consumer price inflation will gradually align with the target of around **4 per cent in FY26**.



- **Ways to ensure long-term price stability**
  - Developing climate-resilient crop varieties, thus enhancing yield and reducing crop damage.
  - Farmers should receive training on best practices, use of high-yield and disease-resistant seed varieties to improve agricultural practices in major growing regions for pulses, tomatoes, and onions.
  - Implementing robust data collection and analysis systems in various tiers of government to monitor prices, stocks, storage and processing facilities, and make informed policy decisions.

Chapter 5 - Medium-Term Outlook

- Indian economy is in the middle of a change that represents an unprecedented economic challenge and opportunity.
- India needs a growth rate of 8% at constant prices on average for a decade or two in order to realise its economic aspirations of becoming **Viksit Bharat by 2047.**
- **World Economic Outlook of IMF** projects India to become a USD 5 trillion economy **by FY28 and reach a size of US $6.307 trillion by FY30.**
- **Medium-term growth outlook for India**: Must consider the new global realities - China's manufacturing prowess, and dependency of efforts for energy transition on China.
    - India must focus on systematic deregulation to reinvigorate the domestic levers of growth and empower individuals and organisations to pursue legitimate economic activity with ease.
    - Focus of reforms and economic policy must now be on systematic deregulation under Ease of Doing Business 2.0 and creation of a viable Mittelstand, i.e. India's SME sector.
    - In the next step, States must work on liberalising standards and controls, setting legal safeguards for enforcement, reducing tariffs and fees, and applying risk-based regulation.



- **Geo-Economic Fragmentation (GEF) is replacing globalization** leading to imminent economic realignments and readjustments.
    - **GEF is defined as a policy-driven reversal of global economic integration** often guided by strategic considerations.
    - This process encompasses different channels including trade, capital, and migration flows through which fragmentation is reshaping the global economy.

Chapter 6 - Investment and Infrastructure

- Central focus of the Government in the last five years was on increasing public spending on infrastructure, and speeding up approvals and resource mobilization.
- **Capital Expenditure:** Union Government's capital expenditure on key infrastructure sectors has grown at a rate of **38.8% from FY20 to FY24**.
- **Railway connectivity: 2031 km of railway** network was commissioned between April and November, 2024, and 17 new pairs of Vande Bharat trains were introduced between April and October 2024.
- **Road network: 5853 km of National Highways** was constructed in FY25 (April-Dec).
- **Industrial Corridors:** Under **National Industrial Corridor Development Programme, a total of 383 plots covering 3788 acres** have been allotted for industrial use for various sectors in phase 1.
- **Port Connectivity:** Operational efficiency improved reduction in average container turnaround time in major ports **from 48.1 hours in FY24 to 30.4 hours during FY25 (Apr-Nov), significantly improving port connectivity.**
- **Renewable Energy:** A **15.8% year-on-year increase** in renewable energy capacity of solar and wind power by December 2024.
  - Share of renewable energy in India's total installed capacity now stands at 47%.
- **Electricity Access**: Government's schemes like the **Deen Dayal Upadhyaya Gram Jyoti Yojana (DDUGJY) and Pradhan Mantri Sahaj Bijli Har Ghar Yojana (SAUBHAGYA**), improved electricity access in rural areas, electrifying 18,374 villages and providing electricity to 2.9 crore households.
- **Digital Connectivity**: The government's digital connectivity initiatives have gained traction, particularly **with the rollout of 5G services** across all states and union territories by October 2024.
  - Efforts to provide 4G mobile services to remote areas under the Universal Service Obligation Fund (now Digital Bharat Nidhi) have made significant strides, with over 10,700 villages covered by December 2024.
- Under the **Jal Jeevan Mission**, over 12 **crore families** have gained access of piped drinking water since its launch.
- **Phase II of the Swachh Bharat Mission-Grameen (April to November 2024):** 1.92 lakh villages were incrementally declared ODF Plus under the model category, taking the total number of **ODF Plus villages to 3.64 lakh**.
- In urban areas, the **Pradhan Mantri Awas Yojana has completed over 89 lakh houses.**
- **City transportation network** is expanding rapidly, with metro and rapid rail systems operational or under construction in 29 cities, covering over 1,000 kilometers.
- **Real Estate (Regulation & Development) Act, 2016**, ensured regulation and transparency of Real Estate sector. By January 2025, **over 1.38 lakh real estate projects registered**, and 1.38 lakh complaints were resolved.
- **Space Sector:** India currently operates 56 active space assets. Government's Space Vision 2047 includes ambitious projects like the **Gaganyaan** mission and the **Chandrayaan-4** Lunar Sample Return Mission.
- **Public sector investment** alone cannot meet the requirements of infrastructure, and **private sector participation will be crucial** to bridge the gap.

- **Government Mechanisms:** The government has created mechanisms such as the National Infrastructure Pipeline and National Monetisation Pipeline to facilitate private sector involvement in infrastructure.

Chapter 7 - Industry

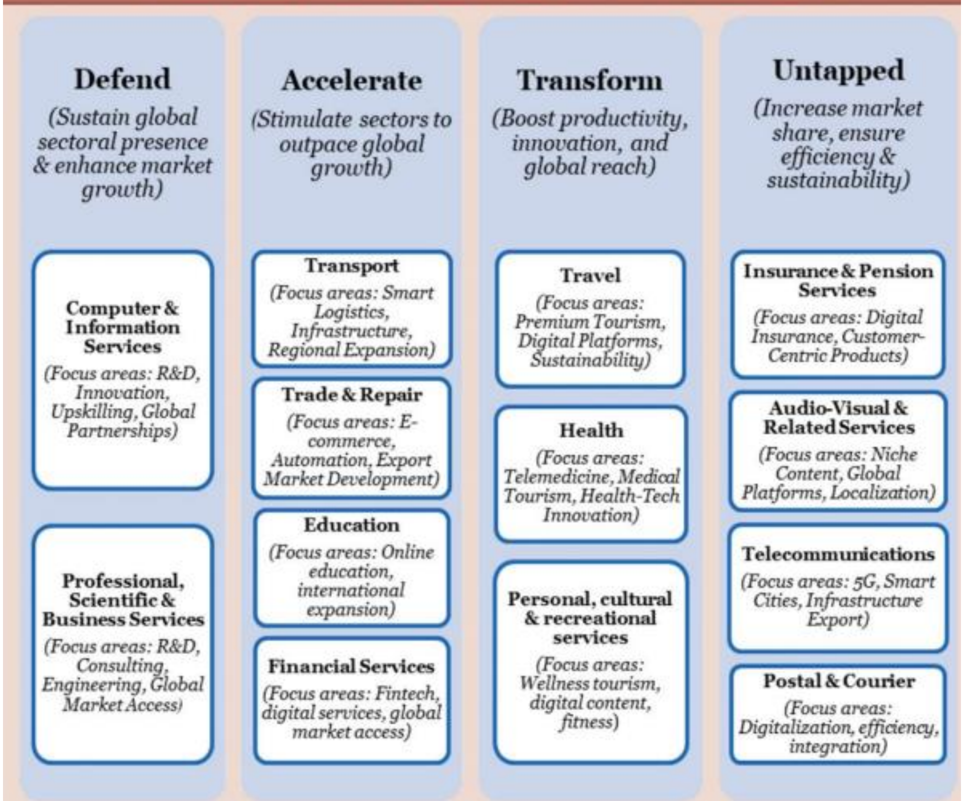
- India's **manufacturing sector is expected to grow by 6.2% in FY25**, driven by electricity and construction.
  - **India holds 2.8% of the global manufacturing share, compared to China's 28.8%,** offering significant growth potential.
- **Industrial sector**: Expected to grow by **6.2% in FY-25** (first advance estimates), driven by robust growth in electricity and construction.
- **Core Input Industries**
  - **Cement: India is the 2nnd largest cement producer globally**, with per capita consumption of 290 kg, compared to the global average of 540 kg.
  - **Steel:** Steel demand is driven by growth in end-user sectors and policies like the National Steel Policy and PLI schemes.
  - **Chemical and Petrochemical Industries:** India is a net importer, relying on imports for about 45% of petrochemical intermediates.
  - **Capital Goods:** Due to technology gaps, this sector imports advanced machines for manufacturing. The government is promoting Smart Manufacturing and Industry 4.0, supporting the creation of **Smart Advanced Manufacturing and Rapid Transformation Hub (SAMARTH) Udyog** centers at various institutions.
  - **Automobile Industries:** The Indian automobile industry drives economic growth, with domestic sales rising by **12.5% in FY24**.
  - **Electronics:** Domestic production of electronic goods has grown at a CAGR of 17.5% from FY15 to FY24. India now manufactures **99% of its smartphones, reducing import dependence**
  - **Textiles:** Textile industry is a **major employer, contributing 11% to India's manufacturing GVA**.
  - **India is a top producer of jute and ranks second globally in cotton, silk, and man-made fibre**.
  - It is the **sixth-largest exporter of textiles, with a 4% share of global trade**. Technical textiles, with **India ranking fifth globally, offer significant growth potential**.
  - **Pharmaceuticals:** India's pharmaceutical industry, the third-largest globally by volume. Total annual turnover of pharmaceuticals in FY24 was Rs 4.17 lakh crore, growing at an average rate of 10.1% in the last five years.
- **Micro, Small and Medium Enterprises (MSME) sector** has emerged as a highly vibrant sector of the Indian economy.
  - To provide equity funding to MSMEs with the potential to scale up, the government launched the **Self-Reliant India Fund** with a corpus of Rs **50,000 crore**
  - Government is implementing the Micro and Small Enterprises-Cluster Development Programme to develop clusters across the country.

- **State-Wise Patterns in Industrial Production:** Gujarat, Maharashtra, Karnataka, and Tamil Nadu together account for 43% of India's industrial value, while the northeastern states contribute just 0.7%.

Chapter 8 - Services

- **Service sector's contribution to total GVA**: Risen from 50.6% in FY14 to 55.3% in FY25 (First Advance Estimates).
- India held a 4.3% share in global services exports in 2023, ranking seventh worldwide.
- **Average growth rate of the services sector**:
  - 8% in the pre-pandemic years (FY13 -FY20)
  - 8.3% in the post-pandemic period (FY23–FY25).
- **India's services export growth**: Surged to 12.8% during April–November FY25, up from 5.7% in FY24.
  - **Computer services and business services exports** account for ~70% of India's services exports.
  - **India remained amongst top five major countries in terms of growth in services exports** in FY 2025
- **Employment:** Provides employment to approx. **30% of the workforce**
- **Information and computer-related services**: Grew at a trend rate of 12.8% over the last decade (FY13–FY23), increasing their share of overall GVA from 6.3% to 10.9%.
- **Transport Sector**
  - **Railways:** Indian Railway is the 4th largest network in the world. It recorded an 8% growth in passenger traffic originating in FY24. Revenue-earning freight in FY24 grew by 5.2%.
  - **Road transport:** It accounted for 78% (the highest) of total GVA of transport services
  - **Aviation**: India is the fastest-growing aviation market globally
- **Tourism sector's contribution to GDP:** Returned to its pre-pandemic level of 5% in FY23.
- **State wise analysis:** Service sector accounts for about 55% of the national GVA in FY25 with variation across the states.
  - Karnataka and Maharashtra accounted for more than one fourth of the total service sector GSVA of all the states in FY 23
  - These two states along with Tamil Nadu, Uttar Pradesh, Gujarat collectively account for more than 50% of the total service sector GSVA

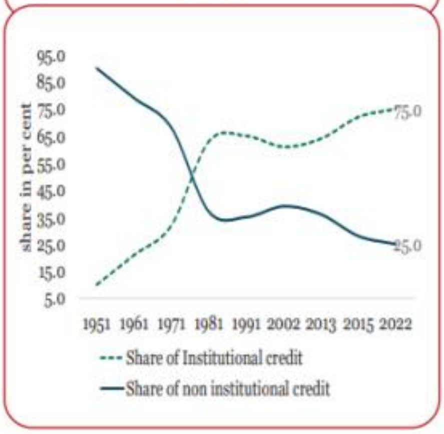
Chart VIII.9: Summary of strategic recommendations



Chapter 9 - Agriculture and Food Management

- **'Agriculture and Allied Activities' sector:** Long been backbone of Indian economy, playing important role in national income and employment.
  - Contributed approximately **16% of the country's GDP for FY24 (PE**) at current prices.
  - Supports about **46.1% of the population**
  - Shown **robust growth averaging 5% annually from FY17 to FY 23**
  - In **Q2 of the FY 25, recorded growth rate of 3.5%**
- High-value sectors like horticulture, livestock, and fisheries have become key drivers of overall agricultural growth.
- As major cereal producer, India accounts for 11.6% of the world's total output, but its crop yields are much lower than other top producers.
- **Rainfall and irrigation scenario:** The agriculture sector is highly vulnerable to weather changes, with only 55% of the net sown area irrigated.
  - Moreover >2/3rd of India's agricultural land faces the threat of drought.
- **Ground-level credit (GLC) to agriculture:** Shown impressive growth with CAGR of 12.98% from 2014-15 to 2024-25
  - GLC has increased from Rs 8.45 lakh crore (2014-15) to Rs. 25.48 lakh crore (2023-24)

Decline in share of non-institutional credit



- **Kharif foodgrain production for 2024**: Expected to reach 1647.05 Lakh Metric Tonnes (LMT), an increase of 89.37 LMT from the previous year.
- **India's food processing industry:** It is one the largest employers within organised manufacturing, accounting for 12.41% of total employment in the organised sector
- **Value of agri-food exports (in FY 24) including processed food exports:** Reached US $46.44 billion, accounting roughly 11.7% of India's total exports
  - Share of processed food exports within agri-food exports has risen from 14.9% in FY18 to 23.4% in FY24
- For the fiscal year 2024-25, the MSP for Arhar and Bajra has been increased by 59% and 77% over the weighted average cost of production, respectively.
- **Fisheries sector**: Shown the highest compound annual growth rate (CAGR) of 8.7 per cent, followed by livestock with a CAGR of 8 per cent.

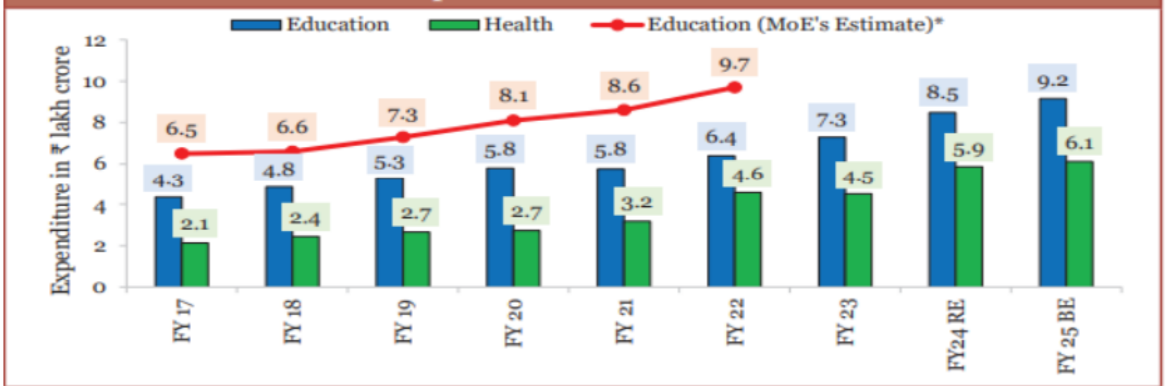
Chapter 10 - Climate & Environment

- India's per capita carbon emissions are 1/3rd of global average, even as it stands among the world's fastest-growing economies.
- India is the 7th most vulnerable country to climate change.
- India's adaptation spending rose from 3.7% of GDP in FY16 to 5.6% in FY22, funded largely by domestic resources with the public sector leading
- However, international climate funding remains insufficient and focused more on mitigation than adaptation.
- India has installed electricity generation capacity of 2,13,701 megawatts from non-fossil fuel sources, which accounts for 46.8% of the total capacity as of 30 November 2024.
- As per the Forest Survey of India 2024 an additional carbon sink of 2.29 billion tonnes CO2 equivalent has been created between 2005 and 2021.
- India-led global movement, Lifestyle for Environment (LiFE), aims to enhance the country's sustainability efforts.
  - By 2030, it is estimated that LiFE measures could save consumers around USD 440 billion globally through reduced consumption and lower prices.

Chapter 11 - Social Sector

- The economic and social development starts with sustainable and inclusive economic growth, central to the vision of Viksit Bharat 2047.
- For growth to transition into meaningful development focus is required on education, health, social security, enhancing employment opportunities through skilling etc.
- **Social services expenditure (SSE)**
  - **SSE Government (combined for Centre and States):** Increased at a CAGR of 15% from FY21 to FY 25.
  - Expenditure on education has grown at a CAGR of 12%.
  - Expenditure on health grew at CAGR 18%.

Chart XI.2. Expenditure on education and health



Sources: Budget Documents of Union and State Governments.

- **SSE of the Gini coefficient**, a measure of inequality in consumption expenditure, is declining.
  - **For rural areas:** It declined to 0.237 in 2023-24 from 0.266 in 2022-23
  - **For Urban areas:** it fell to 0.284 in 2023-24 from 0.314 in 2022-23.
- **Urban-rural gap:** Monthly per capita expenditure (MPCE) has declined to 70 % in 2023-24 from 84 % in 2011-12.
- **Government health expenditure**: Increased from 29.0% to 48.0%
- **Share of out-of-pocket expenditure in total health expenditure:** Declined from 62.6% to 39.4%, reducing financial hardship endured by households.
  - Ayushman Bharat Pradhan Mantri Jan Arogya Yojana (AB PM-JAY) has played a decisive role in the significant reductions in expenditure with over Rs 1.25 lakh crore in savings being recorded.
- The strategy of —Localisation of Sustainable Development Goals (SDGs) has been adopted to ensure that budgets at the Gram Panchayat levels align with the SDG objectives.

Chapter 12 - Employment and Skill development

- With around 26% of the population in the age group 10-24 years, India stands at the cusp of a once in-a-lifetime demographic opportunity.

- India is poised to be the **third largest economy by 2030, after the USA and China**.
- **State of employment**
  - **Unemployment rate:** Declined to 3.2% in 2023-24 from 6.0% in 2017-18.
  - **Labour Force Participation Rate (LFPR)** increased from 49.3% to 50.4% (during Q2 of FY24 to Q2 FY25).
  - **Worker-to-Population Ratio (WPR)** increased from 46% to 47.2% (during Q2 of FY24 to Q2 FY25).
  - **Proportion of self-employed workers in workforce**: Risen from 52.2% (2017-18) to 58.4% (2023-24)
- **Sectoral distribution of the workforce (PLFS 2023-24)**
  - Agriculture share rise from 44.1% (2017-18) to 46.1% (2023-24)
  - Manufacturing share fall from 12.1% (2017-18) to 11.4% (2023-24)
  - Services from 31.1% (2017-18) to 29.7% (2023-24)
- **Trends in Female LFPR**
  - Female LFPR has risen from 23.3% in 2017-18 to 41.7% in 2023-24
  - Most states (21) have a FLFPR in the range of 30-40%.
  - Seven states/ UTs reported FLFPR >40% in 2023-24, with Sikkim reporting the maximum rate of 56.9%
- **Trends in wages and earnings**
  - Average monthly earnings for regular wage/salaried workers and self-employed workers grew at a CAGR of 5% during 2018-19 to 2023-24.
    - ✓ Daily wage of Casual workers increased at a CAGR of 9% in the same period.
  - **Rural wages:** On average, nominal wage rate in agriculture grew by 5.7% for men and 7% for women.
    - ✓ When adjusted for inflation, the real wage rate in agriculture demonstrated modest growth, increasing by 0.6 % for men and 1.8% for women.
  - **Corporate profitability soared to a 15-year peak in FY24:** Profits climbed 22.3% in FY24, however employment grew by a mere 1.5%
- PLFS data shows that 90.2 % of the workforce has equivalent to or less than a secondary level of education.
  - 88.2 % of workforce are involved in low-competency occupations- elementary skilled and semiskilled occupational skills.

Chapter 13 - Labour in the AI Era

- Artificial Intelligence (AI) will disrupt labour markets because of developments in the field over last four years.
- This economic displacement adds to a fear about AI exacerbating existing social and economic divides.
- **AI Scenario**
  - Between 2021 and 2023, global corporate investments in all types of AI totalled US $761 billion.
  - International Labour Organisation estimates that nearly 75 million jobs globally are at complete risk of automation due to AI.

  - NASSCOM estimates that the Indian AI market will grow at 25 to 35% CAGR by 2027.
- AI is anticipated to surpass human performance in critical decision-making across various fields, including healthcare, research, criminal justice, education, business, and financial services.
- Barriers to large-scale AI adoption persist in the present, which include concerns over reliability, resource inefficiencies, and infrastructure deficits. These challenges, along with AI's experimental nature, create a window for policymakers to act.
- Fortunately, due to AI presently being in its infancy, India is afforded the time necessary to strengthen its foundations and mobilise a nation-wide institutional response.
- Leveraging its young, dynamic, and tech-savvy population, India has the potential to create a workforce that can utilise AI to augment their work and productivity.
- The future revolves around 'Augmented Intelligence', where the workforce integrates both human and machine capabilities. This approach aims to enhance human potential and improve overall efficiency in job performance, ultimately benefiting society as a whole.
- Collaborative effort between government, private sector, and academia essential to minimise adverse societal effects of AI-driven transformation.