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Economic Survey & Budget 2024-25

SIERRA INNOVATIONS

Economic Survey & Budget

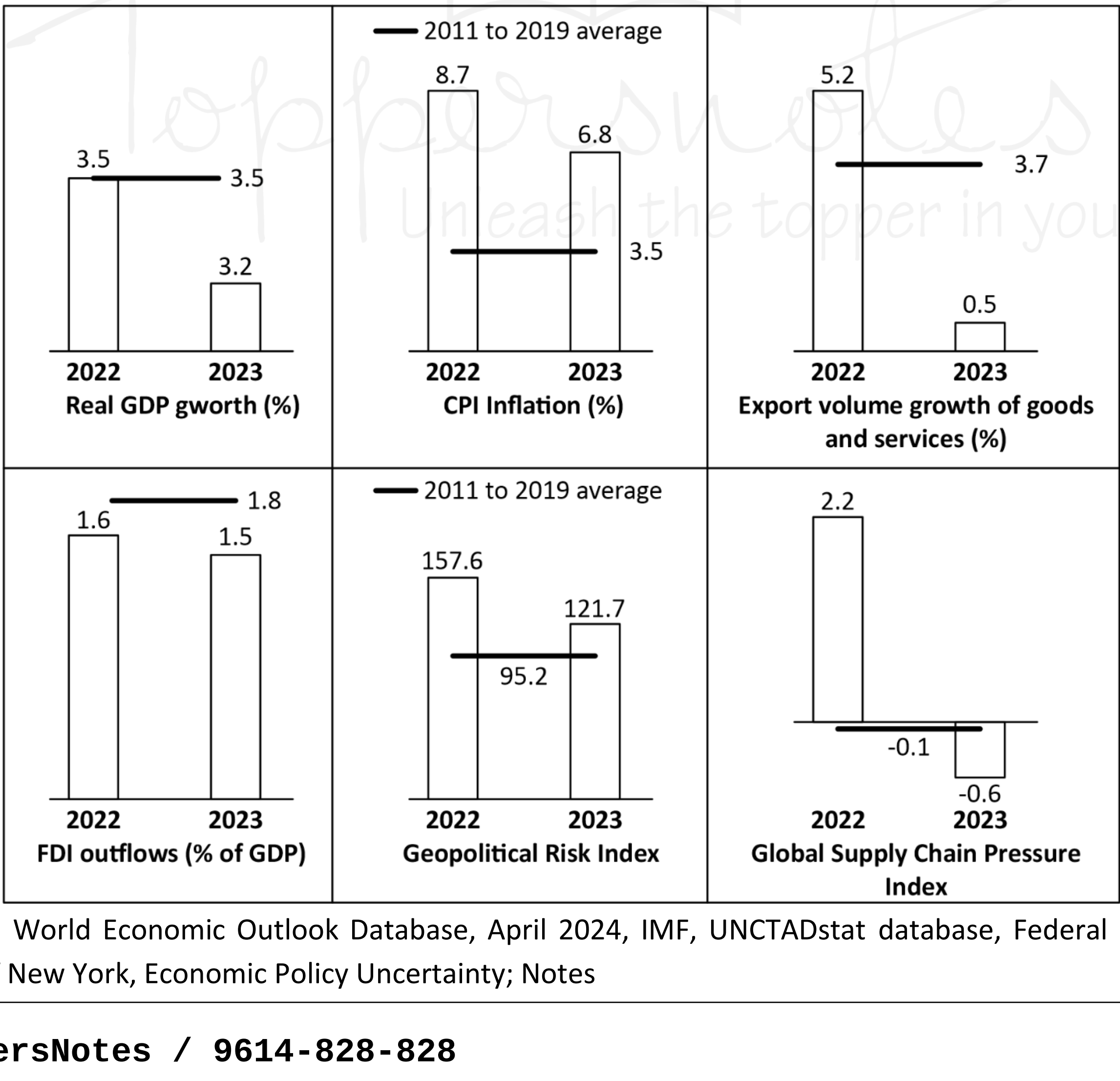
1 CHAPTER

State of The Economy: Steady as She Goes

- India's calibrated response to the pandemic on the economic front included three salient components.
- **The first** has been the focus on public spending on infrastructure, which kept the economy afloat by creating a strong demand for jobs and industrial output and triggered a lagged yet vigorous private investment response. Stronger balance sheets of the financial and non-financial private sector helped, aided by a decade of supporting initiatives by the Government and the Reserve Bank of India.
- **The second** has been partly a natural response of business enterprise and public administration amidst adversities, i.e., digitalisation of service delivery. The public policy focus and nurturing of processes and frameworks in digital technology greatly helped this irreversible and transformational change.
- **The third** has been embodied in the Atmanirbhar Bharat Abhiyan in terms of targeted relief to different sectors of the economy and sections of the population, and structural reforms that assisted a firm recovery and increased the medium-term growth potential

Chart: Growth: Context matters

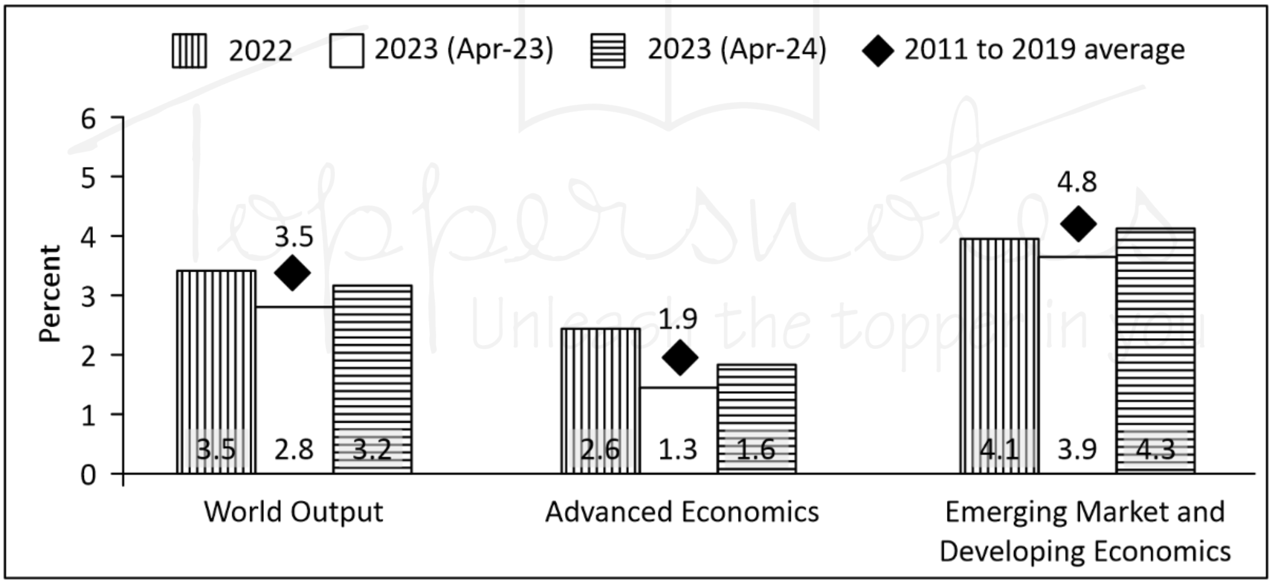
Macroeconomic and political situation of the global economy



Source: World Economic Outlook Database, April 2024, IMF, UNCTADstat database, Federal Reserve Bank of New York, Economic Policy Uncertainty; Notes

- After a year marked by global uncertainties and volatilities, the global economy achieved greater stability in 2023. While uncertainty stemming from adverse geopolitical developments remained elevated, global economic growth was surprisingly robust.
- As per the World Economic Outlook (WEO), April 2024 of the International Monetary Fund (IMF), the global economy registered a growth of 3.2 percent in 2023, though marginally lower than in 2022 and average for 2011-19 but higher compared to the projection of 2.8 percent as per the April 2023.
- The context in which the growth of 3.2 percent in 2023 has been achieved is markedly different compared to the 2011-19 period. Inflationary pressures have been significantly higher on account of the persistence of core inflation. Global trade moderated due to rising geopolitical tensions, cross-border restrictions and slower growth in advanced economies (AEs). The muted trade growth occurred despite the easing of supply chain pressures. Further, geopolitical developments and monetary policy changes across countries resulted in increased caution among investors, culminating in moderation in foreign direct investment (FDI) flows.

Chart: Global economy registers strong growth



Source: World Economic Outlook Database, April 2024 and April 2023, IMF

- Both emerging market economies (EMEs) and AEs achieved higher growth in 2023 than projected a year ago. Almost all major economies have surpassed the pre Covid-19 pandemic (hereinafter as pandemic) real gross domestic product (GDP) levels in 2023. However, growth has been diverse across countries, raising prospects of increasing divergences. Some economies, including India and China, have attained GDP levels 20 percent higher in 2023 compared to 2019 levels. Among AEs, the US witnessed continued growth momentum. However, economic activity remains subdued in the Euro area, although the magnitude of the downturn has eased.

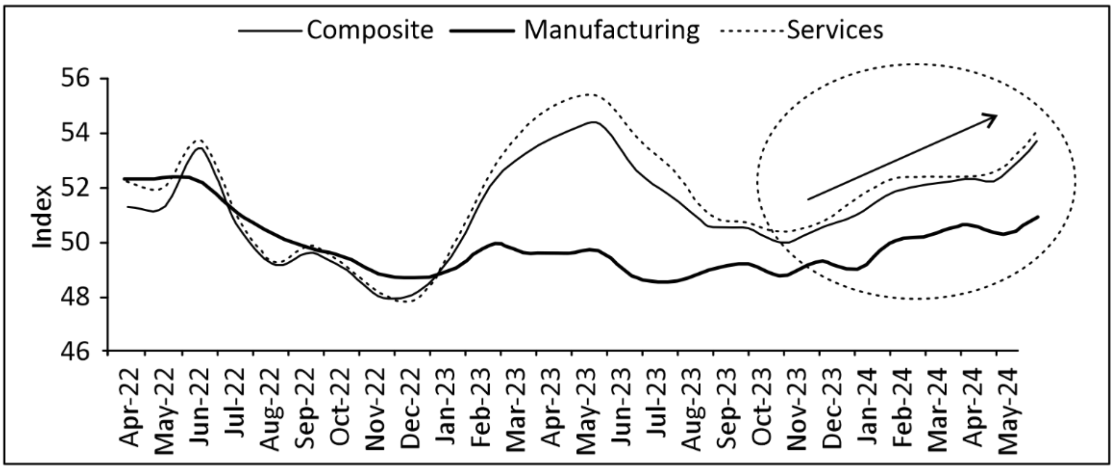
Chart: All major economies have surpassed pre-pandemic GDP levels

	Year in which crossed pre-pandemic GDP (constant prices, national currency)	Ratio of GDP (constant prices, national currency) in 2023 to corresponding level in 2019
Brazil	2021	107
China	2020	120
France	2022	102
Germany	2022	101
India	2021	120
Indonesia	2021	112
Italy	2022	103
Japan	2023	101
Mexico	2022	104
South Africa	2022	101
Thailand	2023	100
United Kingdom	2022	102
United States	2021	108

Source: World Economic Outlook Database, April 2024, IMF, National Accounts Statistics, Ministry of Statistics and Programme implementation; Note: In IMF data, for India 2021 represents 2021-22 (FY22)

- India registered a steep decline in economic growth during the pandemic but recovered swiftly, aided by strong private consumption and government impetus to infrastructure investment. China, on the other hand, had only a slight moderation in growth during the pandemic on account of swift policy actions, including a high vaccination rate8, but growth has slowed subsequently due to structural issues. Japan, post-pandemic, went through subdued growth but is expected to turn around in 2024, driven by a weak yen and improved consumer spending.

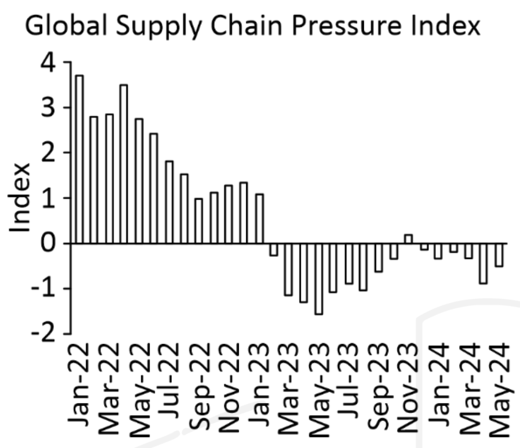
Chart: Global PMI also corroborates strong growth momentum



Source: S & P Global, PMI Press Releases

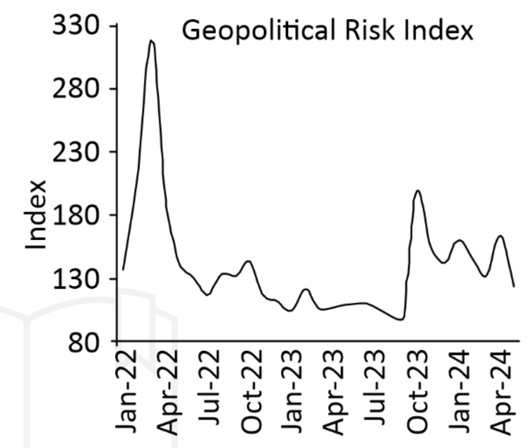
- The escalation of the Red Sea crisis amid heightened geopolitical tensions in the Middle East in October 2023 led to supply chain disruptions, sending ripples to global trade and operations. The attacks on commercial shipping in the Red Sea led to increased global transportation costs, reflecting the rerouting of cargo. However, the increase in supply chain pressures was transient and modest. Similar sentiments were reflected in the softening of risk perceptions. The geopolitical risk index, which spiked after the escalation of the conflict, declined thereafter. However, geopolitical risks are still high and persistent and may worsen in the coming months.

Chart: Easing of global supply chain pressure



Source: Federal Reserve Bank of New York

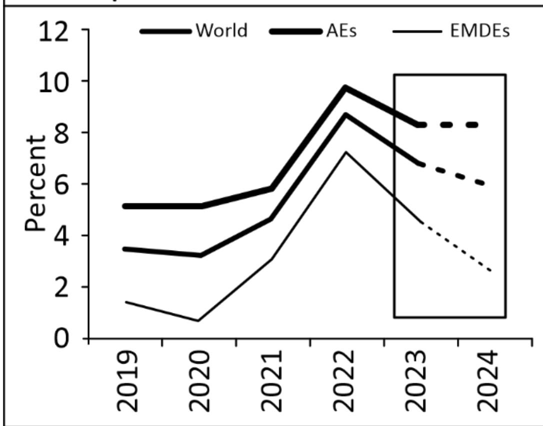
Chart: Geopolitical risk perceptions have softened since October 2023



Source: Economic Policy Uncertainty

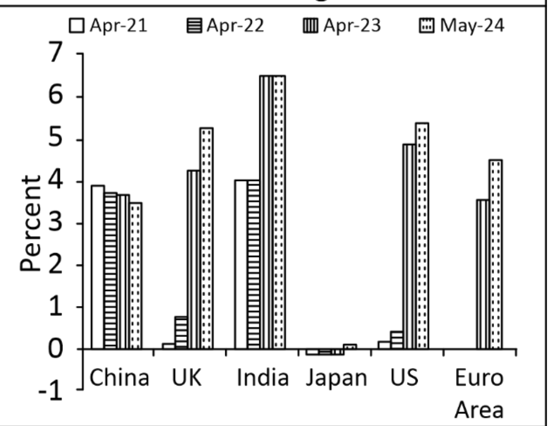
- As the supply chain pressures eased and energy and food price shocks triggered by the Russia - Ukraine conflict faded out, headline inflation across countries declined. After peaking in 2022, inflationary pressures declined considerably in 2023. However, inflation is still above the target in many countries. The easing of supply-chain pressures in tradeable goods in 2023 led to sharp decline in goods inflation in various countries, reducing logistic challenges. Core inflation remained sticky on account of services inflation and a strong labour market, especially in most AEs.

Chart: Declining inflationary pressures across countries



Source: World Economic Outlook Database, April 2024, IMF: Note: Data for 2024 os forecast

Chart: Policy rates remain high



Source: Central Bank Policy Rates, BIS Data Portal

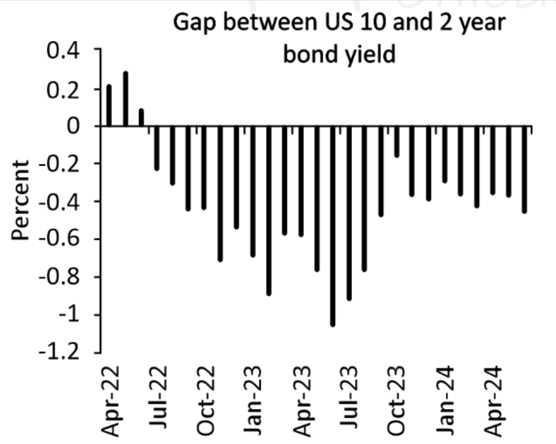
Chart: Moderation in global commodity price indices

	Energy	Oil & Meals	Grains	Fertilizers	Metals & Minerals
2021	95.4	127.1	123.8	152.3	116.4
2022	152.6	145.2	150.4	235.7	115
2023	106.9	118.9	133	153.5	104
2024 (Apr-May)	104	106.5	117.1	114.3	106.2

Source: Pink Sheet, World Bank; Note: Data as accessed on 1 July 2024

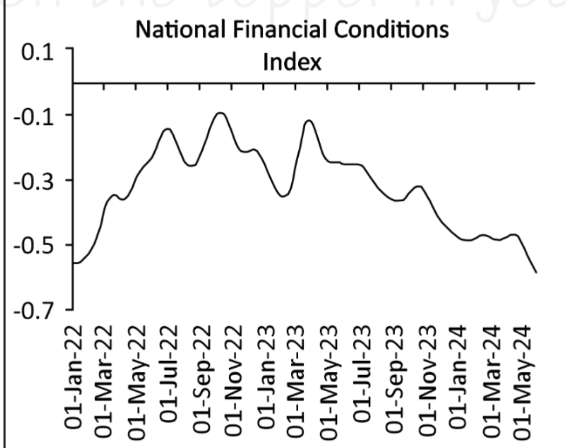
- European Central Bank (ECB) became the first major central bank to cut its policy rate, invoking the first rate cut in nearly five years. ECB lowered its benchmark deposit rate by a quarter percentage point in June 2024.
- The Inversion of the yield curve (short-term yields are higher than long-term yields), implying investor expectation of future policy rate cuts. Financial market participants have also eyed a much easier stance, as reflected in the significant easing of National Financial Conditions in the US in 2023 compared to March 2022, when the Fed began raising rates. Expansionary fiscal policy and the easing of financial conditions have, to a degree, neutralised the monetary policy tightening of the Fed, leaving unanswered questions on the future trajectory of inflation and the US dollar.

Chart: Inversion of US yield curve reflecting enhanced expectation of rate cut



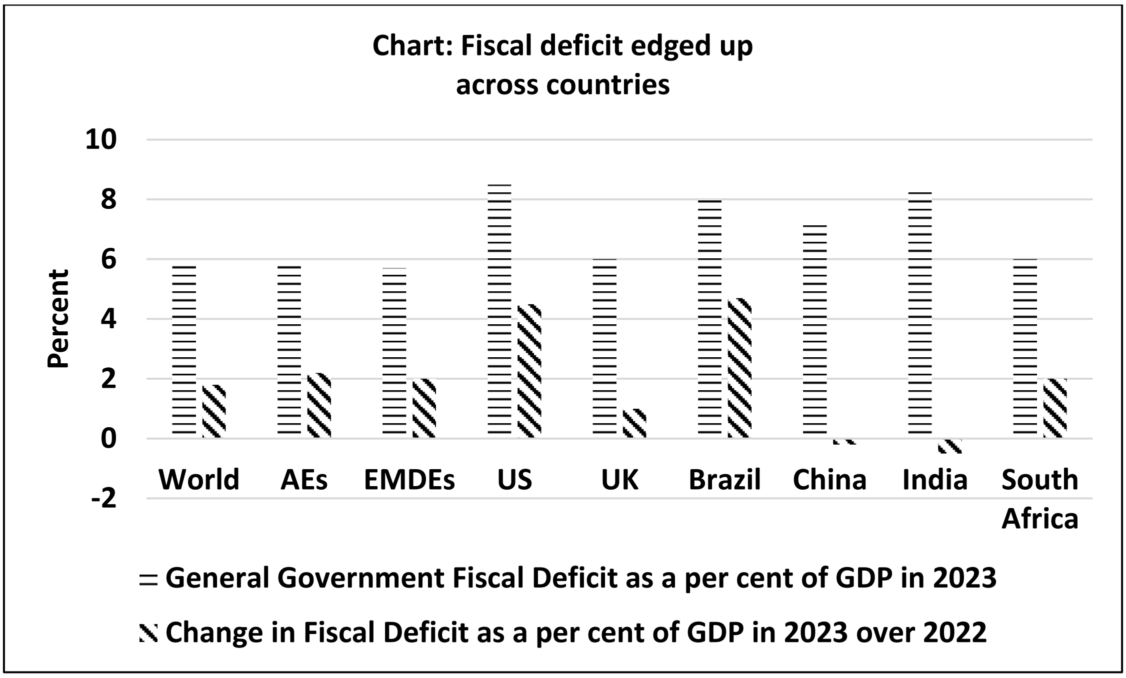
Source: Federal Reserve Bank of St. Louis

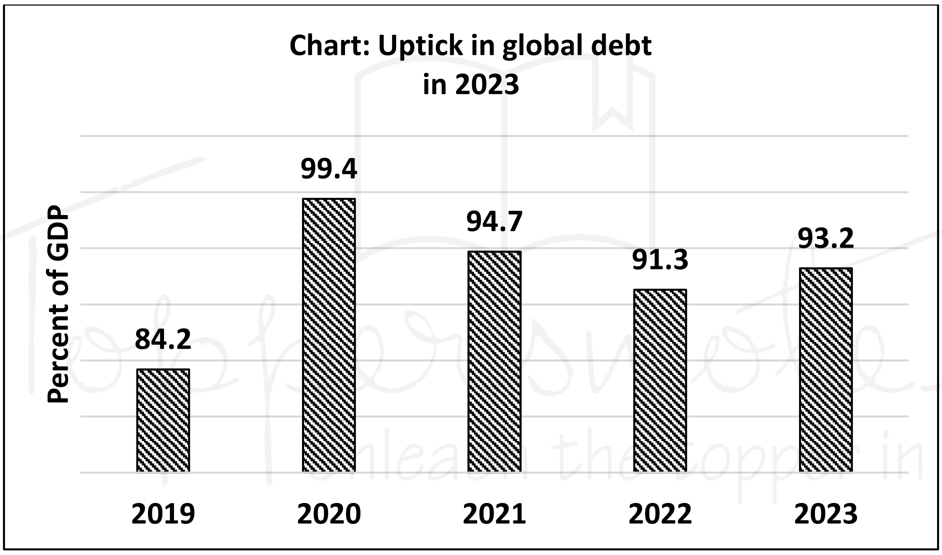
Chart: Financial conditions have eased in the US



Source: Federal Reserve Bank of Chicago

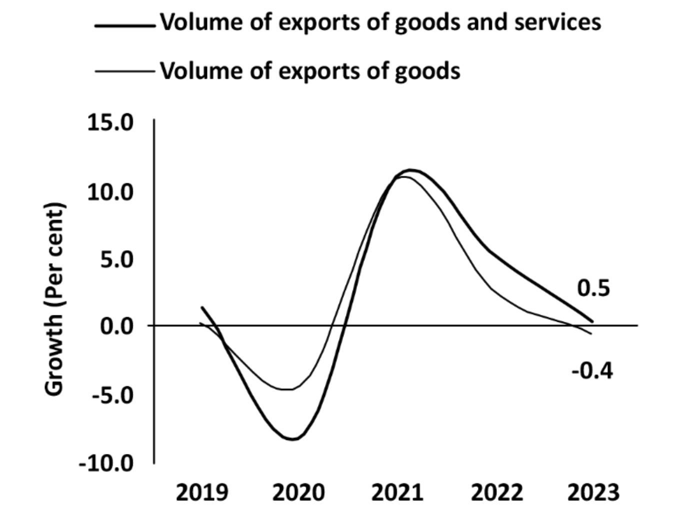
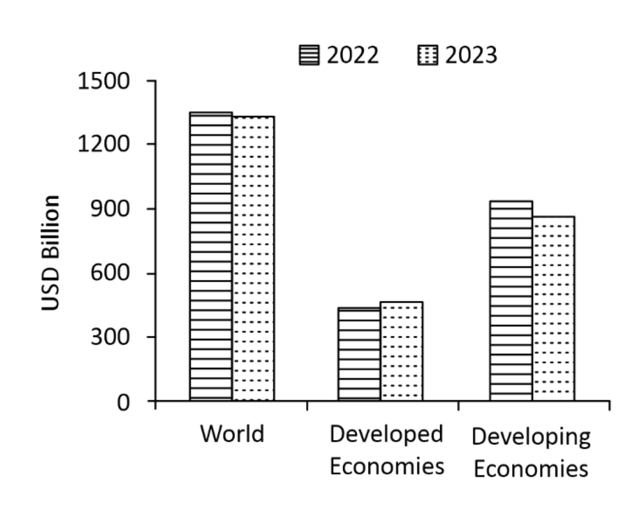
- On the fiscal front, global general government fiscal deficit (as a percent of GDP) rose by 1.6 percentage points in 2023 compared to last year. This increase primarily stemmed from a year-on-year (YoY) decline in revenues as windfall revenues from inflation for oil-producing and commodity-exporting countries waned while expenditures remained largely stable (IMF Fiscal Monitor, April 2024). Consequently, global public debt also inched up in 2023.





Source: Fiscal Policy in the Great Election Year, Fiscal Monitor, IMF, April 2024

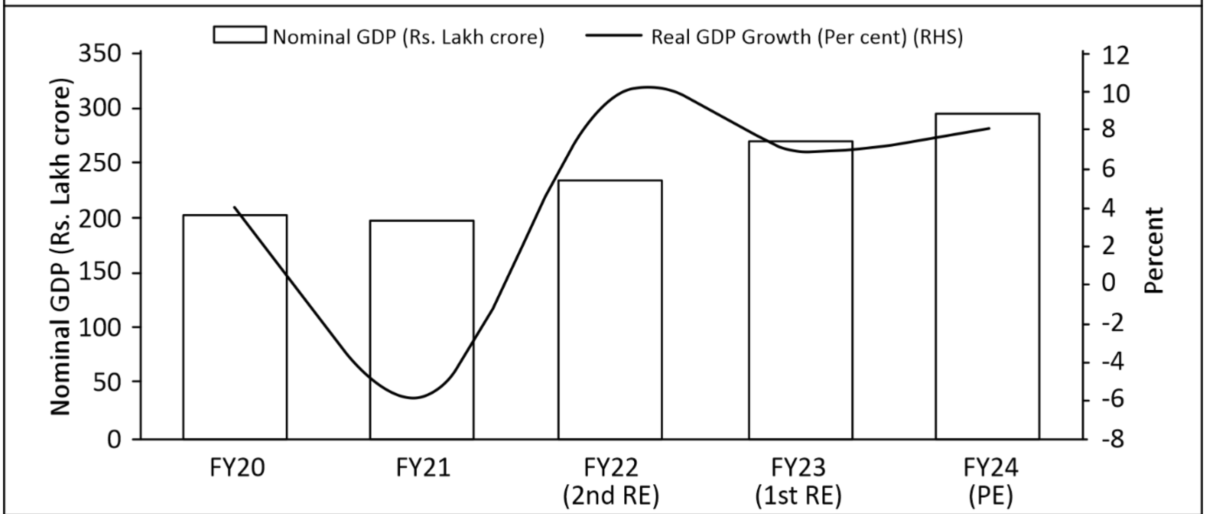
- Despite strong global economic growth, as per the WEO data, the global volume of exports of goods and services registered a modest growth of 0.5 percent in 2023 compared to 2022. The slow growth was driven by lower demand in developed economies and weaker trade in East Asia and Latin America (UNCTAD March Update 2024).

Chart: Merchandise trade growth declines in 2023	Chart: Weakening FDI inflows
	
Source: World Economic Outlook Database, April 2024, IMF	Source: World Investment Report 2024, UNCTAD

A Resilient Domestic Economy

India's economy carried forward the momentum it built in FY23 into FY24 despite a gamut of global and external challenges. The focus on maintaining macroeconomic stability ensured that these challenges had minimal impact on India's economy. As a result, India's real GDP grew by 8.2 percent in FY24, posting growth of over 7 percent for a third consecutive year, driven by stable consumption demand and steadily improving investment demand. On the supply side, gross value added (GVA) at 2011-12 prices grew by 7.2 percent in FY24, with growth remaining broad-based. Net taxes at constant (2011-12) prices grew by 19.1 percent in FY24, aided by reasonably strong tax growth, both at the centre and state levels and rationalisation of subsidy expenditure. This led to the difference between GDP and GVA growth in FY24.

Chart: Carry-forward of momentum in economic growth



Source: Statement : Annual and Quarterly Estimates of GDP at Constant Prices, and Annual and Quarterly Estimates of GDP at Current Prices 2011-12 Series, National Accounts Data, MoSPI: Note: RE - Revised Estimates, PE - Provisional Estimates

- The shares of the agriculture, industry and services sector in overall GVA at current prices were 17.7 percent, 27.6 percent and 54.7 percent respectively in FY24. GVA in the agriculture sector continued to grow, albeit at a slower pace. Erratic weather patterns during the year and an uneven spatial distribution of the monsoon in 2023 impacted overall output. This is reflected in the marginal decline in total foodgrain output for FY24 of 0.3 percent as per the third advanced estimate of foodgrain production released by the Ministry of Agriculture and Farmers' Welfare (MoAFW).

Chart: Broad-based growth

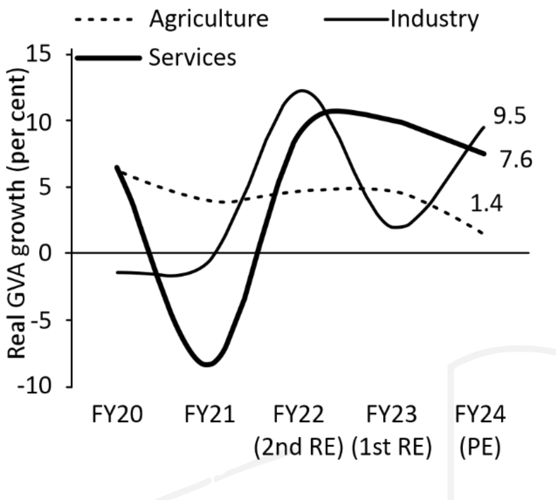
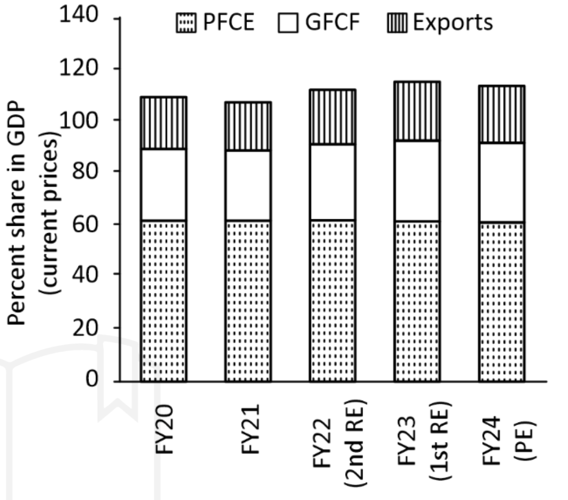


Chart: Private consumption steady as investment drives growth

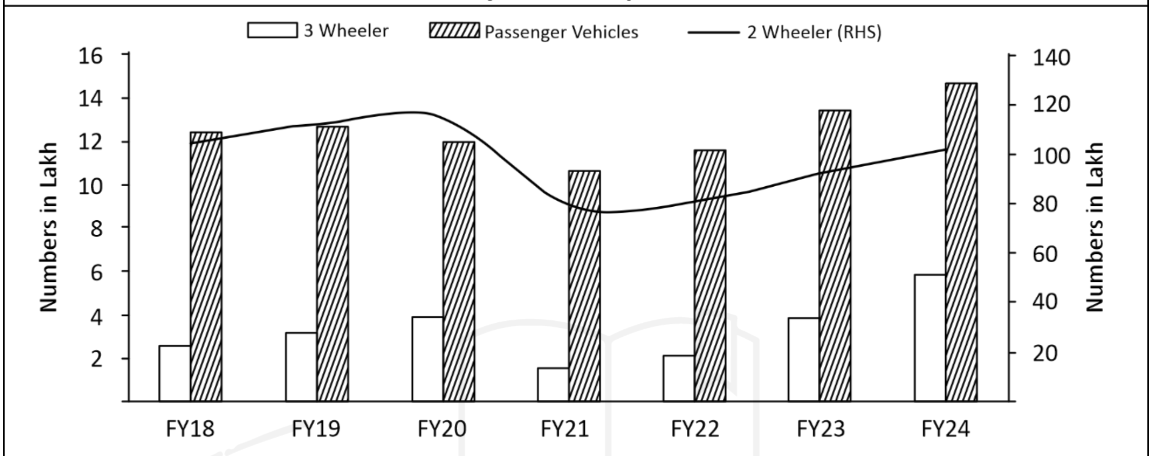


Source: Statement : Annual and Quarterly Estimates of GDP at Current Prices, 2011-12 Series, and Statement: Annual and Quarterly Estimates of GDP at Constant Prices, 2011-12 Series, National Accounts; Note: PFCE - Private Final Consumption Expenditure. GFCF - Gross Fixed Capital Formation

- Within the industrial sector, manufacturing GVA shrugged off a disappointing FY23 and grew by 9.9 percent in FY24. Manufacturing activities benefitted from reduced input prices while catering to stable domestic demand. The input price advantage was reflected in the subdued growth in the Wholesale Price Index (WPI) inflation, which led to a deflator of (-)1.7 percent for the manufacturing sector during FY24. Manufacturers also passed on the reduction in input prices to consumers, reflected in the sustained decline in the core consumer price inflation. The strength of manufacturing is further corroborated by the strong performance of the HSBC India PMI for manufacturing, which consistently remained well above the threshold value of 50, indicating sustained expansion and stability in India's manufacturing sector. Construction activities displayed increased momentum and registered a growth of 9.9 percent in FY24 due to the infrastructure buildout and buoyant commercial and residential real estate demand.
- Financial and professional services have been a major driver of growth post the pandemic. Contact-intensive services prominently trade, transport, real estate and their ancillary services that were impacted the most during the pandemic have emerged much stronger in the post-pandemic period, embedding greater technology and digital content in them and transforming the nature of the service delivery in India. The proliferation of global capability centres (GCCs) has also imparted resilience to India's services exports, giving further thrust to the sector.

- **On the demand side,** private consumption has been a crucial and steadfast cog in the GDP growth. Private final consumption expenditure (PFCE) grew by 4.0 percent in real terms in FY24. Urban demand conditions remain strong, as reflected in various urban consumption indicators such as domestic passenger vehicle sales and air passenger traffic. It is also reported that rural consumption growth has gradually picked up pace during the quarter ending March 2024. As per the Federation of Automobile Dealers Associations, two and three-wheeler and passenger vehicle sales also registered an uptick in FY24.

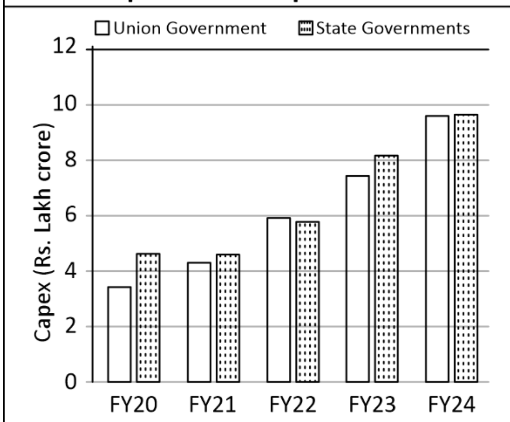
Chart: Vehicle sales in rural areas have recovered smartly since the pandemic



Source: Federation of Automobile Dealers Associations

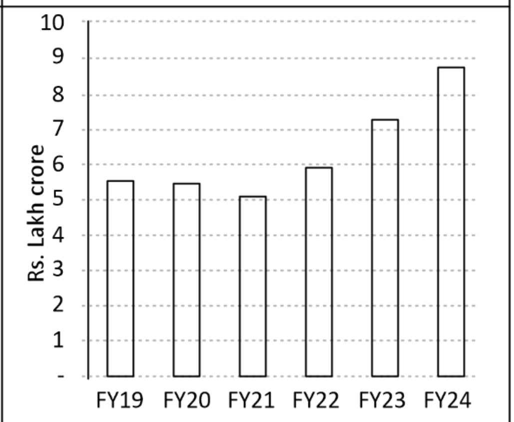
- Gross Fixed Capital Formation (GFCF) continues to emerge as an important driver of growth, as indicated in its rising share of nominal GDP.
- India is in the midst of a private capex upcycle that has been aided by government capital expenditure. As per National Accounts Statistics 2024 released by the Ministry of Statistics and Programme Implementation (MoSPI), GFCF by private non-financial corporations increased by 19.8 percent in FY23. There are early signs that the momentum in private capital formation has been sustained in FY24. As per data provided by Axis Bank Research, private investment across a consistent set of over 3,200 listed and unlisted non-financial firms has grown by 19.8 percent in FY24.

Chart: Greater general government focus on building productive capacities



Source: Handbook of Statistics on the Indian Economy, RBI, CGA.

Chart: Steadily rising private corporate capex



Source: Axis Bank Research

- Apart from private corporations, households have also been at the forefront of the capital formation process. The growth in housing sales in cities has been particularly impressive, indicating that urban households are diversifying the deployment of their savings. In 2023, residential real estate sales in India were at their highest since 2013, witnessing a 33 percent YoY growth, with a total sale of 4.1 lakh units in the top eight cities. As per real estate research firm Proptiger, new supply witnessed an all-time high, with 5.2 lakh units launched in 2023, as against 4.3 lakh units in 2022. The momentum continued in Q1 of 2024, witnessing record breaking sales of 1.2 lakh units, clocking a robust 41 percent YoY growth. New supply has consistently exceeded one lakh units since Q2 of 2022, underscoring persistent demand-supply dynamics in the housing market.
- With cleaner balance sheets and adequate capital buffers, the banking and financial sector is well-positioned to cater to the growing financing needs of investment demand. Credit disbursal by scheduled commercial banks (SCBs) to industrial micro, small and medium enterprises (MSMEs) and services continues to grow in double digits despite a higher base. Similarly, personal loans for housing have surged, corresponding to the increase in housing demand. However, credit offtake by large industries seems to be growing at a lower albeit stable pace. These larger industries seem to be tapping the corporate bond market. Corporate bond issuances in FY24 were up by 70.5 percent, with private placement remaining the preferred channel for corporates. Outstanding corporate bonds were up by 9.6 percent (YoY) as of the end of March 2024.

Growth in GDP, GVA and their components ensure no permanent losses in demand and output

A permanent output loss refers to a downward level shift in the observed variable due to the loss in output capacity. This box item visualizes the pre-pandemic and post-pandemic trends in India's aggregate macroeconomic variables such as GDP, GVA, Private consumption and the subcomponents of GVA.

Chart: A recovery to pre-pandemic trajectory in GDP

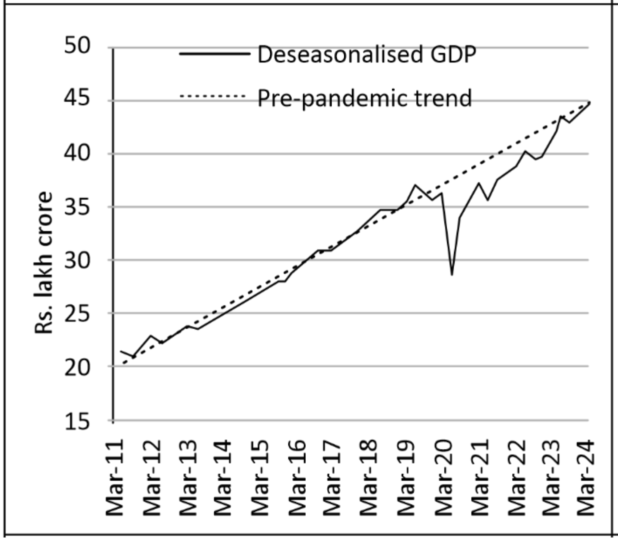


Chart: Gap from trend reducing steadily

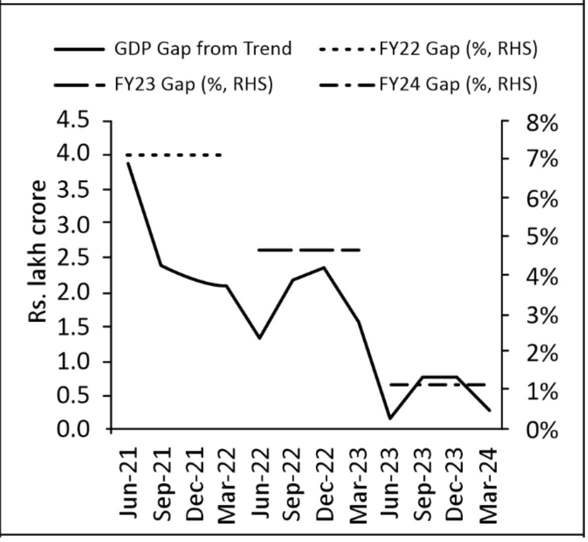


Chart: No Permanent losses in output capacity

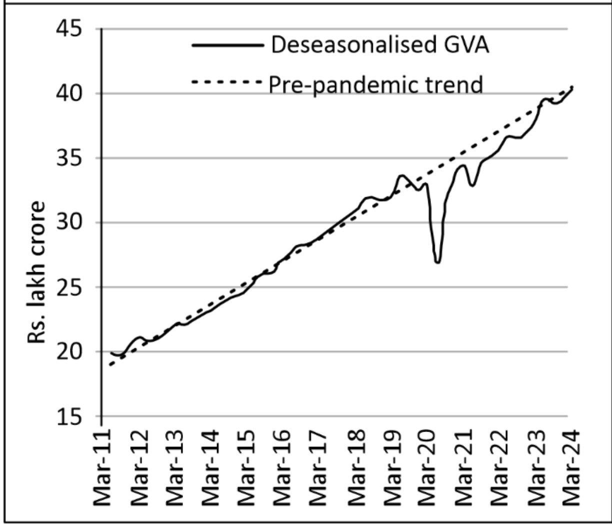
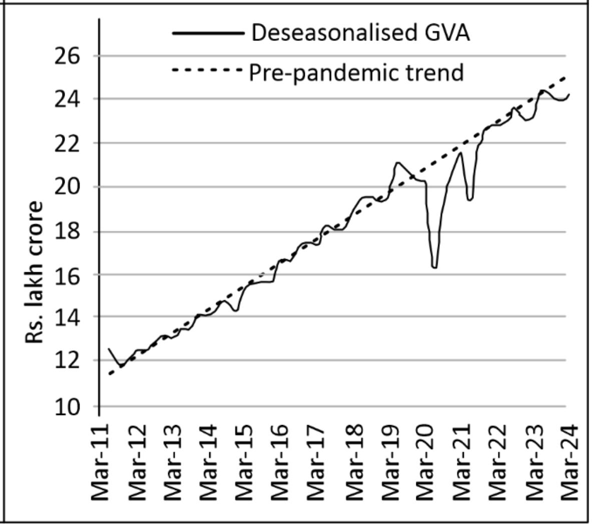


Chart: No permanent consumption losses



This analysis showcasing GDP excluding the seasonal fluctuations.

Chart: Investment has taken off

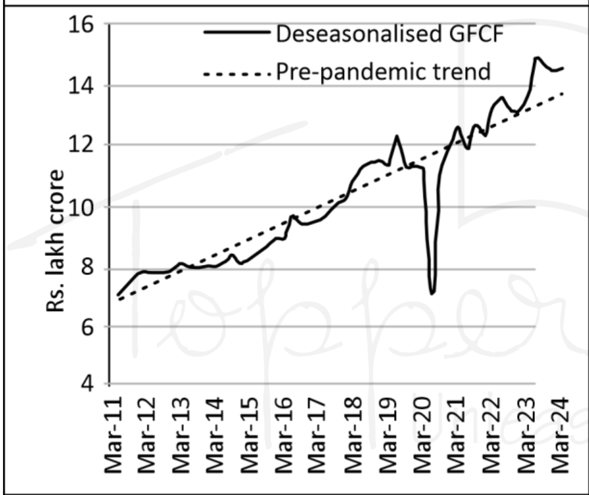


Chart: Industrial GVA growing faster than pre-pandemic trajectory

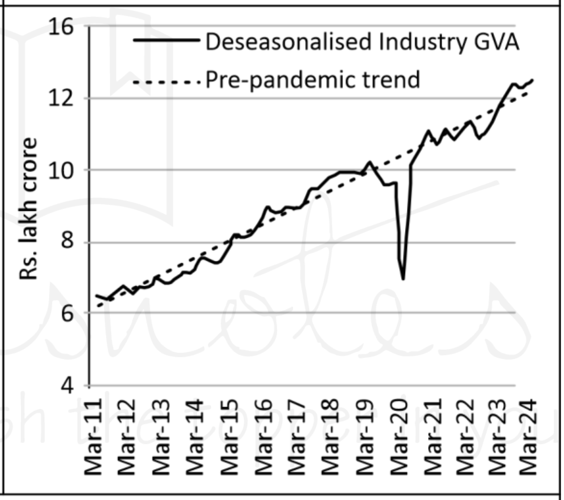
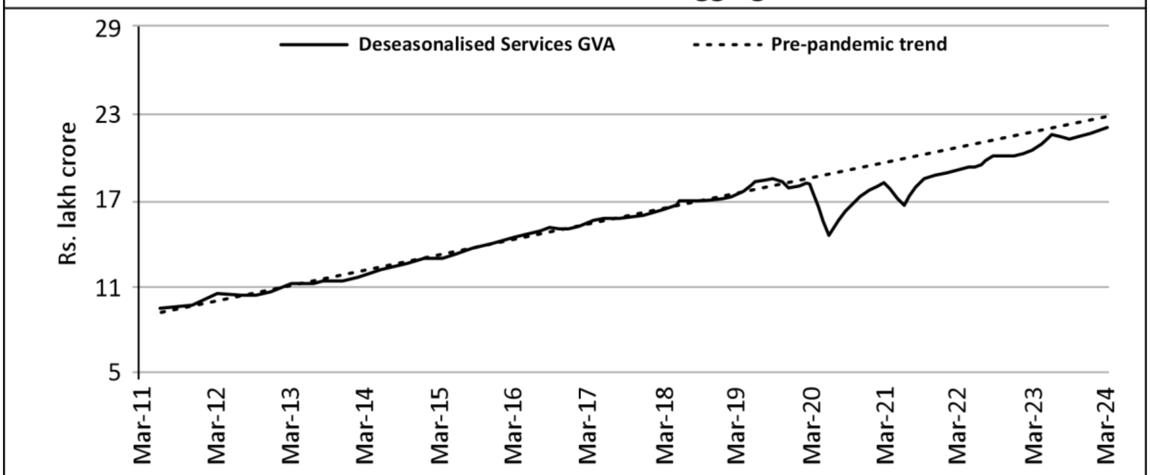
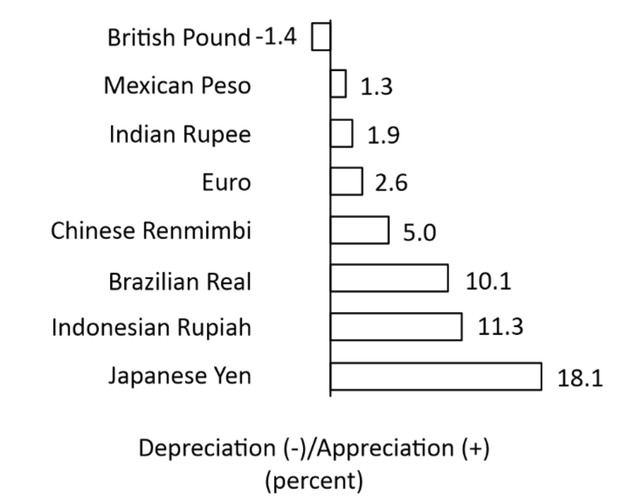
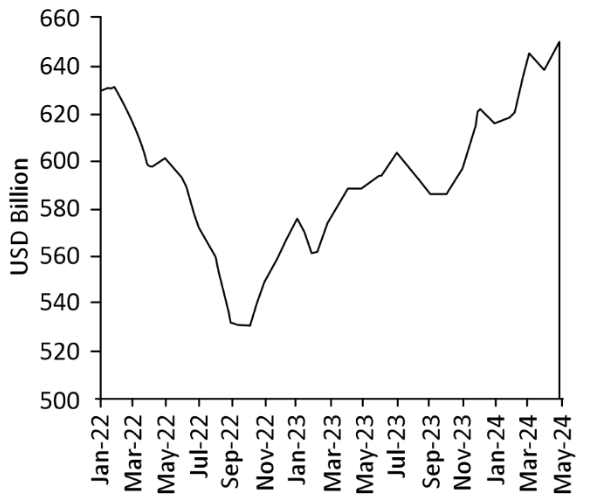


Chart: Services GVA lagging



Source: Chart: Above three charts are using calculations based on Statement: Annual and Quarterly Estimates of GDP at Constant Prices, 2011-12 Series, National Accounts Data, MoSPI

Comparing the pre-pandemic levels of GDP

Chart: The Rs. was one of the most stable currencies over Apr-23 - Jun-24	**Chart: Forex reserves sufficient to cover around 11 months of imports**
	
Source: Bilateral Exchange Rates, Bank for International Settlements	Source: Table, handbook of Statistics on the Indian Economy, RBI

Indian Rupee appreciation is not that much remarkable but yes it is stable.

2

CHAPTER

Monetary Management and Financial Intermediation: Stability is The Watchword

India's banking and financial sectors have displayed a stellar performance in FY24. Double-digit and broad-based growth in bank credit, gross and net non-performing assets at multi-year lows, and improvement in bank asset quality highlight the government's commitment to a healthy and stable banking sector. Capital markets are becoming prominent in India's growth story, with an expanding share in capital formation and investment landscape on the back of technology, innovation, and digitisation. Indian stock market was among the best-performing markets, with India's Nifty 50 index ascending by 26.8 percent during FY24, as against (-)8.2 percent during FY23.

The Indian economy's financial and banking sectors have shown strong performance despite continuous geopolitical challenges. The Central Bank maintained a steady policy rate throughout the year, with the overall inflation rate under control. The effects of the monetary tightening following the Russia-Ukraine conflict are evident in the lending and deposit interest rates increase among banks. Bank loans saw significant and widespread growth across various sectors, with personal loans and services leading the way. Capital markets have also shown impressive results, with India's stock market capitalisation to GDP ratio ranking fifth globally. The presence of a robust Digital Public Infrastructure (DPI) and the greater involvement of banks and microfinance institutions (MFIs) have contributed to improved financial inclusion. The insurance and pension sectors are also doing well, as indicated by their expanding coverage. Against this backdrop, the chapter is divided into two parts Monetary developments and financial intermediation. The monetary developments part presents the monetary and liquidity conditions of the economy.

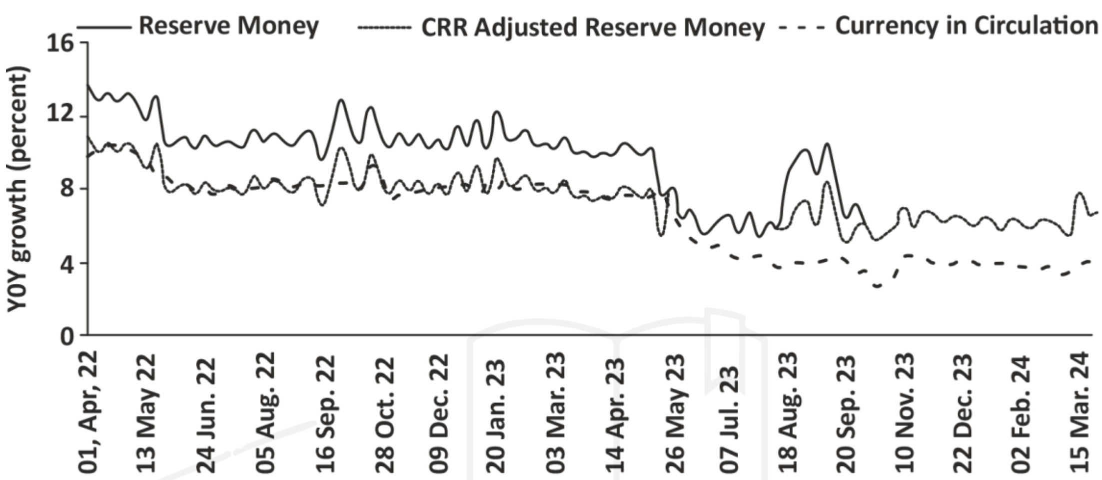
Monetary Developments

Monetary policy plays a crucial role in determining the economic conditions of a country through its influence on macroeconomic indicators such as economic growth, inflation, and investments. The primary objective of monetary policy is to maintain price stability while keeping in mind the objective of growth. Various instruments of monetary policy, viz. cash reserve ratio (CRR) and statutory liquidity ratio (SLR) of banks, open market operations of the Central Bank, and imposition of credit ceilings, etc., are used by the central bank in the direction of this overall objective. This section of the chapter presents the recent monetary developments in the economy, focussing on the emerging liquidity conditions and monetary policy transmission in terms of lending and deposit rates of banks.

Important factors impacting the evolution of monetary and credit conditions during FY24 were the withdrawal of ₹2,000 banknotes (May 2023), the merger of HDFC, a non-bank with HDFC Bank (July 2023), and the temporary imposition of the incremental CRR (I-CRR) (August 2023). The expansion in reserve money and currency in circulation (CiC) moderated due to the return of a predominant part of ₹2,000 banknotes to the banking system as deposits. As per the Reserve Bank of India (RBI), the total value of ₹2,000 banknotes in circulation has declined from ₹3.56 lakh crore as of 19 May 2023 (when the withdrawal of ₹2,000 banknotes was announced) to ₹7,581 crore as of 28 June 2024, indicating that 97.87 percent of the ₹2,000 denomination banknotes have returned to the banking system. This and an increase in term deposit rates contributed to an acceleration in aggregate deposits and broad money (M3). The growth in CiC moderated to 4.1 percent from 7.8 percent YoY in the last year, reflecting the impact of the withdrawal of ₹2,000 banknotes.

Reserve Money (M0) recorded a year-on-year (YoY) growth of 6.7 percent as of 29 March 2024, compared to 9.7 percent in the previous year. M0, adjusted for the first-round impact of changes in the CRR, recorded a 6.7 percent growth compared with 7.4 percent a year ago. The increase in M0 was mainly driven by net foreign assets (NFA) during FY24.

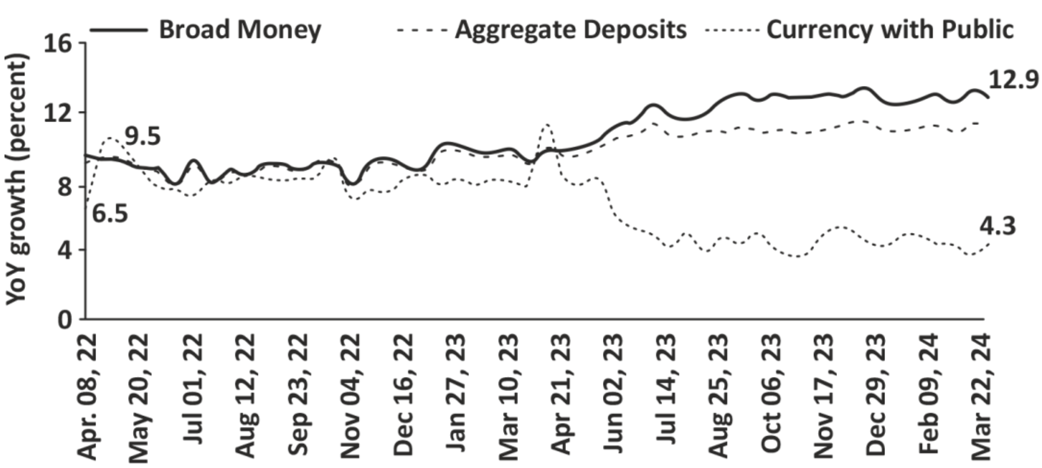
Moderation in growth in Reserve Money (Mo)



Source: Reserve Money: Components and Sources, Publications, Weekly Statistical Supplement, RBI

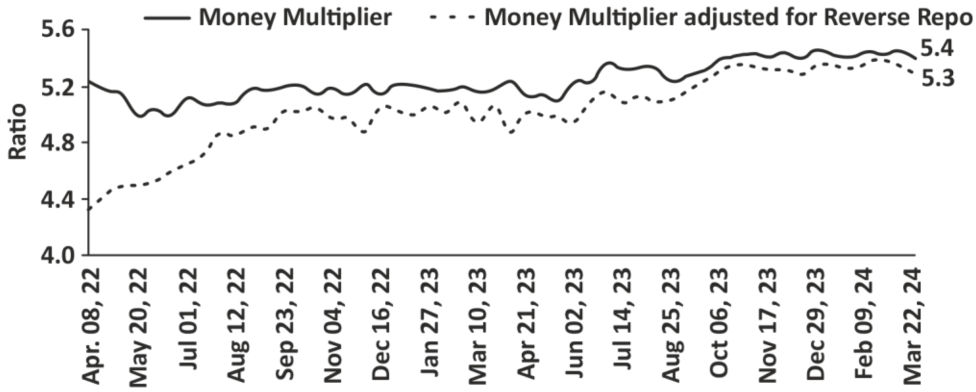
The growth in Broad Money (M3), excluding the impact of the merger of HDFC with HDFC Bank (with effect from 1 July 2023), was 11.2 percent (YoY) as of 22 March 2024, compared to 9 percent a year ago. On the components side, aggregate deposits (AD), the most significant component, contributed most to the expansion of M3. Amongst sources, bank credit to the commercial sector significantly contributed to the increase in M3, with a share of 67.1 percent as of 22 March 2024, supplemented by net bank credit to the Government. (share of 29.4 percent).

Growth in Broad Money (M3)



Source: Money Stock: Components and Sources, Publications, Weekly Statistical Supplement, RBI

Higher Money Multiplier in FY24, indicating higher liquidity in the market



Source: Money Stock: Components and Sources, Publications, Weekly Statistical Supplement, RBI Reserve Money: Components and Sources, Publications, Weekly Statistical Supplement, RBI

As of 22 March 2024, the Money Multiplier (MM) was 5.4 against 5.2 a year ago. Adjusted for reverse repo amounts, analytically akin to banks' deposits with the Central Bank, the adjusted MM was marginally lower at 5.3 as of March 2024.

Monetary policy transmission Lending and deposit rates of scheduled commercial banks (SCBs) increased further during FY24, reflecting the lagged impact of the policy rate hikes during May 2022-February 2023, the external benchmark-based lending rate system of loan pricing and the moderation of surplus liquidity. During the current tightening cycle, i.e., from May 2022 to May 2024, the external benchmark-based lending rate and the one-year median marginal-cost-of-funds based lending rate increased by 250 bps and 175 bps, respectively.

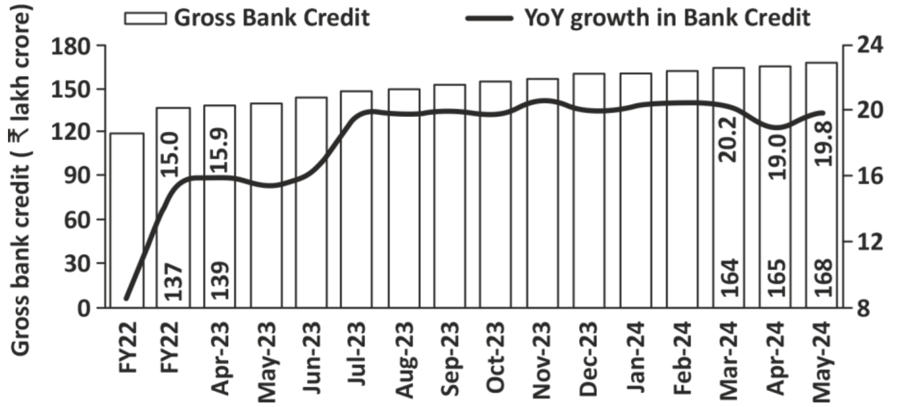
Pick-up in transmission to domestic lending and deposit rates

	May-22 to May-24	**Apr-23 to Mar-24**
WALR- Outstanding Rupee Loans	1.14	0.11
WALR- Fresh Rupee Loans	1.88	0.05
WADTDR- Outstanding Rupee Deposits	1.90	0.73
WADTDR- Fresh Rupee Deposits	2.44	0.14

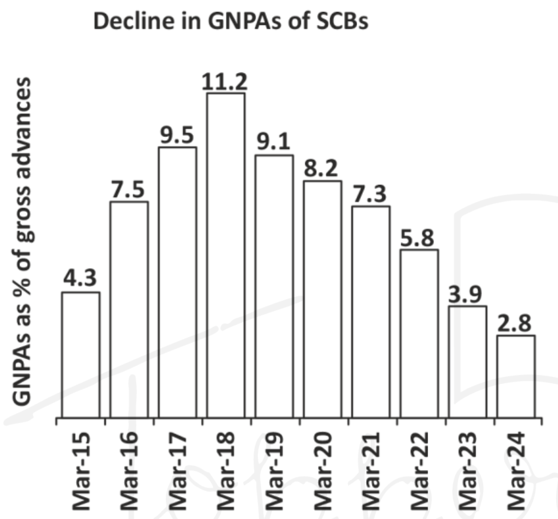
Performance of the banking sector and credit availability

The soundness and resilience of India's banking sector have been underpinned by ongoing improvements in asset quality, enhanced provisioning for bad loans, sustained capital adequacy, and a rise in profitability. Credit growth remains robust, mainly driven by lending to services and personal loans. Deposit growth has also gained momentum due to the transmission of previous rate increases, resulting in the repricing of deposits and higher accretion to term deposits. Lending by non-banking financial companies (NBFCs) accelerated, led by personal loans and loans to the industry, and their asset quality has improved.

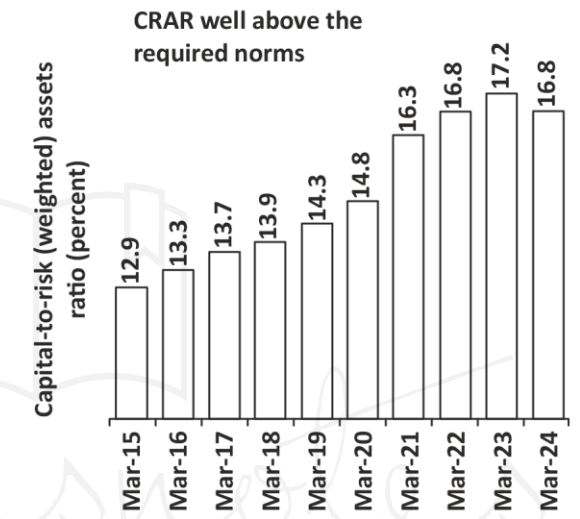
Double-digit growth in credit disbursal by SCBs



Source: Deployment of Bank Credit by Major Sectors, Handbook of Statistics on Indian Economy.
Note: Data includes the impact of merger of a non-bank with a bank.



Source: Handbook of Statistics on Indian Economy Money and Banking, Gross and Net NPAs of SCBs-Group-wise, RBI



Source: Handbook of Statistics on Indian Economy Money and Banking, Distribution of SCBs by CRAR, RBI

As SCBs bolstered their capital base by capitalising reserves from higher profits and raising fresh capital, their CRAR increased to 16.8 percent at the end of March 2024. As of the end of March 2024, all banks met this as well as the CET-1 ratio17 requirement of 13.9 percent, well above the regulatory minimum. The net interest margin (NIM) of SCBs remained robust at 3.6 percent in March 2024. With growing net interest income and other operating income and as the need for additional provisions fell, their profit after tax rose by 32.5 percent (YoY) in March 2024, in spite of a large increase in operating expenses. Profitability indicators remained strong, with return on equity (RoE) and return on assets (RoA) ratios touching decadal highs in March 2024. Lagged effects of transmission of monetary policy rate increases and shifts in liquidity conditions led to a 100 basis points increase in the cost of funds as against the 75 basis points rise in the yield on assets in FY24. The yield on assets further improved due to the rise in interest rates.

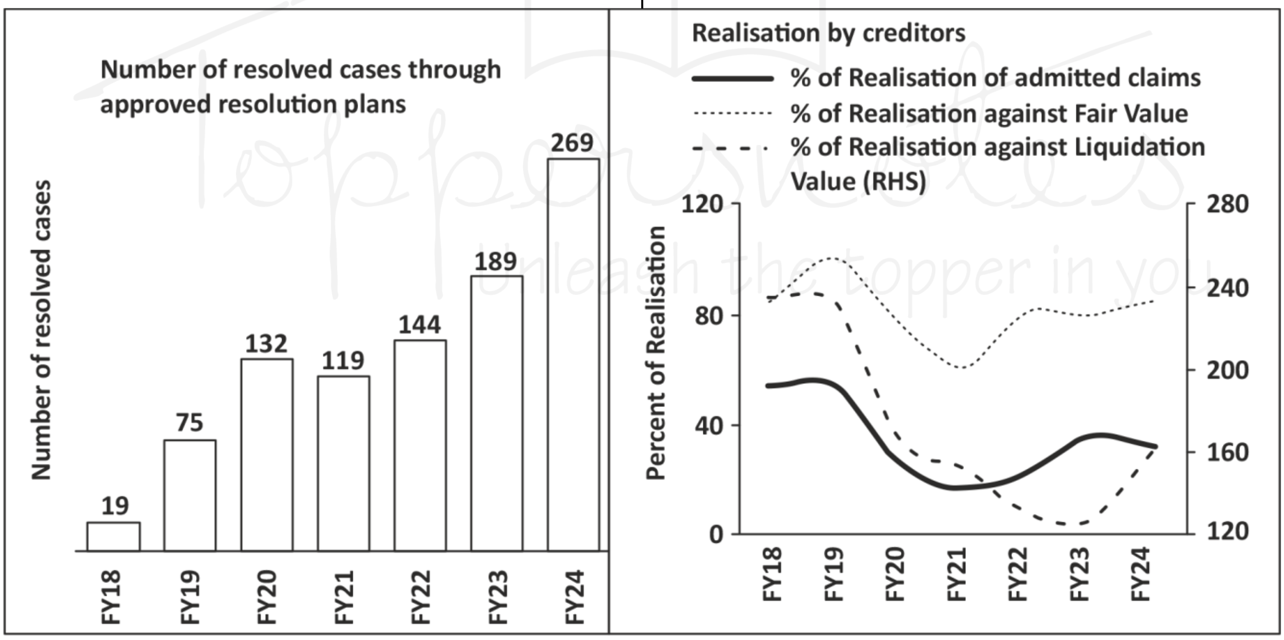
Dealing with distressed assets

The ability to resolve stress in the market is a measure of an economy’s soundness, and the ability to do so in the face of an economic slowdown is an essential indicator of the economy’s resilience. The last decade saw Indian commercial banks face a crisis due to the significant burden of NPA. As of March 2016, the

GNPA ratio of the public sector banks was 14.5 percent. The other side of this was the plateauing of the bank debt, which fuelled an increase in corporate leverage, leading to the twin-balance sheet problem. Maximum stress was in the industry and infrastructure sectors. The Government has paid close attention to resolving stress in banks and corporations over the past decade. Measures such as strengthening the banking regulatory framework, amending the recovery laws, enacting comprehensive insolvency and bankruptcy legislation, and establishing a public sector asset reconstruction company were implemented. These measures have nursed the credit sector back to sound health, and the GNPA ratio shrunk to 2.8 percent in March 2024. The emergence of stress in the market due to the operation of market forces and the subsequent business/venture failures is a sign of an active and dynamic economy.

Since banks form the most significant and predominant source of finance for businesses in India, banks need to be equipped to deal with the flow of distressed assets, and the markets need to be equipped to channel investments into the reconstruction and revival of such assets. Banking regulations provide for monitoring and timely identification of stressed assets, and RBI has taken several measures to strengthen its prudential framework.

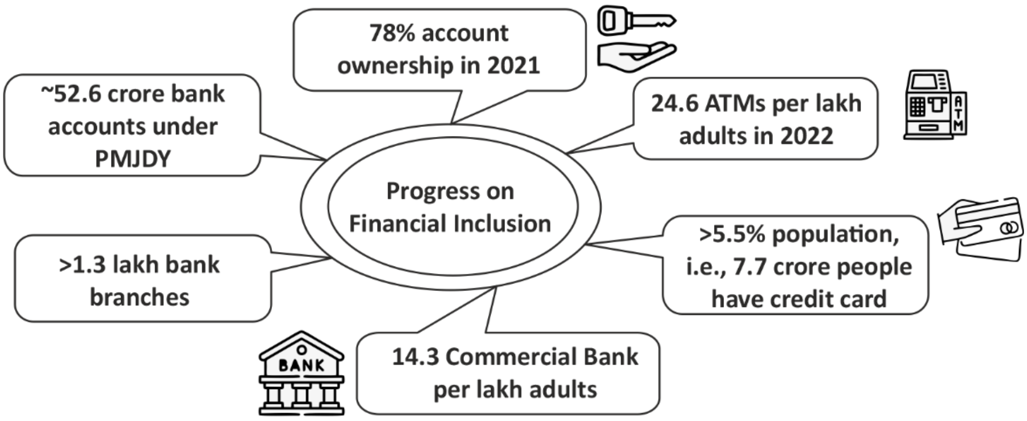
Regulations also provide measures to address stress at its initial stages through restructuring and rescheduling loans. The broad contours of these options form a part of banks' risk management tool kit. Banking regulations form the first line of defence and measures to address stress. The RBI updates them in response to market needs and economic conditions.



Source: Quarterly newsletter released by the Insolvency and Bankruptcy board of India (IBBI) (various issues)

The main components of the RBI's strategy for financial inclusion have been a target-based approach, market development, strengthening infrastructure, innovation, and technology, last-mile delivery, consumer protection and financial literacy and awareness. Following this strategy, the progress on financial inclusion so far is presented below:

Progress on financial inclusion in India



Source: Pradhan Mantri Jan Dhan Yojana (PMJDY) website, PIB and RBI
Note: Data as of July 2024.

India has the second-largest Microfinance Sector

Country	Savers (millions)	Borrowers (millions)	Outstanding loans (USD billion)
Bangladesh (June 2022)	66.4	44.6	17.4
Cambodia (December 2022)	2.7	2.1	9.7
Philippines (December 2020)	-	17.0	7.6
Indonesia (December 2019)	-	56.8	2.1
Pakistan (March 2023)	98.1	9.25	1.8
India (March 2023)			
SHGs	161	83	23.5
MFIs	-	73	44.0

Source: Data from different sources such as industry associations, central bank websites, and academic publications.