



THINK LABOR

To keep up with everything skilling and employment

Economic Survey 2022-23

Originally published by: Government of India

Economy

- The pandemic, Russia-Ukraine conflict and the interest rate hikes by central banks across countries were three key crucial economic shocks globally. This led to rising inflation, and slow global economic growth. However, the Indian economy is on full recovery in FY22 and would ascend to the pre-pandemic growth path in FY23.
- Such recovery is being made possible by a massive vaccination campaign by the government, increased demand post the pandemic (or what is called a release of the “pent up” demand) and increasing construction and industrial activity.
- Increased capital expenditure, increased credit by the banking sector in India and consumption activities thus result in positive projections for 2023. The finance sector has also been recording regular profits, aiding in the recovery.

Job Creation and inclusive growth

- Various sources confirm that employment levels have risen in the current year. Unemployment rate for people aged 15 and above has declined from 9.8% in the September 2021 quarter to 7.2% one year later (quarter ending September 2022).
- The Emergency Credit Line Guarantee Scheme has also succeeded in shielding micro, small and medium enterprises from financial distress. Further, the GST paid by MSMEs after declining in FY21 has been rising since and now has crossed the pre-pandemic level of FY20, reflecting the financial resilience of small businesses.
- Furthermore, MNREGA besides generating daily wage employment, has also been creating assets for individual households to diversify their sources of income and lift their supplementary incomes

Medium term growth and MSME

- The medium-term growth of the economy also looks promising. Since the balance sheet of banking, non-banking and corporate sectors has already started looking healthier, a fresh credit cycle has already begun, evident from the double-digit growth in bank credit over the past months.
- Additionally, the economy has started benefiting from the efficiency gains resulting from greater formalization, higher financial inclusion, and economic opportunities created by digital technology-based economic reforms.
- Moreover, the revision in the definition of MSMEs under the ambit of Aatmanirbhar Bharat helped them face the crisis shock. The extension of non-tax benefits for three years and the accessibility of digital systems by MSME sectors has also aided in their growth in recent months.

India’s social infrastructure

- Reflecting rising formalization of employment, net addition to EPFO payroll is steadily moving upward after swiftly rebounding from Covid-19, with the majority share coming from the youth.
- Employment has been rising faster in factories with over 100 workers than in smaller ones.
- Within the progressive framework of the National Education Policy (NEP), the improvement in basic facilities in schools and the rising availability of teachers is expected to improve development.
- Various school programs like PM Schools for Rising India, the National Curriculum Framework (NCF) for Foundational Stage, the Pilot project of Balvatika, etc. have all been launched. Initiatives in higher education such as interest subsidies on loans have also been launched.
- The share of government health expenditure in total health expenditure has increased from 28.6 per cent in FY14 to 40.6 per cent in FY19, with a commensurate decline in out-of-pocket expenditure.

- Aadhar has also become useful in the everyday lives of citizens – helping with daily banking, including more individuals into the financial system, implementation of the ration system, and ensuring the effective implementation of various schemes.
- Various social protection schemes have also been launched by the government such as Pradhan Mantri Vaya Vandana Yojana (PMVVY), Pradhan Mantri Suraksha Bima Yojana (PMSB), Pradhan Mantri Shram Yogi Maan-Dhan Yojana (PM-SYMDY), etc.

Climate Change

- India is one of the most vulnerable regions when it comes to climate change. There has been increased solar capacity, improved green cover by Green India Mission, and conservation of wetlands and mangroves.
- India has already achieved its target of 40 per cent installed electric capacity from non-fossil fuels ahead of 2030. It has advanced the target to 50 per cent, which shall also translate to a significant reduction in the average emission rate.

Agricultural Management

- There have been measures by the government to improve livestock productivity, ensure certainty of returns to farmers through price support, crop diversification, etc. For the poor, the Government will give free foodgrains to about 81.4 crore beneficiaries under the NFSA for one year from January 1, 2023.
- Government has also provided more short-term credit to farmers at subsidized interest rates, and has also actively promoted organic farming through organic inputs and financial assistance for the same.
- India has also witnessed enhanced productivity in agriculture. Policies such as Soil Health Cards, the Micro irrigation Fund, and organic and natural farming have helped the farmers optimize resource use and reduce the cultivation cost.

Exports

- Due to global shocks, India's exports, including in petroleum products, gems & jewelry, organic & inorganic chemicals, drugs & pharmaceuticals have gone through a slowdown.

Read More: <https://www.indiabudget.gov.in/economicsurvey/doc/echapter.pdf>

Author: Saranya Ravindra, PILOT at Pratham.