



KEY HIGHLIGHTS

ECONOMIC SURVEY

2022-2023

ECONOMIC SURVEY 2022-23

- Recently, **the Union Minister for Finance & Corporate Affairs, Nirmala Sitharaman** has **tabled the Economic Survey 2022-23 in parliament.**

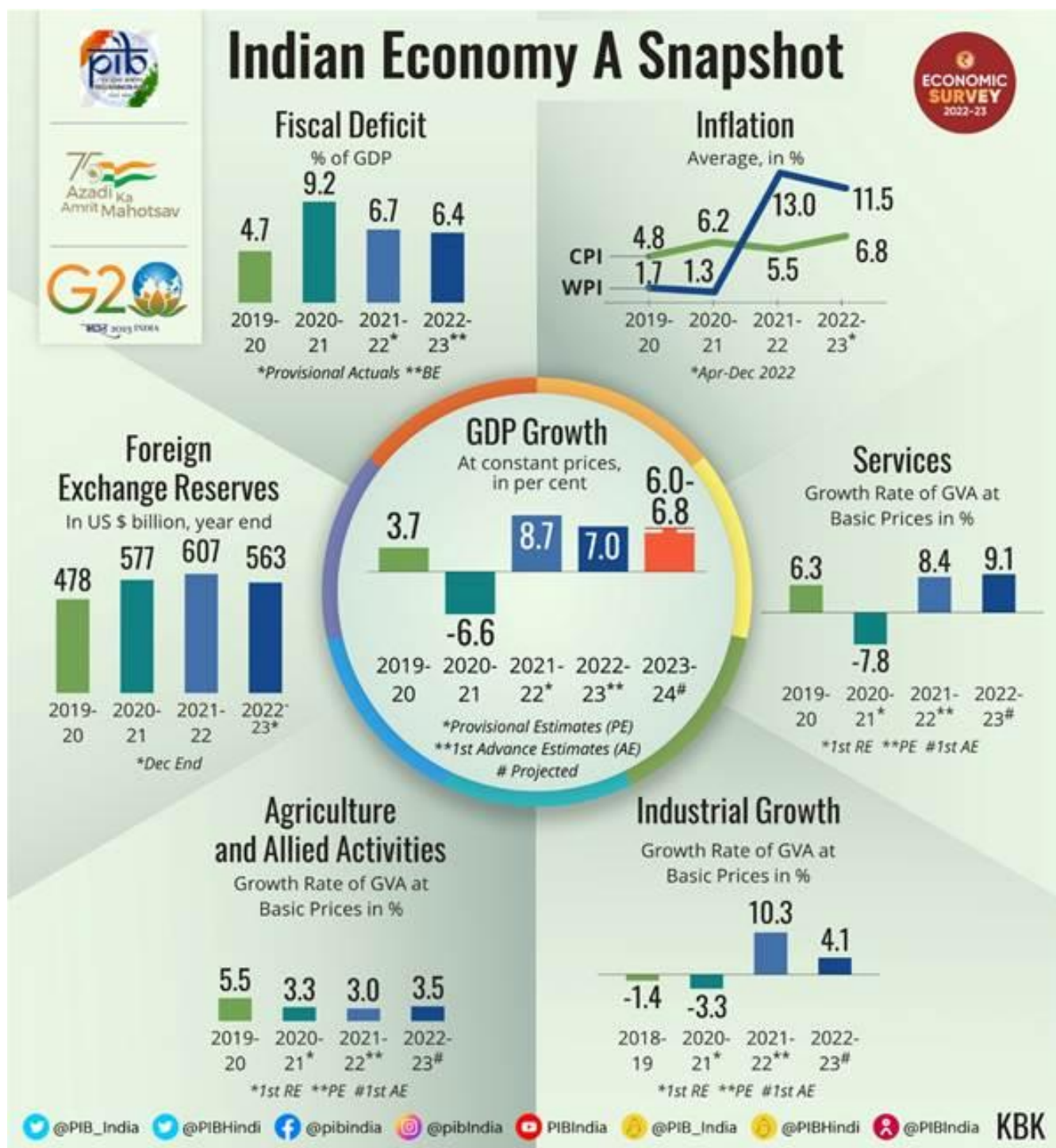
About Economic Survey 2022-23

- The Economic Survey is presented a day prior to the presentation of the Union Budget.
- The Economic Survey presents a comprehensive analysis of India's growth trajectory including the global optimism towards nation, focus on infra, growth in agriculture, industries and emphasis on futuristic sectors.
- Economic Survey is prepared by the Economic Division of the **Department of Economic Affairs (DEA)**, Ministry of Finance Under the guidance of the **Chief Economic Advisor (CEA)**.
- Continuing the previous year's trend, this year also the economic survey has been released in a **single volume** plus a separate volume for statistical tables.
 - Statistical appendix **gives it a distinct identity** as the one-stop source of authentic data.

Chapter 1 - State of the Economy in 2022-23: Recovery Complete

- India's GDP growth is expected to remain robust in FY24. GDP forecast for FY24 to be in the range of **6-6.8%**.
- Economic Survey 2022-23 projects a **baseline GDP growth of 6.5%** in real terms in FY24.
- Economy is recovering from pandemic-induced contraction, Russian-Ukraine conflict and inflation, Indian economy is staging a broad-based recovery across sectors, positioning to ascend to the pre-pandemic growth path in FY23.
- India is the **3rd largest economy** in the world in **Purchasing Power Parity (PPP)** terms and the 5th largest in market exchange rates.
- **Private consumption** in first half of FY23 has been **highest since FY15**, leading to a boost to production activity resulting in enhanced capacity utilization across sectors.
- **Capital Expenditure (Capex)** of Central Government **increased by 63.4%** during first 8 months of FY23. A sustained increase in private Capex is also imminent.
 - As per Axis Bank Business and Economic Research, Capex by the Corporate sector increased to ₹3.3 lakh crore in H1 of FY23, driven by heavy investments in electricity, steel, chemicals, auto and pharmaceuticals sectors.
- **Economy is expected to grow at 7%** (in real terms) for the year ending March 2023, this follows an 8.7% growth in the previous financial year.
- **Credit growth to the MSME sector** was over **30.6%** on average during Jan-Nov 2022, supported by the extended Emergency Credit Linked Guarantee Scheme (ECLGS).
 - **83%** of the borrowers availing ECLGS were **micro-enterprises**.
 - Among these micro units, more than half had an overall exposure of less than ₹10 lakh.
 - ECLGS borrowers had lower Non-Performing Asset (NPA) rates.
- **Retail inflation** is back within RBI's target range (**4±2%**) in November 2022.
 - **RBI** has projected **headline inflation** at **6.8%** in FY23.
- Indian Rupee performed well compared to other Emerging Market Economies in Apr-Dec2022.
- Direct Tax collections for the period April-November 2022 remain buoyant.

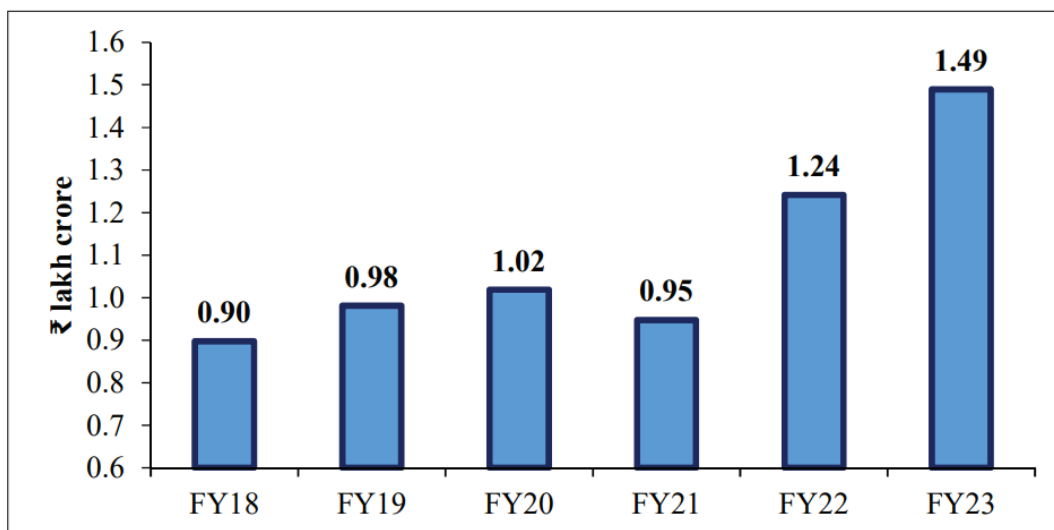
- Going by the Capex multiplier estimated for the country, the economic output of the country is set to increase by at least four times the amount of Capex.



- The **Periodic Labour Force Survey (PLFS)** shows that the **urban unemployment rate** (age 15 years and above) **declined to 7.2%** in quarter ending September 2022 (from 9.8% in September 2021).
- **Labour Force Participation Rate (LFPR)** was around **41.6%** in **2020-21** (Rural + urban) compared to 40.1% in preceding year.
- Indian economy in FY23 has nearly “recouped” what was lost, “renewed” what had paused, and “re-energised” what had slowed during the pandemic and since the conflict in Europe.

Chapter 2 - India's Medium Term Growth Outlook: with Optimism and Hope

- Indian economy underwent wide-ranging structural and governance reforms that strengthened the economy's fundamentals by enhancing its overall efficiency during 2014-2022.
- With an emphasis on improving the ease of living and doing business, the reforms after 2014 were based on the broad principles of creating public goods, adopting trust-based governance, co-partnering with the private sector for development, and improving agricultural productivity.
- **India's growth outlook** seems better than in the pre-pandemic years, and the Indian economy is prepared to grow at its potential in the medium term.
- **Reforms:** Structural and Governance Reforms strengthened the economy's fundamentals by enhancing its overall efficiency during 2014-2022.
- Reforms after 2014 were based on the broad principles of creating public goods, adopting trust-based governance, co-partnering with the private sector for development, and improving agricultural productivity.
- The situation of limited impact of reforms is analogous to the period 1998-2002 when transformative reforms had lagged growth returns due to temporary shocks in the economy.
- Out of the **1.27 crore enterprises registered on the Udyam Portal**, more than 93,000 micro-enterprises have grown to become small enterprises, and 10,000 small enterprises have become medium enterprises over the last two years.
- More than **32.7 lakh street vendors** have availed of a first loan of ₹10,000 under the **PM SVANidhi Scheme**, and of these, more than 6.9 lakh have availed a second loan of ₹20,000.
- The **average monthly gross GST collection** has **increased** from ₹0.90 lakh crore in FY18 to **₹1.49 lakh crore** in FY23.

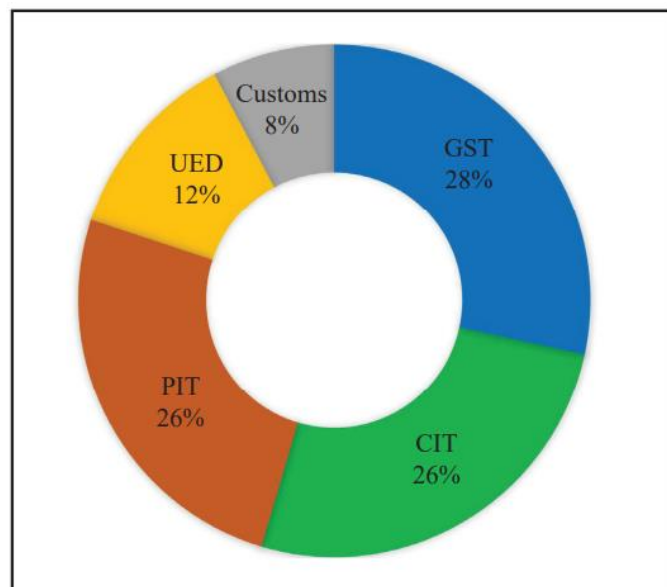
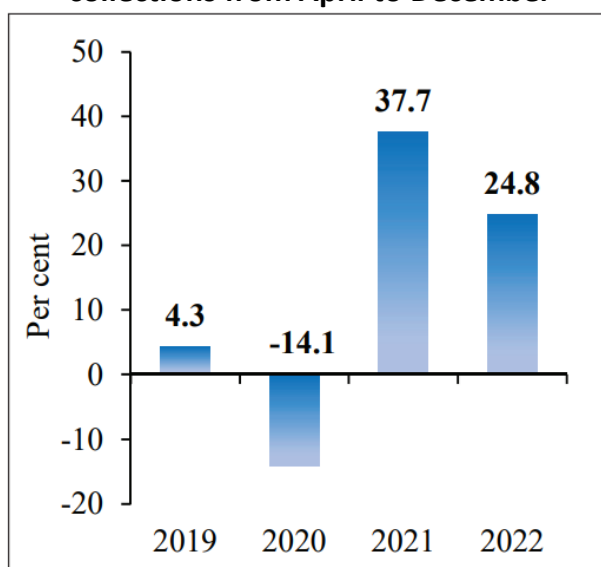


Chapter 3 - Fiscal Developments: Revenue Relish

- **Fiscal Deficit (FD):** Government is on track to achieve **fiscal deficit target** for FY23 (**6.4% of GDP**).
 - FD had reached 9.2% of GDP during the pandemic year FY21.
 - FD at the end of November 2022 stood at 58.9% of the Budget Estimates (BE), lower than the five-year moving average of 104.6% of BE.
- The **Gross Tax Revenue** registered a **YoY growth of 15.5%** from April to November 2022, driven by robust growth in the direct taxes and Goods and Services Tax (GST).
- **Net Tax Revenue** to the Centre after the assignment to states **grew by 7.9%** on a YoY basis.

- Gross GST collections increasing at 24.8% on YoY basis from April to December 2022.
- The **Centre's Capex** has **steadily increased** from a long-term average of 1.7% of GDP (FY09 to FY20) to **2.5% of GDP in FY22 PA** (Provisional Actual).
- Gross Tax Revenue of FY23 BE turns out to be a mere 1.8% over FY22 PA.
- Gross GST collections, were **₹13.40 lakh crore** from April to December 2022, implying a **YoY growth of 24.8%** (with an average monthly collection of ₹1.5 lakh crore).
 - No. of GST taxpayers increased from 70 lakh in 2017 to more than 1.4 crore in 2022.
- Direct taxes have registered a YoY growth of 26% from April to November 2022, enabled by corporate and personal income tax growth. (GTR - Gross Tax Revenue, CIT - Corporation Income Tax, PIT - Taxes on Income other than CIT, UED - Union Excise Duties)

High YoY growth in cumulative Gross GST collections from April to December



- **Centre on track to meet Non-Tax Revenue targets:** Budget FY23 envisaged a lower collection of non-tax revenue receipts during the current year relative to FY22 (around 22.5% lower than FY22 PA).
- During FY15 to FY23, about **₹4.07 lakh crore** have been realised as proceeds from disinvestment through 154 transactions using various modes/instruments.
 - This includes ₹3.02 lakh crore realised from minority stake sale and ₹69,412 crore realised from strategic disinvestment transactions in 10 CPSEs.

Performance of Union Government Expenditure

- Total **expenditure of the Union Government** in FY21 rose to **17.7% of GDP**, higher than the previous 5-year average of 12.8% of GDP.

- **Revenue Expenditure:** brought down from 15.6% of GDP in FY21 to 13.5% of GDP in FY22 PA, led by reduction in subsidy expenditure. This contraction was led by a reduction of the subsidy expenditure as the economy recovered from the pandemic.
- **Extra-Budgetary borrowings** of the Union Government were brought down from ₹1.21 lakh crore in FY21 to **₹750 crore in FY22 (RE)**.
- The **subsidy expenditure** was brought down from 3.6% of GDP in FY21 to **1.9% of GDP in FY22 PA**. It was further budgeted to reduce to 1.2% of GDP in FY23.
- **State Government Finances:** Combined Gross Fiscal Deficits of States brought down to **2.8% of GDP in FY22 PA**, from 4.1% in FY21.
 - Centre had enhanced the net borrowing ceilings (NBC) for States to **5% of GSDP** (Gross State Domestic Product) in FY21, 4% of GSDP in FY22, and 3.5% of GSDP in FY23.
 - **15th Finance Commission** had recommended performance-based **additional borrowing space of 0.50% of GSDP** to States in the **power sector for four years (FY22 to 2024-25)**.
- **Transfer from Centre to States:** Transfer of funds to the States comprises the share of States in Union taxes devolved to the States, Finance Commission Grants, Centrally Sponsored Schemes (CSS), and other transfers.

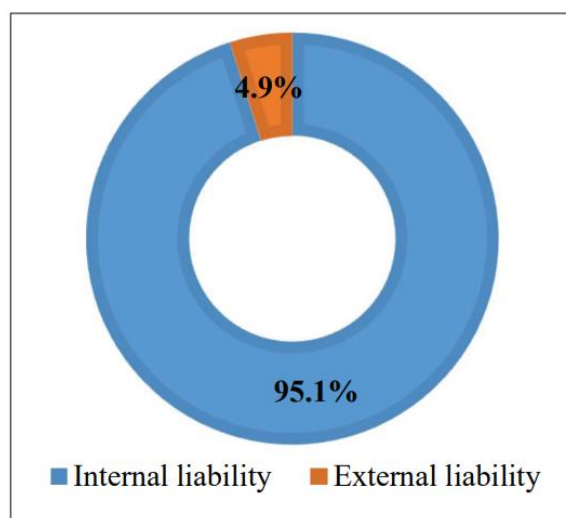


	FY22 RE	FY23 BE
(in ₹ lakh crore)		
Centrally Sponsored Schemes	4.2	4.4
Finance Commission Grants	2.1	1.9
Other Grants/Loans/Transfers	2.3	3.0

- **Finance Commission** had **recommended** allocation of **₹1.92 lakh crore** for **FY23** in respect of post-devolution revenue deficit grants, grants to local bodies, health sector grants, and disaster management grants under **Article 275** of the Constitution.
- **Centre's support towards States' capital expenditure:** Union government has provided 50-year interest-free loans to state governments under the '**Scheme for Special Assistance to States for Capital Investment**' for the last 3 years. During the year FY23, the allocation under the Scheme has been raised to ₹1.05 lakh crore to give further impetus to State Capex plans.

- **Debt profile:** The total liabilities of the Union Government moderated from 59.2% of GDP in FY21 to 56.7% in FY22 (P).
- General Government **Debt to GDP ratio increased** from 75.7% of end-March 2020 to **89.6%** at end of pandemic year FY21.

Proportion of external liability in public debt (FY22)



Chapter 4 - Monetary Management and Financial Intermediation: A Good Year

- The RBI initiated its monetary tightening cycle in April 2022 and has since raised the repo rate by 225 bps (increased from 4% to 6.25% between April to December 2022), leading to moderation of surplus liquidity conditions.
- **YoY Growth in monetary aggregates:**
 - Reserve money (M0) increased by 10.3%
 - Narrow money (M1) increased by 7.6%
 - Broad money (M3) increased by 8.7%
 - Money Multiplier has remained stable at an average of 5.1%.

Measures of Money Supply



Reserve Money (M0): also called High Powered money, monetary base, base money etc. $M0 = \text{Currency in Circulation} + \text{Bankers' Deposits with RBI} + \text{Other Deposits with RBI}$.



Narrow Money (M1) = Currency with public + Demand deposits with the Banking system (current account, saving account) + other deposits with RBI.



M2 = M1 + Savings deposits of post office savings banks.



Broad Money (M3) = M1 + Time deposits with the banking system.



M4 = M3 + All deposits with post office savings banks.

Note: Money Multiplier is defined as the ratio of Broad money (M3) over the Reserve Money (M0) i.e. $M3/M0$. It explains how an increase in the monetary base causes the money supply to increase by a multiplied amount.

- **Developments in the G-sec Market:** The trading volume in G-Secs (including T-Bills and SDLs) reached a two-year high, registering a YoY growth of 6.3%.

Banking Sector:

- **Gross Non-Performing Assets (GNPA)** ratio of Scheduled Commercial Banks (SCBs) has fallen to a **seven-year low of 5.0**, while Net Non-Performing Assets (NNPA) have dropped to a ten-year low of 1.3% of total assets.
 - **GNPA ratio of NBFCs** declined to **5.9%** in September 2022.

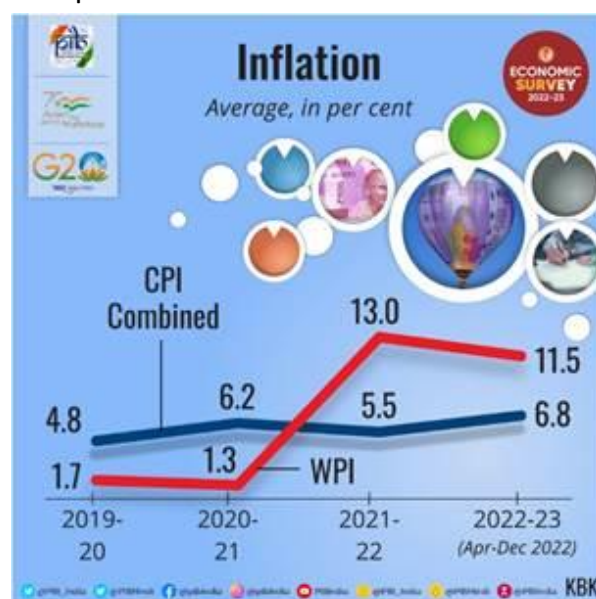
- Non-food credit offtake by scheduled Commercial Banks (SCBs) has been growing in double digits since April 2022.
- Credit disbursed by Non-Banking Financial Companies (NBFCs) has also been on the rise.
- **Capital-to-Risk Weighted Assets Ratio (CRAR)** remains healthy at **16.0** (well above the regulatory requirement of 11.5).
- The recovery rate for the SCBs through Insolvency and Bankruptcy (IBC) was highest in FY22 compared to other channels.

Development in Capital Markets:

- **Primary Market:** The number IPOs almost doubled and the total funds rose by the companies increased by almost three times (Compared to FY22). The year also witnessed the largest IPO ever in the history of India.
- **Secondary Market:** Despite the global volatility, the Indian stock markets outperformed their global peers by huge margin.
- **Developments in the Insurance Market:** India is one of the fastest-growing insurance markets in the world and its **life insurance premium** has registered **YoY growth of 10.2%**.

Chapter 5 - Prices and Inflation: Successful Tight-Rope Walking

- India's **inflation rate peaked in April 2022 at 7.8%** before moderating to 5.7% in Dec 2022.
- Food inflation ranged between 4.2% to 8.6% between April and December 2022
- **Wholesale Price Inflation (WPI):** WPI started to increase in 2022 with a **peak value of 16.6%** in May 2022 (as economic activities resumed post pandemic and the Russia-Ukraine conflict alleviated it more) and it slipped to 5.0% by year end.
- Food inflation based on **Consumer Food Price Index (CFPI)** climbed to **7.0% in FY23** from 3.8% in FY22, major contributors being vegetables, cereals, milk and spices.
- **India meets 60% of its edible oils demand through imports**, making it vulnerable to international movements in prices.
- **WPI and CPI trends:** Since 2021, there had been a divergence between the WPI and the CPI indexes, followed by a trend of convergence.
 - **Reasons for divergence:** Difference in relative weights of the two indices and the lagged effect of imported input costs on retail prices.
 - **Reasons for convergence:** Cooling in WPI inflation of commodities such as crude oil, iron, aluminium etc. along with the rise in CPI inflation (fuelled by the rise in services cost).
- Rural inflation has remained above its urban counterpart throughout the current fiscal year, reversing the trend seen during the pandemic years.

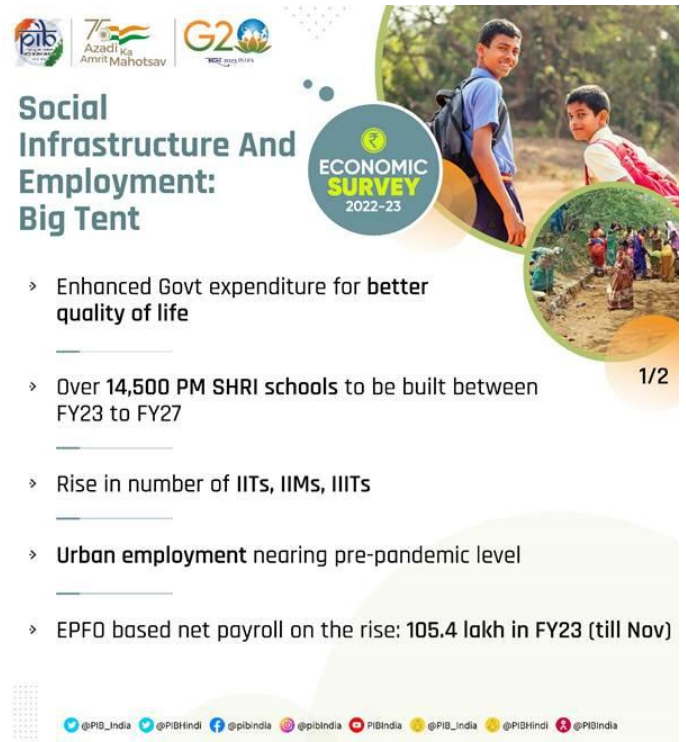


Housing Prices: Recovering Housing Sector After the Pandemic

- National Housing Bank (NHB) publishes two Housing Price Indices (HPI), namely 'HPI assessment price' and 'HPI market price quarterly', with FY18 as the base year.
- There is an overall increase in composite HPI assessment and HPI market prices, which indicates a revival in the housing finance sector.
- **Housing Price Index (HPI):** It represents the price changes in residential housing properties in **50 cities** across **18 States** which is compiled and published by National Housing Bank.

Chapter 6 - Social Infrastructure and Employment: Big tent

- **Social sector expenditure outlay** of the Centre and State Governments has increased steadily to stand at **₹21.3 lakh crore** in FY23 (BE), with its share in total General Government expenditure standing at 26.6%.
- The share of **expenditure on health** in social services has **increased** from 21% in FY19 to **26% in FY23**.
- Central and State Government's **budgeted expenditure on health sector** touched 2.1% of GDP in FY23 (BE) and **2.2% in FY22 (RE)** against 1.6% in FY21.



Labour Reform Measures:

- Labour markets have recovered beyond pre-Covid levels, in both urban and rural areas, as observed in supply-side and demand-side employment data.
- Quarterly urban employment data shows progress beyond pre-pandemic levels as the **unemployment rate declined** from 8.3% in July-September 2019 to **7.2% in July-Sept 2022**.
- Noticeable **rise in Rural Female Labour Force Participation Rate (FLFPR)** from 19.7% in 2018-19 to **27.7% in 2020-21** is a positive development.
- There are approx. **1.2 crore SHGs**, comprising of **88%** all women SHGs.

Improving Human Development Parameters

- **India ranked 132** out of 191 countries in the **2021/2022 HDI** report. India's HDI value of **0.633** in 2021 places the country in the **medium human development category**.
- On the parameter of gender inequality, **India's Gender Inequality Index (GII) value** is **0.490** in 2021 and is **ranked 122**, close to the world average of 0.465.
- **16.4% of the population** in India are **multi-dimensionally poor** (UNDP's Multi-dimensional Poverty report).
- Survey highlights the findings of the 2022 report of the UNDP on Multidimensional Poverty Index which says that 41.5 crore people exit poverty in India between 2005-06 and 2019-20.

Transformation of Aspirational Districts Programme (ADP):

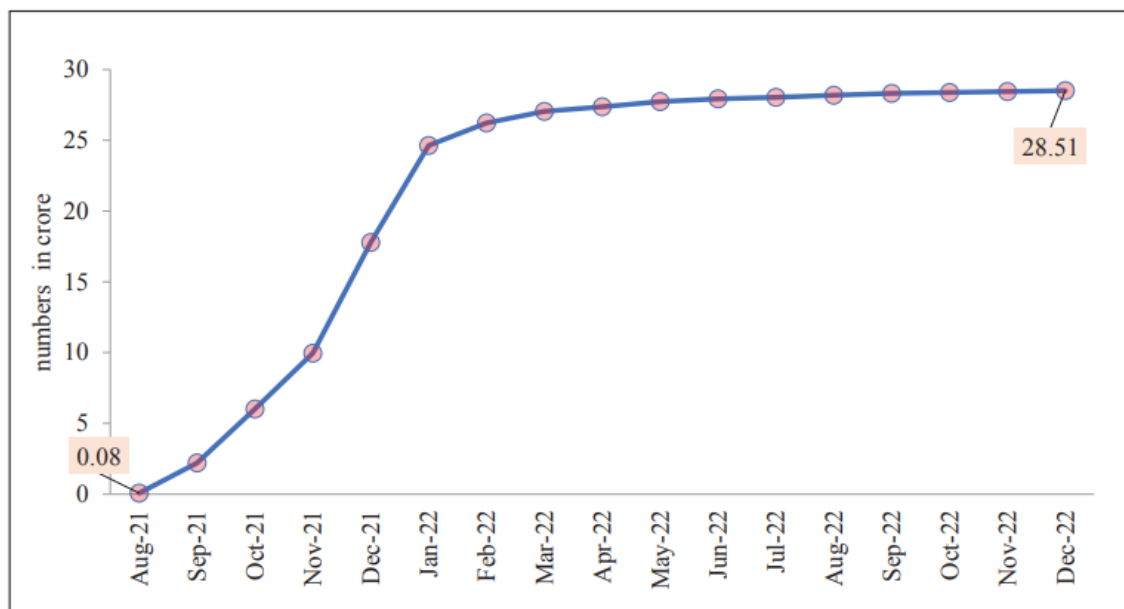
- Aspirational Districts Programme has emerged as a template for good governance, especially in remote and difficult areas.
- In 2018, 117 Aspirational Districts (ADs) across 28 States/UTs were identified by NITI Aayog based upon composite indicators ranging from health and nutrition, education, agriculture, and water resources, financial inclusion and skill development, and basic infrastructure which have an impact on HDI.
- Progress of this initiative is being measured by ranking districts every month. The ranking is based on the incremental progress made across **49 Key Performance Indicators (KPI)** under **five broad socio-economic themes**.
- Two programmes have been conceptualised along the lines of ADP design - 'Mission Utkarsh' and 'Aspirational Blocks Programme' (ABP).
 - Under 'Mission Utkarsh', 15 Central Ministries, have identified their low performing 10-15 districts.

Progressing Labour Reform Measures:

- Government had amalgamated, rationalized, and simplified **29** Central Labour Laws into **four Labour Codes**:
 - Code on Wages, 2019
 - Industrial Relations Code, 2020
 - Code on Social Security, 2020
 - Occupational Safety, Health & Working Conditions Code, 2020
- The new laws are in tune with the changing labour market trends and accommodate the minimum wage requirement and welfare needs of the unorganised sector workers (including the self-employed and migrant workers) within the legislation framework.
- The Labour Codes have been aligned with the present economic scenario and technological advancements along with reduction in multiplicity of definitions and authorities.
- The Codes also ease compliance mechanism aiming to promote ease of doing business/setting up of enterprises and catalyse creation of employment opportunities while ensuring safety, health, and social security of every worker.

e-Shram portal:

- eShram portal developed for creating a national database of unorganised workers, which is verified with Aadhaar.
- As of December 2022, over **28.5 crore unorganised workers** have been registered on eShram portal.
- **Female registrations** on e-Shram portal stood at **52.8%**.
- **61.7%** of total registrations belonged to the **age group 18-40 years**.
- State-wise, **Uttar Pradesh (29.1%)**, Bihar (10.0%), and West Bengal (9.0%) accounted for nearly half of total registrations.
- **Agriculture sector** workers **contributed to 52.4%** of the total registrations, followed by domestic and household workers (9.8%), and construction workers (9.1%).



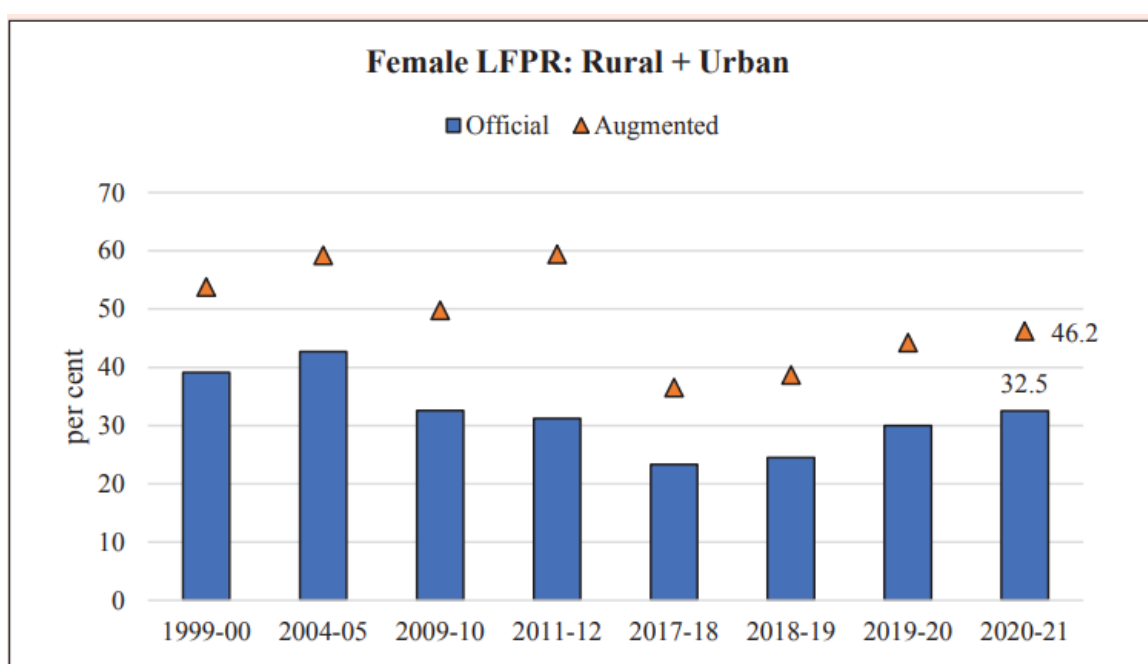
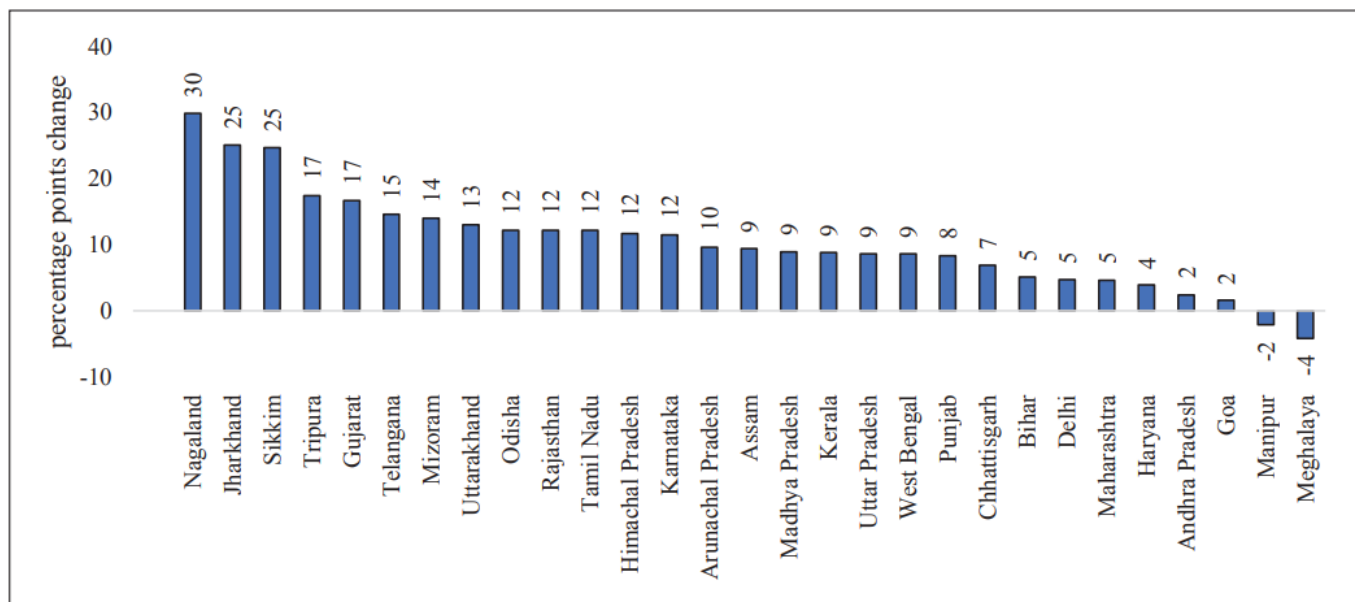
Cumulative registrations under e-Shram portal

Aadhaar: The Many Achievements of the Unique Identity

- Aadhaar, a 12-digit unique identification number provides a digital identity to the residents of India and ensures authentication.
- Paul Romer, a Nobel laureate and former World Bank Chief Economist, has described Aadhaar as “the most sophisticated ID programme in the world.”
- **Achievements of Aadhaar:**
 - **318 Central schemes** and over 720 state DBT schemes are notified under section 7 of the Aadhaar Act, 2016.
 - More than **135 crore Aadhaar IDs** have been generated so far.
 - 75.3 crore residents have linked their Aadhaar with ration cards to avail of ration.
 - 27.9 crore residents linked Aadhaar with cooking gas connection for LPG subsidy.
 - 75.4 crore bank accounts are linked with Aadhaar.

Improving Employment Trends:

- The broad-based improvement in employment indicators can be observed in data covering both the supply side and demand side of the labour market.
- Labour markets have **recovered beyond pre-Covid levels**, in **both urban and rural areas**.
- **Unemployment rates** lowered from 5.8% in 2018-19 to **4.2% in 2020-21**, and a noticeable rise in rural FLFPR (Female Labour Force Participation Rate) from 19.7% in 2018-19 to 27.7% in 2020-21.
- Recent urban employment data shows progress beyond pre-pandemic levels. Unemployment rate declined from 8.3% in July-September 2019 to 7.2% in July-September 2022.
- Based on the industry of work, the **share of workers engaged in agriculture rose marginally** from 45.6% in 2019-20 to **46.5% in 2020-21**, the share of manufacturing declined faintly from 11.2% to 10.9%, the share of construction increased from 11.6% to 12.1%, and share of trade, hotel & restaurants declined from 13.2% to 12.2%, over the same period.



- It may be noted that more than **75% of rural female workers are employed in the agricultural sector.**
- The **SHG Bank Linkage Project (SHG-BLP), launched in 1992**, has blossomed into **the world's largest microfinance project.**
 - SHG-BLP **covers 14.2 crore families** through 119 lakh SHGs with savings deposits of ₹47,240.5 crore and 67 lakh groups with collateral-free loans outstanding of ₹1,51,051.3 crore, as on 31st March 2022.
 - The number of **SHGs credit linked** has **grown at a CAGR of 10.8%** during the last ten years (FY13 to FY22), while credit disbursement per SHG has grown at a CAGR of 5.7% during the same period.
- Government's Covid-19 Package for SHGs:** Under PMGKY, the limit for collateral-free loans for women's SHGs was doubled from ₹10 lakh to ₹20 lakh. This is expected to benefit 63 lakh women SHGs and 6.85 crore households.

Quarterly PLFS for urban areas:

- The PLFS conducted by the MoSPI at a quarterly level for urban areas is available till July-September 2022. The data shows an improvement in all the key labour market indicators in the quarter ending September 2022 both sequentially and over the last year.
- **Labour participation rate increased to 47.9%** in July-September 2022 from 46.9% a year ago.
- Worker-population ratio strengthened from 42.3% to 44.5% in the same period.

Formal Employment:

- Net addition in EPF subscriptions during FY22 was 58.7% higher than in FY21.
- Total registration under the Aatmanirbhar Bharat Rojgar Yojana (ABRY) crossed 75 lakh.
- In FY23, 6.48 crore households were offered employment under MGNREGS.
- 'National Career Service' (NCS) project was launched in July 2015, as a one-stop solution providing an array of employment and career-related services.
- As of January 2023, 2.8 crore jobseekers and 6.8 lakh employers have registered in NCS portal.
- **Nominal rural wages** have increased at a steady positive rate during FY23. In agriculture, the YoY rate of growth of nominal wage rates was 5.1% for men and 7.5% for women.
- **School Enrolment:** In FY22, a total of 26.5 crore children were enrolled in schools and 19.4 lakh additional children were enrolled in Primary to Higher Secondary levels.

Ensuring School Education:

- The enrolments increased across all levels of schooling i.e., Primary, Upper-Primary, Secondary, and Higher Secondary except for the Pre-Primary level (reduced from 1.1 crore to 1 crore in FY22).
- School dropout rates at all levels have witnessed a steady decline for both boys and girls.
- **Pupil-teacher ratio improved** from 34 in FY13 to **26.2 in FY22** at primary level and substantially in other levels too.

Higher Education:

- The **total enrolment in higher education** has increased to nearly **4.1 crore in FY21** from 3.9 crore in FY20.
- **Female enrolment** has increased to **2.0 crore** in FY21 from 1.9 crore in FY20.
- The total number of faculties in Higher Education is around 15.5 Lakhs of which about 57.1% are male and 42.9% are female.

Skill Development:

- 'Periodic Labour Force Survey' highlights that the formal vocational/technical training among youth (age 15-29 years) and the working population (age 15-59 years) have improved in FY21 over FY19 and FY20.
- About **1.1 crore persons have been trained under PMKVY** (Pradhan Mantri Kaushal Vikas Yojana).
- **21.4 lakh apprentices** have been engaged by Industries, since the launch of the National Apprenticeship Promotion Scheme.
- 724 District Skill Committees have been constituted under Skill Acquisition and Knowledge Awareness for Livelihood Promotion (SANKALP) initiative.

Health

- Central and State Government's budgeted expenditure on health sector touched 2.1% of GDP in FY23 (BE) and 2.2% in FY22 (RE) against 1.6% in FY21.
- Out of-Pocket Expenditure as a percentage of Total Health Expenditure has declined substantially from 64.2% in FY14 to 48.2% in FY19.
- Infant Mortality Rate (IMR), Under Five mortality rate (U5MR) and neonatal Mortality Rate (NMR) have shown a steady decline.
- Ayushman Bharat beneficiaries have reached nearly 22 crore with over 1.54 lakh Health and Wellness Centres operationalized across the country.

Social Protection:

- **Pradhan Mantri Jeevan Jyoti Bima Yojana:** Around **14.96 crore persons** have been enrolled and about 6.4 Lakh claims have been paid under the scheme.
- **Pradhan Mantri Suraksha Bima Yojana:** Around **32.1 crore persons** have been enrolled cumulatively and about 1.1 Lakh claims have been paid under.
- **Pradhan Mantri Mudra Yojana:** More than **38.4 crore loans** have been sanctioned through this scheme.

Rural Economy:

- Around **65% of the entire population** of the country **live in rural areas**, of which nearly **47%** of them are **dependent on agriculture**.
- The quality of rural lives, including, inter alia, access to electricity, presence of improved drinking water sources, coverage under health insurance schemes, have improved significantly (National Family Health Survey 2019-21)
- **Deendayal Antyodaya Yojana-National Rural Livelihood Mission:** The Mission has mobilised a total of 8.7 crore women from poor and vulnerable communities into **81 lakh SHGs**.

Drinking Water and Sanitation:

- **Jal Jeevan Mission:** As a result of the mission, of the 19.4 crore rural households, **11.0 crore households** are **getting tap water supply** in their homes.
- **JALDOOT App:** A total of around **3.7 Lakh wells** have been measured and their water level is updated in Central records.
- **Swachh Bharat Mission (Grameen):** About **1.2 Lakh villages** have been **declared ODF plus**.
- Andaman & Nicobar Islands has declared all its villages as ODF plus model, thus becoming the first Swachh, Sujal Pradesh.

LPG Connection:

- **Pradhan Mantri Ujjwala Yojana 2.0** (Swachh Indhan Behtar Jeevan): the **LPG coverage improved** from 62% in 2016 to **99.8%** in 2021.
- **Rural Connectivity:** Pradhan Mantri Gram Sadak Yojana: Since inception it has led to creation of roads measuring 7.2 Lakh kms and 7,789 Long Span Bridges.
- **Electricity: SAUBHAGYA** (Pradhan Mantri Sahaj Bijli Har Ghar Yojana) and Deendayal Upadhyaya Gram Jyoti Yojana scheme has successfully completed its objective of universal household electrification.

Chapter 7 - Climate change and environment: Preparing to face the future

- India is one of the most vulnerable regions to climate change. Although it contributes only about **4% of cumulative global emissions** (for the period 1850-2019).
- India has declared the **Net Zero Pledge** to achieve a **net zero emissions** goal **by 2070**.
- India achieved its target of **40% installed electric capacity** from non-fossil fuels **ahead of 2030**.
- The likely installed capacity from non-fossil fuels to be more than **500 GW by 2030** resulting in decline of **average emission rate by around 29% by 2029-30**, compared to 2014-15.
- India to reduce emissions intensity of its GDP by **45% by 2030** from 2005 levels.
- About **50% cumulative electric power installed capacity** to come from **non-fossil fuel-based energy resources by 2030**.
- A mass movement LiFE– Life style for Environment launched.
- Sovereign Green Bond Framework (SGrBs) issued in November 2022.
- RBI auctions two tranches of ₹4,000 crore Sovereign Green Bonds (SGrB).
- **National Green Hydrogen Mission** to enable India to be **energy independent by 2047**.
 - **Green hydrogen production capacity of at least 5 MMT** (Million Metric Tonne) per annum to be developed by 2030.
 - Cumulative reduction in fossil fuel imports over ₹1 lakh crore and creation of over 6 lakh jobs by 2030 under the National green Hydrogen Mission.
 - Renewable energy capacity addition of about 125 GW and abatement of nearly 50 MMT of annual GHG emissions by 2030.
- **Solar power capacity installed**, a key metric under the National Solar Mission **stood at 61.6 GW** as of October 2022.
- India becoming a favored destination for renewables; investments in 7 years stand at USD 78.1 billion.
- 62.8 lakh individual household toilets and 6.2 lakh community and public toilets constructed (August 2022) under the National Mission on Sustainable Habitat.

Progress on India's Climate Action:

- The **country ranks third globally** with respect to the **net gain in average annual forest area** between 2010 and 2020.
- The **Indian State of Forest Report (ISFR)** estimates the carbon stock of forests to be about 7,204 million tonnes in 2019.
- Among the Indian States, Arunachal Pradesh has the maximum carbon stock in forests, followed by Madhya Pradesh.
- India has **75 Ramsar sites** covering an area of **13.3 lakh hectare**, and 49 of these have been added in the last 8 years.
- As per the ISFR 2021, the mangrove cover in the country has increased by 364 sq. km. in 2021 as compared to 2013.
- **River Conservation and Rejuvenation:** The Government is working on mapping and converging the 5Ps' - People, Policy, Plan, Programme and Project.

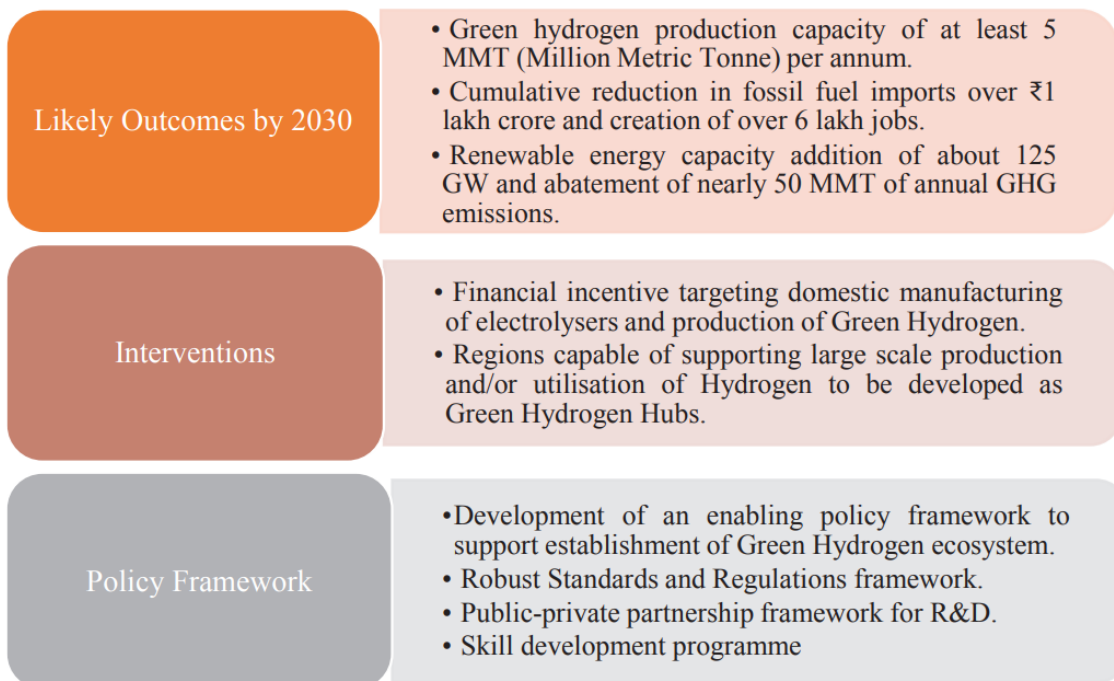
Progress on Eight National Missions of the NAPCC highlighting achievements across various domains

National Solar Mission	•Solar power capacity of 61.62 GW installed by October 2022
National Mission for Enhanced Energy Efficiency	•PAT Cycle–VII notified in October 2021 for energy saving target of 6.63 Million Tonnes of Oil Equivalent (MTOE)
National Mission on Sustainable Habitat	•721 km of metro rail network made operational by August 2022. •62.79 lakh individual household toilets and 6.21 lakh community and public toilets constructed by April 2022
National Mission for a Green India	•₹ 626.96 crore for afforestation targets over an area of 2.1 lakh ha
National Water Mission	•Jal Shakti Abhiyan: Catch The Rain 2022
National Mission on Strategic Knowledge for Climate Change	•Created and strengthened 12 Centres of Excellence for climate change (June 2021)
National Mission for Sustaining Himalayan Ecosystems	•Inter-University Consortium •8 Major R&D Programmes initiated
National Mission for Sustainable Agriculture	•Key targets for FY 2022-2023 covering 0.15 lakh ha under organic farming and 10 lakh ha under micro irrigation

- While the target was to achieve 40% of the installed electric capacity from non-fossil fuel sources by 2030, the target has already been achieved.
 - India is now striving to achieve the target of 50% non-fossil fuel electricity by 2030.
- The **likely installed capacity by the end of 2029-30** is expected to be **more than 800 GW** of which **non-fossil fuel would be more than 500 GW**.
- India to reduce the emissions intensity of its GDP by 45% by 2030 from 2005 levels.

Green Hydrogen-A critical source of alternate energy:

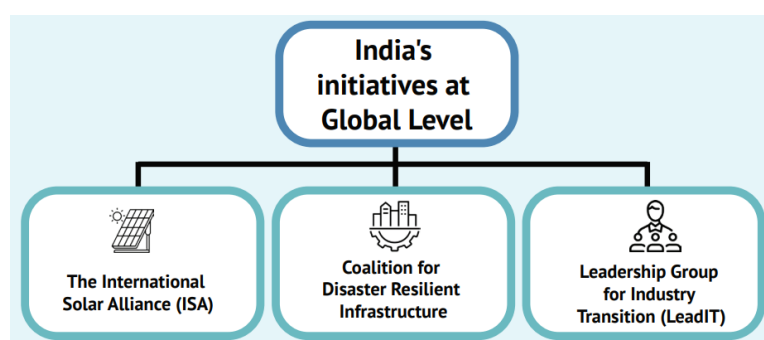
- Government approved the **National Green Hydrogen Mission** in January 2023, with an initial outlay of **₹19,744 crore**.
- The Mission will facilitate demand creation, production, utilisation and export of Green Hydrogen and mobilisation of over ₹8 lakh crore of investment by 2030.
- A report by NITI Aayog estimates that the **cumulative value of the green hydrogen market in India will be US\$ 8 billion by 2030** and US\$ 340 billion by 2050.
- Adoption of green hydrogen will also result in 3.6 Giga tonnes of cumulative CO2 emission reduction by 2050.



Salient Features of the National Green Hydrogen Mission

Long-Term Low Emissions Development Strategy (LT-LEDS)

- India submitted its Long-Term Low Carbon Development Strategy (LT-LEDS) in November 2022, at COP 27. The salient features of LT-LEDS are:
- Focus on the rational utilisation of national resources with due regard to energy security. The transitions from fossil fuels will be undertaken in a just, smooth, sustainable manner.
- Encompasses the objectives of the National Hydrogen Policy. The rapid expansion of green hydrogen production, increasing electrolyser manufacturing capacity in the country, and a three-fold increase in nuclear capacity by 2032 are some of the other milestones.
- Increased use of biofuels, especially ethanol blending in petrol. India aspires to maximise the use of electric vehicles, ethanol blending to reach 20% by the Ethanol Supply Year 2025-26, and a strong modal shift to public transport for passengers and freight.
- Climate-resilient urban development will be driven by smart city initiatives, integrated planning of cities for mainstreaming adaptation and resource efficiency, effective green building codes and developments in innovative solid and liquid waste management.
- India's industrial sector will continue on a strong growth path, with the vision of 'Aatmanirbhar Bharat' and 'Make in India'.



- The Government published the Battery Waste Management Rules, 2022 and notified the E-Waste (Management) Rules, 2022.

Chapter 8 - Agriculture & Food management: From Food Security to Nutritional Security

- The performance of the agriculture and allied sector has been buoyant over the past years.
- The Indian agriculture sector grew by 3.0% in 2021-22 compared to 3.3% in 2020-21.
- In 2020-21, exports of agriculture and allied products grew by 18% over the previous year.
- During 2021-22, agricultural exports reached an all-time high of US\$ 50.2 billion.

Enhanced access to credit:

- Kisan Credit Card facility extended to fisheries and animal husbandry farmers in 2018-19.
- Agriculture credit was about 13% more than the target in 2021-22.
- Private investment in agriculture increases to 9.3% in 2020-21.

Allied Sectors:

- The livestock sector grew at a CAGR of 7.9% during 2014-15 to 2020-21, and its contribution to total agriculture GVA is about 30.1% in 2020-21.
- The fisheries sector annual growth rate has been about 7% since 2016-17 and has a share of about 6.7% in total agriculture GVA.
- The dairy sector is the most critical component of the livestock sector, employing more-than eight crore farmers directly.

Cooperatives hold the key to rural economic transformation:

- There are 8.5 lakh registered cooperatives in the country, and 98% of villages are covered by Primary Agriculture Credit Societies (PACS).
- Around 19% of agriculture finance is through cooperative societies.

Food Processing Sector:

- The food processing industries sector has been growing at an average annual growth rate of around 8.3%.
- The value of agri-food exports, including processed food exports, was about 10.9% of India's total exports during 2021-22

Record Production of Foodgrains

- As per **Fourth Advance Estimates** for 2021-22, the production of food grains and oil seeds has been increasing Year-on-Year (YoY).
- **Private investment in agriculture** increases to **9.3%** in 2020-21.
- MSP for all mandated crops fixed at 1.5 times of all India weighted average cost of production since 2018.
- Institutional Credit to the Agricultural Sector continued to grow to 18.6 lakh crore in 2021-22
- Foodgrains production in India saw sustained increase and stood at 315.7 million tonnes in 2021-22.
- Free foodgrains to about 81.4 crore beneficiaries under the National Food Security Act for one year from January 1, 2023.
- About 11.3 crore farmers were covered under the Scheme in its April-July 2022-23 payment cycle.

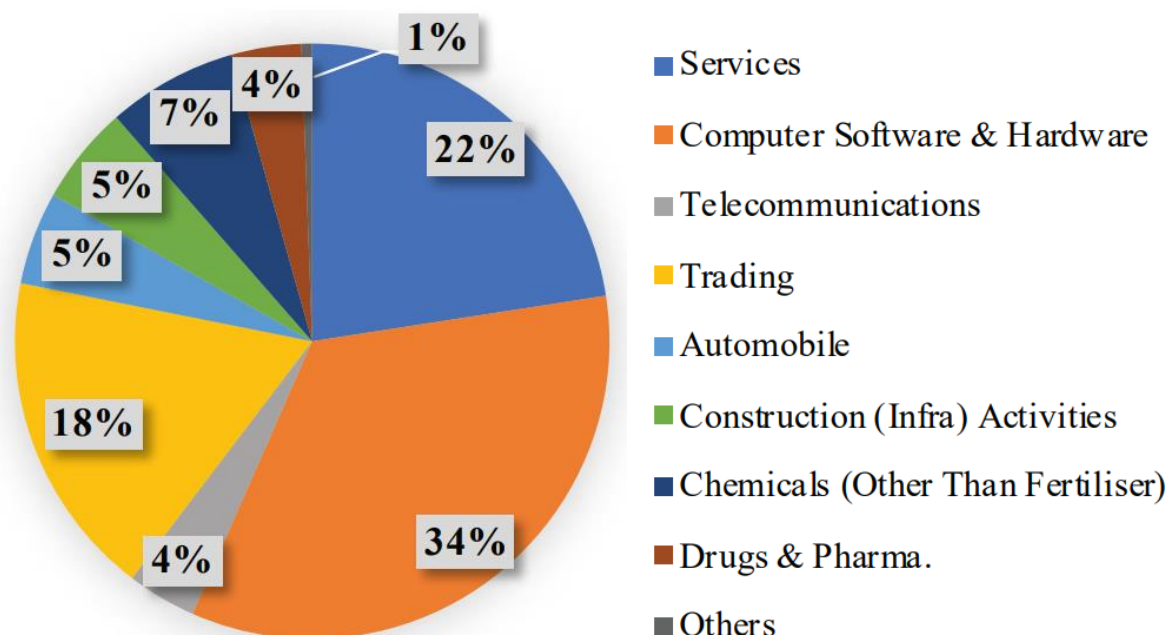
- Rs 13,681 crores sanctioned for Post-Harvest Support and Community Farms under the Agriculture Infrastructure Fund.
- Online, Competitive, Transparent Bidding System with 1.74 crore farmers and 2.39 lakh traders put in place under the National Agriculture Market (e-NAM) Scheme.
- Organic Farming being promoted through Farmer Producer Organisations (FPO) under the Paramparagat Krishi Vikas Yojana (PKVY).
- India stands at the forefront to promote millets through the International Year of Millets initiative.

Chapter 9 - Industry: Steady Recovery

- Overall **Gross Value Added (GVA) by the Industrial Sector** (for H1 of FY 22-23) **rose 3.7%**, which is higher than the average growth of 2.8% achieved in the first half of the last decade.
- **Industrial sector contributed about 30% of the total gross value** added in the country during FY12 and FY21 and employed over 12.1 crore people.
- Robust growth in Private Final Consumption Expenditure.
- Export stimulus during the first half of the year.
- Increase in investment demand triggered by enhanced public capex and strengthened bank and corporate balance sheets have provided a demand stimulus to industrial growth.
- The supply response of the industry to the demand stimulus has been robust.
- PMI manufacturing has remained in the expansion zone for 18 months since July 2021, and Index of Industrial Production (IIP) grows at a healthy pace.
- Credit to Micro, Small and Medium Enterprises (MSMEs) has grown by an average of around 30% since January 2022 and credit to large industry has been showing double-digit growth since October 2022.
- **Electronics exports rise nearly threefold**, from US \$4.4 billion in FY19 to **US \$11.6 Billion in FY22**.
- India has become the **second-largest mobile phone manufacturer** globally, with the **production** of handsets **going up** from 6 crore units in FY15 to **29 crore units in FY21**.
- **Foreign Direct Investment (FDI) flows into the Pharma Industry** has **risen four times**, from US \$180 million in FY19 to US \$699 million in FY22.
- The **Production Linked Incentive (PLI) schemes** introduced across 14 categories, with an estimated capex of ₹4 lakh crore over the next five years, to plug India into global supply chains. Investment of ₹47,500 crores has been seen under the PLI schemes in the FY22, which is 106% of the designated target for the year. Production/sales worth ₹3.85 lakh crore and employment generation of 3.0 lakh have been recorded due to PLI schemes.
- Over 39,000 compliances have been reduced and more than 3500 provisions decriminalized as of January 2023.
- Purchasing Managers Index (PMI) [manufacturing] has remained in the expansion zone for 18 months since July 2021, and the Index of Industrial Production (IIP) grows at a healthy pace.



- The **eight core industries' growth** was steady, reflecting a broad momentum in industrial activity.
- Credit to Micro, Small, and Medium Enterprises (MSMEs) has grown by an average of around 30% since January 2022.
- India became the 3rd largest automobile market (in Dec 2022), surpassing Japan and Germany in terms of sales.



Sector-wise FDI Equity Inflows in 2022-23 during April-September 2022

Micro, Small and Medium Enterprises (MSMEs) post recovery from pandemic:

- Contribution of MSME sector to overall GVA fell from 30.5% in FY20, to 26.8% in FY21.
- The MSME contribution to manufacturing sector's GVA also marginally fell to 36.0% in FY21.

Chapter 10 - Services: Source of Strength

- The **services sector** is **expected to grow at 9.1%** in FY23, as against 8.4% (YoY) in FY22.
- Robust expansion in PMI services, indicative of service sector activity, observed since July 2022.
- **India** was among the **top ten services exporting countries** in 2021, with its **share in world commercial services exports** increasing from 3% in 2015 to **4% in 2021**.
- World Investment Report 2022 of UNCTAD places India as the 7th largest recipient of FDI in the top 20 host countries in 2021.
 - In FY22, India received highest-ever FDI inflows of US\$ 84.8 billion, including US\$ 7.1 billion FDI equity inflows in the services sector.
- **Credit to services sector** has **grown by over 16%** since July 2022.
- US\$ 7.1 billion FDI equity inflows in services sector in FY22.
- Contact-intensive services are set to reclaim pre-pandemic level growth rates in FY23.
- Sustained growth in the real estate sector is taking housing sales to pre-pandemic levels, with a 50% rise between 2021 and 2022.
- India's e-commerce market is projected to grow at 18% annually through 2025.

Major Services: Sub-Sector-Wise Performance

- **Tourism and Hotel Industry:**
 - Hotel occupancy rate improved from 30-32% (April 2021) to 68-70% (November 2022).
 - Tourism Direct Gross Value Added (TDGVA) witnessed a decline of 42.8% in Q1, 15.5% in Q2, and 1.1% in Q3 of FY21 due to the overall economic slowdown in FY21.
 - **India is ranked 10th** out of the top 46 countries in the World in the **Medical Tourism Index FY21** released by Medical Tourism Association.
 - **Medical Value Tourism (MVT)** is expected to grow to **US\$ 13 billion by 2022**.
- **Real Estate:**
 - Real estate has shown **50% growth** between 2021 and 2022.
 - According to JLL's 2022 Global Real Estate Transparency Index, India's real estate market transparency is among the top ten most improved markets globally.
- **Information Technology and Business Process Management (IT-BPM):**
 - IT-BPM revenues saw YoY **growth of 15.5%** during FY22 compared to 2.1% in FY21.
 - IT services constitute the majority share in revenue (greater than 51%).
- **E-Commerce:**
 - India's e-commerce market is **projected to grow at 18% annually through 2025**.
 - Overall **e-commerce order volume** witnessed a **growth of 69.4%** YoY in FY22, driven mainly by consumers from tier-II and tier-III cities in the last two years.
 - The Government E-Marketplace (GeM) has also witnessed tremendous growth in Gross Merchandise Value (GMV) and is catching up with E-commerce giants.

- **GeM** attained an **annual procurement of ₹1 lakh crore** within FY22, representing a **160% growth** compared to last FY.
- **Digital Financial Services:**
 - India took the lead with the fintech adoption rate of 87%, substantially higher than the world average of 64% as per the latest Global FinTech Adoption Index.

Chapter 11 - External Sector: Watchful and Hopeful

- **Forex reserves** as of December 2022 stood at **US\$ 562.72 billion**, accounting for **9.3 months of imports**.
- **Ratio of external debt to GDP** is at a comfortable level of **19.2%** as of end-September 2022.
- **India is the largest recipient of remittances** in the world receiving **US\$ 100 bn in 2022**.
- Remittances are the **second largest major source of external financing** after service export.
- As of end-November 2022, India is the sixth largest foreign exchange reserves holder in the world.
- The current stock of external debt is well shielded by the comfortable level of foreign exchange reserves.
- India has relatively low levels of total debt as a percentage of Gross National Income and short-term debt as a percentage of total debt.

Trends in Merchandise Trade:

- India achieved an **all-time high annual merchandise export of US\$ 422.0 billion** in FY22.
- Petroleum products, gems & jewellery, organic & inorganic chemicals, drugs & pharmaceuticals were among the leading export items.
- **Electronic goods exports** have shown an **increase of 51.6%** during April-December 2022.
- **Engineering goods exports** crossed the **US\$ 100 billion mark** in FY22 **for the first time**.
- Merchandise imports for the period April-December 2022 were US\$ 551.7 billion as against US\$ 441.5 billion during the period April-December 2021.
- The merchandise trade deficit for April-December 2022 was estimated at US\$ 218.9 billion as against US\$ 136.5 billion in April-December 2021.
- The **USA remained the top export destination** followed by UAE and the Netherlands.

Trends in Services Trade:

- India maintained its dominance in the world services trade in FY22.
- India's **services exports stood at US\$ 254.5 billion in FY22** recording a **growth of 23.5%** over FY21.
- **Software and business services** together **constitute more than 60%** of India's total services exports.
- Services imports rose by 25.1% between FY22 and FY21 to reach US\$ 147.0 billion.

Balance of Payments:

- The Current Account Deficit (CAD) has widened due rise in oil prices.
- The surplus of the capital account was lower than the CAD leading to a depletion of forex reserves.

External Debt:

- External debt as a ratio to GDP fell to 19.2% as of end-September 2022 from 20.3% a year ago.
- India has signed Economic Cooperation and Trade Agreement (ECTA) with Australia and Comprehensive Economic Cooperation Agreement (CECA) with UAE respectively.

Chapter 12: Physical and Digital Infrastructure

Government's Vision for Infrastructure Development

Public Private Partnerships:

- In-Principal Approval granted to 56 projects with Total Project Cost of ₹57,870.1 crore under the VGF Scheme, from 2014-15 to 2022-23.
- IIPDF Scheme with ₹150 crore outlay from FY 23-25 was notified by the government on 03 November, 2022.

National Infrastructure Pipeline:

- 89,151 projects costing ₹141.4 lakh crore under different stages of implementation.
- 1009 projects worth ₹5.5 lakh crore have been completed.
- NIP and Project Monitoring Group (PMG) portal linkage to fast-track approvals/ clearances for projects.

National Monetisation Pipeline:

- ₹ 9.0 lakh crore is the estimated cumulative investment potential.
- ₹ 0.9 lakh crore monetisation target achieved against expected ₹0.8 lakh crore in FY22.
- FY23 target is envisaged to be ₹1.6 lakh crore (27 per cent of overall NMP Target)

GatiShakti:

- PM GatiShakti National Master Plan creates comprehensive database for integrated planning and synchronised implementation across Ministries/ Departments.
- Aims to improve multimodal connectivity and logistics efficiency while addressing the critical gaps for the seamless movement of people and goods.

Electricity Sector and Renewables:

- As on 30 September 2022, the government has sanctioned the entire target capacity of 40 GW for the development of 59 Solar Parks in 16 states.
- 17.2 lakh GWh electricity generated during the year FY22 compared to 15.9 lakh GWh during FY21.
- The total installed power capacity (industries having demand of 1 Mega Watt (MW) and above) increased from 460.7 GW on 31 March 2021 to 482.2 GW on 31 March 2022.

Making Indian Logistics Globally Competitive:

- National Logistics Policy envisions to develop a technologically enabled, integrated, cost-efficient, resilient, sustainable, and trusted logistics ecosystem in the country for accelerated and inclusive growth.

- Rapid increase in National Highways (NHs)/ Roads Construction with 10457 km NHs/roads constructed in FY22 compared to 6061 km in FY16.
- Budget expenditure increased from ₹1.4 lakh crore in FY20 to ₹2.4 lakh crore in FY23 giving renewed push to Capital expenditure.
- 2359 Kisan rails transported approximately 7.91 lakh tonnes of perishables, as of October 2022.
- More than one crore air passengers availed the benefit of the UDAN scheme since its inception in 2016.
- Near doubling of capacity of major ports in 8 years.
- Inland Vessels Act 2021 replaced 100-year-old Act to ensure hassle free movement of Vessels promoting Inland Water Transport.

India's Digital Public Infrastructure:

Unified Payment Interface (UPI):

- UPI-based transactions grew in value (121%) and volume (115%) terms, between 2019-22, paving the way for its international adoption.

Telephone and Radio - For Digital Empowerment:

- Total telephone subscriber base in India stands at 117.8 crore (as of Sept,22), with 44.3 per cent of subscribers in rural India.
- More than 98 per cent of the total telephone subscribers are connected wirelessly.
- The overall tele-density in India stood at 84.8 per cent in March 22.
- 200 per cent increase in rural internet subscriptions between 2015 and 2021.
- Prasar Bharati (India's autonomous public service broadcaster) - broadcasts in 23 languages, 179 dialects from 479 stations. Reaches 92 per cent of the area and 99.1 per cent of the total population.

Digital Public Goods:

- Achieved low-cost accessibility since the launch of Aadhaar in 2009
- Under the government schemes, MyScheme, TrEDS, GEM, e-NAM, UMANG has transformed market place and has enabled citizens to access services across sectors
- Under Account Aggregator, the consent-based data sharing framework is currently live across over 110 crore bank accounts.
- Open Credit Enablement Network aims towards democratising lending operations while allowing end-to-end digital loan applications
- National AI portal has published 1520 articles, 262 videos, and 120 government initiatives and is being viewed as viewed as a tool for overcoming the language barrier e.g. 'Bhashini'.
- Legislations are being introduced for enhanced user privacy and creating an ecosystem for standard, open, and interoperable protocols underlining robust data governance.

Key-terms

- **Purchasing power parities (PPPs):** They are the rates of currency conversion that try to equalise the purchasing power of different currencies, by eliminating the differences in price levels between countries.
- **Capital expenditure (Capex):** There are expenditures of the government which result in creation of physical or financial assets or reduction in financial liabilities.
- **Labour Force Participation Rate (LFPR):** It is defined as the percentage of persons in labour force (i.e. working or seeking or available for work) in the population. This includes expenditure on the acquisition of land, building, machinery, equipment, investment in shares, and loans and advances by the central government to state and UT governments, PSUs and other parties.
- **Macroeconomic Indicators** are statistics or data readings that reflect the economic circumstances of a particular country, region or sector. They are used by analysts and governments to assess the current and future health of the economy and financial markets.
- **Non-Performing Assets** refers to those loans and advances that are in default or in arrears i.e. principal and interest payments are late or missed. As per the RBI, an asset becomes non-performing when it stops to generate income for the bank.
- **Barbell Strategy** is an investment concept that suggests that the best way to strike a balance between reward and risk is to invest in the two extremes of high-risk and no-risk assets while avoiding middle-of-the-road choices.
- **External Debt** is the portion of a **country's debt that is borrowed** from foreign lenders, including commercial banks, governments, or international financial institutions. These loans, including interest, must usually be paid in the currency in which the loan was made.
- **Gross fixed capital formation (GFCF)**, also called "investment", is defined as the **acquisition of produced assets** (including purchases of second-hand assets), including the production of such assets by producers for their own use, minus disposals. The relevant assets relate to assets that are intended for use in the production of other goods and services for a period of more than a year.
- **Revenue Deficit** is when the government's total revenue expenditure exceeds its total revenue receipts that means the net income is less than the net expenditure. This deficit is seen when the actual amount of revenue or expenditure does not correspond with the budgeted revenue or expenditure.
- **Primary Deficit** is known as the difference between the current year's fiscal deficit and the interest payment on the earlier borrowings.
- **Fiscal deficit** is the difference between the government's expenditures and its revenues (excluding the money it has borrowed). A country's fiscal deficit is usually communicated as a percentage of its gross domestic product (GDP).
- **Inflation** is defined as a sustained increase in the general level of prices for goods and services. It is measured as an annual percentage increase. As inflation rises, every rupee we own buys a smaller percentage of a good or service.
- **Current Account Deficit** is the measurement of a country's trade in which the value of goods and services it imports exceeds the value of goods and services it exports.

- **Liquidity** in terms of finance and accounts, means the high volume of activity in a market.
- **Divestment** is the action or process of selling off subsidiary business interests or investments.
- **Monetary policy** is the macroeconomic policy laid down by the central bank. It involves management of money supply and interest rate and is the demand side economic policy used by the government of a country to achieve macroeconomic objectives like inflation, consumption, growth and liquidity.
- **Forex (Foreign Exchange)** is the exchange of one currency for another or the conversion of one currency into another currency. Foreign exchange also refers to the global market where currencies are traded virtually around-the-clock.
- **Balance of Payment (BOP)** of a country is the record of all economic transactions between the residents of a country and the rest of the world in a particular period (over a quarter of a year or more commonly over a year). These transactions are made by individuals, firms and government bodies.
- **Repo rate** is the rate at which the central bank of a country (Reserve Bank of India in case of India) lends money to commercial banks in the event of any shortfall of funds. Repo rate is used by monetary authorities to control inflation.
- **Reverse repo rate** is the rate at which the central bank of a country (Reserve Bank of India in case of India) borrows money from commercial banks within the country. It is a monetary policy instrument which can be used to control the money supply in the country.
- **Gross Domestic Product** is the monetary value of all the finished goods and services produced within a country's borders in a specific time period. Gross Domestic Product is usually calculated on an annual basis.
- **Deflation** is the general decline in prices, often caused by a reduction in the supply of money or credit. Deflation can be caused also by a decrease in government, personal or investment spending.