

# India's Macroeconomic Performance

Posted at: 23/06/2025

## India's Macroeconomic Performance: A Decade in Review

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### Context

India's economic performance over the past 11 years (2014–2025) is being analysed against the previous decade (2004–2014). This overview highlights trends in GDP, poverty, inequality, agriculture, and subsidy reforms — key areas relevant to inclusive and sustainable development.

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### Macroeconomic Growth Trends

- **Nominal GDP** rose from **\$2.04 trillion (2014)** to a projected **\$4.19 trillion (2025)**.
  - India is set to become the **4th largest economy**, nearing Germany.
  - In **PPP terms**, GDP grew from **\$6.45 trillion (2014)** to **\$17.65 trillion (2025)** — **3rd largest globally**.
  - **Per capita income (PPP)** increased from **\$4,935 (2014)** to **\$12,132 (2025)**.
  - Global rank improved from **166th to 149th**, though still lowest among **G20 nations**, behind China and Sri Lanka.
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### Income Inequality

- **Gini coefficient** remained relatively stable:
  - **2004:** 0.34

- **2014:** 0.35
  - **2021:** 0.33
  - Indicates **moderate inequality**, as per World Bank estimates.
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## Agricultural Growth and Welfare Schemes

- **Agriculture GDP** grew at **4% annually (FY15-FY25)**, higher than **3.5% (FY05-FY14)**, despite multiple drought years.
  - Key welfare measures:
    - **PM-KISAN** (income support)
    - **Free food grains** (5kg/person/month to **800 million** beneficiaries)
    - **Affordable rural housing**
    - **Urea price controls**
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## Poverty Reduction

- **Extreme poverty** (below \$3/day, 2021 PPP):
    - Fell from **27.1% (2011)** to **5.3% (2022)** — an **80% reduction**.
  - Against the **\$4.20/day threshold**:
    - Dropped from **57.7% (2011)** to **23.9% (2022)** — a **60% fall**.
  - Marks one of the **fastest reductions** in India's recent history.
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## Need for Subsidy Reforms

### Food Subsidy

- **Budget (FY26): ₹2.03 lakh crore.**
- Suggestion: Replace free grains with **digital food coupons** worth ₹700/family/month for the poorest 15%.
- Benefits: **Diversified diets**, reduced leakages, improved **nutrition**.

### Fertiliser Subsidy

- **Budget (FY26): ₹1.56 lakh crore.**
- Suggestion: Provide **fertiliser coupons** and **deregulate prices**.
- Enables choice between **chemical, bio-fertilisers or natural farming**, and encourages balanced use of nutrients.

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## Implementation Challenges

- **Identifying tenant farmers** and linking datasets is critical.
- Requires **pre-policy communication** and building **trust with farmers**.
- Smooth execution depends on **coordination, technology, and political consensus**.

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## Conclusion

India has made significant progress in **GDP growth, poverty reduction, and agriculture**. However, for sustained and inclusive development, attention is needed on:

- **Subsidy rationalisation**
- **Income equality**

- **Effective delivery mechanisms**

Targeted, tech-enabled, and inclusive reforms will be key to translating growth into **equitable development**.



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