



Economic Survey 2025

Deregulation for
Growth and
Resilience



01. Economic Growth Projections

- The Economic Survey projects India's real GDP to grow by **6.4%** in Fiscal Year 2025. GDP growth for FY26 projected at 6.3% to 6.8%. Despite the volatile global macroeconomic environment, India's growth outlook is resilient for the coming year. The Government remains committed to its fiscal consolidation plan, targeting a fiscal deficit below 4.5% of GDP by FY 2026.
- The anticipated growth is primarily driven by significant rebound in private sector capital formation, sustained investment pick-up, improvement in customer confidence and corporate wage pick-up. The government's commitment to infrastructure development and investment in key sectors is expected to stimulate economic activity and enhance overall economic output.
- The government remains optimistic about actualising the growth target while being mindful of challenges like increasing financial market risks in developed economies, complex geopolitical landscape, inflation and the rising need for economic stimuli.

02. Macroeconomic Indicators

- The Economic Survey highlights that the Indian economy has shown a steady recovery post-COVID-19, with indicators reflecting a stable economic environment characterized by **manageable inflation, expansion of capital expenditure** and a **positive investment climate** driven by both public and private sectors.
- The survey indicates that headline inflation is largely under control, with projections suggesting that it will remain around 4.5% in FY25 and 4.1% in FY26, assuming normal monsoon conditions and no significant external shocks.
- Inflationary pressures stoked by global troubles, supply chain disruptions, and vagaries of monsoons have been deftly managed by administrative and monetary policy responses. As a result, the **retail inflation has softened from 5.4% in FY23 to 4.9% in FY24.**

State of the Economy



- While the Gross Foreign Direct Investments inflows increased from USD 47.2 billion in the first eight months of FY24 to USD 55.6 billion in the same period of FY25, a YoY growth of 17.9 per cent, the net FDI inflows declined due to uptick in repatriation. Also, Foreign Portfolio inflows slowed to USD 10.6 billion in April to December 24, significantly lower than USD 31.7 billion during the same period last year.
- The Foreign exchange reserves increased from USD 616.7 billion in FY23 to 634.6 billion in FY24 which is sufficient to cover 90% of the external debt and provide import cover for more than 10 months.
- The survey notes that India's annual unemployment rate has steadily dropped from 6 per cent in 2017-18 to 3.2 per cent in 2023-24 showcasing a robust post-pandemic recovery. Also, Labour force participation rate has increased, highlighting greater involvement of workforce in urban and rural sector.
- The Indian economy, like the proverbial elephant, will continue to leave her mark along her trajectory. The economy of tomorrow will be shaped by the pillars of conduciveness of the investment climate, employment generation capabilities, inflation bands, fiscal measures, geopolitical dynamics, evolving demographics, focus on holistic sustainability and the interplay thereof.

Inflation, Monetary & Financial Sector Developments



01. Price and Inflation

- Global inflation peaked at 8.7 per cent in 2022, driven by supply chain disruptions and geopolitical tensions, to 5.7 per cent in 2024. In India, retail inflation moderated from 5.4 per cent in FY 2024 to 4.9 per cent in FY 2025 (April-December) .
- IMF has projected an inflation rate of 4.4 per cent in FY25 and 4.1 per cent in FY26 for India.

02. Banking Sector Performance & Credit Growth

- The gross non-performing assets (GNPA) ratio of Scheduled Commercial Banks (SCBs) fell to a 12-year low of 2.6% by September 2024, from 11.2% in FY18, due to better borrower selection, effective debt recovery, and heightened debt awareness.
- The growth in overall bank credit moderated to 11.8 per cent (YoY) at the end of November 2024 from 15.2 per cent a year ago. Moreover, the growth in overall bank credit further moderated to 7.7 per cent by December 2024. The moderation in growth is mainly on account of shifting investment behavior to schemes offering higher returns.
- Agricultural credit grew at the rate of 5.1% and industrial credit picked up at 4.4% .

03. Development in Capital Markets (contd..)

- **India Stock Market** witnessed a heavy growth in the participation of investors from 4.9 Crores in FY 2020 to 13.2 Crores as on December 31, 2024. This growth is expected to foster sustainable market expansion and increase in listing activity.

Inflation, Monetary & Financial Sector Developments



03. Development in Capital Markets (..contd)

- The **primary markets** continued to witness heightened listing activities and investor enthusiasm in FY 2025, notwithstanding the market volatility and geopolitical uncertainties. India's share in global IPO listings surged to 30 per cent in 2024, up from 17 per cent in 2023, making it the leading contributor in the primary market.
- The **domestic corporate debt market** continued to gain significant traction during the year. The value of corporate bond issuances stood at ₹7.3 lakh crore from April to December 2024. In contrast to the equity market, the debt market in India remains undercapitalised.
- The **mutual fund industry** has grown well in the last few years and is now crucial in channelling financial savings towards risk capital formation. The rise in participation through mutual funds is reflected in the doubling of unique investors from 2.9 crore in FY 2021 to 5.6 crore as of December 2024. The retail investors held mutual fund units worth ₹18.6 lakh crore.

04. GIFT City

- GIFT City has been witnessing active growth having more than 720 entities across categories.
- The total asset size of **IFSC Banking Units (IBUs)** set up by foreign banks and domestic banks in GIFT City crossed USD 70 Bn and cumulative value of transactions undertaken by IBUs crossed USD 975 Bn.
- As on September 2024, the **asset management ecosystem** in IFSC comprises of 128 Fund Management Entities, 168 Alternative Investment Funds (AIFs), and three Investment Advisors. By September 2024, AIFs had raised total commitments of USD 12.1 billion.
- The **insurance ecosystem** in IFSC currently comprises of 37 entities.
- As of September 2024, 60 entities had registered as FinTechs or TechFins in GIFT City, reflecting the region's dynamic FinTech landscape.

Growth through Deregulation



01. Geo-Economic Fragmentation

- The changing geopolitical landscape has resulted in countries getting divided into two different blocs, leading to a change in global policymaking. The benefits of globalization have reduced because of this and among other things, trade too has been impacted in the form of increased trade restrictions among nations, flow of foreign direct investment only in geopolitically aligned nations, etc.
- **Climate change** too is an important factor and is directly linked to economic growth. China, along with countries like the USA, countries forming part of the European Union and other G7 nations produce more than 50% of the global greenhouse emissions. With China having a major role to play in the renewable energy space as well, the increasing geo-economic fragmentation may deter sharing of technology and resources pertaining to renewable energy by China to countries with whom it is not geopolitically aligned and hence, may indirectly lead to an impact on the economic growth of such countries.

02. Enhanced Deregulation measures by Indian states

- Considering the uncertain global environment, India needs to focus more on internal reforms (i.e., domestic measures), rather than external (i.e., international factors) for its economic growth.
- For India to grow at a **GDP rate of 8% p.a. will require an increase in investment rate to 35% of GDP** from the present 31%.
- Deregulation has a major role to play when it comes to growth of MSMEs in India and states have a more important role to play here as compared to the Union. Instead of looking for best practices for regulation, states should look for regulations which are '**minimum necessary, maximum feasible**'. Further, innovation needs to be encouraged so that a viable and strong MSME sector is created.
- Some of the potential areas of reforms could be liberalizing standards and controls, setting legal safeguards for enforcement, reducing tariffs and fees, and using risk-based regulations

Trade & Exchange Rate



01. Trade & Current Account Deficit Dynamics

- India's external trade continued to display resilience amidst global headwinds of economic and trade policy uncertainties. **Total exports have registered a steady growth** in the first nine months of FY25, reaching USD 602.6 billion (6 per cent) coupled with export reach to new markets, including Zimbabwe, Vietnam, Tanzania, and Uganda. Total imports during the same period reached USD 682.2 billion, with a growth of 6.9 per cent on the back of steady domestic demand.
- The **services sector continues to be a resilient performer**, positioning the country as **the seventh-largest global services exporter**. and India remains a global leader in IT and business services. Further, India's **e-commerce export** is driving through factors as data connectivity expansion, increased smartphone penetration, and a rise in online payments. Government initiatives, such as **Make in India** and **Aatmanirbhar Bharat**, have provided a conducive environment for e-commerce businesses.
- India's current account deficit moderated slightly to 1.2 per cent of GDP in Q2 of FY25 against 1.3 per cent of the GDP recorded in Q2 of FY24a and remained relatively contained during external pressures, including higher commodity prices and weaker global demand.
- The Survey noted that the Net FDI inflows to India declined on account of rise in remittances as overseas investors realized returns from investments. The net FDI and FPI inflow has significantly declined during April to December 2024 as compared to April to December 2023.

02. Exchange Rate Management

- The Economic Survey notes that the Indian Rupee has depreciated during FY 25 however, remained performed better than major currencies, reflecting the steadfastness of the Indian economy amid global uncertainties and geopolitical tensions, which helps maintain investor confidence in the currency.
- Foreign exchange reserves stand at USD 634.6 Bn, covering 90% of external debt and providing over ten months of import cover.

Agriculture & Food Management



- The Economic Survey 2024-25 emphasizes the resilience and growth of India's agriculture sector, **contributing 16% to GDP** and **employing 46.1% of the population**. It highlights rising foodgrain production, export growth in fisheries and floriculture, and regional variations in performance.
- The Indian agriculture sector recorded an **average annual growth rate of 5%** over the last five years, with **Q2 FY25 showing a recovery at 3.5%** growth after previous lower growth rates.
- In FY24 kharif foodgrain production is projected at 164.705 million tonnes, an increase of 8.937 million tonnes over the previous year. Floriculture exports in FY24 reached 1967.8 million tonnes, generating ₹7178.3 million (USD 86.63 million). Seafood exports grew from ₹466,628.5 million in FY20 to ₹60,5238.9 million in FY24 (29.7% increase).
- **India's global share in cereal production is 11.6%**, but crop yields remain lower than other major producers. The fishery sector had the highest Compound Annual Growth Rate ('CAGR') at 13.67% (FY15-FY23), followed by livestock at 12.99%. Andhra Pradesh led in agricultural growth (8.8% CAGR), followed by Madhya Pradesh (6.3%) and Tamil Nadu (4.8%).
- About 55% of India's net sown area is irrigated, with significant regional disparities. Drought probability is 35% nationwide, rising to over 40% in arid regions. The Per Drop More Crop ('PDMC') scheme has expanded micro-irrigation coverage by 104.67% since its inception.
- The government **disbursed ₹21,9687.5 million under the PDMC scheme** and **₹47,090 million in micro-irrigation loans**. Agricultural credit grew at a CAGR of 12.98% (FY15-FY25), reaching ₹254,800 million. The Pradhan Mantri Fasal Bima Yojana ('PMFBY') insured 6000 million hectares in FY24, a 19% increase from FY23.
- Government initiatives include **electronic National Agriculture Market ('e-NAM')** for digital markets (1.78 crore farmers registered), PM-KISAN for direct income support (11 crore farmers benefited), and storage infrastructure development. The push for micro-irrigation, climate-resilient crops, and agro-based entrepreneurship aims to sustain 5% growth and enhance India's role in global food security.

Social Infrastructure



01. Education

- India's school education system serves 24.8 crore students across 14.72 lakh schools with 98 lakh teachers. Government schools make up 69 per cent of the total, enrolling 50 per cent of students and employing 51 per cent of teachers, while private schools account for 22.5 per cent, enrolling 32.6 per cent of students and employing 38 per cent of teachers. School dropout rates have steadily declined in recent years.
- Improvements in basic facilities and infrastructure, including medical check-ups, sanitation, and information and communication technologies (ICT) availability, have been notable, reflecting a positive trend in school infrastructure development.
- 11.29 India's higher education system ranks among the largest globally, The number of IITs increased from 16 in 2024 to 23 in 2023 and number of IITs increased from 13 in 2024 to 20 in 2023

02. Healthcare

- **Increased Health Expenditure and Infrastructure:** India's health expenditure in FY22 was ₹9,04,461 crore, with capital expenditure rising to 12.7% of total expenditure, indicating improvements in infrastructure. Government health insurance schemes like Ayushman Bharat have helped reduce out-of-pocket expenses.
- **Technology in Healthcare:** Technology, such as wearable devices and telehealth, improves healthcare efficiency. Initiatives like U-WIN, E-Sanjeevani, and Ayushman Bharat Digital Mission by MoHFW aim to enhance patient care through tech integration.
- **Advancing Healthcare through AI:** NITI Aayog's AI strategy focuses on improving healthcare quality, accessibility, and affordability through AI, robotics, and IoMT. While adoption is growing, challenges like data complexities and a shortage of skilled talent remain.
- **Mental Health:** The government supports an inclusive mental health ecosystem through the National Mental Health Policy and the Mental Healthcare Act. 47 Mental Health Institutes are operational to ensure accessible services.
- **Health Tax:** The Economic Survey recommends health tax on ultra-processed foods (UPFs) to discourage their consumption. This initiative is recommended considering the health risks arising from UPFs.

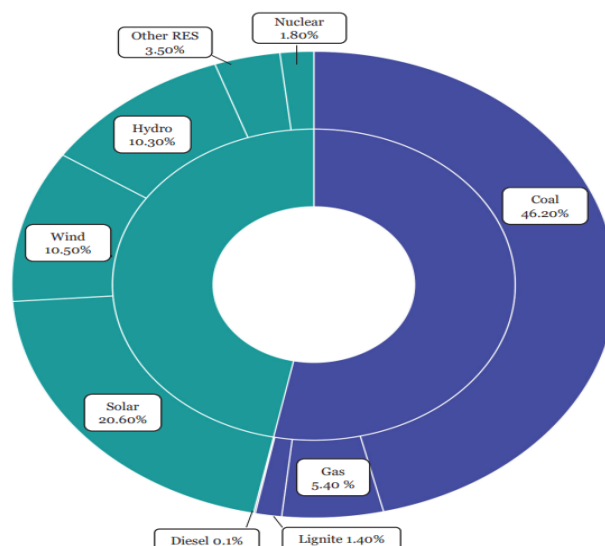


01. India's Climate Commitments & Targets

- The Economic Survey emphasizes that India needs a strong adaption strategy to explore pathways for low – carbon development and environmental sustainability. Given its significant vulnerability to climate change, stemming from its geographic and agro-climatic diversity, India has increased its adaptation expenditures from 3.7 per cent to 5.6 per cent of GDP between FY16 and FY22 indicates the prominence adaptation and building resilience play in the development strategy

02. Renewable Energy Transition

- India has successfully established an installed electricity generation capacity of 213,701 megawatts from non-fossil fuel sources, which accounts for 46.8 per cent of the total capacity as of November 31, 2024, reflecting significant growth in the sector driven by government initiatives and investments.
- India has growing energy needs. The 2030 Agenda for Sustainable Development also includes a dedicated and stand-alone goal on energy, which will ensure access to affordable, reliable, sustainable and modern energy for all. India's Human Development Index currently stands at 0.644.
- India's installed Generation capacity (fuel-wise) as of November 30, 2024
- Transition towards renewable energy - There has been a notable progress in energy generation from non-fossil fuels including solar, hydro, nuclear and other renewable sources. However, dependency on the fossil fuel is currently inevitable unless dependable alternative is in place.



Business Reforms



01. Global Background

- Over the last decade, high-income countries have lost market share in global manufacturing, while upper-middle-income countries, especially China, have gained. India's share has increased, though it still holds just 2.8% of the global manufacturing market compared to China's 28.8%. This presents India with significant potential for growth.
- The Global manufacturing is affected by supply chain disruptions, political instability, rising logistics costs, and pressures to reduce emissions. As a result, the global manufacturing output rose modestly by 0.4 per cent only in the third quarter of 2024, compared to a stronger growth of nearly 1 per cent in the previous quarter

02. Recent Domestic Development

- The industrial sector, including mining, utilities, manufacturing, and construction, faced a contraction in FY21 due to the pandemic, leading to growth fluctuations. In FY25, industrial growth reached 6.2%, exceeding the previous five-year average, driven by strong performance in electricity and construction. However, growth slowed to 3.6% in Q2 due to three factors: a decline in manufacturing exports, mixed impacts of the monsoon, and variations in festival timing, affecting consumer spending and economic activity.

03. Micro, Small and Medium Industries

- **MSME Sector's Role & Growth:** The MSME sector is pivotal to India's economic progress, providing substantial employment (23.24 crore individuals) and fostering entrepreneurship. The government has introduced initiatives like the Udyam Registration Portal and Udyam Assist Platform to formalize and simplify the registration process for MSMEs.
- **Credit Support & Financial Reforms:** The government revamped the Credit Guarantee Scheme to provide easier access to credit for MSMEs at reduced interest rates.
- **Support Programs & Dispute Resolution:** The government launched the MSME SAMADHAAN portal, the Micro and Small Enterprises-Cluster Development Programme (MSE-CDP) to enhance technology, skills, and productivity in MSME clusters, improving efficiency and turnover



04. Research and Development

- **Intellectual Property (IP) Ecosystem Development:** As per WIPRO Report 2022, India ranks 6th globally in patent filings, with significant reforms in IP processes since the National IPR Policy 2016. These include expedited patent examination, simplified procedures, fee reductions for startups and MSMEs, and digitalization of IP processes, enhancing efficiency and global leadership in patents, trademarks, and designs.
- **Research & Development (R&D) Gaps:** Despite progress in innovation, India's R&D spending (0.64% of GDP) is low compared to global leaders. Government funding dominates, while private sector involvement remains minimal, leading to sectoral concentration in drugs, IT, and defense R&D, with a focus on basic rather than applied research. The government has also implemented several other initiatives to encourage IP protection like Simplified patent procedures, Digitalization, Start-Up Intellectual Property Protection Scheme, IP Saarthi Chatbot, etc.
- **Need for Private Sector Engagement:** To bridge the R&D gap, India must enhance industry-academia collaboration, boost private-sector participation, and focus on applied research to stimulate innovation and attract investment across various sectors, ensuring a more robust and diverse innovation ecosystem.

05. Regional Disparities in Industrial Growth

- **Regional Disparities in Industrialization:** States like Gujarat, Maharashtra, Karnataka, and Tamil Nadu contribute significantly to industrial output. However, northeastern states and regions like the eastern and northern areas remain under-industrialized. Further, States with high industrial dependence, such as Gujarat and Uttarakhand, generate higher incomes from industrial sectors. States must adopt strategies that align with their geographic advantages.
- **Policy Reforms & Ease of Doing Business:** State-level economic reforms, infrastructure, and regulatory environments play a crucial role in industrial growth. The Business Reform Action Plan (BRAP) underscores the need for deregulation and enterprise-friendly policies, which can drive industrial and service sector growth, fostering overall economic development

Business Reforms



06. CORE INPUT ON INDUSTRIES

Industry	Key Parameters	Growth Trends	Challenges	Government Initiatives	Focus Areas
Cement Industry	2nd largest producer globally with 639 million tonnes capacity.	427 million tonnes production in FY24 with domestic consumption: 290 kg/capita.	Environmental footprint. Regional concentration in states like Rajasthan	Focus on mega projects like highways, railways, housing to increase demand	Expanding infrastructure development and reducing carbon footprints by 2070
Steel Industry	3.3% growth in crude steel and 4.6% growth in finished steel	68% construction & infrastructure; 22% engineering and packaging; 9% automobiles at nine per cent	Low margin on exports; Decline in export due to price differences; Import dependency for steel;	National Steel Policy, PLI schemes; Encouragement of green steel initiatives.	Recycling of steel scrap, green steel. Demand from building & construction sectors.
Chemical & Petro chemical	9.5% contribution to manufacturing GVA (FY23).	-	High dependency on import	-	Reducing import dependence.
Capital Goods	Import dependency and technology gap	Robust growth in FY 24. Demand for advanced technologies.	Technology and skill gaps, infrastructure issues. Dependency on imported capital goods.	Phase II of Scheme for Enhancement of Competitiveness and SAMARTH Udyog centers for SME technology adoption.	Smart Manufacturing and Industry 4.0 adoption and Fostering global competitiveness.
Automobile Industry	12.5% growth in domestic sales (FY24).	High economic contribution, job creation.	Fluctuating demand in international markets.	Extended PLI scheme for auto industry.	Sustainability and innovation in vehicle design.
Electronics Industry	17.5% CAGR in domestic production (FY24). Major producer of mobile phone (33 Cr units in FY 24).	Key driver: Large domestic Market, skilled talent and low cost labour	Limited progress in design and component manufacturing Heavy reliance on assembly.	PLI schemes to boost domestic manufacturing. Government initiatives to boost FDI and infrastructure	Expansion of mobile manufacturing (5G-enabled). Design and component manufacturing.
Textile Industry	11% contribution to India's manufacturing GVA.	India ranks 6th globally in textile exports. \$26.8 billion technical textiles market (FY24).	Limited FDI, reliance on cotton production. Fragmented MSMEs limiting efficiency.	PLI scheme for technical textiles. Support for technical textiles, quality regulations.	Expanding MMF production, improving technology.
Pharmaceutical Industry	3rd largest global producer by volume.	Significant growth in medical devices (15% CAGR).	Lagging R&D investment compared to global leaders.	PLI scheme for self-reliance in APIs.	Focus on biotech, gene therapy, and innovation.



01. Introduction

- India ranks **7th globally** in service exports. As per HSBC's Purchasing Manager's Index, the services sector was in an expansionary mode for 41 consecutive months since August 2021.
- **FDI inflow** for the services sector was **USD 5.7 billion** during the period April to September 2024 with Insurance and Financial sector receiving 62% and 18% respectively, of such FDI.

02. Transport/Logistical Services

- **Indian Railways** has the **4th largest network** in the world. Due to the increased push in digitalization, as of October 2024, E-ticketing forms 86% of the total Reserved tickets booked and 33% of the total Unreserved tickets booked.
- **Road transport** is the **highest contributor to GVA** within the transport services sector. It accounted for 78% of the total GVA in FY 2023.

03. Business Services

- Information Technology ('IT') services retain the leading position globally. Abolition of angel tax, expanding Safe Harbor Rules and Transfer Pricing assessment procedures are expected to boost IT exports and ease business for Global Capability Centers ('GCCs') and the IT Services industry.
- India's technology exports grew by 3.3% to nearly USD 200 Bn, while the domestic market expanded by 5.9%.
- **Global Capability Centers** have seen an exponential growth during the period from 1,430 in FY 2019 to 1,700 FY 2024 employing 1.9 Mn professionals. Major sectors setting up GCCs in India are engaged in aerospace, defense and semiconductors. Further, **Engineering R&D GCCs** have grown **1.3 times faster** than overall GCC setups in the 5-year period, highlighting a continued shift towards high value work.
- In the Telecommunications industry, India was the fastest to roll out 5G technology and has transitioned from being a technology importer to being a technology developer and exporter. 5G services have been launched in all states and union territories in India, covering 779 out of 783 districts.



04. Open Network for Digital Commerce

- Open Network for Digital Commerce ('ONDC') enables buyers and sellers to transact seamlessly across different platforms through a democratic and interoperable digital commerce ecosystem.
- It recorded **more than 14 million transactions** in the month of November 2024.
- .The ONDC Network is **present in 1100+ cities**, has 7 lakh + sellers and service providers, and 7000+ Farmer Producer Organisations registered on it. Further, 5.45 lakh+ taxi and auto drivers have also onboarded this platform.
- ONDC offers **various benefits to businesses**, such as supply chain resilience, single-point integration, instant scalability, and cost optimization.



01. Physical & Digital Infrastructure Development

- Union government's FY25 capital expenditure is about 3.3 times that of FY20. In Q1FY25, election-related constraints and heavy monsoons slowed spending, but capex has accelerated since July 2024
- Clear focus shift from project-based national highway development to corridor-based approach,. The Bharatmala Pariyojana has significantly expanded the national highway network, increasing the length of high-speed corridors by **27 times** and **4-lane roads by 2.5 times** between **2014 and 2024**.
- To further enhance logistic efficiency, Ministry of Road Transport & Highways (MoRT&H) has Installed about **4,000 Advanced traffic management system**, initiated Multi-Modal Logistics Parks (MMLP) and accelerated Ropeways projects.
- The Central Government approved **98** public-private partnership (PPP) projects worth **₹69,800 crore**, excluding the **₹38,000 crore** Vadhavan Port Project. Currently, 56 projects worth **₹41,480 crore** are operational.
- Strategy put in places to accelerate India's data centre market i, with colocation capacity reaching **977 MW in 2023** and **expected to grow to \$11.6 billion by 2032**. Lower construction costs and a robust IT ecosystem contribute to this expansion.
- Sovereign Green Bonds worth Rs 11,697.40 Cr have been raised, with an additional Rs 10,000 crore planned for H2 FY 2025
- In FY 2025, 5,853 km of National Highways were constructed, and 2,031 km of railway network was commissioned.
- The government's capital expenditure in key infrastructure sectors grew at 38.8% between FY 2020 and FY 2024.

Infrastructure & Reforms



- The Economic Survey highlights the National Infrastructure Pipeline, which encompasses **9,766 projects across 37 sub-sectors with an estimated investment of ₹ 111 trillion**. This initiative aims expedite planning, clearances and execution of projects.
- The survey emphasizes on railways a) Net zero carbon emission with Indian Railways targets 30 GW of renewable energy by 2029-30, b) High-Speed Rail Project achieving **47.17 per cent physical progress with an expenditure of ₹67,486 crore** and c) Dedicated Freight Corridors commissioning **96.4 per cent of the planned 2,843 km network**
- Significant Space-based infrastructure initiatives include Bhuvan for MGNREGA, electrical infrastructure management, NyayaVikas for judicial projects, and urban geospatial databases for AMRUT cities.
- The Swadesh Darshan Scheme 2.0, launched in 2022, promotes sustainable tourism by developing theme-based circuits, **with 34 projects approved for ₹793.2 crore**.
- The National Maritime Heritage Complex was approved and formed committees in 22 states and UTs to oversee maritime initiatives
- New airports and improved regional connectivity under the Ude Desh ka Aam Naagrik (UDAN) scheme have added **619 routes connecting 88 airports**
- The Swadesh Darshan Scheme 2.0 promotes sustainable tourism by developing theme-based circuits, with **34 projects funded at ₹793.2 crore**. Additionally, **40 tourism projects across 23 states** have been approved for interest-free loans totaling **₹3,295.8 crore**.

Labour in the AI Era: Crisis or Catalyst?



- This section of the Economic survey provided an in-depth analysis of India's growing integration with artificial intelligence (AI) technologies and raised several cautionary notes about its impact. It explores the transformative impact of AI on global labour markets, with a particular focus on India given that AI's rapid advancement offers both opportunities and challenges.
- The Survey has also cited OpenAI founder and CEO Sam Altman's blog post from January 6, in which he said that in 2025, we may see the first [AI agents "join the workforce"](#) and materially change the output of companies.
- The survey highlights that AI challenge for India is magnified due to its large, labour-surplus population and significant low-value-added jobs vulnerable to automation, which can have severe macroeconomic consequences, especially in a consumption-driven economy.
- The Survey states that coordinated efforts will be required to address structural issues that can intensify the impact of AI on India's labour market.
- The Survey emphasised that policy makers must act proactively by investing in education and workforce skilling by creating robust institutions and upgrading existing ones to harness AI's potential for equitable economic transformation. The Survey suggested that this can be achieved through a tripartite compact between the government, private sector and academia to ensure that gains from AI are widely distributed and that current and future workforce can be trained.
- The survey also spotlights a philosophical and practical concern, "the inability of AI systems to inherently value truth". The report cautions that AI technologies, do not possess a moral compass to differentiate between fact and fiction and that reliance on AI for information processing and decision making amplifies the risk for misinformation.
- Another key concern raised in the Survey is the inadequacy of India's infrastructure to fully harness AI's potential. The report mentioned that while AI adoption is growing, the absence of strong digital infrastructure could limit its equitable deployment across the country. The report states that for AI to reach its full potential, investments in cloud computing, data centres, and high-speed internet connectivity are critical.
- Given the rapid advancements in AI, the Survey warns that this must be done on urgent basis. Ultimately, the Survey advocates for a balanced approach that leverages AI's potential for economic growth while ensuring development that is inclusive and incurs minimal societal costs.

Outlook



- The outlook for India, as articulated in the Economic Survey 2024-25, presents an optimistic perspective, underpinned by a **series of strategic initiatives and reforms aimed at sustaining economic growth and addressing emerging challenges**. The economy is set to grow by approximately 6.3% to 6.8% in the fiscal year 2025-26, continuing its strong recovery amidst the global volatility..
- The survey emphasises the importance of maintaining macroeconomic stability, with **inflation largely under control**, averaging around 4.9% over the past year, although certain food items have experienced price volatility.
- To sustain this growth trajectory, the government is committed to implementing structural reforms aimed at improving the regulatory environment, enhancing labour market flexibility, and promoting innovation and technology adoption across various sectors. The **emphasis on infrastructure development**, both physical and digital, is seen as crucial for boosting productivity and ensuring inclusive growth. The government's focus on renewable energy and climate commitments reflects a recognition of the need for sustainable development pathways that align with global climate goals.
- Moreover, the survey highlights the critical role of the private sector in job creation and economic dynamism. As the corporate sector continues to recover, there is a pressing need for **collaboration between the government, industry, and academia** to foster a skilled workforce capable of meeting the demands of a rapidly evolving economy. The challenges posed by technological advancements, particularly in artificial intelligence, necessitate a proactive approach to workforce development and employment generation.
- In conclusion, the Economic Survey 2024-25 outlines a vision for a resilient and dynamic Indian economy, characterized by strategic growth, effective governance, and a commitment to sustainable development. The successful realisation of this vision will depend on the **collective efforts of all stakeholders to navigate the complexities of a changing global landscape** while ensuring that the benefits of growth are equitably shared across society.



KNAV has charted a course to be one of the world's leading accounting and consulting firms over the last two decades. We provide an expansive suite of public accounting services including accounting, assurance, taxation, international transfer pricing, global risk consulting, and business advisory services. With over 550+ professionals in 6 countries, our team combines local insights with global expertise to design powerful strategies and help our clients stay ahead of the curve. Our commitment to customer service, integrity, and innovation makes us the best choice for businesses of all sizes.

USA

Atlanta

One Lakeside Commons, Suite 850, 990
Hammond Drive NE, Atlanta, GA 30328

New York

1177 6th Ave 5th Floor, New York, NY
10036, USA

Houston

6430 Richmond Ave., Suite 120, Houston,
TX 77057-5908

Bay Area

Bishop Ranch 3, 2603 Camino Ramon, Suite
200, San Ramon, CA 94583

India

Mumbai

7th floor, Godrej BKC, Bandra Kurla
Complex, Mumbai 400051

Canada

55 York Street, Suite 401, Toronto, ON M5J
1R7, Canada

Singapore

1 North Bridge Road, High Street Centre,
#21-08, Singapore 179094

UK

Ground floor, Hygeia Building, 66-68 College
Road, Harrow, Middlesex HA1 1BE

Netherlands

Fokkerstraat 12, 3833 LD Leusden, The
Netherlands