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Summary of

ECONOMIC SURVEY 2021-22

The most concise and comprehensive summary of Economic Survey 2021-2022

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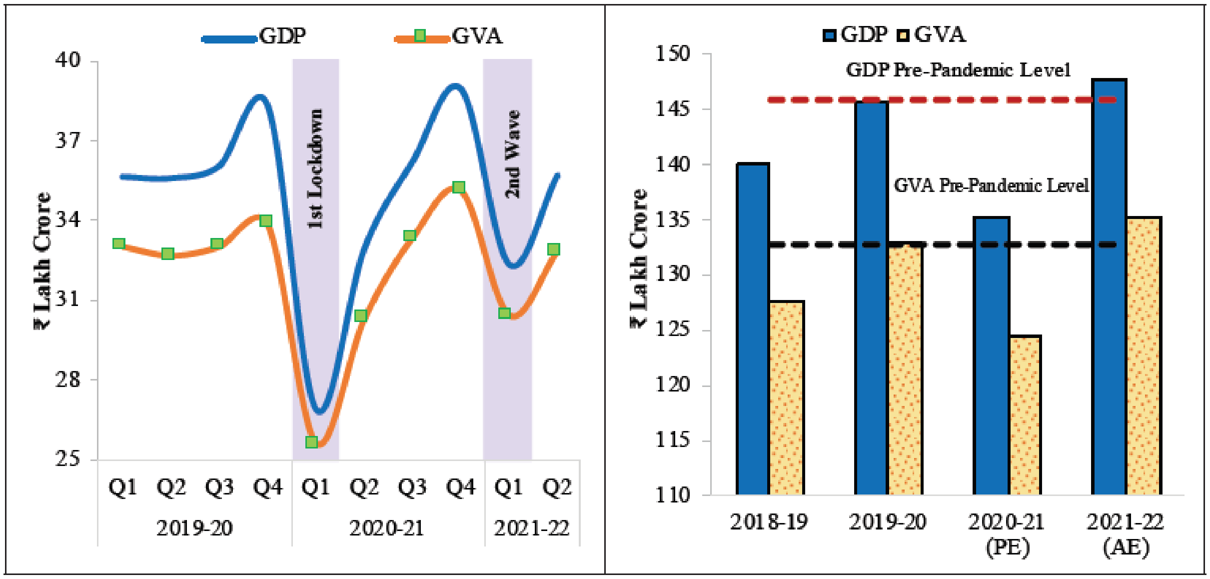
Chapter 1 – State of the Economy

Economy recovers past Pre-Pandemic levels

Figure 1: Gross Domestic Output (Constant Prices, Base Year:2011-12)



Source: National Accounts Statistics (NSO), MoSPI

- Advance estimates suggest that the Indian economy is expected to witness **real GDP** expansion of **9.2%** in **2021-22** after contracting in 2020-21 by 7.3%. This implies that overall economic activity has recovered past the pre-pandemic levels.
- The **GDP** is **projected** to grow by **8.0-8.5 %** in real terms in **2022-23**.
  - ✓ Projection comparable with **World Bank** and **Asian Development Bank'**s latest forecasts of real GDP growth of 8.7% and 7.5% respectively for 2022-23.
  - ✓ According to the **International Monetary Fund's latest World Economic Outlook** projections, India's real GDP is projected to grow at 9% in 2021-22 and 2022-23 and at 7.1% in 2023-2024, which would **make India the fastest growing major economy in the world for all 3 years.**
- Almost all indicators show that the **economic impact** of the "**second wave**" in Q1 was **much smaller** than that experienced during the full lockdown phase in 2020-21 even though the **health impact** was more **severe**.

Sectoral Trends

Table 1: Annual Growth of GVA at constant (2011-12) prices (per cent)

Sectors	2019-20 (1st RE)	2020-21 (PE)	2021-22 (1st AE)	Recovery over 2019-20
Agriculture & Allied Sectors	4.3	3.6	3.9	107.7
Industry	**-1.2**	**-7.0**	**11.8**	**104.1**
Mining & quarrying	-2.5	-8.5	14.3	104.6
Manufacturing	-2.4	-7.2	12.5	104.4
Electricity, gas, water supply & other utility services	2.1	1.9	8.5	110.5
Construction	1.0	-8.6	10.7	101.2
Services	**7.2**	**-8.4**	**8.2**	**99.2**
Trade, hotels, transport, communication and services related to broadcasting	6.4	-18.2	11.9	91.5
Financial, real estate & professional services	7.3	-1.5	4.0	102.5
Public administration, defence and Other Services	8.3	-4.6	10.7	105.6
GVA at basic price	**4.1**	**-6.2**	**8.6**	**101.9**

Source: NSO

Note: RE - Revised Estimates, PE - Provisional Estimates, AE - Advance Estimates

- **Agriculture** and allied sectors have been the least impacted by the pandemic and the sector is expected to grow by **3.9 %** in 2021-22 after growing 3.6 % in the previous year and thus accounting for **18.8% (21.2 lakh crore) of GVA**. This sector is now 7.7% above the pre-pandemic level.
- The industrial sector did go through a contraction but later on went through a revival. Advance estimates suggest that the GVA of **Industry** (including mining and construction) will rise by **11.8%** in 2021-22 after contracting by 7% in 2020- 21 and thus accounting for **28.2% of GVA** (up from 25.9%). This sector is now 4.1% above the pre-pandemic level.
- The **Services sector** has been the **hardest hit** by the pandemic, especially segments that involve human contact. This sector is estimated to grow by **8.2%** this financial year following last year's 8.4% contraction. It has almost reached the pre-pandemic level now. The contribution of services sector to GVA for 2021-22 (1st advance estimates) is 53%.

Table 2: Share of Sectors in Nominal GVA (per cent)

Sectors	2019-20 (1st RE)	2020-21 (PE)	2021-22 (1st AE)
Agriculture & Allied Sectors	**18.4**	**20.2**	**18.8**
Industry	**26.7**	**25.9**	**28.2**
Mining & quarrying	1.9	1.6	2.3
Manufacturing	14.7	14.4	15.4
Electricity, gas, water supply & other utility services	2.6	2.7	2.5
Construction	7.4	7.2	8.0
Services	**55.0**	**53.9**	**53.0**
Trade, hotels, transport, communication and services related to broadcasting	18.9	16.4	16.9
Financial, real estate & professional services	21.2	22.1	20.9
Public administration, defence and Other Services	14.9	15.4	15.2
GVA at basic price	**100.0**	**100.0**	**100.0**

Source: NSO
Note: RE: Revised Estimates, PE: Provisional Estimates, AE: Advance Estimates

Demand Trends

- Total **Consumption** is estimated to have grown by **7%** in 2021-22 with significant contributions from government spending.
- **Gross Fixed Capital Formation** exceeded pre-pandemic levels on the back of ramped up public expenditure on **infrastructure** and is expected to see a growth of **15%** in 2021-22.
- **Exports** of both goods and services have been exceptionally strong so far in 2021-22 despite a rise in trade costs arising from global supply constraints such as fewer operational shipping vessels, exogenous events such as blockage of Suez Canal and COVID-19 outbreak in port city of China etc. It is expected to grow by **16.5%** in 2021-22.
- **Imports** also recovered strongly with recovery in domestic demand as well as higher international commodity prices and are expected to grow by **29.4%** in 2021-22 surpassing corresponding pre-pandemic levels.
- Resultantly, **India's net exports** have turned **negative** in the first half of 2021-22, compared to a surplus in the corresponding period of 2020-21 with **current account** recording a modest **deficit** of **0.2%** of GDP in the first half.

Table 3: Annual Real growth in demand side of GDP and its components (per cent)

Components	2019-20 (1st RE)	2020-21 (PE)	2021-22 (1st AE)	Recovery over 2019-20
Total Consumption	5.9	-7.3	7.0	99.2
Government Consumption	7.9	2.9	7.6	110.7
Private Consumption	5.5	-9.1	6.9	97.1
Gross Fixed Capital Formation	5.4	-10.8	15.0	102.6
Exports	-3.3	-4.7	16.5	111.1
Imports	-0.8	-13.6	29.4	111.8
GDP	**4.0**	**-7.3**	**9.2**	**101.3**

Source: NSO
Note: RE - Revised Estimates, PE - Provisional Estimates, AE - Advance Estimates

Barbell strategy, Safety nets & Agile response

- The **last two years** have been **difficult** for the world economy on account of the COVID-19 pandemic. Repeated waves of infection, supply-chain disruptions and, more recently, inflation have created particularly challenging times for policy-making.
- Faced with these challenges, the Government of India opted for a "**Barbell Strategy**" that combined a bouquet of **safety-nets** to cushion the impact on vulnerable sections of society and the business sector with a flexible policy response based on a **Bayesian updating of information**.
- It next pushed through a significant increase in capital expenditure on infrastructure to build back medium-term demand as well as aggressively implemented supply-side measures to prepare the economy for a sustained long-term expansion. This flexible and multi-layered approach is partly based on an "**Agile**" framework that uses **feedback-loops**, and the monitoring of real-time data using **80 High Frequency Indicators** (HFIs) in an environment of extreme uncertainty. Planning matters in this framework but mostly for scenario- analysis, identifying vulnerable sections, and understanding policy options rather than as a deterministic prediction of the flow of events.

Monetary and Financial Support

- The Monetary Policy Committee (MPC) cut the policy repo rate by 115 basis points (bps) during February to May 2020, on top of a reduction of 135 bps in the preceding twelve months. Since then, the MPC has maintained status quo on the policy **repo rate** keeping it unchanged at **4%**. The **Marginal Standing Facility rate** and the **bank rate** have also remained unchanged at **4.25%** and so has the reverse repo rate at 3.35%.

High Frequency Indicators

- In the last two years, Government leveraged an array of **80 HFIs** representing industry, services, global trends, macro-stability indicators and several other activities, from both public and private sources to gauge the underlying state of the economy on a real-time basis. These include electricity generation, scheduled domestic flights, volume/value of financial transactions, capital flows, mobility indices, and so on. It also covers employment demanded under MGNREGA to gauge rural employment conditions, especially in the context of migrant workers.

Vaccination

- Over the course of a year, India delivered **157 crore doses** that covered 91 crore people with at least one dose and 66 crore with both doses.
- With vaccination drive further extended to the age group of 15-18 years starting 3rd January, 2022, more than 50 % of India's population in this age group have received their first dose of the vaccine as on 19th January.

Macroeconomic Stability

- Overall, macro-economic stability indicators suggest that the Indian economy is well placed to take on the challenges of 2022-23. One of the reasons that the Indian economy is in a good position is its unique response strategy. Rather than pre-commit to a rigid response, Government of India opted to use **safety-nets for vulnerable sections** on one hand while responding iteratively based on Bayesian-updating of information. A key enabler of this flexible, iterative "**Agile**" approach is the use of **80 High Frequency Indicators** (HFIs) in an environment of extreme uncertainty.

External Sector

- Despite all the disruptions caused by the global pandemic, India's **balance of payments** remained in **surplus** throughout the last two years. This allowed the Reserve Bank of India to keep accumulating foreign exchange reserves (they stood at US$ 634 billion on 31st December 2021). This is equivalent to 13.2 months of merchandise imports and is higher than the country's external debt. As of end-November 2021, India was the **fourth largest foreign exchange reserves holder** in the world after China, Japan, and Switzerland.
- The combination of high foreign exchange reserves, sustained foreign direct investment, and rising export earnings will provide an adequate buffer against possible global liquidity tapering in 2022-23. **Tapering** is the theoretical **reversal of quantitative easing** (QE) policies, which are implemented by a central bank and intended to stimulate economic growth.

Fiscal Balance

- The **fiscal support** given to the economy as well as to the **health response** caused the **fiscal deficit and government debt to rise** in 2020-21. However, a **strong rebound** in government **revenues** in 2021-22 has meant that the Government will comfortably **meet its targets** for the year while maintaining the support, and ramping up capital expenditure. The strong **revival in revenues** (revenue receipts were up over 67 % YoY in April-November 2021) means that the Government has fiscal space to provide additional support if necessary.

Financial Sector

- The financial system is always a possible area of stress during turbulent times. However, India's **capital markets**, like many global markets, have done **exceptionally well** and have allowed record mobilization of risk capital for Indian companies. The **Sensex and Nifty scaled up** to touch its peak at 61,766 and 18,477 on October 18, 2021. The year 2021-22 so far has been an exceptional year for the primary markets with a boom in fundraising through IPOs by many new age companies/tech start-ups/unicorns. **Rs.89,066 crore was raised via 75 IPO issues** in April- November 2021, much higher than in any year in the last decade.
- More significantly, the **banking system** is **well capitalized** and the overhang of Non-Performing Assets seem to have structurally declined even allowing for some lagged impact of the pandemic.

Inflation

- Inflation has reappeared as a global issue in both advanced and emerging economies. India's **Consumer Price Index inflation** stood at **5.6%** YoY in December 2021 which is within the targeted tolerance band.
- **Wholesale price inflation**, however, has been running in **double-digits**. The inflation in 'fuel and power' group of WPI was above 20 per cent reflecting higher international petroleum prices. Although this is partly due to base effects that will even out, India does need to be wary of imported inflation, especially from elevated global energy prices.

Supply-side reforms

- Another distinguishing feature of India's response has been an emphasis on supply-side reforms rather than a total reliance on demand management. These supply-side reforms include **deregulation** of numerous sectors, **simplification of processes**, **removal of legacy issues** like 'retrospective tax', **privatization**, **production-linked incentives** and so on. Even the sharp increase in capital spending by the Government can be seen both as demand and supply enhancing response as it creates infrastructure capacity for future growth.

Chapter 2 – Fiscal Developments

- On the fiscal front, **capital expenditure** was restrained during Q1 and Q2 of 2020-21 owing to movement restrictions in containment zones, and unavailability of contractors/workers to carry out capital works. However, with the easing of movement and health-related restrictions, capital spending was pushed up in Q3 of 2020-21. Thus, the change in the mix of stimulus effected in 2020-21 towards a larger share of capital spending, has continued in the current year as well.
- The stimulus measures announced so far during the year 2021-22 include liquidity enhancing and investment boosting measures such as the **Production Linked Incentives** scheme, **credit guarantee** schemes and **export boosting initiatives**.
- With the bouncing back of the economy in the current financial year, the **revenue receipts** of the central government during April to November 2021 **have gone up by 67.2 %** (YoY),

as against an **expected growth of 9.6 %** in the 2021-22 Budget Estimates (over 2020-21 Provisional Actuals).

- The **buoyant tax collections of both direct and indirect taxes**, along with the non-tax revenue boosted by RBI's surplus transfer to the Government, have **contributed to** the increase in the **revenue pool**. The gross tax revenue during this period has registered a growth of over 50 % in YoY terms. This performance is strong not only over the corresponding period of the previous year but also when compared to the pre-pandemic levels of 2019-20.
- The **gross monthly GST collections** have crossed the **Rs.1 lakh crore mark** consistently since July 2021, after quickly recovering from a dip in June 2021 following the second wave of COVID-19. The impact of the second wave of COVID-19 on GST collections was much more muted as compared to the first wave.
- The New Public Sector Enterprise Policy and Asset Monetisation Strategy introduced by the Government reaffirm its commitment towards privatization and strategic disinvestment of Public Sector Enterprises. The **privatisation of Air India** has been particularly important, not only in terms of garnering disinvestment proceeds but also for boosting the privatisation drive.
- The expenditure policy of the central government during 2021-22 has a strong emphasis on **capital expenditure**. The Budget 2021-22 had not only enhanced the expenditure estimates but also directed them towards more productive capital expenditure. The capital expenditure shows an **increasing trend** over the first three quarters of 2021-22. During April- November 2021, the capital expenditure has **grown by 13.5 %** (YoY), with **focus in infrastructure-intensive sectors** like roads and highways, railways, and housing and urban affairs. This increase is particularly substantial given the high YoY growth in capital expenditure registered during the corresponding period of the previous year as well. In addition, the Centre has also put in place several incentives to boost the capital expenditure by the States.
- On account of a sustained revenue collection and a targeted expenditure policy by the Government of India, the **fiscal deficit** for April to November 2021 has been **contained at 46.2 % of BE** which is nearly one third of the proportion reached during the same period of the previous two years (135.1 % of BE in April-November 2020 and 114.8 % of BE in April-November 2019). The fiscal deficit budgeted in the current year was more realistic as it brought in several off-budget items to within the budget allocation such as the food subsidy requirements of FCI.
- With the **enhanced borrowings** on account of COVID-19, the **Central Government debt** has **gone up** from 49.1 % of GDP in 2019-20 **to 59.3 % of GDP** in 2020-21, but is expected to follow a declining trajectory with the recovery of the economy. The General Government finances are also expected to witness a consolidation during 2021-22, after the uptick in deficit and debt indicators during the pandemic year 2020-21.

Chapter 3 – External Sector

- External trade recovered strongly in 2021-22 after the pandemic-induced slump of the previous year, with strong capital flows into India, leading to a rapid accumulation of foreign exchange reserves. The resilience of India's external sector during the current year augurs well for growth revival in the economy. However, the downside risks of global liquidity tightening and continued volatility of global commodity prices, high freight costs, coupled with the fresh resurgence of COVID-19 with new variants may pose a challenge for India during 2022-23.
- Owing to the recovery of global demand coupled with revival in domestic activity, India's **merchandise exports and imports rebounded strongly** and surpassed pre-COVID levels during the current financial year. The revival in exports was also helped by timely initiatives taken by Government. **USA** followed by **UAE and China** remained the **top export destinations** in April-November, 2021, while **China, UAE and USA** were the **largest import sources** for India.
- Despite weak tourism revenues, there was **significant pickup in net services receipts** during April-December, 2021 **on account of robust software and business earnings**, with both receipts and payments crossing the pre-pandemic levels.
- India's **current account balance turned into deficit of 0.2 % of GDP** in the first half (H1) of 2021-22, largely led by deficit in trade account. **Net capital flows** were **higher at US$ 65.6 billion** in H1: 2021-22, on account of continued inflow of foreign investment, revival in net external commercial borrowings (ECBs), higher banking capital and additional special drawing rights (SDR) allocation.
- **India's external debt rose to US$ 593.1 billion** as at end-September 2021, from US$ 556.8 billion a year earlier, reflecting additional SDR allocation by IMF, coupled with higher commercial borrowings.
- The robust capital flows were sufficient to finance the modest current account deficit, resulting in an overall balance of payments (BoP) surplus of US$ 63.1 billion in H1 of 2021-22, that led to an **augmented foreign exchange reserves** crossing the milestone of US$ 600 billion and touched **US$ 633.6 billion** as of December 31, 2021.
- As of end- November 2021, India was the **fourth largest forex reserves holder** in the world after China, Japan, and Switzerland.
- A sizeable accretion in reserves led to an **improvement in external vulnerability indicators** such as foreign exchange reserves to total external debt, short-term debt to foreign exchange reserves, etc.
- India's external sector is resilient to face any unwinding of the global liquidity arising out of the likelihood of faster normalisation of monetary policy by systemically important central banks, including the Fed, in response to elevated inflationary pressures.

Chapter 4 – Monetary Management and Financial Intermediation

- Monetary policy and liquidity operations since the beginning of the COVID-19 pandemic have geared towards mitigating its adverse impact on economy. Accommodative monetary policy along with other regulatory dispensations, asset classification standstill, temporary moratorium and provision of adequate liquidity were put in place in order to provide a safety net to the system. In 2021-22, some of the measures undertaken by RBI like CRR reduction reached pre-set sunset dates, **liquidity** has been wound down partly but **remains in surplus** mode and regulatory measures have been realigned.
- After several rate cuts in 2019-20 and 2020-21, the **repo rate** was **maintained at 4 %** in 2021-22. The liquidity in the system remained in surplus throughout.
- RBI undertook various **measures**, including secondary market **G-sec** acquisition programme, special **Long-Term Repo operations**, on tap targeted Long-Term Repo Operations, etc. to provide further liquidity in the system. Thereafter, RBI used Variable Rate Reverse Repo, reverse repo auctions to rebalance liquidity conditions.
- **Reserve money and broad money supply growth** in 2021-22 so far was **lower** than in the previous year. The reserve money growth did not fully translate into commensurate broad money supply growth due to the smaller (adjusted) money multiplier reflecting large deposits by banks with RBI under reverse repo window.
- The economic shock of the pandemic has been weathered well by the **commercial banking** system so far, even if some lagged impact is still in pipeline.
  - ✓ **Bank credit growth accelerated** gradually in 2021-22 up from 5.3 % in the beginning of April 2021 to **9.2 %** as on 31st December 2021.
  - ✓ At the sectoral level, credit to **agriculture sector** continued to register **robust growth** and showed signs of improvement in the industry sector. Services sector credit growth, however, is yet to recover.
  - ✓ Gross Non-Performing advances ratio of Scheduled Commercial Banks (SCBs) continued to decline from 11.2 % at end of 2017-18 to 6.9 % at end-September 2021. Similarly, **Net Non-Performing advances ratio declined** from 6 % to 2.2 % during the same period.
  - ✓ **Capital to risk-weighted asset ratio of SCBs continued to increase** from 13 % in 2013-14 to 16.54 % at end-September 2021.
  - ✓ The Return on Assets and **Return on Equity for Public Sector Banks became positive** in June 2020 and continued to be positive for the period ending September 2021, after recording negative profitability ratios from March 2016 to March 2020.
- The year 2021-22 so far has been an exceptional year for the **capital markets**.
  - There was a boom in fundraising through IPOs by many new age companies/tech start-ups/unicorns. In April-November 2021, **Rs.89,066 crore were raised via 75 IPO issues**, much higher than in any year in last decade.

- The **Sensex and Nifty** scaled up to touch its **peak at 61,766 and 18,477** on October 18, 2021.
- Among major emerging market economies, **Indian markets outperformed** the peers in April-December 2021. The **process of insolvency** which was suspended in view of pandemic, **started again** in end-March 2021. A pre-packaged insolvency resolution process was provided under IBC as an alternative insolvency resolution process for corporate Micro, Small and Medium Enterprises in April 2021.

Chapter 5 – Prices and Inflation

- As economic activity started showing signs of picking-up in the second year of the pandemic, the global economy faced the fresh challenge of **rising global inflation**. COVID-19 related stimulus spending in major economies along with pent-up demand boosting consumer spending pushed inflation up in many advanced and emerging economies. The surge in energy, food, non-food commodities, and input prices, supply constraints, disruption of global supply chains, and rising freight costs across the globe stoked global inflation during the year.
- **Crude oil prices** also witnessed an **upswing** during the year on the back of increased demand from recovering economies and supply restrictions by the Organization of the Petroleum Exporting Countries and its allies (OPEC+).
- On the domestic front, the average headline **Consumer Price Index**-Combined (CPI-C) **inflation** in India moderated to **5.2 %** in 2021-22 (April-December) from 6.6 % in the corresponding period of 2020-21 and was recorded at 5.6 % in December 2021. The Consumer Price Index inflation remained range bound as food prices eased considerably due to the supply management response by the Government.
- **Food inflation** remained benign during the year at **2.9 %** (April-December) as against 9.1 % in the corresponding period last year. In the case of vegetables, prices of onions and potatoes remained under control, though retail prices of tomatoes witnessed an uptick during September to November 2021 due to untimely rains in major producing states. However, with fresh arrivals in the market in December, retail prices of tomatoes too, are showing signs of easing. While seasonality plays a significant role in the case of vegetables, random shocks like untimely rains also have an impact on their availability and prices. A strong network of cold storage chains well supported by effective transport infrastructure is needed to stabilize the prices of such perishable commodities. **Effective supply-side management** kept **prices** of most **essential commodities under control** during the year. **Proactive measures** were taken to contain the **price rise in pulses and edible oils** that reported high inflation reflecting the impact of imported inflation in these commodities. **Reduction** in **central excise** and subsequent cuts in **VAT** by most States has also **helped ease petrol and diesel prices.**

- **Wholesale inflation** based on Wholesale Price Index (WPI), after remaining very benign during the previous financial year on account of pandemic induced weakening of economic activity, record low global crude oil prices and weak demand, witnessed a sharp uptick, rising to **12.5 %** during 2021-22 (April-December). This was **attributable** to:
  - Low base in the previous year,
  - the pick-up in economic activity,
  - sharp increase in international prices of crude oil and other imported inputs, and
  - high freight costs.
- The consequent **divergence between CPI-C and WPI inflation** during the year remained a subject of debate. The divergence **peaked** to **9.6 percentage points** in May 2020. However, **this year** there was a **reversal in divergence** with retail inflation falling below wholesale inflation by 8.0 percentage points in December 2021.
- This divergence can be explained by **factors** such as
  - variations due to base effect,
  - difference in scope and coverage of the two indices,
  - their price collections,
  - items covered and
  - difference in commodity weights.
- Further, **WPI is more sensitive to cost-push inflation** led by imported inputs. With the **gradual waning of base effect** in WPI, the **divergence** in CPI-C inflation and WPI inflation is also **expected to narrow down.**

Chapter 6 – Sustainable Development and Climate Change

- In 2020-21, India progressed further on achieving the Sustainable Development Goals (SDGs). India's overall score on the **NITI Aayog SDG India Index & Dashboard** 2020-21 **improved to 66** from 60 in 2019-20 and 57 in 2018-19. The number of Front Runners (scoring 65-99) **increased to 22 states and UTs** in 2020-21 from 10 in 2019-20. **Kerala** and **Chandigarh** were the **top state and UT** respectively on SDG performance in 2020-21. In **North East India, 64 districts were Front Runners** and **39 districts were Performers** in the NITI Aayog North-Eastern Region District SDG Index 2021-22.
- India has the **tenth largest forest area** in the world. In 2020, India ranked **third** globally in increasing its forest area during 2010 to 2020. The **forests** covered **24 % of India's total geographical,** accounting for **2 % of the world's total** forest area in 2020. India's forest cover has increased by more than 3 % during 2011 to 2021. This is mainly attributed to increase in very dense forest, which grew by 20 % during the period.
- In August 2021, the **Plastic Waste Management Amendment Rules**, 2021 was notified which is aimed at **phasing-out single use plastic** by 2022. The draft regulation on the Extended Producer Responsibility for plastic packaging has been notified. The regulation

seeks to strengthen the circular economy of plastic packaging waste, promote development of new alternatives to plastics and sustainable plastic packaging.

- States/UTs **need to manage its ground water resources** carefully, including recharge, and to stem over-exploitation. The **compliance** status of **Grossly Polluting Industries** (GPIs) located in the Ganga main stem and its tributaries **improved** from 39 % in 2017 to **81 %** in 2020. The consequent **reduction in effluent discharge** has been from 349.13 milllions of liters per day (MLD) in 2017 **to 280.20 MLD** in 2020.
- India had announced its first **Nationally Determined Contribution** (NDC) under the **Paris Agreement** in 2015. The Hon'ble Prime Minister of India, as a part of the national statement delivered at the 26th Conference of the Parties (COP 26) in Glasgow in November 2021, announced ambitious **targets to be achieved by 2030** to enable further **reduction in emissions**. The need to start the **one-word movement 'LIFE'** which means Lifestyle For Environment urging mindful and deliberate utilization instead of mindless and destructive consumption was underlined.
- In 2021, India continued exercising significant **climate leadership** at the international stage under the International Solar Alliance (ISA), Coalition for Disaster Resilient Infrastructure (CDRI) and Leadership Group for Industry Transition (LeadIT Group).

Chapter 7 - Agriculture and Food Management

- The agriculture sector has experienced buoyant growth in the past two years. The sector, which is the largest employer of workforce, accounted for a sizeable **18.8 %** (2021- 22) in **Gross Value Added** (GVA) of the country registering a **growth** of 3.6 % in 2020-21 and **3.9 %** in 2021-22. Growth in allied sectors including **livestock, dairying and fisheries** has been the major drivers of overall growth in the sector.
- The measures taken by the Government to augment production and domestic supply of **oilseeds** and edible oils, interventions made in the sugar sector and promotion of crop diversification are examined. The need for **sustainable agriculture** through water conservation in irrigation and natural farming and need to promote research and development to improve crop productivity, mechanization, etc. is highlighted.
- **Minimum Support Price** (MSP) policy is being used to promote crop diversification. In addition to this, some important findings of the latest Situation Assessment Survey (SAS) have also been discussed.
- The **net receipts** from **crop production** alone have **increased by 22.6 %** as compared to the previous SAS Report of 2014 although there is a visible diversification in the sources of income of the farmers.
- **Allied sectors** including animal husbandry, dairying and fishing are steadily emerging to be high growth sectors. The **livestock** sector has grown at a CAGR of **8.15 %** over the last five years ending 2019-20. It has been a stable **source of income** across groups of agricultural households accounting for about **15 %** of their **average monthly income**. This improvement in the contribution of allied sectors is in line with the recommendations of the Committee on

Doubling Farmers' Income which has suggested a greater focus on allied sectors to improve farmers' income.

- The Government has placed focus on the **food processing** sector, which is not only a major market of agriculture produce but is also a significant employer of the surplus workforce engaged in agriculture. Government therefore facilitates food processing through various measures of infrastructure development, subsidised transportation and support for formalization of micro food enterprises.
- India runs one of the **largest food management programmes** in the world. The Government has further extended the coverage of food security network through additional provisions of food grains through the schemes like **PM Gareeb Kalyan Yojana (PMGKY).**
- Government is making available fertilizers, namely Urea and 24 grades of P&K fertilizers to farmers at **subsidized prices** through **fertilizer** manufacturers/importers. Urea is being provided to the farmers at a statutorily notified Maximum Retail Price (MRP). As far as Phosphatic and Potassic (P&K) fertilizers are concerned, Government is implementing Nutrient Based Subsidy (NBS) Scheme w.e.f 01.04.2010. Under the said scheme, subsidy is provided on each grade of subsidized Phosphatic and Potassic (P&K) fertilizers depending upon its nutrient content.

Chapter 8 – Industry and Infrastructure

- Global Industrial activity continued to be affected by the disruptions caused by the COVID-19 pandemic. While the Indian industry was no exception to these disruptions, its performance has improved in 2021-22.
- Gradual unlocking of the economy, record vaccinations, improvement in consumer demand, continued policy support towards industries by the government in the form of **Atma Nirbhar Bharat Abhiyan and further reinforcements** in 2021-22 have led to an **upturn in the performance of the industrial sector.**
- The growth of the industrial sector, in the first half of 2021-22, was 22.9 % vis a vis the corresponding period of 2020-21and is expected to grow by **11.8 %** in this financial year.
- The industrial performance has shown improvement as reflected in the cumulative growth of the IIP. During April-November 2021-22 the **IIP** grew at **17.4 %** as compared to (-)15.3 % in April-November 2020-21.
- According to **RBI**- Studies on Corporate Performance, which is based on the results of select listed companies in the private corporate sector, the **net profit to sales ratio** of large corporates reached an **all-time high** of **10.6 percent** in July-September quarter of 2021-22 despite the pandemic. **Buoyant FDI inflows** amid improvements in overall business sentiments, foretells a positive outlook for the industry.
- The introduction of the **production linked incentive** scheme (PLI) to encourage scaling up of industries and major boost provided to infrastructure-both physical as well as digital– combined with continued measures to reduce transaction costs and improve ease of doing business, would support the pace of recovery.

- Several initiatives such as the **National Infrastructure Pipeline** (NIP), **National Monetization Plan** (NMP), amongst others, have been taken to propel the infrastructure investment.
- **Capital expenditure** for the Indian **Railways** has been substantially **increased** from an average annual of Rs. 45,980 crores during 2009-14 to Rs. 155,181 crores in 2020-21 and it has been budgeted to further increase to Rs. 215,058 crores in 2021-22. This implies five times increase in comparison to the 2014 level.
- Extent of **road construction** per day **increased** substantially in 2020-21 to 36.5 kms per day from 28 kms per day in 2019-20, a rise by **30.4 %** as compared to the previous year.
- The Government has also heralded a major boost to the **electronics hardware sector** and brought in structural and procedural reforms in the telecom sector.

Chapter 9 – Services

- The services sector as a whole has **mostly recovered** from the impact of the nationwide lockdown imposed during March-May 2020 and localised lockdowns during the second covid wave in April-May 2021, although some of the **sub-sectors** continue to be **impacted**.
- During the first half of 2021-22, the Services sector grew by 10.8 %. The recovery is more pronounced given the Gross Value Added (GVA) of Services crossed the pre-pandemic level in Q2 2021-22. However, being a contact intensive sub-sector, GVA of 'Trade, hotels, transport, communication & services related to broadcasting' still remains below its pre-pandemic level. The overall **Services sector GVA** is expected to **grow by 8.2 %** in 2021-22, although the spread of Omicron variant brings in a degree of uncertainty for near term, especially in segments that require human contact.
- **High frequency indicators** such as services purchasing managers' index, air freight and rail freight bottomed out in 2020. The impact of second covid wave in April-May 2021 on these indicators was much more muted as compared to during the full lockdown in March-May 2020. During April-December 2021, rail freight crossed its pre-pandemic level while air freight and port traffic almost reached their pre-pandemic level. Domestic air and rail passenger traffic is also increasing gradually. The global **issue of container shortage** is **impacting port traffic**.
- **Services exports**, after the initial slump during the first three quarters of 2020-21, surpassed its pre-pandemic level in Q4 2020-21. During H1 2021-22, services exports **grew by 21.6 %,** deriving strength from **global demand for software and IT services** exports. India's **share** in world commercial services exports increased to **4.1 %** in 2020.
- Moreover, the **IT-BPM services revenue** reached US$ **194 billion** in 2020-21, adding 1.38 lakh employees during the same period. The Government undertook a major **reform of removing telecom regulations** in the **IT-BPO sector**. As per a survey conducted by NASSCOM, these reforms have reduced compliance burden, enhanced productivity, increased global competitiveness and lowered the cost of doing business in India. Similarly, the Government has **opened up space sector to private players**, which will enhance the socio-economic use of space assets and activities. During the first half of 2021-22, the

Services sector received over **US$ 16.7 billion FDI** accounting for almost **54 % of the total FDI inflows** into India.

- **Startups** in India have grown remarkably over the last six years. The number of new recognised starups have increased to **over 14,000** in 2021-22 from only 733 in 2016-17. As a result, India has become the **third largest startup ecosystem** in the world after the US and China. Further, a record **44 Indian startups** have achieved **unicorn status** in 2021 taking the overall tally of unicorns in India to 83, most of these are in the services sector.

Chapter 10 - Social Infrastructure and Employment

- India, one of the young nations in the world, also faced the **challenge to sustain the learning outcomes in schools, building skills and reskilling population, employment and livelihood** to one of the largest labour forces in the world. Government's response through 'Aatma Nirbhar Bharat Abhiyan' packages and other sector specific initiatives have provided the necessary support to mitigate the adverse impact of pandemic.
- Indian National COVID Vaccination Program, one of the world's largest vaccination programs, has not only supported production of COVID-vaccines domestically, but it has also ensured free vaccines to its population - world's second largest population.
- Union Budget for 2021-22 allocated ` 35,000 crore for procurement of vaccines under COVID-19 Vaccination Program. From 16th January, 2021, as on 16th January 2022, a total of **156.76 crore doses of COVID-19 vaccines**, have been **administered**: 90.75 crore first dose and 65.58 crore second dose. With these, 93 % of 18 year and above aged persons have been vaccinated with first dose and about 70 % with second dose. Vaccination at this scale and speed has enabled swift revival of livelihoods.
- As per quarterly Periodic Labour Force Survey (**PLFS**) data, up to March 2021, **employment in urban sector** affected by the pandemic has **recovered** almost to the pre-pandemic levels.
- Employees Provident Fund Organisation (**EPFO**) data suggests, that not only **formalisation of jobs continued during second-COVID-19-wave**, but its adverse **impact** by far on formalization of jobs was also **much lower** than during the first-COVID-wave.
- To provide the necessary **buffer for the unorganized labour** in rural areas during the pandemic, **allocation of funds** to Mahatma Gandhi National Rural Employment Guarantee Scheme (**MGNREGS**) has been **increased**.
- As per the latest available data, **school infrastructure** – both in terms of number of recognized schools & colleges and basic facilities in schools – and teachers' availability reflected in **Pupil Teacher Ratio**, showed an **improvement** in 2019-20 over earlier years.
- Year 2019-20, also witnessed **improvement in enrolments rates** across upper-primary, secondary, and higher secondary and **improvement in dropout rates** at all levels. **Gross enrolment ratio** in **higher education** recorded at **27.1 %** in 2019-20, was slightly higher from 26.3 % in 2018-19.

- Government has undertaken **multiple initiatives** aimed at **revolutionizing the higher education** ecosystem by
    - enabling higher vocationalisation,
    - greater multi-disciplinary research,
    - providing multiple entry and exit points,
    - promoting globalisation of education,
    - leveraging the potential of Information and Communication Technology (ICT) in teaching and learning process for all learners.
- As per the National Family Health Survey-5:
    - **Total fertility rate** (TFR) has **come down** from 2.2 in 2015-16 **to 2** in 2019-21. Significant improvement is seen in the health infrastructure and services reaching the public.
    - **Infant Mortality Rate** (IMR), under-five mortality rate and institutional births have **improved** in 2019-21 over year 2015-16.
- Under the **Jal Jeevan Mission** (JJM), **83 districts** in the country have already become '**Har Ghar Jal' districts**. Government addressed the unprecedented challenges posed by the pandemic, by not only intensifying the delivery and outreach of existing programmes, but also supplementing these by various well targeted and timely new interventions.
- Consequently, **Government spending on social services** increased significantly during the pandemic, recording an **increase of 9.8 %** over 2020-21.

Rural Development

Pradhan Mantri Awaas Yojana-Gramin (PMAY-G)	PMAY-G, launched on 20th November 2016, envisages '**Housing for All by 2022**' through a robust monitoring mechanism and improved scheme architecture. It **aims** to provide assistance for **construction of 2.95 crore houses.** **As on 18th January 2022, 2.17 crore houses have been sanctioned and** 1.69 crore houses completed **against a target of 2.63 crore houses till 2021-22.**
Pradhan Mantri Gram Sadak Yojana (PMGSY)	The primary **objective** of the PMGSY is to provide **connectivity**, by way of an **all-weather road** with necessary culverts and cross-drainage structures, which is operable throughout the year, to eligible unconnected habitations in rural areas. As on 18.01.2022, a total of 1,82,506 roads measuring 7,82,844 km and 9,456 Long Span Bridges (LSBs) have been sanctioned and 1,66,798 roads measuring **6,84,994 km** and **6,404 LSBs** have been **completed**.
Multidimensional Poverty	Using NFHS-4 (2015-16) report, in line with global Multidimensional Poverty Index (MPI), NITI Aayog prepared **Multidimensional Poverty Index** at the national, for all states and districts of India. In 2015-16, **25% households** were found to be multidimensional poor in India. Among states, **Bihar** had largest (51.91%) multidimensional poor households, followed by **Jharkhand** (42.16%), Uttar Pradesh (37.79%), Madhya Pradesh (36.65%), Assam (32.67%) and Rajasthan (39.46%).

Chapter 11 - Tracking Development through Satellite Images & Cartography

- **Geo-spatial data and cartographic techniques** are used to track, compare and represent longer term developments.
- Using satellite images, India's **night-time luminosity** is compared between 2012 and 2021. Night-time luminosity provides an interesting representation of the **expansion of electricity supply**, the geographical **distribution of population** and economic activity, urban expansion as well as growth of ribbon developments between urban hubs.
- The extent of physical as well as financial **infrastructure development** in India is also depicted which includes expansion of national highways, airports, commercial bank branches, metros, roads etc.
- The maps also depict change in **net sown area** of India over the last 15 years.
- The images also compare the **Kharif crop cycle** in Moga district, Punjab during 2005 and 2021 and show that Kharif sowing cycle has **shifted ahead by around two-to-three weeks** causing the Kharif harvest to almost coincide with Rabi sowing in November.
- Satellite imagery is also used to show annual **water storage cycle at Stanley Reservoir**, Tamil Nadu.
- Using new geo-spatial methods, **population density** of select Indian cities is compared over time, showing the extent of **urban expansion in Delhi-NCR** and **Bangalore** between 2001 and 2021.
- Finally, using satellite imagery, **wasteland redeployment** in Andhra Pradesh and Gujarat are also illustrated.