NET & SET Economics: Indian Economy

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1. Economic Growth in India: Pattern and Structure

Phases of growth

Phase	Average GDP growth	Features
1950–51 to 1979–80	About 3.5% ("Hindu rate of growth" — Raj Krishna)	Planning, public sector, import substitution, Mahalanobis heavy-industry strategy (Second Plan)
1980s	About 5.5%	Partial liberalisation, fiscal expansion, ending in 1991 BoP crisis
1991–92 to 2002–03	About 5.7%	LPG reforms (liberalisation, privatisation, globalisation)
2003–04 to 2010–11	About 8%	High investment and savings (investment rate peaked near 36% of GDP), services and exports boom
2011–12 to 2019–20	About 6.5%, slowing before the pandemic	Twin balance sheet problem, demonetisation (2016), GST (2017)
2020–21 onwards	−5.8% in 2020–21; strong rebound (9.7% in 2021–22, 7.6% in 2022–23, 9.2% in 2023–24); about 6.5% in 2024–25	Public capex-led recovery

- **Planning:** Planning Commission (1950) → replaced by **NITI Aayog (1 January 2015)**; twelve Five-Year Plans (1951–2017); three-year action agenda and Vision documents thereafter; "Viksit Bharat @2047" vision.
- Base year of national accounts revised to 2011–12 (2015); a further revision to a newer base year is under way.

Structural change

- Share of agriculture in GVA fell from over 50% in 1950–51 to about 18% now; industry around 27–28%; services about 54–55%.
- Employment has not shifted as fast: agriculture still employs about 46% of workers (PLFS 2023–24) — India skipped the classic manufacturing-led transition and moved directly to services-led growth.
- Investment (gross fixed capital formation) about 30–31% of GDP; gross domestic saving about 30%.
- Issues: jobless or job-poor growth, informal employment (over 80% of workers), regional disparities, low female labour force participation (rising to about 40% in PLFS 2023–24, usual status).

Exam pointers: growth phases; NITI Aayog date; sectoral shares of GVA vs employment; services-led growth.

2. Agriculture: Pattern and Structure of Growth, Major Challenges, Policy Responses

Pattern and structure

- Provides livelihood to nearly half the workforce; share in GVA about 18%.
- **Growth phases:** stagnation before Green Revolution; **Green Revolution (mid-1960s)** — HYV seeds, fertilisers, irrigation — led by M.S. Swaminathan and Norman Borlaug, concentrated in wheat and in Punjab, Haryana, western UP; diversification from the 1990s (horticulture, livestock, fisheries); agricultural GVA growth averaged about 4–5% per year since 2017–18.
- India is the largest producer of milk (**Operation Flood**, Verghese Kurien — White Revolution), pulses and jute, second in rice, wheat, fruits, vegetables; foodgrain production has exceeded 350 million tonnes; horticulture output exceeds foodgrains.
- **Land holdings (Agriculture Census 2015–16):** 86% of holdings are small and marginal (below 2 ha); average holding 1.08 ha.

Major challenges

- Fragmented holdings, low productivity per hectare, dependence on monsoon (about half the net sown area rainfed), groundwater depletion, soil degradation, climate change.
- Inadequate post-harvest infrastructure, price volatility, market imperfections (APMC monopolies, intermediaries), low farmer incomes and indebtedness, disguised unemployment.
- Input subsidies distorting cropping patterns (rice–wheat in water-scarce regions), declining public investment in the past.

Policy responses

Area	Measures
Price support	**Minimum Support Price** (CACP, 1965; MSP at least 1.5 times A2+FL cost since 2018–19), procurement by FCI (1965), PM-AASHA
Income support	**PM-KISAN (2019)** — ₹6,000 per year to farmer families
Credit	Kisan Credit Card (1998), interest subvention, priority sector lending, NABARD (1982)
Insurance	**Pradhan Mantri Fasal Bima Yojana (2016)**
Irrigation	PM Krishi Sinchayee Yojana (2015) — “Har Khet Ko Pani”, “Per Drop More Crop”
Marketing	**e-NAM (2016)**, Model APMC Act (2017), Farmer Producer Organisations (10,000 FPOs scheme, 2020); the three farm laws of 2020 were repealed in 2021
Soil and inputs	Soil Health Card (2015), neem-coated urea, nano-urea, natural farming mission

Area	Measures
Infrastructure	Agriculture Infrastructure Fund (2020), Digital Agriculture Mission (2024)
Food security	**National Food Security Act (2013)**; PM Garib Kalyan Anna Yojana (free foodgrains, extended to 2028)

- Doubling farmers' income target (Ashok Dalwai Committee, 2016–17 to 2022–23).

Exam pointers: Green Revolution features; MSP and CACP; PM-KISAN, PMFBY, e-NAM years; share of small and marginal holdings.

3. Industry: Pattern and Structure of Growth, Major Challenges, Policy Responses

Evolution of industrial policy

Policy	Key features
Industrial Policy Resolution, 1948	Mixed economy; four categories of industries
IPR 1956 ("Economic Constitution of India")	Schedule A (17 industries — state monopoly), Schedule B (12 — mixed), Schedule C (rest — private); socialist pattern
IDRA 1951	Industrial licensing
MRTP Act 1969	Control on concentration of economic power
Industrial Policy 1977, 1980	Small-scale emphasis, district industries centres
New Industrial Policy, 24 July 1991	Abolished licensing except for a few industries (now only a handful), reduced public sector reservation, liberalised FDI, MRTP restrictions removed, disinvestment

Pattern of growth

- Industry (including construction) contributes about 27–28% of GVA; manufacturing about 14–17% — below the goal of 25%.
- Sector composition: MSMEs (about 30% of GDP, over 45% of exports), capital-intensive large industries (steel, cement, petroleum, automobiles, pharmaceuticals).
- **Index of Industrial Production (IIP)** — base 2011–12; Eight Core Industries carry about 40% weight in IIP.

Challenges

- Premature deindustrialisation (Dani Rodrik), low share of manufacturing employment, infrastructure and logistics costs, complex regulations, labour market rigidities, land acquisition, access to credit for MSMEs, low R&D (about 0.65% of GDP), import dependence (electronics, solar, APIs).

Policy responses

- **Make in India (2014)**; **Production Linked Incentive (PLI) schemes (2020)** for 14 sectors (mobile phones, electronics, pharmaceuticals, automobiles, textiles, solar modules, specialty steel, etc.); India Semiconductor Mission (2021).

- **MSMED Act 2006**; revised MSME classification (2020, enhanced in 2025) based on investment and turnover; Udyam registration; credit guarantee schemes (CGTMSE, ECLGS).
- Ease of doing business reforms, Jan Vishwas (decriminalisation) Acts, National Single Window System, Startup India (2016).
- **Public sector:** disinvestment (Department of Investment and Public Asset Management — DIPAM), strategic sale (Air India to Tata, 2022), New Public Sector Enterprise Policy (2021), Navratna/Maharatna status.
- **Insolvency and Bankruptcy Code (2016).**
- National Manufacturing Policy (2011) and industrial corridors (Delhi–Mumbai Industrial Corridor), PM MITRA textile parks.

Exam pointers: IPR 1956 schedules; NIP 1991; PLI scheme; MSME classification; Eight Core Industries weight.

4. Services: Pattern and Structure of Growth, Major Challenges, Policy Responses

Pattern and structure

- Largest and fastest-growing sector: about 54–55% of GVA but only about 30% of employment.
- Components: trade, hotels, transport, communication; financial, real estate and professional services (largest segment); public administration, defence and other services.
- **IT and IT-enabled services:** India is a leading exporter of software and business services; services exports reached about US$ 387 billion in 2024–25; **Global Capability Centres** (over 1,700) are a new growth engine.
- Tourism, telecom (one of the largest and cheapest data markets; 5G rollout from 2022), digital payments (UPI), health, education, logistics.
- **Services-led growth puzzle:** India's growth has been led by skill-intensive services rather than labour-intensive manufacturing (Bhattacharya and Mitra; Eichengreen and Gupta — "two waves" of services growth).

Challenges

- Dualism: high-productivity modern services vs low-productivity informal services (petty trade, domestic work).
- Limited employment for low-skilled labour, skill mismatch, regional concentration (Bengaluru, Hyderabad, Pune, NCR), protectionism and visa restrictions abroad, automation and AI risks, data protection.

Policy responses

- Liberalisation of telecom (New Telecom Policy 1999, Telecommunications Act 2023), insurance (IRDA 1999; raising the FDI limit to 100% announced in Budget 2025–26), banking.
- **Digital India (2015)**, BharatNet, India Stack (Aadhaar, UPI, DigiLocker), **Digital Personal Data Protection Act (2023)**.

- Software Technology Parks (1991), SEZ Act 2005, Champion Services Sectors Action Plan (2018), National Logistics Policy (2022).
- Skill India (2015), PM Kaushal Vikas Yojana; Incredible India; UDAN for regional air connectivity (2016).

Exam pointers: services share in GVA vs employment; IT/GCC role; Digital India; services-led growth debate.

5. Rural Development: Issues, Challenges and Policy Responses

Issues and challenges

- About 65% of the population lives in rural areas (Census 2011: 68.8%).
- Agrarian distress, low non-farm employment, disguised unemployment, poverty concentration, indebtedness, poor infrastructure (roads, electricity, water, housing), inadequate health and education, distress migration, gender disparities, weak local institutions.

Approaches

- **Community Development Programme (1952)** and **National Extension Service (1953)**; **Panchayati Raj** (Balwant Rai Mehta Committee, 1957; 73rd Constitutional Amendment, 1992 — three-tier system, Eleventh Schedule with 29 subjects).
- Area programmes: DPAP (1973), DDP (1977); Minimum Needs Programme (Fifth Plan); Integrated Rural Development Programme (1978–80).

Major current programmes

Programme	Year	Objective
MGNREGA	2005 (notified 2006)	Legal guarantee of 100 days of wage employment per rural household; replaced in December 2025 by the Viksit Bharat – Guarantee for Rozgar and Ajeevika Mission (Gramin) Act, which raises the guarantee to 125 days
DAY-NRLM (Aajeevika)	2011 (renamed 2016)	Self-help groups for women; “Lakhpati Didi” initiative
PMGSY	2000	All-weather road connectivity
PMAY-Gramin	2016 (Indira Awaas Yojana 1985)	Rural housing
Swachh Bharat Mission (Gramin)	2014	Sanitation; ODF
Jal Jeevan Mission	2019	Tap water to every rural household (extended to 2028)
DDU-GKY	2014	Placement-linked skill training for rural youth
SVAMITVA	2020	Property cards via drone mapping of rural inhabited areas
Saubhagya, DDUGJY	2017, 2014	Household electrification

Programme	Year	Objective
Shyama Prasad Mukherji Rurban Mission	2016	Rural clusters with urban amenities
Aspirational Districts / Blocks Programme	2018, 2023	Focus on backward districts and blocks

Exam pointers: 73rd Amendment; Balwant Rai Mehta; MGNREGA and its 2025 replacement; DAY-NRLM; PMGSY; Jal Jeevan Mission.

6. Urban Development: Issues, Challenges and Policy Responses

Trends

- Urban population 31.1% in Census 2011 (37.7 crore); estimated about 35–36% now; projected around 40% by 2036 and over 50% by 2050.
- Contributes over 60% of GDP; rapid growth of million-plus cities and census towns; urbanisation in India is "pseudo" or slow compared with China.

Issues and challenges

- Slums (about 17% of urban households in 2011), housing shortage, traffic congestion, pollution (air quality in North Indian cities), inadequate water supply, sewerage and solid waste management, urban flooding, informal employment, weak municipal finances (municipal revenue below 1% of GDP), planning and governance gaps, climate vulnerability.

Policy responses

- **74th Constitutional Amendment (1992):** urban local bodies; Twelfth Schedule with 18 functions.
- **JNNURM (2005–2014).**
- **Smart Cities Mission (2015):** 100 cities; area-based development and pan-city solutions.
- **AMRUT (2015)** and **AMRUT 2.0 (2021):** water supply, sewerage, green spaces.
- **PMAY-Urban (2015)** and **PMAY-U 2.0 (2024):** housing for all.
- **Swachh Bharat Mission (Urban) 2.0 (2021):** garbage-free cities.
- **PM SVANidhi (2020):** micro-credit for street vendors.
- **HRIDAY (2015)**; Metro rail policy (2017); PM e-Bus Sewa; Urban Challenge Fund (Budget 2025–26).
- Municipal bonds, property tax reforms, Transit-Oriented Development.

Exam pointers: 74th Amendment; Smart Cities, AMRUT, PMAY-U years; urban share in Census 2011.

7. Foreign Trade: Structure and Direction, BoP, Flow of Foreign Capital, Trade Policies

Structure and direction

- Total exports of goods and services about US$ 825 billion in 2024–25 (merchandise about US$ 437 billion, services about US$ 387 billion); merchandise imports about US$ 720 billion — persistent merchandise trade deficit offset partly by services surplus and remittances.
- **Exports composition:** engineering goods, petroleum products, gems and jewellery, electronics (fastest growing — smartphones), pharmaceuticals, organic chemicals, textiles, rice.
- **Imports composition:** crude oil and petroleum (largest), electronics, gold, coal, machinery, chemicals, vegetable oils.
- **Direction:** USA is the largest export destination; China is the largest source of imports (largest bilateral deficit); UAE, Netherlands, Saudi Arabia, Russia (oil imports surged after 2022) are key partners; shift from Europe/US towards Asia and West Asia over decades.

Balance of payments

- Current account deficit typically 1–2% of GDP (about 0.6% of GDP in 2024–25), financed by capital inflows.
- **1991 BoP crisis:** reserves fell to about two weeks of imports → gold pledged, IMF loan, reforms; **High Level Committee on BoP (C. Rangarajan, 1993)** recommended market-determined exchange rate and current account convertibility.
- Rupee: devalued 1966 and 1991; **LERMS (1992)**, unified market-determined rate (March 1993); current account convertibility (August 1994); capital account convertibility partial (Tarapore Committees 1997, 2006).
- Foreign exchange reserves around US$ 650–700 billion in 2025–26.

Flow of foreign capital

- **FDI:** automatic and government routes; 100% FDI allowed in most sectors; gross FDI inflows about US$ 80 billion in 2024–25, with top sources Singapore, Mauritius, USA, Netherlands, UAE, Japan; top sectors services, computer software and hardware, trading, telecom, automobiles. Press Note 3 (2020) restricts FDI from land-border countries.
- **Foreign Portfolio Investment (FPI):** volatile “hot money”; regulated by SEBI.
- External commercial borrowing, NRI deposits, external assistance.
- India’s external debt about 19% of GDP — moderate and largely long-term.

Trade policies

- Pre-1991: import substitution, quantitative restrictions, high tariffs (peak above 300%).
- Post-1991: removal of QRs (2001), tariff reduction, EXIM Policy → **Foreign Trade Policy** (2004–09, 2009–14, 2015–20).
- **Foreign Trade Policy 2023** (effective 1 April 2023, no end date): export target of US$ 2 trillion by 2030, remission-based incentives (RoDTEP, RoSCTL), Districts as Export Hubs, rupee trade settlement, e-commerce exports.
- SEZ Act 2005; EOUs; Export Promotion Mission (Budget 2025–26).

- Trade agreements: India–UAE CEPA (2022), India–Australia ECTA (2022), India–EFTA TEPA (signed 2024, in force 2025), India–UK CETA (signed July 2025); India did not join RCEP (2019).

Exam pointers: composition and direction; 1991 crisis and Rangarajan Committee; current account convertibility 1994; FTP 2023 targets; FDI sources.

8. Infrastructure Development: Physical and Social; Public–Private Partnerships

Types

- **Physical (economic) infrastructure:** energy, transport (roads, railways, ports, airports), telecommunications, irrigation, urban utilities.
- **Social infrastructure:** education, health, sanitation, housing, drinking water.
- Infrastructure has public-good features, high fixed costs, long gestation and externalities — Hirschman's **social overhead capital**.

Key developments and initiatives

Sector	Programmes and facts
Roads	India has the second-largest road network in the world; **Bharatmala Pariyojana (2017)**, national highway length over 1.46 lakh km, PMGSY for rural roads
Railways	Dedicated Freight Corridors (Eastern and Western), Vande Bharat trains, Mumbai–Ahmedabad high-speed rail, near-complete electrification of broad-gauge network
Ports and shipping	**Sagarmala (2015)**; Maritime India Vision 2030; Vadhavan port
Aviation	UDAN (2016); number of operational airports more than doubled since 2014
Energy	Installed power capacity over 450 GW, with non-fossil capacity crossing half of the total in 2025 — five years ahead of the 2030 NDC target; National Green Hydrogen Mission (2023); PM Surya Ghar (rooftop solar, 2024); One Nation One Grid
Digital	BharatNet, 5G, India Stack
Planning	**National Infrastructure Pipeline (2019)** — ₹111 lakh crore; **PM Gati Shakti National Master Plan (2021)** — integrated multimodal planning; **National Monetisation Pipeline (2021)** — ₹6 lakh crore asset recycling (NMP 2.0 announced 2025); National Logistics Policy (2022)
Financing	Union capital expenditure raised sharply (about ₹11 lakh crore budgeted for 2025–26, over 3% of GDP); NaBFID (2021); InvITs and REITs; 50-year interest-free loans to States for capex

Public–Private Partnerships (PPPs)

- Models: **BOT** (Build–Operate–Transfer), BOOT, BOO, DBFOT, **EPC** (engineering, procurement, construction — fully public financing), **HAM (Hybrid Annuity Model, 2016)** — government pays 40% of project cost during construction, rest as annuities; **TOT (Toll–Operate–Transfer)**, lease, management contracts.

- Institutional support: PPP Appraisal Committee, **Viability Gap Funding (2006)** — up to 20% (now up to 40% in some cases) of project cost, India Infrastructure Project Development Fund, IIFCL.
- **Kelkar Committee (2015)** on revisiting and revitalising PPPs: recommended rebalancing risks, an independent regulator and a dispute-resolution mechanism.
- Challenges: aggressive bidding, land acquisition delays, renegotiation, stressed assets, regulatory uncertainty.

Exam pointers: NIP, Gati Shakti, NMP; HAM and VGF; Kelkar Committee; Bharatmala and Sagarmala.

9. Reforms in Land, Labour and Capital Markets

Land market reforms

- **Post-independence land reforms:** abolition of intermediaries (zamindari), tenancy reforms (security of tenure, rent regulation, ownership rights), land ceiling laws, consolidation of holdings, Bhoodan (Vinoba Bhave). Most successful in West Bengal (Operation Barga) and Kerala.
- **Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013** (replaced Land Acquisition Act, 1894): compensation up to four times market value in rural areas and two times in urban areas; consent of 80% (private) or 70% (PPP) of affected families; social impact assessment.
- **Model Agricultural Land Leasing Act, 2016** (NITI Aayog, T. Haque Committee).
- **Digital India Land Records Modernisation Programme (DILRMP, 2016)**, Unique Land Parcel Identification Number (ULPIN — "Bhu-Aadhaar"), SVAMITVA, conclusive land titling (Model Act).

Labour market reforms

- About 29 central labour laws consolidated into **four Labour Codes:** Code on Wages (2019), Industrial Relations Code (2020), Code on Social Security (2020), Occupational Safety, Health and Working Conditions Code (2020) — **brought into force on 21 November 2025**.
- Key changes: universal minimum wage and national floor wage; threshold for prior government permission for lay-offs and closures raised from 100 to 300 workers; fixed-term employment; social security for gig and platform workers; single registration and licence; women allowed in night shifts with safeguards.
- Other: e-Shram portal (2021) for unorganised workers; Employees' Provident Fund reforms; Employment Linked Incentive scheme (2025); Second National Commission on Labour (Ravindra Varma, 2002).
- Debates: flexibility vs security; informality; low female participation.

Capital market reforms

- SEBI made statutory (1992); abolition of Controller of Capital Issues (1992); free pricing; FPIs allowed (1992); NSE (1992) and screen-based trading; depositories (1996); derivatives trading (2000); rolling settlement and T+1 (2023); demutualisation of exchanges.

- Banking and financial sector: Narasimham Committees, deregulation of interest rates, SARFAESI (2002), **IBC (2016)**, bank recapitalisation and mergers, **Financial Sector Legislative Reforms Commission (B.N. Srikrishna, 2013)**, Financial Stability and Development Council (2010).
- Corporate bond market development, InvITs/REITs (2014), International Financial Services Centres Authority (IFSCA, 2020) at GIFT City, Pension (PFRDA Act 2013), insurance FDI liberalisation.

Exam pointers: LARR Act 2013 provisions; four labour codes and their effective date; lay-off threshold 300; key capital market reform years.

10. Centre–State Financial Relations and Finance Commissions of India; FRBM

Constitutional framework

- **Part XII (Articles 264–300A):** finance, property, contracts.
- Seventh Schedule: Union List, State List, Concurrent List; residuary powers with the Centre.
- **Vertical fiscal imbalance:** Centre has more revenue-raising powers; States have greater expenditure responsibilities. Horizontal imbalances exist across States.
- Transfers: tax devolution (Finance Commission), grants-in-aid (Article 275 — statutory; Article 282 — discretionary), centrally sponsored schemes, borrowing (Article 293 — States need Centre's consent if indebted to it).
- **GST (101st Amendment, 2016):** Article 246A gives concurrent taxing powers; **GST Council (Article 279A)** — Union Finance Minister chairs; Centre holds one-third and States two-thirds of votes; decisions need three-fourths majority. GST compensation to States ran from July 2017 to June 2022 (the compensation cess was largely removed with the GST rate rationalisation of September 2025).

Finance Commission (Article 280)

- Constituted by the President every five years (or earlier); chairman plus four members; qualifications laid down in the Finance Commission (Miscellaneous Provisions) Act, 1951.
- **Functions:** recommend (a) distribution of net proceeds of shareable taxes between Centre and States (vertical) and among States (horizontal), (b) principles for grants-in-aid, (c) measures to augment State Consolidated Funds for panchayats and municipalities (added by 73rd and 74th Amendments), (d) other matters referred by the President.

Finance Commission	Chairman	Period	States' share
First	K.C. Neogy	1952–57	Income tax 55%
Tenth	K.C. Pant	1995–2000	Alternative scheme: 29% of all central taxes (accepted by 80th Amendment, 2000)
Eleventh	A.M. Khusro	2000–05	29.5%
Twelfth	C. Rangarajan	2005–10	30.5%
Thirteenth	Vijay Kelkar	2010–15	32%
Fourteenth	**Y.V. Reddy**	2015–20	**42%** (big jump; abolition of plan/non-plan

Finance Commission	Chairman	Period	States' share
			grants distinction)
Fifteenth	**N.K. Singh**	2020–21 and 2021–26	**41%** (1% for the new UTs of J&K and Ladakh)
Sixteenth	**Arvind Panagariya**	2026–31	Constituted December 2023; report tabled with Union Budget 2026–27

- **15th FC horizontal criteria:** income distance (45%), population 2011 (15%), area (15%), forest and ecology (10%), demographic performance (12.5%), tax effort (2.5%). Also introduced revenue deficit grants, sector-specific and performance grants.
- Issues: cesses and surcharges (outside the divisible pool) rising, conditional transfers, use of 2011 population, fiscal autonomy of States.

FRBM Act

- **Fiscal Responsibility and Budget Management Act, 2003** (rules notified 2004), based on E.A.S. Sarma Committee (2000).
- Original targets: eliminate revenue deficit and bring fiscal deficit to 3% of GDP by 2008 (suspended after 2008 crisis); amended 2012 (effective revenue deficit, medium-term expenditure framework), 2015, **2018** (debt-to-GDP as anchor: general government 60%, Centre 40%; fiscal deficit target 3%; escape clause allowing deviation up to 0.5% of GDP).
- **N.K. Singh FRBM Review Committee (2017)** recommended debt anchor and a Fiscal Council.
- After the pandemic, fiscal deficit reached 9.2% of GDP (2020–21); a glide path brought it to a targeted 4.4% in 2025–26; thereafter the Centre targets debt reduction to about 50 ± 1% of GDP by March 2031.
- Documents under FRBM: Medium-Term Fiscal Policy Statement, Fiscal Policy Strategy Statement, Macroeconomic Framework Statement.
- All States have Fiscal Responsibility Legislation (FRL).

Exam pointers: Article 280; FC chairmen and devolution shares (14th 42%, 15th 41%); 15th FC criteria and weights; GST Council voting; FRBM 2003 and 2018 amendment targets.

11. Poverty, Inequality and Unemployment

Poverty in India

- **Official estimates (Planning Commission):** Tendulkar method — 37.2% (2004–05) → 21.9% (2011–12); Rangarajan method — 29.5% (2011–12). No official consumption-based poverty line since then.
- **Household Consumption Expenditure Surveys (HCES) 2022–23 and 2023–24** revived consumption data; studies using these surveys show a sharp fall in poverty.
- **World Bank:** extreme poverty (US$ 3.00/day, 2021 PPP) fell from about 27% in 2011–12 to about 5.3% in 2022–23.
- **NITI Aayog National MPI:** 24.85% (2015–16) → 14.96% (2019–21) → about 11.3% (2022–23 estimate); about 24.8 crore people exited multidimensional poverty between 2013–14 and 2022–23.

- Causes: low productivity agriculture, unemployment and underemployment, inequality in assets, inflation, low human capital, social exclusion, regional backwardness.

Inequality

- **Consumption inequality:** Gini coefficient of consumption about 0.26 (World Bank, 2022–23), declining; rural–urban consumption gap narrowing (HCES).
- **Income and wealth inequality** are much higher: top 10% hold a large share of income and wealth (World Inequality Lab estimates show rising top shares since the 1980s); regional inequality across States (per capita income of richest States several times that of Bihar).
- Policies: progressive taxation, direct benefit transfer (2013), food security, MGNREGA/VB-G RAM G, financial inclusion, education and health spending.

Unemployment

- **Types:** open, disguised (agriculture), seasonal, structural, frictional, educated unemployment, underemployment.
- **Measurement (NSO):** usual status (principal + subsidiary — reference year), **current weekly status (CWS)** and current daily status (CDS). **Periodic Labour Force Survey (PLFS)** since 2017–18 (replacing NSS quinquennial employment rounds); monthly and quarterly estimates from 2025.
- Key indicators: Labour Force Participation Rate (LFPR), Worker Population Ratio (WPR), Unemployment Rate (UR).
- Trend: unemployment rate (usual status, 15+) fell from 6.0% (2017–18) to about 3.2% (2023–24); youth unemployment (15–29) much higher, about 10%; female LFPR rose substantially (driven by rural self-employment); about 58% of workers are self-employed and only about 22% have regular salaried jobs.
- Committees: **Bhagwati Committee (1973)** on unemployment estimates; **Dantwala Committee (1970)** — avoid single-dimensional estimates; Arjun Sengupta (NCEUS, 2007) — 77% of population lived on less than ₹20 per day.
- Policy responses: MGNREGA (now VB-G RAM G), PMEGP (2008), Skill India, Startup India, PM Mudra Yojana (2015), Stand-Up India, Employment Linked Incentive scheme (2025), PM Internship Scheme (2024), PLI-linked jobs, labour codes.

Exam pointers: Tendulkar vs Rangarajan figures; World Bank and MPI trends; usual vs CWS vs CDS; PLFS indicators (LFPR, WPR, UR); unemployment committees.