



Economic Survey 2024-25: State of the Economy

For Prelims: [Economic Survey 2024-25](#), [Parliament](#), [International Monetary Fund \(IMF\)](#), [Gross domestic product \(GDP\)](#), [Remittances](#), [Current account deficit](#), [Russia-Ukraine war](#), [Israel-Hamas conflict](#), [Suez Canal](#)

For Mains: Economic Survey, India's Economic Growth, Fiscal Policy and Financial Stability, Challenges to Economic Growth, [Climate-resilient agriculture](#)

[Source: PIB](#)

Why in News?

- The Finance Minister Nirmala Sitharaman tabled the [Economic Survey 2024-25](#) in [Parliament](#). It provides a roadmap for reforms and growth, setting the stage for the **Union Budget 2025**.

Economic Survey

- The Economic Survey is an annual report presented by the government before the [Union Budget](#) to assess India's economic condition.
- Prepared by the **Economic Division of the Ministry of Finance** under the [Chief Economic Adviser's](#) supervision, it is tabled in both houses of **Parliament** by the Union Finance Minister.
 - The survey assesses economic performance, highlights sectoral developments, outlines challenges and provides an economic outlook for the coming year.
 - The Economic Survey was first presented in **1950-51 as part of the budget** and became a separate document from the **Union Budget in 1964**, tabled a day before the budget.

What are the Key Highlights of the Economic Survey 2024-25: State of the Economy?

- **Global Economy:** The **global economy** in 2024 experienced **moderate but uneven growth**, with the [International Monetary Fund \(IMF\)](#) projecting **3.2% growth** for the year, with a slowdown in **manufacturing** due to supply chain disruptions while the **services sector** remained strong.
 - Inflation eased globally, yet **services inflation remained persistent**, leading to **divergent monetary policies across central banks**.
- **India's Economy:** India's [Gross domestic product \(GDP\)](#) is projected to grow between **6.3-6.8% in FY26 (2025-26)**.
 - India's **real GDP is estimated to grow by 6.4% in FY25 (2024-25)**, driven by **agriculture and services**, while **manufacturing faces challenges**.
- **Sector-Wise Performance:**
 - **Agriculture: 3.8% growth** in FY25, driven by **record Kharif production** and **strong**

- rural demand.
- **Industry & Manufacturing: 6.2% growth** in FY25, with **manufacturing slowing** due to **weak global demand**.
- **Services: Fastest-growing sector at 7.2%** in FY25, led by **Information technology, finance, and hospitality**.
- **External Sector: Overall exports (merchandise+services) grew by 6%** (YOY) in the first nine months of FY25. **Services sector by 11.6%** during the same time.
 - **Merchandise exports grew 1.6%**, while **imports rose 5.2%**, widening the [trade deficit](#).
 - India remained the **top global recipient of remittances**, helping **contain the current account deficit at 1.2% of GDP**.
 - Overall, **India's economic outlook remains positive**, driven by **domestic resilience and structural reforms**, though **risks from global uncertainties persist**.

What are the Challenges Facing India's Economy?

- **Geopolitical Uncertainties: [Russia-Ukraine war](#) and [Israel-Hamas conflict](#)** have impacted **trade, energy security, and inflation**.
 - **[Suez Canal disruptions](#)** forced ships to reroute via the Cape of Good Hope, increasing **freight costs and delivery times**.
 - **Trade policy risks and [protectionism](#)** in major economies impact **India's exports and supply chains**.
- **Inflation and Investment: Global inflation easing**, but risks of **synchronized price increases persist**.
 - **Food inflation remains a concern**, driven by **weather shocks and supply chain disruptions**.
 - **Weak global manufacturing demand** has pressured **India's manufacturing sector**, slowing private investment.
- **Financial Risks: State fiscal stress due to rising subsidies**, lower tax collections, and dependency on central transfers.

Way Forward

- **Managing Geopolitical Uncertainties: Diversify trade routes** and partners to reduce dependency on conflict-affected regions.
 - **Strengthen energy security** by increasing **[domestic renewable energy](#)** production and securing long-term import agreements.
 - **Enhance [trade resilience](#)** through bilateral agreements and participation in global supply chain diversification.
- **Controlling Inflation: Expand [food buffer stocks](#)** and strengthen supply chains to stabilize food prices.
 - **Promote [climate-resilient agriculture](#)** to mitigate weather-related price shocks.
 - **Encourage private sector investment** through incentives, **tax reforms**, and **[ease of doing business](#)** initiatives.
- **Strengthening Financial: Improve tax collection mechanisms** to enhance **[state revenues](#)** and reduce dependency on central transfers.
 - **Rationalize [subsidies](#)** and implement targeted **[welfare schemes](#)** to ensure fiscal discipline.
 - **Encourage states to adopt [fiscal responsibility measures](#)** for long-term economic sustainability.

Read more: [Economic Survey 2024-25](#)

UPSC Civil Services Examination, Previous Year Questions (PYQs)

Prelims

Q. Increase in absolute and per capita real GNP do not connote a higher level of economic development, if: (2018)

- (a) Industrial output fails to keep pace with agricultural output.
- (b) Agricultural output fails to keep pace with industrial output.
- (c) Poverty and unemployment increase.
- (d) Imports grow faster than exports.

Ans: (c)

Q. In a given year in India, official poverty lines are higher in some States than in others because: (2019)

- (a) Poverty rates vary from State to State
- (b) Price levels vary from State to State
- (c) Gross State Product varies from State to State
- (d) Quality of public distribution varies from State to State

Ans: (b)

Mains

Q.1 "Industrial growth rate has lagged behind in the overall growth of Gross-Domestic-Product(GDP) in the post-reform period" Give reasons. How far are the recent changes in Industrial Policy capable of increasing the industrial growth rate? **(2017)**

Q.2 Do you agree that the Indian economy has recently experienced a V- shapes recovery? Give reasons in support of your answer. **(2021)**