



Economic Survey 2022

Devanshi Sood
Chief Economic Advisor



Review of FY21-22



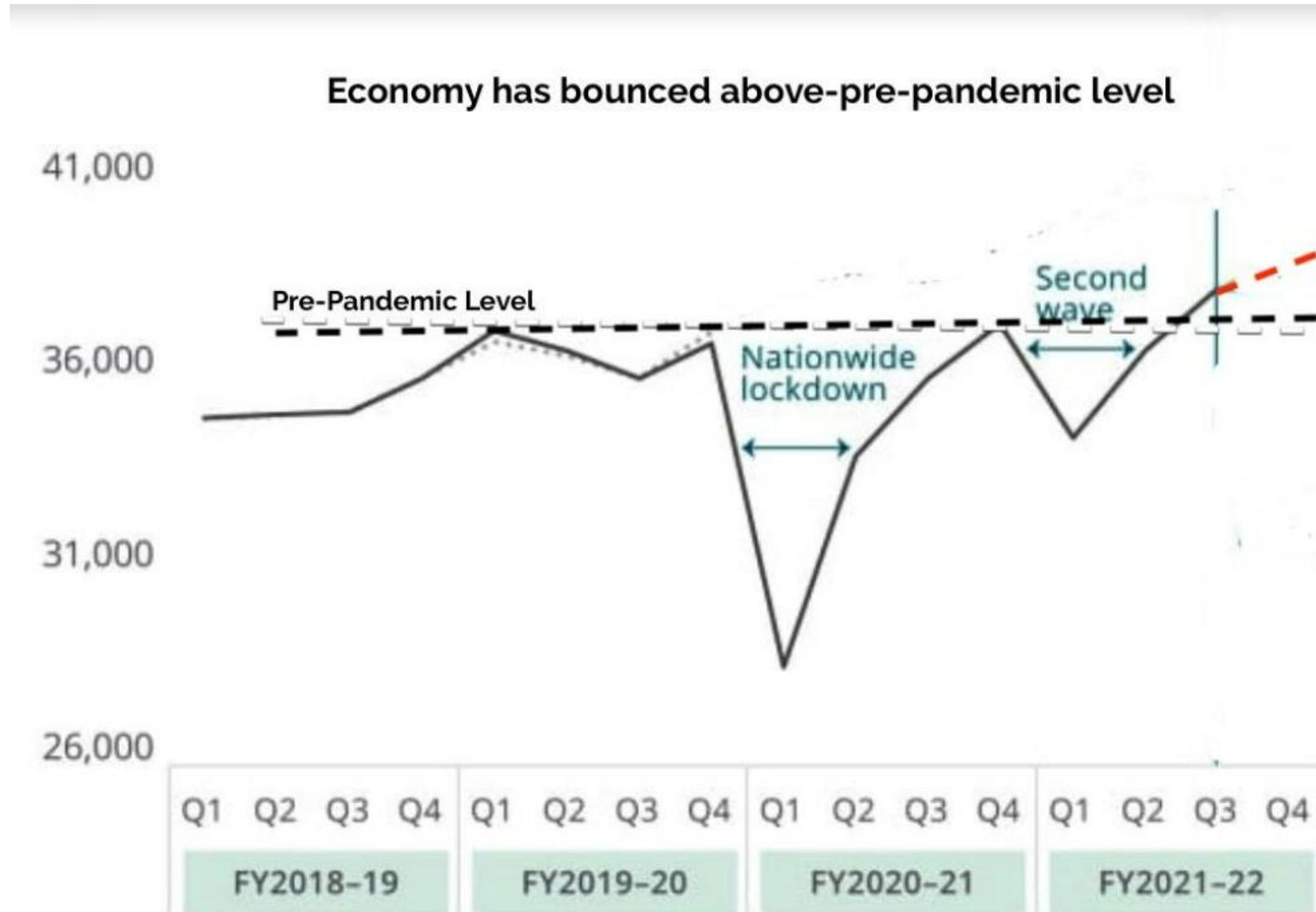
1. Riding on super success of Q4, FY2020-21, expectations of strong economic recovery was there when Wave 2 stuck India in April 2021.
2. Graded lockdown and better ensured safety of labour at workplace ensured that the economic uncertainty and decline during the second wave was lesser.
3. Accelerated roll-out of centrally managed vaccination effective June 2021,
4. Riding on the slew of measures such as Production Linked Incentive Schemes coupled with global economic recovery, domestic investments and strong implementation focus, the economy surged in the 2nd and 3rd quarter of FY 21-22.
5. The Indian government's policy push to accelerate growth via infrastructure spending and capex has improved capital formation in the economy and therefore, boosted the investment to GDP ratio to ~32% in the fourth quarter of FY21.

Review of FY21-22



1. The Indian economy registered a V-shaped recovery as indicated by the provisional gross domestic product (GDP) estimates. As per the estimates, in the first quarter of FY22, India's output registered a 20.1% YoY growth, recovering >90% of the pre-pandemic output.
2. India's real GDP to record a 11.0% growth in FY2021-22 and nominal GDP to grow by 15.4%.
3. India had a Current Account Surplus of 2% of GDP in FY 21, a historic high after 17 years.
4. India remained a preferred investment destination in FY 2020-21 with FDI pouring in amidst global asset shifts towards equities and prospects of quicker recovery in emerging economies:

Review of FY21-22



Review of FY21-22



Indicators	Apr – Dec 20	Apr – Dec 21	% Change
Direct Tax Collection (INR'000 crore)	588	945	+60.7%
GST Collection (INR'000 crore)	771	1053	+36.6%
Electricity Consumption (Billion Units)	943	1030	+9.2%
HSD Consumption (Million Tonnes)	52721	55414	+5.1%
Two Wheeler Sales (million)	10.76	10.35	-3.8%
Car Sales (million)	1.78	2.08	11.8%
Railway Freight (Million Tonnes)	870	1030	+18.4%

BE22, its performance until Nov'21 and RE22



<i>(all figures in INR lakh crore)</i>	FY20-21 Actuals	BE21-22	Actuals up to Nov 21 (CGA)	NYP - RE for FY20-21
Net tax revenue	14.24	15.45	11.35	16.1
Non tax Revenue	2.08	2.43	2.23	2.8
Non debt capital receipts	0.57	1.88	0.20	1.8
Total Receipts	16.9	17.88	13.59	18.9
Revenue Expenditure (ex. Interest)	24.02	21.20	13.41	21.1
Interest Payments	6.82	8.09	4.60	8.1
Capital Expenditure	4.25	5.54	2.73	4.2
Total Expenditure	35.11	34.83	20.74	33.4
Fiscal deficit	18.21	15.06	6.96	14.5
GDP (nominal)	206	232	230	230
Fiscal Deficit as a % of GDP	9.3%	6.5%		6.25%

Sectoral View of the Economy



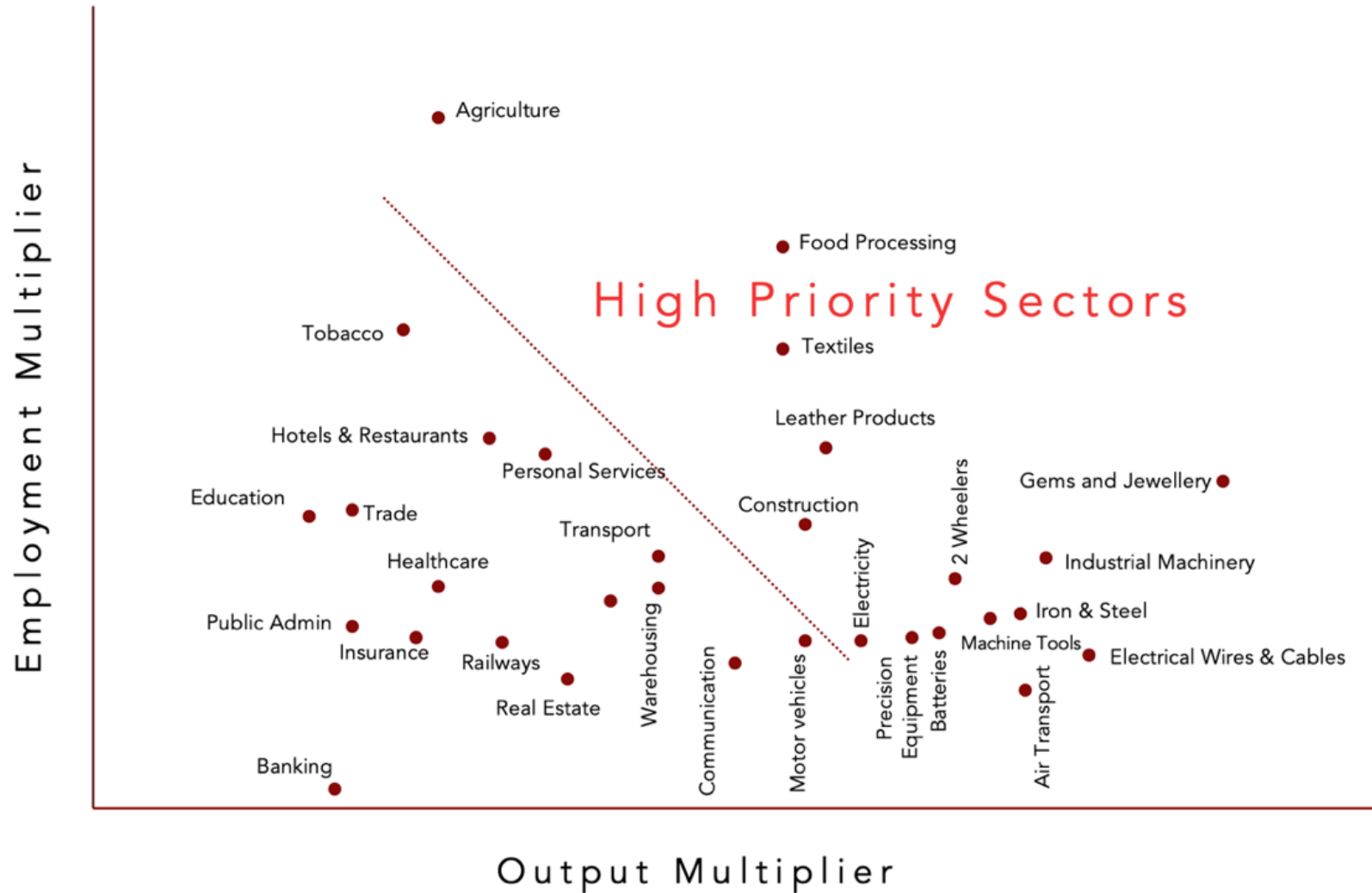
Sectors	Share in Economy	5 year CAGR
Agriculture, Forestry & Fishing	21.9%	7.97%
Mining & Quarrying	2.5%	3.37%
Manufacturing	17.4%	4.48%
Electricity, Gas, Water Supply etc.	3.3%	7.44%
Construction	8.5%	5.42%
Trade, Hotels, Transport & Communication	20.4%	7.01%
Financial, Real Estate & Professional Services	26.5%	3.78%
Public Administration, Defence and Other Services	19.0%	11.63%

State of Employment



Major Sectors	Workforce (mn)	Unemployment Estimates (%)	Sectoral Outlook for FY22-23
Agriculture, Forestry & Fishing	211.30	1% to 2%	Neutral
Mining & Quarrying	1.80	1% to 2%	Optimistic
Manufacturing	46.30	5%	
Automotive	2.1	2% to 5%	Pessimistic
Food, Beverages and Tobacco	11.25	2% to 5%	Neutral
Gems, Jewellery, Misc. Manufacturing	6.65	5% to 10%	Neutral
Electricity, Gas, Water Supply & Utilities	3.20	1% to 2%	Optimistic
Construction	51.50	10% to 15%	Optimistic
Trade, Hotels, Transport & Communication	75.37	2% to 5%	
Transportation and Storage	19.94	2% to 5%	Optimistic
Hotels and Restaurants	8.78	15% to 20%	Optimistic
Financial, Real Estate & Professional Services	38.62	2% to 5%	
Real Estate	23.33	2% to 5%	Neutral
Finance & Professional Services	10.13	2% to 5%	Optimistic
Public Administration, Defence and Others	39.98	2% to 5%	Optimistic
Education	14.96	2% to 5%	Optimistic
Health & Social Work	5.02	1% to 2%	Optimistic
Total	468 mn	~ 5%	

Where to focus for employment



Expenditure Budget of GOI



General Services	Organs of State
	Fiscal Services
	Interest payments and servicing of debt
	Administrative Services
	Pensions and Miscellaneous
	Defence Services
Social Services	Education, sports, Art and Culture
	Health and Family welfare
	Water supply, sanitation, Housing and Urban development
	Information and Broadcasting
	Welfare of Scheduled castes, Scheduled Tribes and Other Backward Casts
	Labour and Labour Welfare
	Social Welfare and Nutrition

Economic Services	Agriculture and allied Services
	Rural Development
	Special Areas Programme
	Irrigation and Flood Control
	Energy
	Industry and Minerals
	Transport
	Communication
	Science Technology and Environment
	General Economic Services
Grants-in –Aid and Contribution	

Major problems encountered in 2021



1.High accumulated fiscal debt -The fiscal deficit (Rs. 10.75 Cr) till Nov-20 overshoot the annual target (Rs. 7.96Cr) and as a percentage of GDP, it is at a very high level of 5.6%. Higher fiscal deficit implies higher borrowing and larger debt. The gross borrowings of Government of India is expected to reach Rs. 105 lakh crore by the end of FY20-21. That means, Government debt shall be at 55% of GDP.

2.Rampant unemployment - as the aftermath of the second wave unemployment rates in india skyrocketed and hit an all time high .Job losses and wage correction continued to affect incomes. As per estimates, there are more than 1 crore people have been without job for more than 6 months in FY20-21 Further, about 1.5 to 2 crore daily wage earners have had wage reset of average 20% in last 6 months. That means it impacts at least 5 crore people. This impacted consumption in FY21-22.

3.

Inflation - FY20-21 saw inflation rise by 14.23 percent, building on a pattern of double-digit increases that have hit india for the past two years . Fuel and energy prices rose nearly 40 percent last year which hindered a large percentage of our production activities .

4.Healthcare - following the second wave the indian healthcare system was hit hard . India was ill equipped to handle the second wave and hospitals were over burdened

5 Big Ideas for Indian Economy



Labour and Employment: A portal to collect information on daily wage workers and construction workers, among others will be launched to help frame schemes on health, housing, insurance, and others for migrant unorganised workers. Further under the Make In india and PLI schemes manufacturing and entrepreneurial opportunities will be created and aid will be provided to set up these industries and firms . Increase in manufacturing will have a two-fold effect and will not only lead to employment generation but will also transform India into a global manufacturing hub.

Health and Nutrition: PM Atma Nirbhar Swasth Bharat Yojana will be launched to develop plethora of health schemes, strengthen national institutions, and create institutions to detect and cure new and emerging diseases. A higher percentage of the healthcare budget will be channeled into research to foster a scientific temperament. Heavy investment in rural healthcare and hospitals is essential to prevent a potential third of the pandemic . Further under the National COVID Vaccination Program the government hopes to administer 300 million doses and reach a vaccination rate of 70%. Digitalization of the healthcare system in order to maintain precise records and carry out targeted welfare programs is also recommended . The budget allocation to the health sector should also be increased in order to meet the growing needs .the government is also advised to adopt a calibrated response through intermittent regionalized mobility restrictions. That will ensure that future variants may not derail economic activities significantly.

5 Big Ideas for Indian Economy



3. Education : Legislation to set-up a Higher Education Commission of India will be introduced, having vehicles for standard-setting, accreditation, regulation, and funding. A grant to create formal umbrella structures for institutes of higher education in nine cities will be created. More than 15,000 schools will be strengthened to include all components of the National Education Policy and subsequently mentor other schools to achieve ideals of Policy. In hopes to improve online education the government should push towards the goal of 1 million internet-enabled common service centres across India- this would increase connectivity and enable even the most remote regions access to internet services . A joint venture between the education and IT sector to streamline and enhance online education should also be given importance to . Smartphone for all should be the growth mantra. This could also be in the form of tax incentives to handset manufacturers and direct cash back. This alone would unleash a new wave of growth by raising productivity and improving efficiency in all segments of economy.

4. Increasing competitiveness in high-potential sectors -India has the opportunity to create as much as \$1 trillion in economic value by establishing itself as a [competitive manufacturer of electronics](#), chemicals, textiles, auto goods and pharmaceuticals. These sectors accounted for 56% of global trade while India only contributed to 1.5% of global exports in these areas. Greater urbanization and an increase in the manufacturing labor force would allow India's government to make this a reality. Currently, the country's imports constitute a greater percentage of global trade than its exports. By increasing competitiveness in these sectors, India would not only increase its potential for exports but also decrease its reliance on imports, curbing the amount of money spent by citizens on foreign products. An increase would have a direct impact on India's GDP and in turn would lead to development and ease the net fiscal debt .

5 Big Ideas for Indian Economy



5. Expenditure and investment in infrastructure- government spending is necessary to increase the overall GDP per capita. This year, incomes have declined for Indian citizens, meaning private consumption has also decreased. By spending money on building and repairing roads and bridges, the government will provide citizens with greater ease and efficiency in their work and create jobs in construction. Investment in infrastructure has to be continued with renewed vigour. India needs more ports, airports, railway lines, highways, logistics parks, housing, hospitals, schools and a big communications infrastructure. Furthermore, by using more funds to pay higher salaries, private consumption will once again increase, promoting higher business investment and improving the market for imports and exports. By spending a certain amount of money, the government would benefit from the economic boost created as a result.