

Economic Survey 2024-25 - I

Posted at: 01/02/2025

Economic Survey 2024-25 - I: Resilient Growth Amid Global Uncertainty

Context

The **Economic Survey** is a **flagship annual report** released by the **Ministry of Finance**. It provides a **detailed assessment** of India's **economic performance** over the past year and outlines **prospects for future growth**. The survey serves as a **policy guide**, highlighting **key macroeconomic indicators, investment trends, fiscal policies, and challenges** that the Indian economy may face.

Why is the Economic Survey Important?

- It acts as a **pre-budget document**, providing insights that shape economic policies.
- It evaluates **GDP growth, inflation trends, external trade, employment, and public finance**.
- It offers **recommendations** to guide policymakers, businesses, and investors.
- Though **not binding on the Union Budget**, its findings are often considered in economic planning.

The **Economic Survey 2024-25** was tabled in **Parliament** by **Union Finance Minister Smt. Nirmala Sitharaman** on the eve of the Union Budget 2024-25.

About the Economic Survey

1. Preparation & Presentation

- **Prepared by:** The Economic Division of the Department of Economic Affairs, under the supervision of the **Chief Economic Advisor (CEA)**.
- **Presented:** A day before the **Union Budget** every year.
- **First Survey:** Conducted in **1950-51**, initially presented along with the Budget until **1964**.

2. Key Functions

- Provides a **comprehensive analysis** of India's **economic trends**.
- Identifies **challenges** and suggests **policy measures**.
- Serves as a **foundation for economic debate and decision-making**.

Key Highlights of the Economic Survey 2024-25

1. State of the Economy: Back on the Fast Track

GDP Growth Outlook

- **Real GDP growth:** Estimated at 6.4% in FY25, aligning with the decadal average.
- **FY26 GDP growth projection:** Between 6.3% - 6.8%, considering global and domestic risks.

Global & Domestic Challenges

- **Global economy growth:** 3.3% in 2023; projected 3.2% over the next five years (IMF).
- **Challenges:** Geopolitical tensions, trade disruptions, inflationary pressures affecting economic stability.

Inflation & Investment Trends

- **Retail inflation:** Dropped from 5.4% (FY24) to 4.9% (Apr-Dec 2024).
- **Capital Expenditure (CAPEX):** Continued growth with 8.2% YoY increase (Jul-Nov 2024).

Trade & Global Competitiveness

- **India ranks 7th** in global services exports.
- **Non-Petroleum, Non-Gems & Jewellery exports:** Grew by 9.1% (Apr-Dec 2024), showing resilience despite global uncertainties.

2. Monetary & Financial Sector: Stability & Growth

Banking Sector Performance

- **Credit growth** remains strong, aligning with deposit expansion.
- **Gross Non-Performing Assets (GNPAs)** at a 12-year low of 2.6%, reflecting improved asset quality.
- **₹3.6 lakh crore** recovered under the Insolvency and Bankruptcy Code (IBC) (as of Sept 2024).

Stock Markets & Capital Mobilization

- **Indian stock markets** outperformed major emerging economies despite election-related volatility.
- **BSE market cap-to-GDP ratio:** 136%, higher than China (65%) and Brazil (37%).

Insurance & Pension Growth

- **Insurance premiums:** ₹11.2 lakh crore, with 7.7% growth (FY24).
- **Pension subscribers:** 16% YoY increase (Sept 2024).

3. External Sector: Resilient & Expanding

- **Exports: 6% YoY growth (FY25); services exports surged 11.6%.**
 - **India's global rank: 2nd in Telecommunications, Computer & IT services exports (10.2% market share).**
 - **Current Account Deficit (CAD): 1.2% of GDP (Q2 FY25), supported by strong net services exports and private transfers.**
 - **FDI inflows: 17.9% increase, reaching USD 55.6 billion (Apr-Nov FY25).**
 - **FOREX reserves: USD 640.3 billion (Dec 2024), covering 10.9 months of imports.**
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4. Prices & Inflation: Moderating Trends

- **Global inflation decline: From 8.7% (2022) to 5.7% (2024) (IMF).**
 - **India's retail inflation: Fell from 5.4% (FY24) to 4.9% (FY25, Apr-Dec 2024).**
 - **RBI & IMF projections: Inflation to align with 4% target by FY26.**
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5. Medium-Term Outlook: Growth Through Deregulation

- **Geo-Economic Fragmentation (GEF):** Global supply chains are being restructured, requiring policy adjustments.
 - **India needs ~8% annual GDP growth to achieve the Viksit Bharat 2047 vision.**
 - **Key challenges:**
 - **China's manufacturing dominance.**
 - **Energy transition dependencies.**
 - **Global economic fragmentation.**
 - **Systematic deregulation and Ease of Doing Business 2.0 are critical for long-term growth.**
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6. Investment & Infrastructure: Sustaining Growth

- **Public infrastructure investment: 38.8% CAPEX growth (FY20-FY24).**
 - **Railways: 2031 km of new rail lines commissioned; 17 new Vande Bharat trains launched.**
 - **Roads: 5,853 km of National Highways built in FY25 (Apr-Dec).**
 - **Renewable energy: 47% of India's installed capacity, with 15.8% YoY growth.**
 - **Water & Sanitation: 12 crore families received piped water; 3.64 lakh villages declared ODF Plus.**
 - **Urban Housing: 89 lakh houses completed under PMAY.**
 - **Digital Expansion: 5G nationwide coverage; 4G extended to 10,700 remote villages.**
 - **Space Vision 2047: 56 active space assets, including Gaganyaan & Chandrayaan-4.**
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Conclusion

The **Economic Survey 2024-25** presents an **optimistic yet pragmatic outlook** for India's economy. With **strong GDP growth, declining inflation, robust exports, and rising investment in infrastructure**, India is on the path to **sustainable economic expansion**.

However, **global uncertainties, energy transition challenges, and geopolitical risks** demand **continuous policy adjustments**. The government's **focus on investment, infrastructure, deregulation, and innovation** will be **crucial** in achieving India's vision of **Viksit Bharat 2047**.

This Economic Survey lays the groundwork for **policy discussions, economic reforms, and strategic planning** in the coming years.



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