

Highlights of **Economic Survey 2024-25**



- AHMEDABAD
- BENGALURU
- BHOPAL
- CHANDIGARH
- DELHI
- GUWAHATI
- HYDERABAD
- JAIPUR
- JODHPUR
- LUCKNOW
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- PUNE
- RANCHI

HIGHLIGHTS OF ECONOMIC SURVEY 2024-25

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Note for Students

The **Economic Survey Document** is one of the most important resources in the UPSC Civil Services Examination. It not only encompasses economy, but also overlaps with **society, technology, governance, etc.**

In this backdrop, the idea behind the highlights document is to provide a quick snapshot of all the chapters of **the Economic Survey** in an easy to grasp manner. To further this endeavor, we have added two new elements in this year's edition:



One Line Summary:

It summarizes the key ideas from the chapter in one line. This can serve as a popular tool to enrich your answers in the Mains Examination.



Relevance for UPSC:

This element gives chapter wise relevance for various topics of the UPSC Syllabus to give you a holistic idea about the utility of the chapters.



फाउंडेशन कोर्स सामान्य अध्ययन

प्रारंभिक एवं मुख्य परीक्षा 2026

इनोवेटिव क्लासरूम प्रोग्राम

- प्रारंभिक परीक्षा, मुख्य परीक्षा और निबंध के लिए महत्वपूर्ण सभी टॉपिक का विस्तृत कवरेज
- मौलिक अवधारणाओं की समझ के विकास एवं विश्लेषणात्मक क्षमता निर्माण पर विशेष ध्यान
- एनीमेशन, पॉवर प्वाइंट, वीडियो जैसी तकनीकी सुविधाओं का प्रयोग
- अंतर - विषयक समझ विकसित करने का प्रयास
- योजनाबद्ध तैयारी हेतु करेंट ओरिएंटेड अप्रोच
- नियमित क्लास टेस्ट एवं व्यक्तिगत मूल्यांकन
- प्री फाउंडेशन कक्षाएं
- सीसेट कक्षाएं
- PT 365 कक्षाएं
- MAINS 365 कक्षाएं
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- निबंध टेस्ट सीरीज
- सीसेट टेस्ट सीरीज
- निबंध लेखन - शैली की कक्षाएं
- करेंट अफेयर्स मैगजीन

नोट: ऑनलाइन छात्र हमारे पाठ्यक्रम की लाइव वीडियो कक्षाएं अपने घर पर ऑनलाइन प्लेटफॉर्म पर देख सकते हैं। छात्र लाइव चैट विकल्प के माध्यम से कक्षा के दौरान अपने संदेह और विषय संबंधी प्रश्न पूछ सकते हैं। वे अपने संदेह और प्रश्न नोट भी कर सकते हैं और दिल्ली केंद्र में हमारे कक्षा सलाहकार को बता सकते हैं और हम फोन/मेल के माध्यम से प्रश्नों का उत्तर देंगे।

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Know your Economic Survey 2024-25

KNOW YOUR ECONOMIC SURVEY



Who Prepares It?

- ◉ Economic Division of the **Department of Economic Affairs (DEA), Ministry of Finance**
- ◉ Under the guidance of **Chief Economic Advisor (CEA)**

WHAT IS ECONOMIC SURVEY?



It presents a **comprehensive analysis of India's growth trajectory** including the global optimism towards nation, focus on infrastructure, growth in agriculture, industries and emphasis on futuristic sectors.



PRESENTATION & PREPARATION

- ◉ Released **a day before Budget** presentation.
- ◉ It **summarizes the annual economic development** in the country and sketches out **short- and medium-term prospects** of the economy.
- ◉ It is **presented** to the Parliament **ahead of the Budget for the ensuing year.**



POLICY PERSPECTIVE TO BUDGET

- ◉ As a **flagship document** of the Ministry of Finance, the Economic Survey provides detailed **statistical data covering all aspects of the economy.**
- ◉ It is the **authoritative guide to the Indian economy** and is usually seen to provide **policy perspective for the Union Budget.**



ECONOMIC LANDSCAPE

- ◉ The Economic Survey **brings out the economic trends** in the country which facilitates a better appreciation of the mobilization of resources and their allocation in the Budget.
- ◉ The Survey analyses the **trends in agricultural and industrial production, infrastructure, employment, money supply, trade, forex reserves and other relevant economic factors** which have a bearing on the Budget.

HOW IS ECONOMIC SURVEY RELATED TO THE BUDGET?



Economic Survey 2024-25: Preface

- The *Economic Survey 2024-25*, authored by Chief Economic Advisor V. Anantha Nageswaran, highlights deregulation as a key driver for domestic growth and economic resilience.
- Deregulation is emphasized as a tool to reduce business costs, boost innovation, and create employment opportunities.

Global Political and Economic Landscape

- **Major Elections in 2024:** India re-elected its incumbent government for a third term, ensuring political stability.
 - The United States saw a change in presidency, and Indonesia continued with the ruling party under new leadership.
- **European Uncertainties:** Germany faced two consecutive years of economic contraction, with upcoming elections adding political uncertainty.
 - France experienced instability following snap elections, while the UK shifted to a Labour government amidst fiscal pressures.
 - Europe struggles with competitiveness due to high energy costs linked to renewable energy transitions.
- **China's Economic Slowdown:** Post-COVID reopening did not trigger expected growth; overcapacity and real estate sector strains led to deflationary pressures.
 - Chinese exports surged, with a trade surplus nearing \$1 trillion in 2024.

Challenges and Opportunities for India

- **Impact of Global Slowdown:** The global retreat from globalization affects India's export-driven sectors.
 - Domestic growth levers, like investment and deregulation, become increasingly important.
- **Demographic Advantage and Responsibility:** India's youthful population offers potential, unlike aging Europe, but requires job creation and skill development.
- **Dependency on Critical Sectors:** India faces limitations in producing key components for sectors like solar energy, heavily relying on Chinese supply chains.
 - The need to strengthen domestic manufacturing capacities and diversify critical imports is stressed.

Strategic Economic Focus Areas

- **Investment and Supply Chain Resilience:** Attracting both domestic and foreign investments is crucial to making India competitive and innovative.
 - Strengthening supply chain resilience and finding alternative sources beyond short-term cost considerations.
- **Climate Change and Energy Transition:** Energy security and affordability must be prioritized alongside sustainable practices.
 - Electric mobility offers economic benefits but poses challenges due to high import intensity.
 - Public transportation is identified as a more efficient alternative to private electric vehicles.
- **Agriculture and Rural Development:** Encouraging crop diversification and reducing dependence on water-intensive crops.
 - Enhancing irrigation coverage and investing in agricultural research to boost productivity.

Deregulation: A Catalyst for Growth

- **Reducing Business Costs:** Deregulation is positioned as essential for reducing the cost of doing business and fostering entrepreneurship.

- **Simplifying Compliance:** A shift from micromanaging to risk-based regulations is advocated, easing the regulatory burden on businesses.
 - Moving from a “guilty until proven innocent” framework to “innocent until proven guilty” in regulatory practices.
- **Encouraging Innovation:** Governments are encouraged to minimize interference, allowing businesses to focus on core activities.
 - Trust between the state and private sector is essential for fostering innovation and growth.

Conclusion: A Path Forward for India

- The *Economic Survey 2024-25* presents a roadmap for India’s economic growth, emphasizing deregulation, investment in critical sectors, and balanced energy transition.
- The government’s role is to facilitate growth by creating an enabling environment, while businesses are expected to respond with innovation and productivity.
- Continuous feedback is invited to refine future surveys, positioning the document as both an academic exercise and a practical guide for policy-making.

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Chapter 1: State of the Economy: Getting Back into the Fast Lane

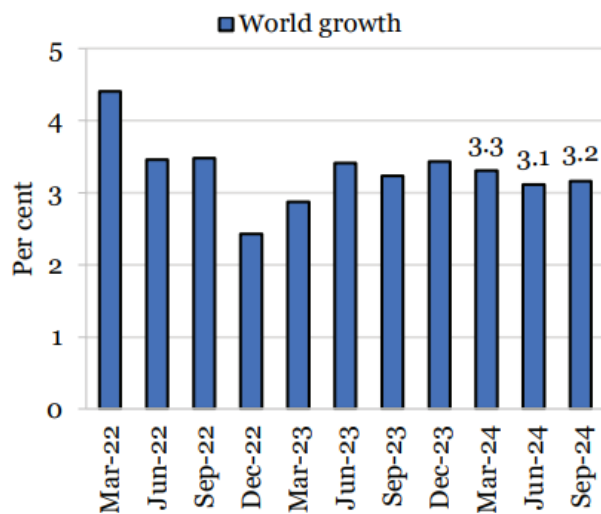
Introduction

- 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.

Global economic scenario

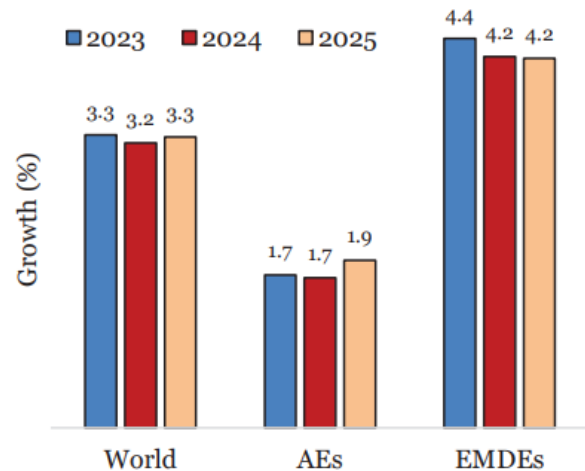
- **Inflationary pressures:** Inflation rates across economies have trended downward steadily, approaching central bank target levels.
 - **Disinflation** seems to have slowed due to the persistence of services inflation, while core goods inflation has fallen to negligible levels.
- **Global uncertainty:**
 - **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)

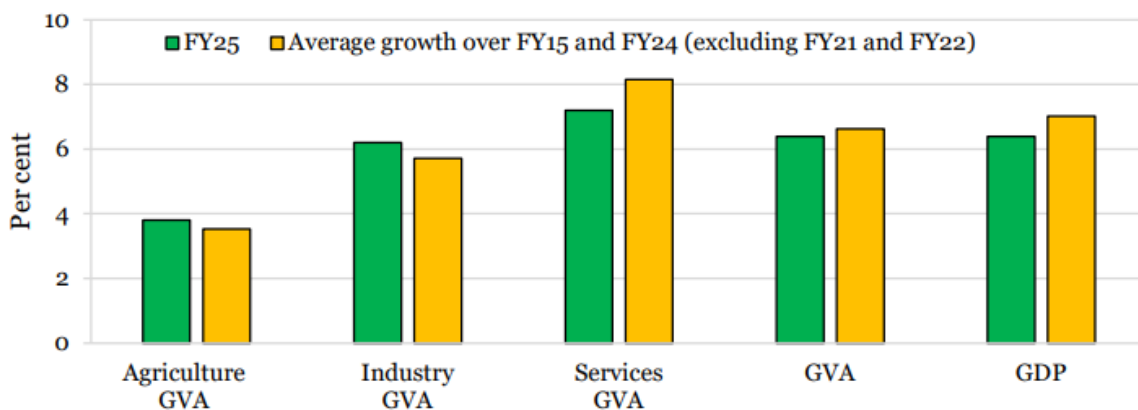
Note: AEs- Advanced Economies, EMDEs- Emerging market and developing economies

Indian Economy

- **Growth:** India’s real GDP growth is 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%**.
- **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**.
 - **Growth in the services sector** is expected to remain robust at **7.2%**, driven by healthy activity in financial, real estate, professional services, public administration, defence, and other services.

India's growth remains close to the decadal average despite global uncertainties



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)**.
- **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.

Outlook and Way forward

- Keeping in mind the upsides and downsides to growth, the Survey expects the real GDP growth in **FY26** to be between **6.3 and 6.8%**.
- **Overall**, India will need to improve its global competitiveness through **grassroots-level structural reforms and deregulation** to reinforce its medium-term growth potential.

One-Line Summary

India's economic growth remains robust, driven by strong domestic demand, infrastructure investments, and macroeconomic stability, but external risks like inflation and global slowdown require cautious policy management.

Relevance for UPSC

- Economic Growth & Stability (GS-3: Indian Economy, Growth Trends & Policies)
- Inflation Control & Fiscal Policy (GS-3: Economy, Monetary & Fiscal Policies)
- Investment & Infrastructure Development (GS-3: Economic Development, Industry)
- Global Economic Trends & Impact on India (GS-2: International Relations, GS-3: External Sector)

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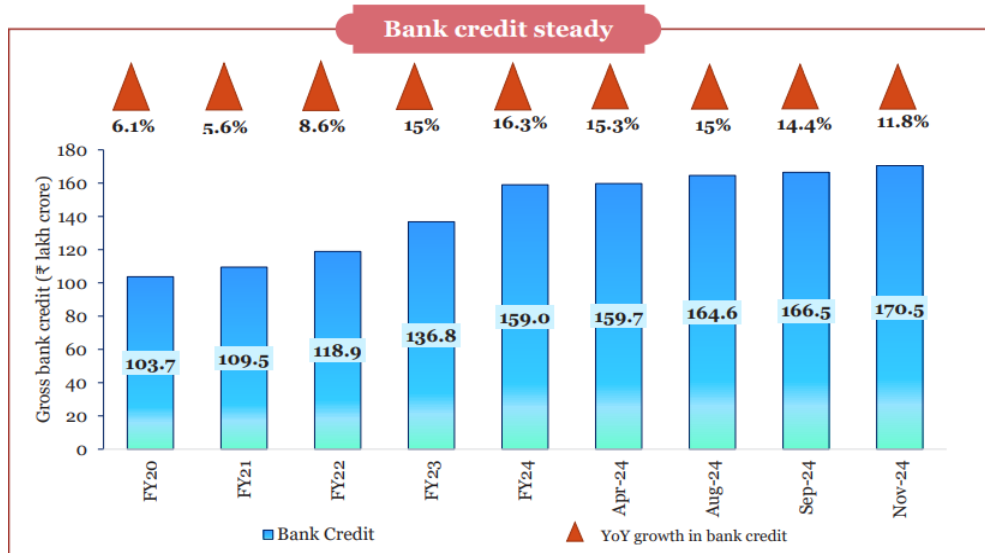
Chapter 2: Monetary and Financial Sector Developments: The Cart and the Horse

Introduction

- **Bank credit has grown at a steady rate in the current financial year**, with credit growth converging towards deposit growth.
- There has been a consistent improvement in the profitability of scheduled commercial banks (SCBs) as **reflected in a fall in gross non-performing assets (GNPAs)**.
- This is accompanied by a **rise in the capital-to-risk weighted asset ratio (CRAR)**.

Performance of the banking sector and credit availability

- **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.
- **Improved asset quality:** The gross non-performing assets (GNPAs) ratio of **Scheduled Commercial Banks (SCBs)** has declined



- consistently from its peak in FY18 to **2.6 %** at the end of September 2024.
- At the end of September 2024, the **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%**.
- **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

- **₹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 ₹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**.

Cybersecurity aspects of India's financial sector

- Reports indicate that almost **one-fifth of all reported cyber incidents** involve financial institutions, with banks being the most affected.
- According to **IMF's Global Financial Stability Report**, cyberattacks have resulted in extreme financial losses, which have increased **fourfold** since 2017, amounting to **USD 2.5 billion**.

Efficacy of Insolvency Law

- Under Insolvency and Bankruptcy Code, **₹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.

Outlook

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

One-Line Summary

India's monetary policy remains stable, ensuring inflation control and economic growth, while strong banking reforms, NBFC oversight, and digital financial expansion drive financial sector resilience.

Relevance for UPSC

- *Banking & Financial Sector Reforms (GS-3: Indian Economy, Monetary & Fiscal Policy)*
- *Inflation Management & RBI's Role (GS-3: Economy, Growth & Stability)*
- *FinTech, Digital Banking, and Financial Inclusion (GS-3: Digital Economy & Emerging Technologies)*
- *Capital Market Reforms & Investment Trends (GS-3: Economic Development, Industry)*

Chapter 3: External Sector: Getting FDI Right

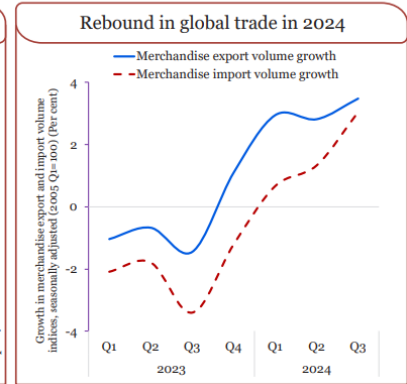
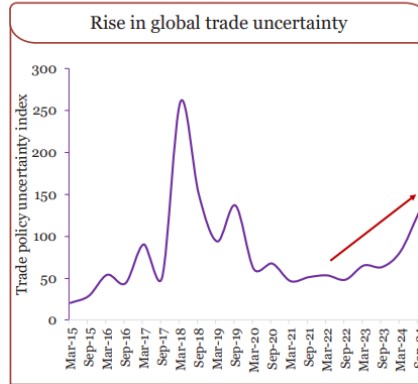
Introduction

- India's external sector continued to display resilience amidst global headwinds of economic and trade policy uncertainties.

Global trade dynamics

Global trade dynamics

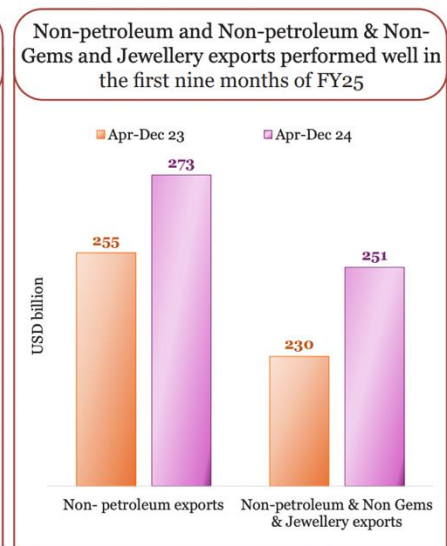
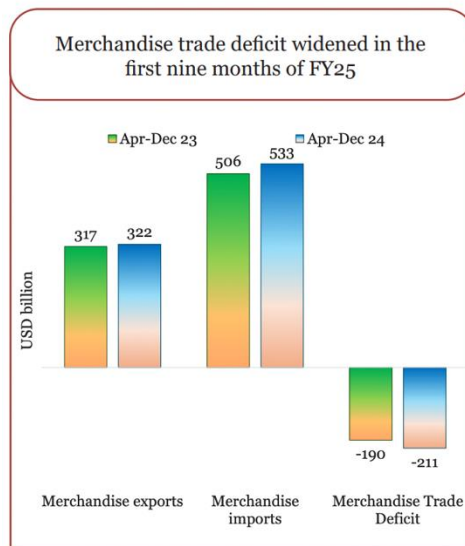
- Disruptions in the Red Sea** that began in November 2023 have forced changes in trade routes, causing higher shipping costs and longer delivery times.
- Conflicts in the Hormuz Strait** (which channels 21 % of global petroleum liquid consumption) have disrupted energy trade and increased prices.
- Climate change enhanced uncertainties:** For instance, drought in the Panama Canal, affecting approximately 5% of global maritime trade volumes that transit through it.
- Rise in the political proximity of trade** since late 2022. This indicates a preference for bilateral trade between countries.



Global trade performance in 2024

- As per World Trade Organization (WTO), a year-on-year (YoY) growth of **3.5% (merchandise export)** and **3% (merchandise import)** in Q3 of 2024 (seasonally adjusted, 2005 Q1=100).
 - Global services exports and imports grew by **7.9% and 6.7% (YoY)** respectively, during the same period.

India's trade performance in the first eight months of FY25



Tariff policies

- Increased emphasis on **free trade and enhanced collaboration** in international trade policies under the WTO has reduced border tariffs among nations.
 - For instance, between 2000 and 2024, the average tariff rates on dutiable items in India decreased from **48.9% to 17.3%**, while in China, they fell from 16.4% to 8.3%.

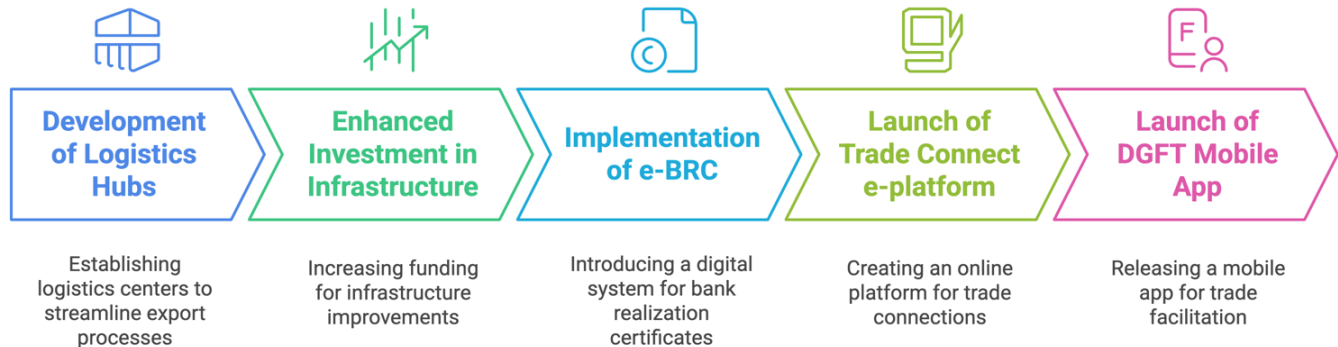
Non-tariff measures (NTMs)

- Global Trade Alert** database shows that between 2020 and 2024, over **26,000 new restrictions** related to trade and investments have been globally imposed.
- Sectors most affected by NTMs** include agriculture, manufacturing, and natural resources.

Trend in India's trade performance

- **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 commands **10.2 %** of the global export market in '**Telecommunications, Computer, & Information Services**', ranking **2nd largest exporter in the world** (UNCTAD).

Initiatives to Enhance Exporter Ease in India



India Balance of payments: Resilience amid challenges

- **Current account:** 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.

Performance of FDI flows of India

- Gross **Foreign Direct Investment (FDI)** inflows increased by **17.9 %** in FY25 in comparison to FY24.
- Over the long term, **FDI inflows** into India have surpassed the **USD 1 trillion mark** from April 2000 to September 2024.

Foreign Exchange Reserves of India

- **India's foreign exchange reserves** comprise foreign currency assets (FCA), gold, special drawing rights (SDRs) and reserve tranche position (RTP) in the IMF
- It stood at **USD 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.

External debt position of India

- 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.

Outlook

- **Global trade dynamics** have changed significantly in recent years, shifting from globalization to rising trade protectionism, accompanied by increased uncertainty.
- **To remain competitive and enhance** its participation in global supply chains, India must continue reducing trade costs and improving facilitation to boost export competitiveness.

One-Line Summary

India's external sector remains resilient, with strong FDI inflows, growing service exports, and a balanced trade strategy, but challenges like trade restrictions, supply chain vulnerabilities, and global slowdown require strategic policy responses.

Relevance for UPSC

- India's Trade Policy & FTAs (GS-3: Economy, Trade & Commerce)
- Foreign Direct Investment & Ease of Doing Business (GS-3: Indian Economy, Investment Policies)
- Balance of Payments & Forex Reserves (GS-3: External Sector & Macroeconomics)
- Impact of Global Trade Policies (GS-2: International Relations, GS-3: WTO & Trade Agreements)



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Chapter 4: Prices and Inflation: Understanding the Dynamics

Introduction

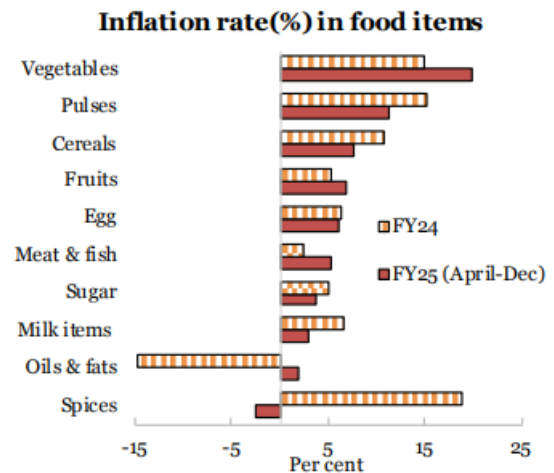
- **Global inflation: Declined to 5.7% in 2024** from its peak of 8.7% in 2022 (IMF).
- **Core inflation: Reached its lowest point in a decade.**

Domestic Inflation

- **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%**.
- **Administrative measures to control food inflation**
 - **Cereals: Stock limits** on wheat; **Offloaded wheat and rice from central pool** under Open Market Sale Scheme; **Sale** of wheat flour and rice **under Bharat brand**.
 - **Pulses: Sale** of chana dal, moong dal and masur dal **under Bharat brand**; **Imposition of Stock limits** on tur and desi chana; **Allowed duty-free import** of desi chana, tur, urad, masur and yellow peas.
 - **Vegetables: Buffer Stock of Onion** (4.7 lakh MT of rabi onion procured under Price Stabilisation Fund); Subsidised sale of Onion and Tomato.



Outlook

- **Consumer Price Inflation (CPI):** RBI and IMF projected India's CPI will gradually align with the target in FY26.
- **Inflation Rate:** IMF has projected an inflation rate of **4.4% in FY25** and **4.1% in FY26 for India**.
- **Headline inflation:** RBI expects headline inflation to be **4.2% in FY26**, if there is normal monsoon and no further external or policy shocks.

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.

One Line Summary

India's inflation remains stable but faces risks from food price volatility, fuel fluctuations, and supply chain disruptions, requiring strong monetary policy and supply-side interventions

Relevance for UPSC

- Inflation Trends & RBI's Role (GS-3: Economy, Monetary Policy)
- Supply Chain & Food Price Stability (GS-3: Agriculture, Economic Development)
- Energy Security & Fuel Price Impact (GS-3: Environment & Economy)
- Government Welfare Schemes & Price Control (GS-2: Governance, GS-3: Social Security)

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PROGRAM OUTCOMES

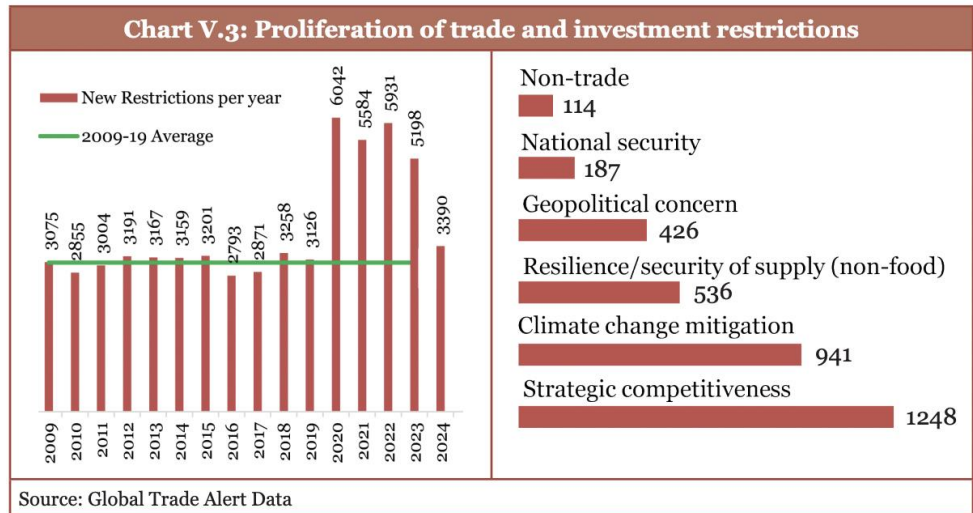
- Efficient Time Management and Exam-taking Strategies
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- Development of Confidence to Tackle the Exam

Chapter 5: Medium Term Outlook: Deregulation Drives Growth

Introduction

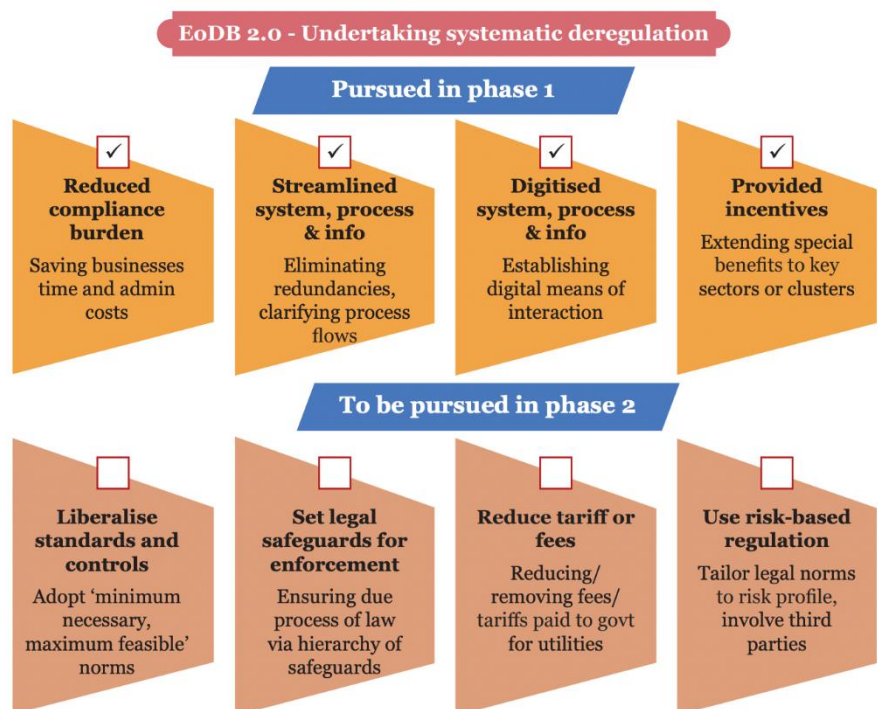
- India needs a **growth rate of 8% at constant prices on average** for a decade or two in order to realise its economic aspirations of becoming Viksit Bharat by 2047.
- World Economic Outlook of IMF** projects India to become a **USD 5 trillion economy by FY28** and reach a size of **USD 6.307 trillion by FY30**.

Medium-term growth outlook for India must be assessed in context of a **new global reality – Geo-economic fragmentation, China’s manufacturing prowess and dependency of efforts for energy transition on China.**



Geo-Economic Fragmentation (GEF)

- 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.
 - GEF is **replacing globalization** leading to imminent economic realignments and readjustments.
 - UNIDO projected that **China will account for 45% of all global manufacturing**, outmatching the US and its allies by 2030.
 - China dominates energy transition technologies** with nearly 80% share of solar panels (polysilicon, ingots, wafers, cells, and modules), and world's battery manufacturing capacity.



• **Implications of GEF**

- **Increased trade and investment restrictions:** Between 2020 and 2024, over **24000 new restrictions related to trade and investments** have gone into place globally.
- **Concentrated FDI flows:** Global FDI flows are increasingly concentrated among geopolitically aligned countries, increasing vulnerability of emerging markets and developing economies.

Deregulation and Economic Freedom: A catalyst for growth

- States can undertake **systematic deregulation** by reviewing regulations for their cost-effectiveness by following a **three-step process**:
 - **Identifying areas for deregulation** under Ease of Doing Business (EoDB) 2.0 and creation of a viable Mittelstand, i.e. India's SME sector.
 - **Comparing regulations with other states** and countries.
 - **Estimating cost of each of these regulations** on individual enterprises.

One Line Summary

India's medium-term growth outlook remains strong, driven by deregulation, investment-led growth, and skill development, but global economic risks and domestic challenges in employment and infrastructure need continuous policy attention.

Relevance for UPSC

- *Economic Growth & Structural Reforms (GS-3: Indian Economy, Infrastructure & Industrial Policies).*
- *Trade & Global Economic Trends (GS-2: International Relations, GS-3: External Sector).*
- *Employment & Skill Development (GS-3: Education & Labor Market Reforms).*
- *Investment & Industrial Competitiveness (GS-3: MSME Growth, Ease of Doing Business).*

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Chapter 6: Investment and Infrastructure: Keeping It Going

Introduction

- Central focus of the Government in **last five years was on increasing public spending** on infrastructure-physical, digital and social, and speeding up approvals and resource mobilization.
- Union Government’s **capital expenditure** on key infrastructure sectors has **grown at a rate of 38.8%** from FY20 to FY24.

Developments across Infrastructure Sectors

Physical Infrastructure	
Railway Sector	<p>Current Status</p> <ul style="list-style-type: none"> • Between April- October 2024, 17 new pairs of Vande Bharat trains introduced to the network. • 91 Gati shakti multi-modal Cargo Terminal commissioned. • Indian Railways targets 30 GW of renewable energy by 2029-30. <p>Key Initiatives</p> <ul style="list-style-type: none"> • Automatic Block Signalling: Installed to enhance capacity on high-density routes. • Mumbai-Ahmedabad High-Speed Rail Project: Sanctioned in 2015, this 508 km project was supported by Japan.
Road Sector	<p>Current Status</p> <ul style="list-style-type: none"> • India has a total road network of 63.4 lakh km, including National highway (NH) network of 146,195 km. NH carries about 40% of the overall road freight traffic. • 5853 km of NH was constructed in FY25. <p>Key Initiatives</p> <ul style="list-style-type: none"> • Bharatmala Pariyojana: Launched in 2017, it aims to develop 34,800 km of NH. <ul style="list-style-type: none"> ○ By 2024, approximately 76% of the projects (26,425 km) has been awarded, and 18,926 km have been constructed. • Multi-Modal Logistics Parks (MMLP): Till December 2024, Six MMLPs in Chennai, Indore, Nagpur, Jalna, Jogighopa and Bangalore have been awarded.
Civil Aviation Sector	<p>Current Status</p> <ul style="list-style-type: none"> • Airport's cargo handling capacity has been gradually increasing, reaching 8.0 million MT in FY24. <p>Key Initiatives</p> <ul style="list-style-type: none"> • UDAN scheme: 619 routes connecting 88 airports, including two water aerodromes and 13 heliports, have been operationalised so far.
Ports, Shipping and Inland Waterways Sector	<p>Current Status</p> <ul style="list-style-type: none"> • Improvements in operational efficiency and reduction in average container turnaround time in major ports (48.1 hours in FY24 to 30.4 hours during FY25 (Apr-Nov)). • Progress under Sagarmala programme highlights the highest project completion rates in port modernisation and port-led industrialisation. <p>Key Initiatives</p> <ul style="list-style-type: none"> • Chabahar Port and INSTC: Shahid Beheshti Port at Chabahar connects Mumbai to Eurasia via INSTC. <ul style="list-style-type: none"> ○ It reduces transport costs and time, leading to a 43% increase in vessel traffic and 34% rise in container traffic for FY24. • Harit nauka Guidelines: Launched in 2024, it aims to green 1,000 inland vessels over next ten years.



Energy Infrastructure	
Power Sector	<p>Current Status</p> <ul style="list-style-type: none"> Installed capacity rising by 7.2% year-on-year (YoY) to 456.7 GW as of November 2024. Share of renewable energy in India's total installed capacity now stands at 47%. Total renewable energy installed capacity increased by 15.8% YoY, reaching 209.4 GW, up from 180.8 GW in December 2023. <p>Key Initiatives</p> <ul style="list-style-type: none"> Revamped Distribution Sector Scheme, Pradhan Mantri Sahaj Bijli Har Ghar Yojana (SAUBHAGYA), etc.
Digital Infrastructure	
Telecommunication Sector	<p>Current Status</p> <ul style="list-style-type: none"> By October 31, 2024, 5G services were launched in all states and union territories. <p>Key Initiatives</p> <ul style="list-style-type: none"> Bharat Net Project to connect all Gram Panchayats and villages with broadband.
Information Technology Sector	<p>Current Status</p> <ul style="list-style-type: none"> As of November 2024, National Informatics Centre supports 1,917 applications on its cloud, under MeghRaj, GI Cloud initiative. <ul style="list-style-type: none"> MeghRaj aimed at delivering ICT services via cloud computing to Central and State/UT Departments. Data centre market in India is expected to grow from US\$4.5 billion in 2023 to US\$11.6 billion by 2032.
Rural and Urban Infrastructure	
Rural Drinking Water and Sanitation Sector	<p>Status and Initiatives</p> <ul style="list-style-type: none"> Jal Jeevan Mission (2019): Over 12 crore families have gained access of piped drinking water since 2019. <ul style="list-style-type: none"> States achieved 100% coverage: Arunachal Pradesh, Goa, Haryana, Himachal Pradesh, Gujarat, Punjab, Telangana and Mizoram. UTs achieved 100% coverage: Andaman & Nicobar Islands, Dadra Nagar Haveli & Daman Diu and Puducherry. Swachh Bharat Mission Phase II – Grameen (SBM-G): During April-November 2024, 1.92 lakh villages were incrementally declared ODF+ under model category, taking the total number of ODF+ villages to 3.64 lakh.
Urban Sector	<p>Status and Initiatives</p> <ul style="list-style-type: none"> Pradhan Mantri Awas Yojana- Urban (2015): Completed over 89 lakh houses in urban areas. Urban transport: Growing with metro and rapid rail systems operational or under construction in 29 cities, with 1010 km currently operational in 23 cities. Atal Mission for Rejuvenation and Urban Transformation (AMRUT) Scheme: Under it, tap water coverage has increased to 70%, and sewerage coverage has risen to 62%.
Strategic Infrastructure	
Tourism Sector	<p>Status and Initiatives</p> <ul style="list-style-type: none"> Pilgrimage Rejuvenation and Spiritual Augmentation Drive (PRASHAD): To develop tourism infrastructure at identified pilgrimage destinations and heritage cities. <ul style="list-style-type: none"> As of December 2024, 26 out of 48 projects have been completed. Swadesh Darshan Scheme 2.0 (2022): To develop sustainable and responsible tourism destinations. As of December 2024, 75 out of 76 projects have been completed.

Space Sector	Status and Initiatives <ul style="list-style-type: none">India currently operates 56 active space assets including 19 communication satellites, 9 navigation satellites, 4 scientific satellites, and 24 earth observation satellites.Government’s Space Vision 2047 includes four projects i.e.<ul style="list-style-type: none">Gaganyaan follow on mission for establishment of first module of Bhartiya Antariksh Station.Chandrayaan-4 Lunar Sample Return Mission and Venus Orbiter Mission.Development of Next Generation Launch Vehicle.
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Ways to enhance infrastructure investment to sustain high rate of growth

- Transport Modernisation:** Accelerating efforts to **build integrated multi-modal transport**, coupled with modernisation of existing physical assets will improve efficiency and last-mile connectivity.
- Private Participation:** It should **accelerate in critical infrastructure sectors** in ways like programme and project planning, financing, construction, maintenance, monetisation and impact assessment.

One-Line Summary
India’s infrastructure investment remains a key growth driver, focusing on connectivity, energy transition, and digital transformation, but land reforms, financing sustainability, and execution speed need further policy attention.

- Relevance for UPSC**
- Infrastructure & Economic Growth (GS-3: Indian Economy, Public Investment).*
 - Government Schemes for Housing, Water & Urban Development (GS-2: Governance, GS-3: Economy).*
 - Energy Security & Renewable Energy Expansion (GS-3: Environment & Economy).*
 - Investment & Public-Private Partnerships (GS-3: Economic Development).*

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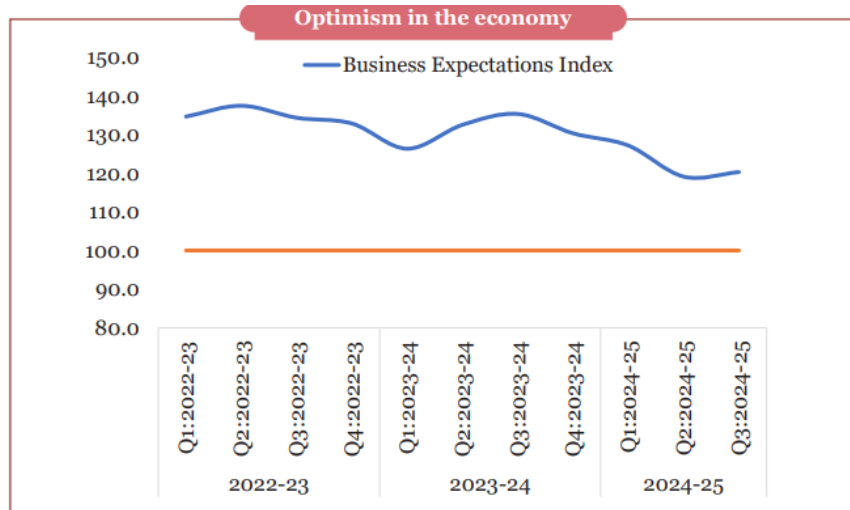
Chapter 7: Industry: All About Business Reforms

Introduction

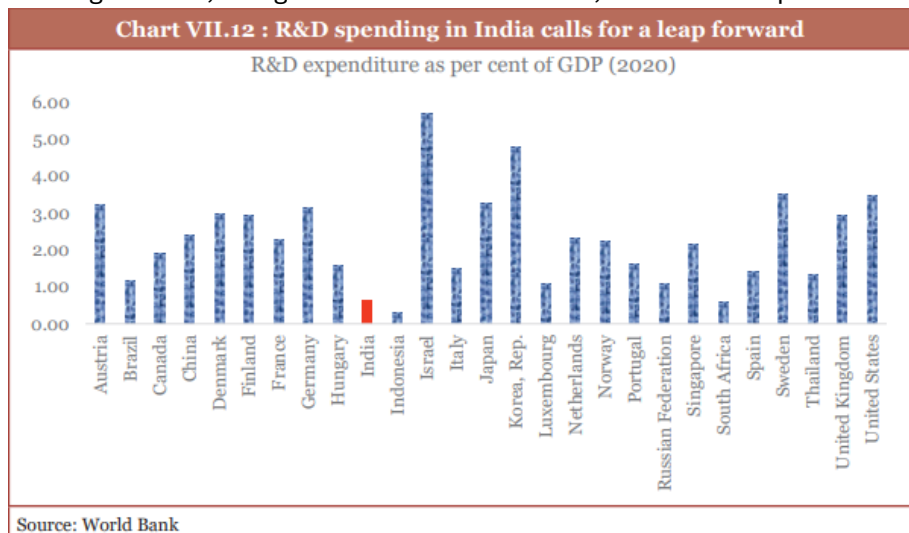
- The manufacturing sector is expected to grow by 6.2% in FY25, driven by electricity and construction.
- India holds 2.8% of the global manufacturing share, compared to China's 28.8%, offering significant growth potential.

Core Input Industries

- Cement:** India is the second-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. The **Steel Scrap Recycling Policy** promotes efficient recycling, and securing high-quality scrap is vital for transitioning to **green steel**.
- 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. Recognizing its potential, the government has **extended the PLI Scheme** for another year.
- Electronics:** India now manufactures 99% of its smartphones, reducing import dependence.
 - Programs like Make in India and Digital India, along with better infrastructure, have boosted production and attracted foreign investments.
 - However, India's electronics market makes up just 4% of the global share, mainly **focused on assembling, with limited progress in design and components**.
- Textiles:** The 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**



Note: >100 optimistic <100 pessimistic.



Source: World Bank



exporter of textiles, with a 4% share of global trade. Technical textiles, with India ranking fifth globally, offer significant growth potential.

- **Challenges: MSME dominance** limits scale and efficiency, fragmentation increases logistics costs, reliance on cotton limits competitiveness, **limited foreign direct investment**, lack of technological advancement, dependence on **imported machinery**, significant **skill gap** hindering productivity and innovation.
- **Pharmaceuticals:** India's pharmaceutical industry, **the third-largest globally by volume**, has been growing at 10.1% annually over the last five years.
 - Government initiatives like the PLI scheme and Strengthening of Pharmaceuticals Industry (SPI) aim to boost self-reliance and reduce dependence on imports.
 - India is making progress in **cell and gene therapy**, with the approval of its first indigenously developed **CAR-T cell therapy**. To speed up access to new drugs, the Central Drugs Standard Control Organisation now allows waivers for local clinical trials for drugs approved in the USA, UK, Japan, Australia, Canada, and the EU.
- **Micro Small And Medium Enterprises (MSME):** This sector is vital to India's economy, creating jobs with low capital costs.
 - **Key interventions: Self-Reliant India Fund**, **MSME-Cluster Development Programme**, **Credit Guarantee Scheme** to improve credit access, **Micro and Small Enterprises Facilitation Council** to resolve delayed payments, **MSME Samadhan and CHAMPIONS** portals to address MSMEs' issues.

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%.

Conclusion

To achieve its goal of becoming a **manufacturing powerhouse**, India needs coordinated efforts from all levels of government, the private sector, skill development systems, academia, research institutions, and financial stakeholders.

One Line Summary

India's industrial sector is expanding rapidly through PLI schemes, ease of doing business reforms, and MSME support, but global trade challenges, high logistics costs, and skilling gaps require further policy action

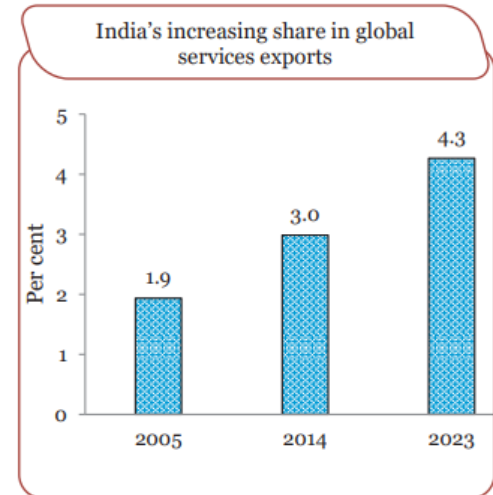
Relevance for UPSC

- *Industrial Growth & Manufacturing Policies (GS-3: Indian Economy, Make in India).*
- *Ease of Doing Business & Business Reforms (GS-3: MSME Sector, Economic Development).*
- *Trade & Global Supply Chain Shifts (GS-2: International Relations, GS-3: Exports).*
- *Technology & AI in Industry (GS-3: Digital Economy & Future Technologies).*

Chapter 8: Services: New Challenges for the Old War Horse

Introduction

- The **service sector's contribution** to total GVA has risen from **50.6% in FY14 to 55.3% in FY25** (First Advance Estimates).
- India ranked **7th worldwide in global services exports** with a share of 4.3% (2023)
- It also provides employment to **approximately 30 %** of the workforce.



Services sector performance in India

- Services also contribute indirectly to the GDP through the **servicification** of manufacturing, i.e., increasing utilization of services in manufacturing production and post-production value addition.
- The **service sector includes**: Trade, repair, hotels, and restaurants, Transport, storage, communication, and broadcasting, Financial services, Real estate etc.

Trade in the services

- Computer services and business services exports account for **~70%** of India's services exports.
- India remained **amongst the top five** major countries in terms of growth in services exports in FY25.

Progress in logistics and physical connectivity based services

- 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: flying high:** India is the **fastest-growing** aviation market globally.

Chart VIII.9: Summary of strategic recommendations

Defend <i>(Sustain global sectoral presence & enhance market growth)</i>	Accelerate <i>(Stimulate sectors to outpace global growth)</i>	Transform <i>(Boost productivity, innovation, and global reach)</i>	Untapped <i>(Increase market share, ensure efficiency & sustainability)</i>
Computer & Information Services <i>(Focus areas: R&D, Innovation, Upskilling, Global Partnerships)</i>	Transport <i>(Focus areas: Smart Logistics, Infrastructure, Regional Expansion)</i>	Travel <i>(Focus areas: Premium Tourism, Digital Platforms, Sustainability)</i>	Insurance & Pension Services <i>(Focus areas: Digital Insurance, Customer-Centric Products)</i>
Professional, Scientific & Business Services <i>(Focus areas: R&D, Consulting, Engineering, Global Market Access)</i>	Trade & Repair <i>(Focus areas: E-commerce, Automation, Export Market Development)</i>	Health <i>(Focus areas: Telemedicine, Medical Tourism, Health-Tech Innovation)</i>	Audio-Visual & Related Services <i>(Focus areas: Niche Content, Global Platforms, Localization)</i>
	Education <i>(Focus areas: Online education, international expansion)</i>	Personal, cultural & recreational services <i>(Focus areas: Wellness tourism, digital content, fitness)</i>	Telecommunications <i>(Focus areas: 5G, Smart Cities, Infrastructure Export)</i>
	Financial Services <i>(Focus areas: Fintech, digital services, global market access)</i>		Postal & Courier <i>(Focus areas: Digitalization, efficiency, integration)</i>



- **Port, Waterways and Shipping:** India aims to position shipbuilding and ship repair among the top 5 globally by 2047 through **Maritime India Vision 2030** and **Maritime Amritkaal Vision 2047**.
 - **Inland water transport**, with 14,850 km of navigable waterways, holds great potential. Currently, 26 operational waterways span over 4,800 km.
- **Tourism and hospitality:** Tourism sector's contribution to GDP regained the pre-pandemic level of 5% in FY23 and created **7.6 crore jobs**.
 - India received **1.8% of world tourism receipts** and attained 14th rank in world tourism receipts during 2023.
- **Real Estate:** After enactment of **Real Estate Regulatory Authority**, India ranked 31st out of 89 countries in the **Global Real Estate Transparency Index (2024)**.
- **Information Technology (IT) Services:** 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%
- **Global Capability Centres (GCC):** GCC are emerging as **strategic hubs reshaping Indian corporate landscape** and their numbers have increased to **>1,700 in FY24**.
- **Telecommunication:** India is the **2nd largest telecom market**, with overall teledensity of 84%.
 - India offers the **world's lowest data rates** and has also achieved **the fastest global 5G rollout**.

State wise analysis of service sector performance

- The service sector accounts for about 55% of the national GVA in FY25 with variation across the states.
- In FY23, **Karnataka** and **Maharashtra** accounted for >25% of India's total service sector Gross State Value Added (GSVA) whereas 19 states contributed just 25% to the service sector GSVA.

Conclusion

- Sectors with skilled digital and technical labor will thrive with AI, making workforce skilling crucial for growth.
- Streamlining complex procedures and regulations is crucial to support manufacturing and services, helping build resilience against global challenges.

One-Line Summary:

India's services sector remains a key growth driver, but AI disruptions, regulatory hurdles, and global trade shifts require strategic policy interventions for sustained expansion.

Relevance for UPSC:

- *Role of Services in India's Economic Growth (GS-3: Economy, Services Sector Reforms).*
- *IT & Digital Transformation (GS-3: Digital Economy, AI & Automation Challenges).*
- *Logistics & Infrastructure Expansion (GS-3: Industry, Urban Development).*
- *Tourism & Hospitality Growth (GS-1: Culture, GS-3: Economic Development).*

Chapter 9: Agriculture and food management: Sector of the future

Introduction

- The 'Agriculture and Allied Activities' sector contributes ~16% of the country's GDP for FY24 (PE) at current prices and supports ~46.1% of the population.
- High-value sectors like **horticulture**, **livestock**, and **fisheries** have become key drivers of overall agricultural growth.
- India produces 11.6% of the world's cereals, but its crop yields are **much lower** than other top producers.
- 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.

Seeds-quality and use of fertilisers: the critical differentiator

- In the 2023-24 season, ICAR produced 1.06 lakh quintals of breeder seeds across 1,798 varieties for 81 crops.
- Key Interventions includes **Seed banks**, **'Urea Gold'** (combines urea with sulphur to enhance nutrient uptake), **PM PRANAM** initiative.

Rainfall and irrigation system: Building efficiency and extending coverage

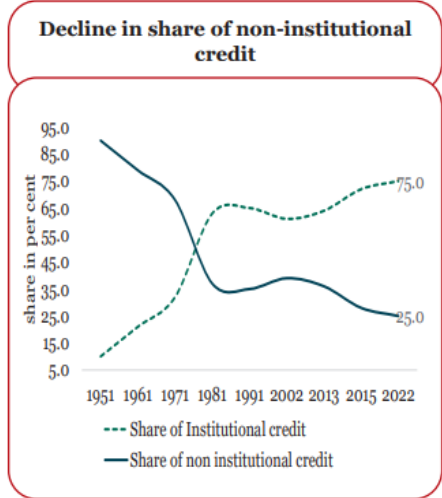
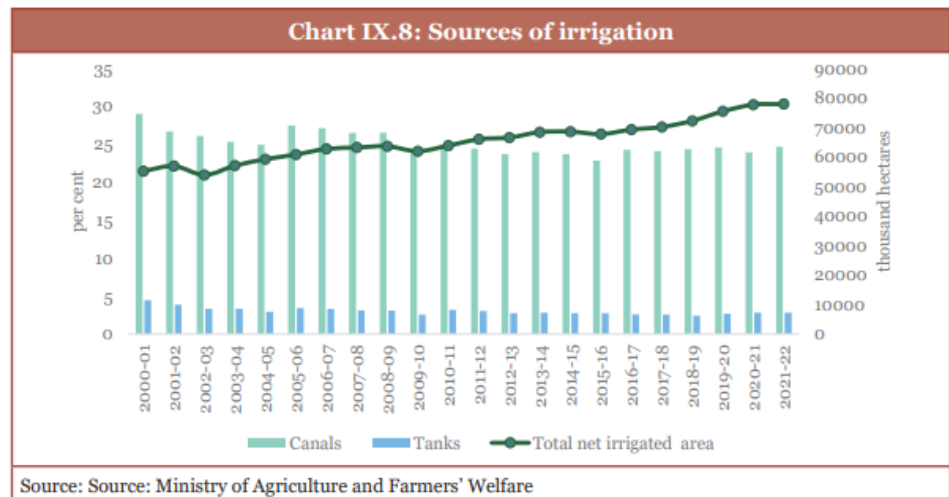
- The agriculture sector is highly vulnerable to weather changes, with only 55% of the net sown area irrigated.
- Moreover >2/3rd of India's agricultural land faces the threat of drought.
- Key Interventions in this aspect includes **Per Drop More Crop (PDMC)** under **Pradhan Mantri Krishi Sinchayee Yojana (PMKSY)**, **Micro irrigation Fund (MIF)**, **Rain-fed Area Development (RAD)**.

Agriculture credit: A critical input

- India has 7.75 crore operational KCC accounts.
- KCC was expanded in 2018-19 to support the working capital needs of fisheries and animal husbandry.
- **Key Interventions** in this field includes **Modified Interest Subvention Scheme (MISS)**, **Prompt Repayment Incentive (PRI)**, **Pradhan Mantri Fasal Bima Yojana (PMFBY)**, **PM-KISAN**.

Agriculture mechanisation: Facilitating access

- The high machinery cost presents a significant barrier to promoting farm mechanisation among small and marginal farmers.
- **Key Interventions** includes The **Sub-Mission on Agricultural Mechanisation (SMAM)** which helps in establishing **Custom Hiring Centres (CHCs)**, **Farm machinery banks** enable the renting of machinery at affordable rates, drones to Women SHGs.



Agriculture extension: The Enabler

- Agricultural extension is vital in disseminating knowledge, enhancing productivity, and promoting sustainable agricultural practices.
- **Key Interventions: Sub-Mission on Agricultural Extension (SMAE)** to bolster agricultural extension services, enhance entrepreneurship and improve productivity.

Improvement in agriculture marketing infrastructure

- Key interventions includes **Agriculture Marketing Infrastructure (AMI)** sub-scheme, **Agriculture Infrastructure Fund (AIF)**, **e-NAM Scheme**.

Climate action in agriculture

- Studies have indicated that a potential 2°C rise in annual temperature and a 7 % increase in annual rainfall by 2099 could lead to an 8-12 % decline in Indian agricultural productivity.
- **Key Interventions:** National Mission for Sustainable Agriculture , Paramparagat Krishi Vikas Yojana (PKVY), Mission Organic Value Chain Development for North Eastern Region (MOVCDNER).

Allied sectors: Potential to Build Resilience

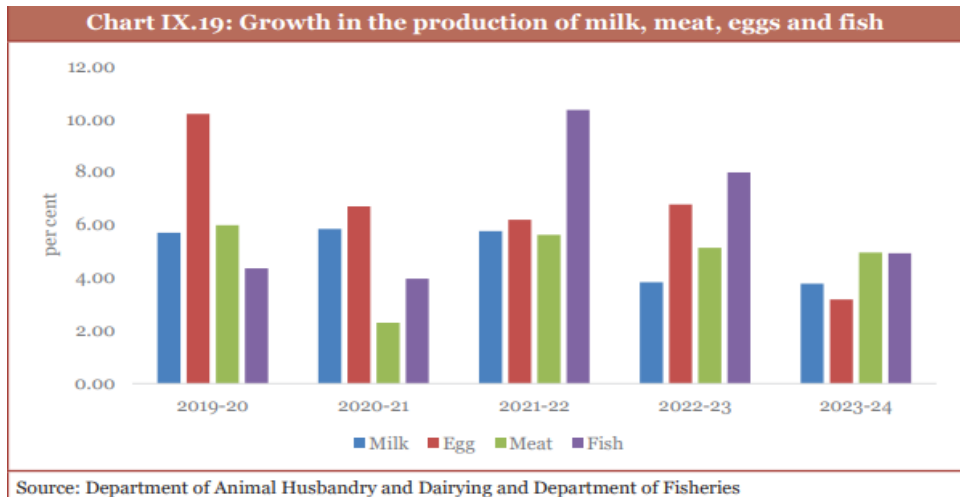
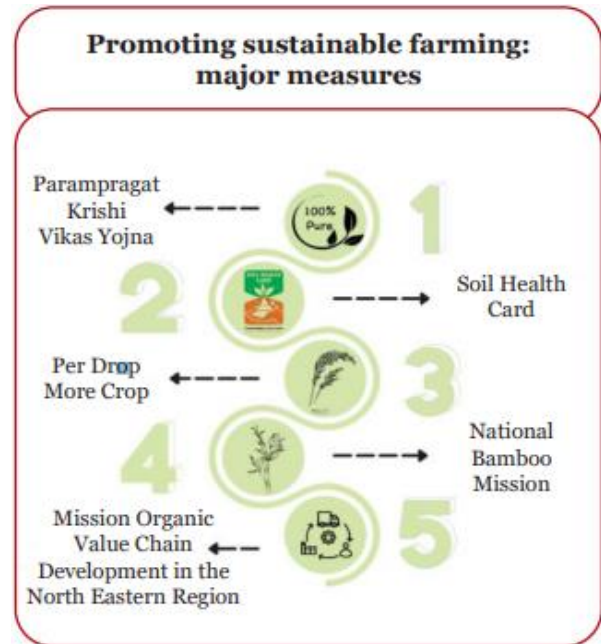
- The fisheries sector has shown the highest compound annual growth rate (CAGR) of 8.7% followed by livestock with a CAGR of 8%
- **Key Interventions:** Rashtriya Gokul Mission, Livestock Health and Disease Control Program, Pradhan Mantri Matsya Sampada Yojana (PMMSY), Fisheries and Aquaculture Infrastructure Development Fund (FIDF).

Cooperative societies: Strengthening the Institution to serve better

- They serve a vital function across many sectors, including agriculture, credit and banking, housing, and **women's welfare**
- **Key Interventions:** Introduction of Model Bye-Laws specifically for Primary Agricultural Credit Societies (PACS), transformation of PACS into **Common Service Centres (CSCs)**, establishment of retail petrol and diesel outlets and the setting up of micro-ATMs within cooperative societies.

Food processing industries: Critical for the Economy

- It makes upto **12.41% of total employment** in the organised sector.
- **In FY24, agri-food exports constituted ~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



- **Key Interventions:** Pradhan Mantri Kisan Sampada Yojana (PMKSY), Production Linked Incentive Scheme for Food Processing (PLISFPI), Pradhan Mantri Formalisation of Micro Food Processing Enterprises (PMFME) scheme.

Food management: Enabling Food Security

- **Key Interventions:** National Food Security Act (NFSA), Pradhan Mantri Garib Kalyan Anna Yojana, Credit Guarantee Scheme for electronic-negotiable warehouse receipt (e-NWR)-based Pledge Financing (CGS-NPF) to facilitate post-harvest lending for farmers.

Conclusion

India's agricultural sector is vital for economic growth and food security. Despite challenges, it has shown **resilience** with stable growth, supported by government initiatives to boost **productivity, diversify crops, and provide social security** for farmers.

One-Line Summary

India's agriculture sector is transforming through productivity reforms, digital innovations, and climate resilience, but market access, financial support, and sustainability challenges remain.

Relevance for UPSC:

- *Agriculture Growth & Challenges (GS-3: Indian Economy, Agriculture Reforms).*
- *Food Security & PDS (GS-2: Governance, GS-3: Economy).*
- *Climate Resilient Agriculture & Water Management (GS-3: Environment & Agriculture).*
- *Use of Technology in Farming (GS-3: Digital Economy, Precision Agriculture).*

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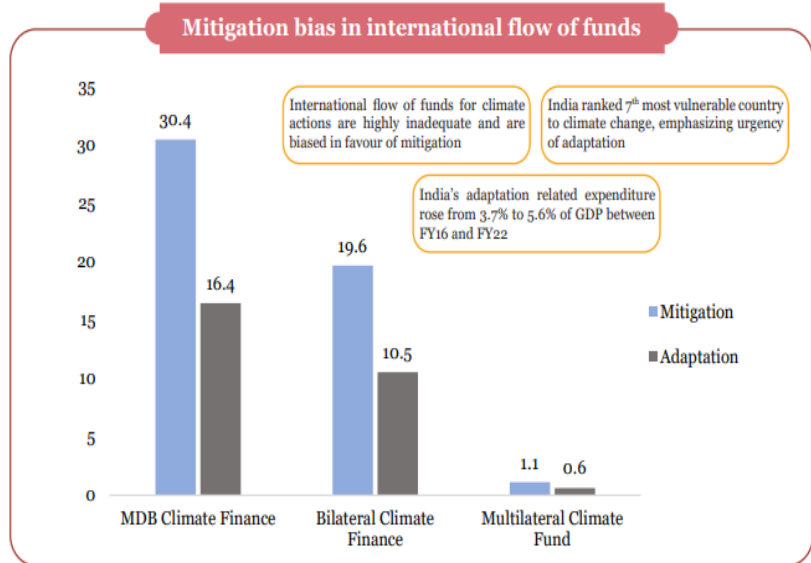
Chapter 10: Climate and Environment: Adaptation Matters

Introduction

- India's per capita carbon emissions are 1/3rd of global average, even as it stands among the world's fastest-growing economies.
- 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.

Bringing adaptation to the forefront

- 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.
- The Ministry of Environment, Forest and Climate Change (MoEFCC) is developing the **National Adaptation Plan (NAP)**, a key document outlining India's adaptation priorities.



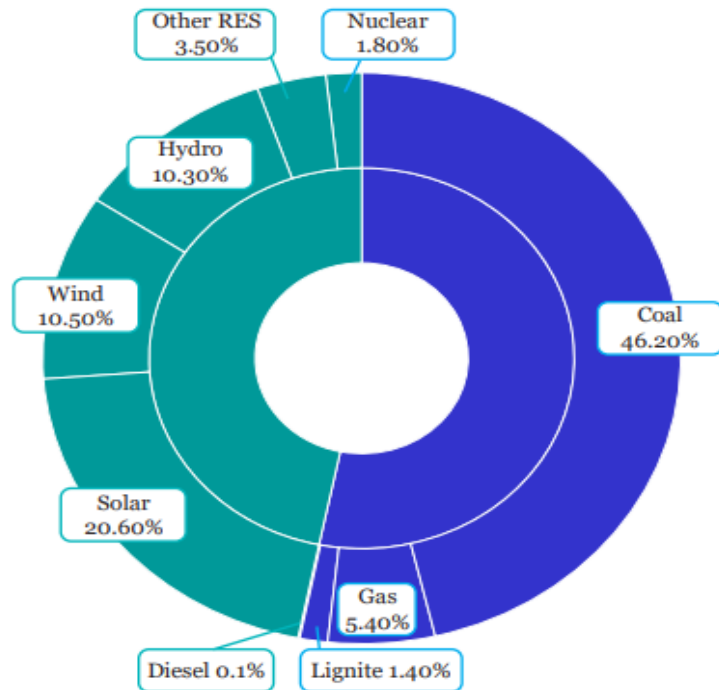
Progress towards India's NDCs

Renewable energy

Against the updated NDC target of 50 per cent by 2030, installed electricity generation capacity from non-fossil fuel sources has reached 46.8 per cent as on 30 November 2024

Forest cover

As per the latest Forest Survey of India 2024, an additional carbon sink of 2.29 billion tonnes CO₂ eq. has been created between 2005 and 2023 against the NDC target of creating an additional carbon sink of 2.5 to 3 billion tonnes CO₂ eq. by 2030





Initiatives taken to build resilience in various sectors

- **Adaptation in agriculture:** It includes increased focus on research and development of climate-resilient seeds, measures to preserve and enhance groundwater resources, improve soil health, and modify cropping practices.
- **Building resilience in urban areas:** As urbanization and climate change increase, there's growing focus on adapting to heat stress, urban flooding, and shrinking groundwater in cities.
 - **Key Interventions:** The National Mission on Sustainable Habitat (NMSH), AMRUT, Smart City Mission, Urban River Management Plan, River Cities Alliance (RCA).
- **Adaptation in coastal regions:** India's long coastline faces extreme climate events such as heavy rain, severe storms, high tide flooding, etc.
 - **Key Interventions:** The 'Mangrove Initiative for Shoreline Habitats & Tangible Incomes (MISHTI), Conservation and Management of Mangroves and Coral Reefs' scheme, Coastal Regulation Zones
- **Adaptation action for water management:** Jal Shakti Abhiyan, National Aquifer Mapping Project (NAQUIM), Bhu-Neer portal, The Flood Watch India app.

Energy transition - learning from the experience of developed countries and weighing the options

- **Coal:** Unlike many developed countries, India relies heavily on coal, holding about **10% of global reserves** but just 0.7% of natural gas reserves.
- 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.
- **New initiatives and updates on existing policies/schemes to boost energy transition:** New Solar Power Scheme (for Tribal and PVTG Habitations/Villages) under **PM JANMAN and Dharti Aabha Janjatiya Gram Utkarsh Abhiyan (DA JGUA)**, PM - Surya Ghar Muft Bijli Yojana, **Viability Gap Funding (VGF) scheme for offshore wind energy projects**, Green Energy Corridor (GEC), The National Bioenergy Programme, PMKUSUM, National Green Hydrogen Mission.
- **Lesson Learnt:** Lessons from developed economies warn against **shutting down thermal energy without reliable technological alternatives** for stable energy supply.
- **Developments in financial regulation on green investments:** SEBI introduced new reporting mandates on ESG parameters - **Business Responsibility and Sustainability Report (BRSR)**, issuance of green debt securities, Sovereign Green Bonds (SGrBs) etc.

Optimising lifestyles for sustainable development

- India launched **Lifestyle for Environment (LiFE) Mission** at COP26 in 2021 to promote eco-friendly, nature-aligned lifestyles.
- According to estimates, almost **17%** of all food available to consumers worldwide is wasted annually, amounting to **> 8%** of global greenhouse gas emissions
- **By 2030, LiFE** measures could save consumers globally about **USD 440 billion** through reduced consumption and lower prices.
- **Key Interventions:** PM KUSUM, PM Surya Ghar: Muft Bijli Yojana, Ecomark scheme, Go Electric' campaign, Perform Achieve and Trade (PAT) scheme, Ek Ped Maa Ke Naam, Green Credit Programme.

Circular Economy and Resource Efficiency

- Resource circularity could **save 11% of GDP** by 2030 and 30% by 2050.
- **Key Interventions:** tax benefits, subsidies, and low interest loans to the recycling industry, extended producer responsibility (EPR) framework.
- **Plastic Pollution:** By 2050, plastic will account for 15% of global greenhouse gas emissions. **India has one of the lowest per capita plastic consumption rates**, at 14 kg, compared to global average of 35 kg.
- **Air pollution:** WHO data **shows 99% of the global population** breathes air with pollutant levels above safe limits, with low- and middle-income countries facing the highest exposure..

- **Key Interventions:** National Clean Air Programme (NCAP), Graded Response Action Plan, 'Promotion of Agricultural Mechanization for In-Situ Management of Crop Residue' in the States of Punjab, Haryana, Uttar Pradesh & NCT of Delhi.

Conclusion

India aims for net-zero emissions by 2070, aligning this goal with its ambition to become a **developed nation by 2047**. Achieving this vision requires balancing low-carbon development with energy security, job creation, economic growth, and environmental sustainability.

One-Line Summary:

India's climate policy focuses on adaptation and energy security, balancing economic growth with sustainability and resilience against extreme weather events.

Relevance for UPSC:

- Climate Change & India's Policies (GS-3: Environment, Climate Action Plans).
- Energy Transition & Renewable Energy (GS-3: Infrastructure, Sustainable Development).
- Urban Sustainability & Pollution Control (GS-3: Environment, Urban Development).
- International Climate Agreements (GS-2: International Relations, Climate Finance).

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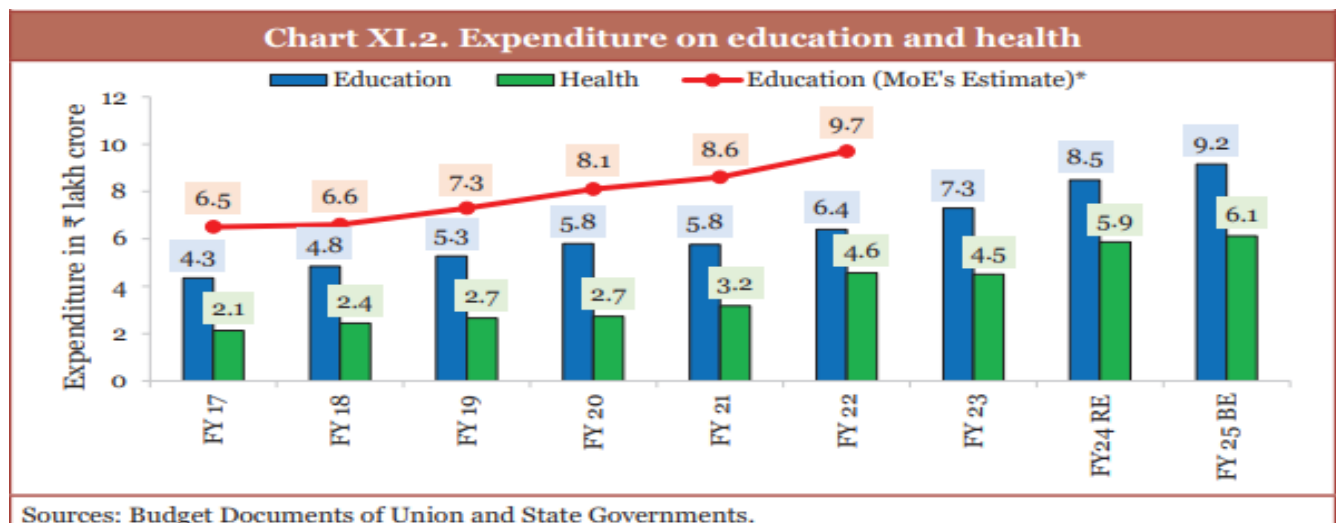
Chapter 11: Social Sector: Extending reach and driving empowerment

Introduction

- **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

- General government’s **social services expenditure (SSE)** has shown a **rising trend** since FY17. From FY21 to FY25 (BE), the SSE grew at a **CAGR of 15%**.
 - Expenditure on **education** has grown at a **CAGR of 12%**.
 - Expenditure on **health** grew at **CAGR 18%**.



Outcomes

- **Urban-rural gap: Monthly per capita expenditure (MPCE)** has **declined to 70 %** in 2023-24 from 84 % in 2011-12.
- **Inequality reduced:** The **Gini coefficient improved for rural areas** (declined to 0.237 in 2023-24 from 0.266 in 2022-23) and urban areas (declined to 0.284 in 2023-24 from 0.314 in 2022-23).

Education

- **Key Initiatives:** New Education Policy (2020), NISHTHA (for teachers training), Digital Infrastructure for knowledge sharing (DIKSHA), PM SHRI, PM POSHAN etc.
- **Early Childhood Care and Education:** Aadharshila, Navchetana, National Framework for Early Childhood Stimulation.
- **Progress:** Gross Enrollment Ratio (GER) is **near-universal at the primary** (93%). School dropout rates have steadily declined.
 - The **GER in higher education** for the 18–23 age group also increased from 23.7% (2014-15) to 28.4% (2021-22).
- **Bridging the gap with Digital technology:** Study Webs of Active Learning for Young Aspiring Minds (SWAYAM), e-VIDYA, Artificial Intelligence etc.



Healthcare

- Government health expenditure increases from **29.0% to 48%**.
- **Rising Mental health Issues among children and adolescents and non-communicable diseases (NCDs):** proportion of deaths due to NCDs in India increased from **37.9 % (1990) to 61.8 % (2016)**.
- **Progress:** Share of out-of-pocket expenditure in total health expenditure declines from 62.6% to 39.4%.
- **Key Initiatives:** Ayushman Bharat Pradhan Mantri Jan Arogya Yojana (AB PM-JAY), Localisation of Sustainable Development Goals (SDGs), Jan Aushadhi scheme etc.
- **Disruptive technology providing seamless and equitable healthcare:** U-WIN, E-Sanjeevani, Ayushman Bharat Digital Mission (ABDM), 'i-DRONE' (ICMR's Drone Response and Outreach for North East) etc.

Rural Infrastructure

- **Roads:** Under **Pradhan Mantri Gram Sadak Yojana (PMGSY)** 99.6% of the targeted habitations provided connectivity.
 - **Pradhan Mantri Janjati Adivasi Nyaya Maha Abhiyan (PM-JANMAN)**, a separate vertical has been launched under PMGSY.
- **Housing:** Under **Pradhan Mantri Awaas Yojana-Gramin (PMAY-G)** 2.69 crore houses completed since 2016.
- **Water Bodies:** 68,843 Amrit Sarovars (ponds) constructed under **Mission Amrit Sarovar**.
- **Drinking Water:** 12.2 crore households provided with tap water connections under **Jal Jeevan Mission**.

Localising SDGs

- SDGs localisation is being pursued at the Gram Panchayat (GP) level through **Village Panchayat Development Plans** under **Mission Antyodaya** and the **Transformation of Aspirational Districts Programme (TADP)**.
- **Social Inclusion and Gender:** Gender Resource Centres (GRCs) supported by Gender Point Persons (GPPs) to address gender issues at the local level etc.

Enhancing rural incomes

- **Deendayal Antyodaya Yojana-National Rural Livelihood Mission (DAY NRLM)**
 - **Capacity Building:** Mobilised 10.05 crore rural poor Households into 90.90 lakh SHGs.
 - **Financial Inclusion:** 1.37 lakh SHG women members positioned as Banking Correspondent Sakhi, ₹49,284 crore capitalisation support provided to SHGs.
 - **Farm Livelihoods:** More than 2.64 crore households have agri-nutri gardens, 4.30 crore Mahila Kisan covered.
 - **Non-Farm Livelihoods:** Start-Up Village Entrepreneurship Programme (SVEP): nearly 3.13 lakh enterprises in 280 blocks of 31 States/UTs.
- **Mahatma Gandhi National Rural Employment Guarantee Scheme:**
 - **99.98% payments** are through **National Electronic Fund Management System**, wages are transferred under DBT, Aadhaar-based payment.
 - Evolved into a durable **rural asset creation programme** for sustainable livelihood diversification.
 - **Converged** with various initiatives, including Nutri Gardens with NRLM, fodder farms with the Department of Animal Husbandry and Dairying (DAHD) etc.

Outlook

- **Health, Education and Rural development are key** to achieve India's growth. A 'welfare for all' approach has been crucial for this.
- There is **need to focus on delivery mechanisms and learning outcomes**. Trust-based regulation backed up by transparency and disclosure is also needed along with promotion of markets.

One-Line Summary:

India's social sector reforms are focused on education, healthcare, and rural development, but quality, accessibility, and financial sustainability remain key challenges.

Relevance for UPSC:

- Education Reforms & NEP 2020 (GS-2: Governance, Education Policy).
- Healthcare Infrastructure & Public Health (GS-2: Social Justice, Healthcare Policy).
- Rural Development & Employment Schemes (GS-3: Economy, GS-2: Governance).
- Women & Child Development Policies (GS-2: Social Issues, Welfare Programs).

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Chapter 12: Employment and Skill development: Existential priorities

Introduction

- With around **26 per cent 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%**, and the **Worker-to-Population Ratio (WPR) rose from 46% to 47.2%** during the same period (Q2 of FY24 to Q2 FY25).
- The proportion of **self-employed workers** in workforce has risen from **52.2% (2017-18) to 58.4% (2023-24)**

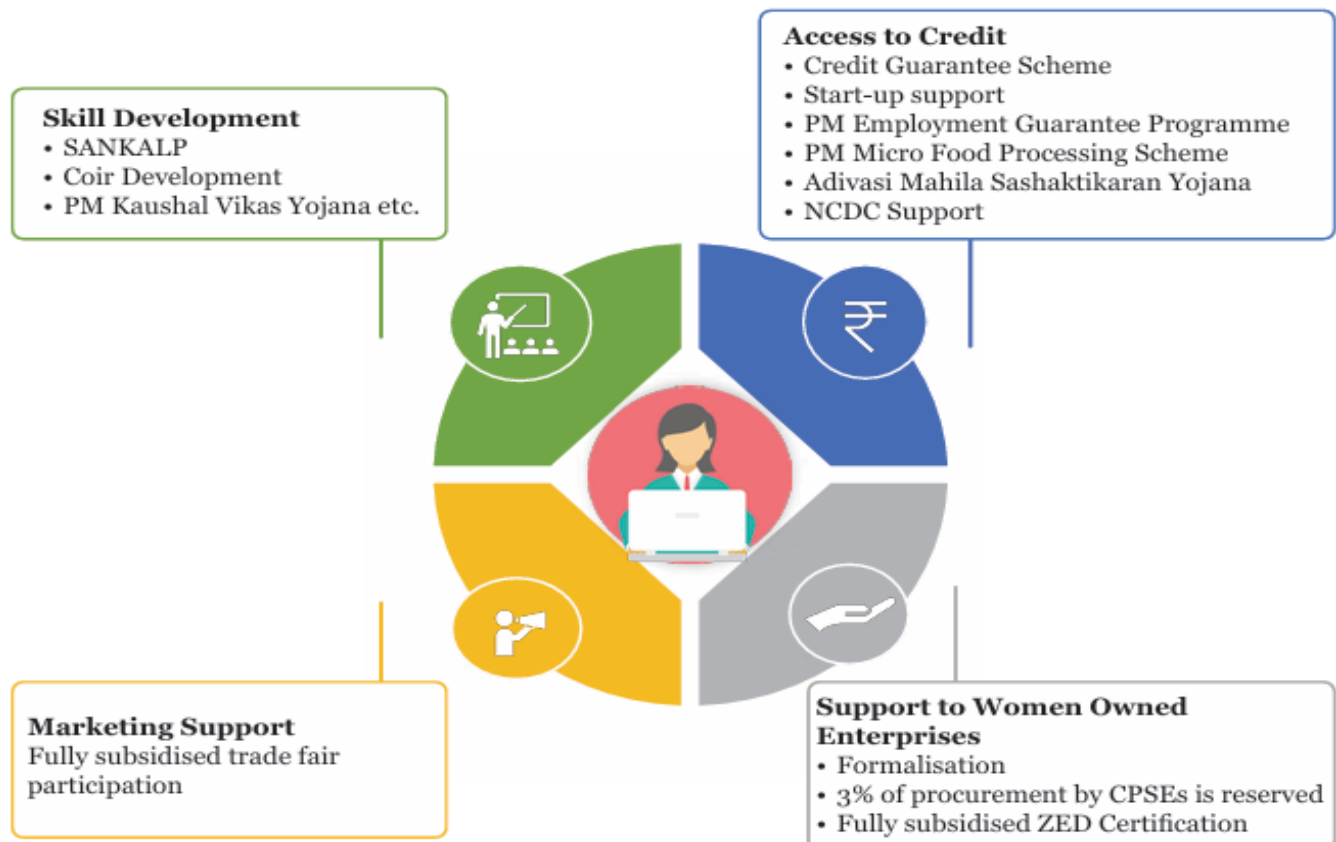
Sectoral distribution of the workforce

- The **agriculture share** rise from 44.1% in 2017-18 to 46.1% in 2023-24.(PLFS 2023-24)
- The **manufacturing share** fall from 12.1% to 11.4% and services from 31.1% to 29.7%.

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%

Harnessing the power of women entrepreneurs





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%

Growing formal sector in India

- **Net additions to EPFO subscriptions** have more than doubled, rising from 61 lakh in FY19 to 131 lakh in FY24.

Welfare of Unorganised Workers

- **eShram portal** was launched to register and support unorganised workers.
- **eShram- “One-Stop-Solution”** was launched which entails the **integration of different social security/ welfare schemes** on a single portal.

Job creation: action towards enhanced employment opportunities

Security vs. Flexibility: The role of regulation in job creation

- Formulation of **four Labour Codes**, the Code on Wages, 2019; the Code on Social Security, 2020; the Industrial Relations Code, 2020; and the Occupational Safety, Health, and Working Conditions Code, 2020 will help in job creation because of simplification of laws.

Driving employment opportunities through the digital economy

- India's digital economy is projected to **surpass USD one trillion by 2025**.
- The **gig workforce is projected to reach 23.5 crore by 2029-30**, comprising **6.7%** of the non-agricultural workforce and 4.1% of total livelihoods.

Building a green workforce: Job creation in the renewable energy sector

- An estimated **1.02 million jobs in 2023 in renewable sector** with Hydropower being largest.(IRENA)
- Women's **self-help groups (SHGs)** will drive job creation including solar entrepreneurship.
- **Climate-smart solutions** that use **Decentralized Renewable Energy (DRE)** will lead to job creation.
- **Challenges to Women Employment:** Climate Change, Disasters, Gender-biased tools, limited financing, socio-cultural and geographic barriers.

Skill development: upskilling, reskilling and new skilling for a changing world

- **4.9%** of the youth in the age cohort of 15-29 years have received formal vocational/technical training, while another **21.2%** received training through informal sources (**PLFS report 2023-24**)
- 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 semi-skilled** occupational skills.

Skilling for a changing world

- **Reskilling & upskilling:** Over 1.24 crore enrolled in **Craftsmen Training Scheme** at Industrial Training Institutes (ITIs), PMKVY: 1.57 Cr trained; 1.21 Cr certified (Short-Term Training (STT), Special Projects (SP), and Recognition of Prior Learning (RPL)).
- **Women Participation:** Under **PMKVY** Women's participation is 58 % (FY25);

- **New age & future skills:** National Council for Vocational Education and Training: **200+ new-age & future skill courses** approved, **Tiered skill framework** (Foundational, Intermediate, Advanced) with AI skills.
- **Industry partnerships:** **New ITI Upgradation Scheme** (2024) with upgrade of 1,000 ITIs in hub-and-spoke, **PM Internship Scheme**.
- **Digital public infrastructure for skilling:** **Skill India Digital Hub Portal, Democratising Skills** with Easy access to industry-aligned courses.

Conclusion

- By simplifying compliance, fostering labour flexibility, and promoting worker welfare, labour reforms have created an enabling environment that **balances ease of doing business with the protection of worker rights**. This fosters a **‘virtuous cycle of job creation,’** supporting sustainable employment growth and economic inclusivity.

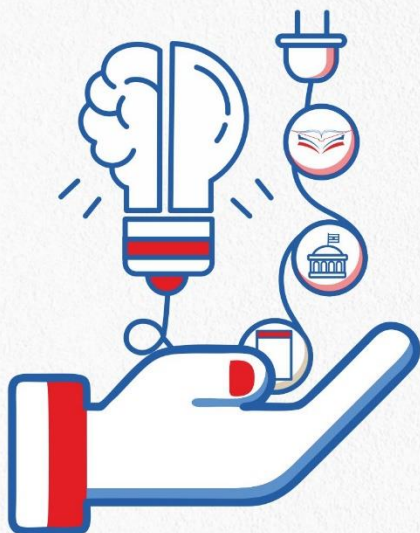
One-Line Summary:

India’s employment and skill development strategies focus on formalization, digital skilling, and workforce participation, but job creation must accelerate to match demographic expansion.

Relevance for UPSC:

- *Employment & Skill Development (GS-3: Economy, Labor Market Policies).*
- *Women Workforce Participation & Gender Equality (GS-1 & GS-2: Social Justice).*
- *Gig Economy & Future of Work (GS-3: Economic Reforms & Innovation).*

OPTIONAL SUBJECT CLASSES



- » Geography » Sociology
- » Political Science and International Relations

ADMISSION OPEN

- » Public Administration
- » Anthropology » Hindi Literature

STARTING SOON

Chapter 13: Labour in the AI era: Crisis or Catalyst?

Introduction

- **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 totaled USD 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.

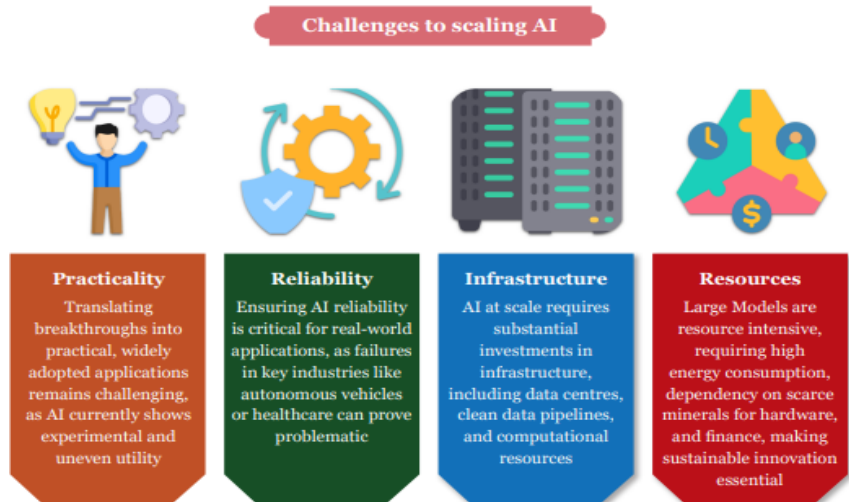
A Future for human centric automation

- Deployment of AI presents both **opportunities and challenges** for a labour rich India.
- Past technology revolutions, **when not carefully managed**, have **been painful** characterized by widespread economic hardships, protracted unemployment for those displaced and widening income inequalities.

Mitigating the risks to India’s labour markets requires robust **Enabling, Insuring, and Stewarding Institutions**.

A coordinated effort between the government, private sector, and academia is required for a future of work where AI is ‘**Labour Augmenting**’ rather than ‘**Labour Replacing**’.

- The future of work revolves around ‘**Augmented Intelligence**’, where the workforce **integrates** both human and machine capabilities.
- Mitigating the risks to India’s labour markets requires **robust Enabling, Insuring, and Stewarding Institution**



Conclusion

- The policymakers must **balance innovation with societal costs**, as AI driven shifts in the labour market could have lasting effects. Similarly, the **corporate sector** have to act responsibly, handling the introduction of AI with sensitivity to India’s needs.

One-Line Summary

AI and automation are reshaping India’s labor market, presenting both risks and opportunities, requiring policy-driven workforce reskilling, job creation strategies, and AI-focused labor reforms.

Relevance for UPSC

- *AI & Automation Impact on Economy (GS-3: Digital Economy & Future Technologies).*
- *Labor Market Policies & Future of Work (GS-3: Economic Reforms & Innovation).*
- *Employment Protection & Gig Economy (GS-3: Social Justice & Labour Laws).*
- *E-Governance & AI in Governance (GS-2: Governance & Digital Transformation).*

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