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# STANDING COMMITTEE ON FINANCE
**(2024-25)**

**EIGHTEENTH LOK SABHA**

## MINISTRY OF FINANCE
**(DEPARTMENT OF ECONOMIC AFFAIRS)**

# ROADMAP FOR INDIAN ECONOMIC GROWTH IN LIGHT OF GLOBAL ECONOMIC AND GEOPOLITICAL CIRCUMSTANCES

**TWENTY- SIXTH REPORT**

सत्यमेव जयते

**LOK SABHA SECRETARIAT**
**NEW DELHI**

***August, 2025/ Sravana, 1947 (Saka)***

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***Presented to Lok Sabha on 19 August, 2025***

***Laid in Rajya Sabha on 19 August, 2025***

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## COMPOSITION OF STANDING COMMITTEE ON FINANCE (2024-25)

### Shri Bhartruhari Mahtab - Chairperson

### MEMBERS

**LOK SABHA**

2. Shri Arun Bharti
3. Shri P. P. Chaudhary
4. Shri Lavu Sri Krishna Devarayalu
5. Shri Gaurav Gogoi
6. Shri K. Gopinath
7. Shri Suresh Kumar Kashyap
8. Shri Kishori Lal
9. Shri Harendra Singh Malik
10. Shri Chudasama Rajeshbhai Naranbhai
11. Thiru Arun Nehru
12. Shri N. K. Premachandran
13. Dr. C. M. Ramesh
14. Smt. Sandhya Ray
15. Prof. Sougata Ray
16. Shri P. V. Midhun Reddy
17. Dr. Jayanta Kumar Roy
18. Dr. K. Sudhakar
19. Shri Manish Tewari
20. Shri Balashowry Vallabhaneni
21. Shri Prabhakar Reddy Vemireddy

**RAJYA SABHA**

22. Shri P. Chidambaram
23. Shri Milind Murli Deora
24. Dr. Ashok Kumar Mittal
25. Shri Yerram Venkata Subba Reddy
26. Shri S. Selvaganabathy
27. Shri Sanjay Seth
28. Dr. Dinesh Sharma
29. Smt. Darshana Singh
30. Dr. M. Thambidurai
31. Shri Pramod Tiwari

**SECRETARIAT**

| | | |
|---|---|---|
| 1. | Shri Gaurav Goyal | Joint Secretary |
| 2. | Smt. Bharti Sanjeev Tuteja | Director |
| 3. | Shri T. Mathivanan | Deputy Secretary |
| 4. | Ms. Yugma Malik | Under Secretary |

# INTRODUCTION

I, the Chairperson, of the Standing Committee on Finance, having been authorised by the Committee, present this Twenty-Sixth Report (Eighteenth Lok Sabha) on the subject 'Roadmap for Indian Economic Growth in Light of Global Economic and Geopolitical Circumstances' of the Ministry of Finance (Department of Economic Affairs).

2. The Committee held deliberations with the Chief Economic Adviser on 19 December 2024 and 6 June 2025 and with the representatives of the Ministry of Finance (Department of Economic Affairs) on 25 June, 2025. The Committee wish to express their thanks to the representatives of the Ministry of Finance (Department of Economic Affairs), for appearing before the Committee and furnishing the material and information which the Committee desired in connection with the examination of the subject.

3. The Committee considered and adopted this Report at their Sitting held on 18 August, 2025.

4. The Committee wish to express their thanks to the representatives of the above-mentioned organizations for appearing before the Committee and furnishing the requisite material and information desired by the Committee in connection with the examination of the subject.

5. For facility of reference, the Observations / Recommendations of the Committee have been printed in bold at the end of the Report.

6. The Committee would also like to place on record their deep sense of appreciation for the invaluable assistance rendered to them by the officials of Lok Sabha Secretariat attached to the Committee.

**New Delhi;**
**<u>18 August, 2025</u>**
**27 Sravana, 1947 (Saka)**

**BHARTRUHARI MAHTAB**
**Chairperson,**
**Standing Committee on Finance**

**REPORT**

**PART I**

## A. INTRODUCTION

1.1 The global economy stands at a critical juncture with evolving geopolitical dynamics and continued economic uncertainties. Countries around the world are reassessing their trade and investment strategies, increasingly pivoting towards domestic priorities. The stock of restrictive trade measures has been steadily increasing over the past years, and the outlook for global trade has further deteriorated sharply due to the recent surge in tariffs and trade policy uncertainty. Similarly, the global investment patterns are being shaped by strategic and geopolitical considerations. These shifts reflect a structural transformation in the way nations pursue economic growth.

1.2 Against this complex backdrop, it is imperative that India's economic roadmap is firmly anchored in policies that support resilient and sustainable domestic growth. The International Monetary Fund, in its Article IV report published in February 2025, has stated that India's prudent macroeconomic policies and reform-driven approach have positioned it as the fastest growing major economy. As per the National Statistical Office (NSO), Ministry of Statistics and Programme Implementation (MoSPI), the provisional estimate of India's Gross Domestic Product (GDP) at current prices for the Financial Year 2024-25 stands at ₹330.68 lakh crore, supported by a real GDP growth rate of 6.5 per cent. This growth is supported by robust domestic demand. Private consumption as a share of nominal GDP is estimated to increase from 60.2 per cent in 2023-24 to 61.4 per cent in 2024-25. This is the second-highest level in the past two decades, indicating sustained strength in consumption demand. Gross Fixed Capital Formation (at constant prices) is estimated to grow by 7.1 per cent in 2024-25. In nominal terms, it comprises 29.9 per cent of the GDP. In June, 2025, the World Bank cut its global growth estimate to 2.3% for 2025 from 2.7% citing trade concerns. The June 2025 OECD Economic Outlook, projects global growth slowing from 3.3% in 2024 to 2.9% in both 2025-2026. World Bank retained India's real GDP growth forecast for 2025-26 at 6.3% (same as in April 2025 vs 6.7% in January, 2025).

## B. EVOLUTION OF INDIAN *VIS-À-VIS* OTHER ASIAN ECONOMIES

1.3 The criteria for classification of countries based on their Gross National Income (GNI), as published by the World Bank, are available from 1987 only. Evaluating the evolution of Asian economies from lower-middle-income status to upper-middle-income status or high-income status requires a longer time series. In this regard, an Asian Development Bank (ADB) publication attempted to construct the relevant thresholds for classification of countries based on their incomes and tracked their evolution over a longer horizon. As per this publication, Japan, South Korea, and China remained as lower-middle-income countries for 35 years, 19 years, and 17 years, before transitioning to upper-middle-income economies in 1968, 1988, and 2009, respectively. Asian nations have taken an average of 28 years to transition from lower-middle-income economies to upper-middle-income economies.

1.4 Further, based on World Bank data, the 5-year (during 2019 -2024) compound annual growth rate (CAGR) of India's per capita GNI is 5.1 per cent, as compared to a CAGR of 2.1 per cent for the moving threshold specified for the upper-middle-income status. This indicates that India would be able to catch-up faster to enter the upper-middle-income economy status.

1.5 According to World Bank classification, India entered the lower-middle-income group in 2008. Since then, the Indian economy has witnessed significant and broad-based transformation. Between 2008-09 and 2024-25, India's GDP at constant prices more than doubled, increasing from ₹70.9 lakh crore to around ₹188 lakh crore. Per capita GNI in nominal terms rose from ₹47,498 in 2008-09 to ₹2.31 lakh in 2024-25, marking an increase of close to five times. The economy recorded an average annual growth rate of 6.1 per cent during this period, despite multiple external shocks including the global financial crisis, the COVID-19 pandemic, geopolitical tensions, and commodity price volatility. Notably, India is now the fifth-largest economy in the world in nominal terms and the third-largest by purchasing power parity.

1.6 This growth trajectory has been accompanied by a decade of far-reaching structural reforms and infrastructure investments. The introduction of the Goods and Services Tax (GST) has created a unified domestic market. The Insolvency and Bankruptcy Code (IBC) has strengthened credit discipline and resolution mechanisms. The Jan Dhan Aadhaar Mobile architecture has enabled direct benefit transfers to over 2 billion beneficiaries, improving service delivery and financial inclusion. Infrastructure investment in the country has scaled up sharply. Highway construction has almost tripled from 12 km per day in 2014-15 to over 34 km per day in 2024-25. Renewable energy capacity has increased nearly three times since 2014. India has emerged as the third-largest startup ecosystem in the world. Gross Fixed Capital Formation in nominal terms has risen from 28 per cent in 2017-18 to 30 per cent of GDP in 2024-25, signalling a revival in investment sentiment in the economy.

1.7 Thus, the reforms and capacity-building measures undertaken over the past decade are deliberate investments in a more resilient and inclusive growth model. The Government's focus on robust capital expenditure, infrastructure build-up, financial sector reforms, ease of doing business, agriculture, education, skill development, small and micro enterprises, and urban development is likely to sustain high growth rates of the Indian economy, amidst geopolitical uncertainties. With strong macroeconomic fundamentals, accelerating formalisation, rising digital and physical connectivity, and a young, aspirational workforce, India is well-positioned to achieve sustained medium-term economic growth.

1.8 It is also important to note that India's journey from lower-middle to high-income differs from that of Japan, Korea, and China because it faces a global landscape marked by deglobalization, heightened geopolitical tensions, rapid technological disruption, and climate imperatives—challenges that were far less acute during the earlier transitions of these East Asian economies. For instance, unlike the export-driven boom years available to Japan and Korea (and to a large extent, China), India faces a world with slower global trade growth and rising protectionism. Technological change and automation are transforming manufacturing, reducing the traditional path of labour-intensive industrialisation that might have benefited its predecessors. For a democratic and labour-surplus country like India, increasing the capital intensity of manufacturing poses several challenges. Climate change demands and net-zero targets require India to pursue greener, costlier development strategies that were not factors in previous decades. Geopolitical fragmentation means tighter energy markets, supply chain insecurity, and complex diplomatic balancing, adding additional hurdles. The world India must navigate is more fragmented, competitive, and volatile, making the leap to high-income significantly different—and arguably more demanding—than what Japan, Korea, or China confronted in their eras.

## C. GENERAL OUTLOOK OF THE INDIAN ECONOMY – MACRO FUNDAMENTALS

1.9 Amidst the uncertainty posed by the global economic and geopolitical circumstances, the roadmap for Indian economic growth rests on the strength of the macro fundamentals and the continuation of the reform efforts at different tiers of the Government.

1.10 In response to query during sitting on 25th June, 2025 on maintaining economic resilience amidst rising global uncertainties and growth of real GDP the following response was furnished by the Ministry:

> *"The Government has been taking various measures to build and maintain medium-term economic resilience in the face of geopolitical conflicts and uncertainties. Despite various adverse geopolitical developments, the Indian economy registered a real GDP growth of 6.5 per cent in 2024-25. Structural factors such as high domestic savings and favourable demographics continue to underpin the country's high growth potential. The reports of various credit rating agencies reflect growing global confidence in the medium-term growth prospects of the Indian economy, underpinned by prudent macroeconomic management, credible fiscal consolidation, resilient external sector performance, robust foreign exchange reserves, structural reforms, infrastructure investment, a resilient banking system and rapid digitalisation. Additionally, a well-regulated financial system, a credible inflation-targeting regime, and a flexible exchange rate contribute to the Indian economy's resilience to shocks.*
>
> *Despite the adverse geopolitical developments, the inflation rate has reduced from an average of 6.7 per cent in 2022-23 to 4.6 per cent in 2024-25. Further, the outlook for inflation is expected to remain benign . The Reserve Bank of India (RBI) has revised the inflation outlook for 2025-26 downwards from the earlier forecast of 4.0 per cent to 3.7 per cent.*
>
> *Given the geopolitical uncertainties and the evolving global trade landscape, the Government of India's growth strategy is rooted in policies that promote resilient, inclusive, and sustainable domestic growth, while remaining responsive to emerging global and domestic challenges.*
>
> *In line with this approach, the Union Budget 2025-26 outlined a multisectoral agenda for sustained economic growth. The proposed development measures span across ten key areas, including agricultural growth and productivity, building rural prosperity and resilience, fostering inclusive growth, boosting manufacturing, supporting MSMEs, enabling employment-led development, investing in people, economy, and innovation, securing energy supplies, promoting exports and nurturing innovation. Reforms in taxation and financial sector and non-financial sector regulatory reforms are expected to catalyze the growth. Further, the Government has also undertaken various initiatives for expanding job opportunities across the country, such as employment guarantee schemes, employment-linked incentives, skilling and self- employment programmes, digital portal for career-related services, and measures for inclusive human resource development*."

1.11 When the Committee asked on the need for an inclusive, equitable and sustainable approach to economic development during the sitting on 25th June, 2025, the following response was furnished by the Ministry:

*“The Government has adopted an inclusive approach toward economic development guided by the principle of ‘Sabka Sath, Sabka Vikas, Sabka Prayas’. This, coupled with the Government’s efforts to provide affordable housing, social security for workers, food security, financial inclusion, universal access to basic amenities and high-quality affordable healthcare, is expected to improve the overall well-being and standards of living. At the same time, the Government’s focus on robust capital expenditure, infrastructure build-up, financial sector reforms, ease of doing business, agriculture, education, skill development, small and micro enterprises, and urban development is likely to sustain high growth rates of the Indian economy*.”

1.12 In this regard, the Secretary, Department of Economic Affairs while deposing before the Committee on 25.6.2025 has stressed the following measures to achieve sustained prosperity:-

*“Growth: Ideally, the Indian economy will need to grow by around 8% in real terms every year, at least for a decade.*

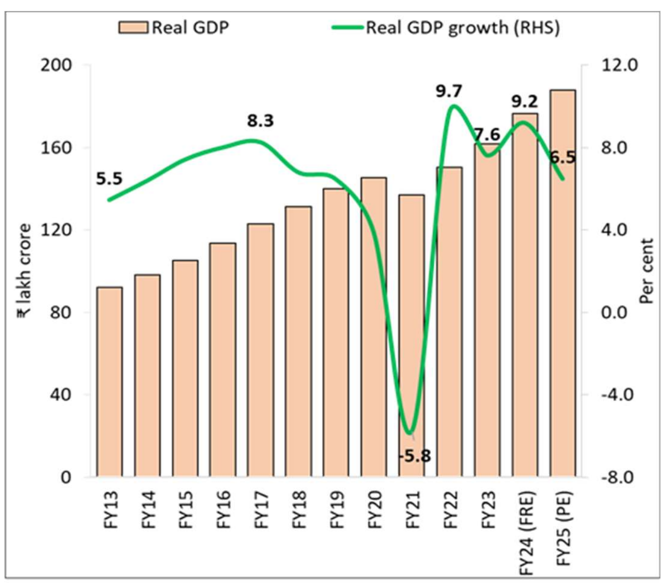
*Investment rate: To achieve this ambitious growth rate, the investment rate will have to increase to around 35% of GDP from the current level of around 31% of GDP.*

*Financing this implies higher levels of Current Account Deficit (CAD). Challenging under the current global circumstances.*

*Focus on domestic-led growth*

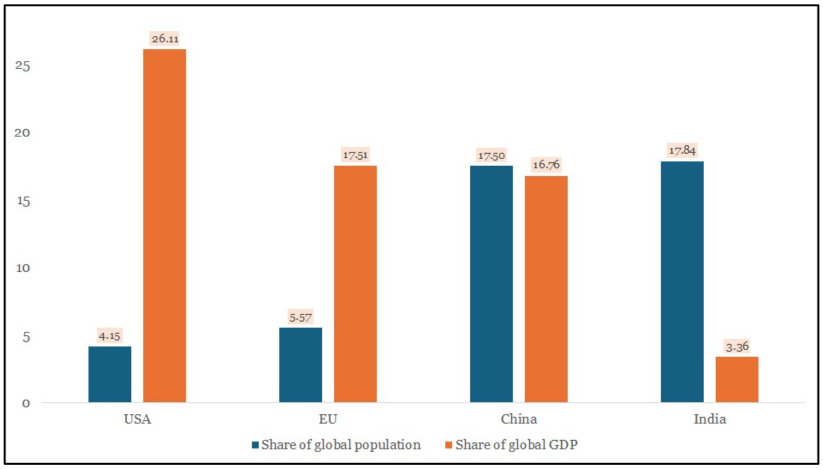
*Therefore, deregulation is important to drive growth and create jobs”.*

1.13 The following graphs depict the Real GDP and Real GDP growth during the financial year 2013 onwards-




Source: MoSPI, IMF WEO, April 2025

1.14 The share of global population *vis-à-vis* the share of global GDP is as follows:




1.15 Furthermore, the trends of expenditure on major items from the last five years as furnished by the Ministry are as below:

**Trends of expenditure on Major Items***(₹ in crore)*

| Items | Actual 2021-22 | Actual 2022-23 | Actual 2023-24 | RE 2024-25 | BE 2025-26 |
|---|---|---|---|---|---|
| Defence (Excluding pensions) | 3,66,546 | 3,99,123 | 4,44,699 | 4,56,722 | 4,91,732 |
| Agriculture and Allied Activities | 76,492 | 1,25,875 | 1,45,995 | 1,40,859 | 1,71,438 |
| Commerce and Industry | 47,068 | 44,363 | 49,809 | 56,502 | 65,553 |
| Education | 80,352 | 98,567 | 1,23,365 | 1,14,054 | 1,28,650 |
| Energy | 53,696 | 65,717 | 52,405 | 63,403 | 81,174 |
| Health | 84,091 | 73,551 | 81,594 | 88,032 | 98,311 |
| Rural Development | 2,28,760 | 2,38,396 | 2,41,193 | 1,90,675 | 2,66,817 |
| Social Welfare | 40,595 | 40,470 | 42,065 | 46,482 | 60,052 |
| Transport | 3,32,238 | 3,90,508 | 5,26,765 | 5,41,384 | 5,48,649 |
| Urban Development | 1,06,840 | 77,310 | 68,565 | 63,670 | 96,777 |

1.16 The Committee during the sitting held on 6th June, 2025 deliberated on the need for adequate effectiveness of investment and containing fiscal deficit while balancing the push for public capex. The Ministry in the post evidence replies furnished as follows:

> *"The efficiency of investment can be measured by the incremental capital output ratio (ICOR). It indicates how much additional capital (investment) is needed to produce one extra unit of output. A lower ICOR suggests that an economy is more efficient at using capital to generate growth. For the Indian*

*economy, ICOR had steadily declined between 2012-13 and 2016-17 before picking up over 2017-18 and 2018-19. It averaged 4.2 in the post-pandemic period of 2021-22 to 2023-24 .*

*As per the National Accounts Statistics 2025, 19.5 per cent of investments, as measured by Gross Capital Formation (GCF) at current prices, accrued to the real estate, ownership of dwellings and professional services sector in 2023-24. Amongst the other services, the shares of investment in railways, and communications & services related to broadcasting in 2023-24 of 2.7 per cent and 4.8 per cent, were notably higher than their pre-pandemic averages of 1.5 per cent and 3.8 per cent, respectively. The construction sector accounted for 8.1 per cent of investment, notably higher than the pre-pandemic average of 6.2 per cent. Manufacturing attracted 15.7 per cent of GCF in 2023-24.*

*Fiscal deficit will be contained when the increase in public capex shall be accompanied by a decline in debt burden. The Government of India is on track to achieve this after announcing a glide path to reduce debt-to-GDP ratio to 50±1 per cent of GDP by 2030-31.*

*With regard to States, they have enacted their Fiscal Responsibility and Budget Management (FRBM) Acts. Compliance to the State FRBM Act is monitored by the respective State Legislatures. FRBM Acts of States generally make the State Governments responsible to ensure prudence in fiscal management and fiscal stability by progressive elimination of revenue deficit, reduction in fiscal deficit, prudent debt management consistent with fiscal sustainability, greater transparency in fiscal operations of the Government and conduct of fiscal policy in a medium-term framework.*

*In addition, the increase in tax devolution to States from 32 per cent to 42 per cent by the 14th Finance Commission as well as grants-in-aid for creation of capital assets given by the Government of India to States has provided more fiscal space to States to undertake capital expenditure, without increasing their fiscal deficit.*

*Within the glide path to reduce debt burden of the Government of India, States are also provided with Special assistance to States for Capital Investment (SASCI) in the form of 50-year interest free loans for capital projects, to complement their effort to boost capex. While capex induces a higher multiplier effect in the economy, reforms linked to SASCI incentivise States to boost economic growth and productivity of their respective States*."

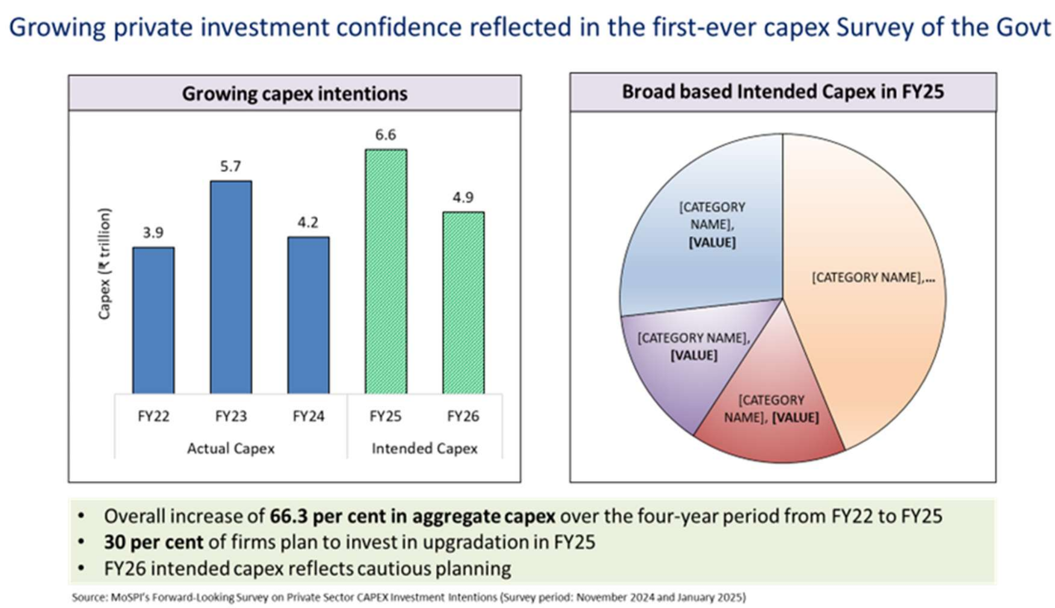
1.17 The Ministry in their post-evidence replies have further added that the reduction of debt to GDP from 57.1 per cent in FY25 to 50±1 per cent by FY31 will also be accompanied by an improvement in the quality of expenditure and decline in the interest to revenue ratio, with lower interest rates driven by low repo rates and a stable inflation outlook. The Ministry has also stated that the favourable growth interest rate differential will lead to a sustained decline in debt burden.

1.18 When further asked about the release of funds under SASCI, the Ministry in their post-evidence replies has provided the following information:-

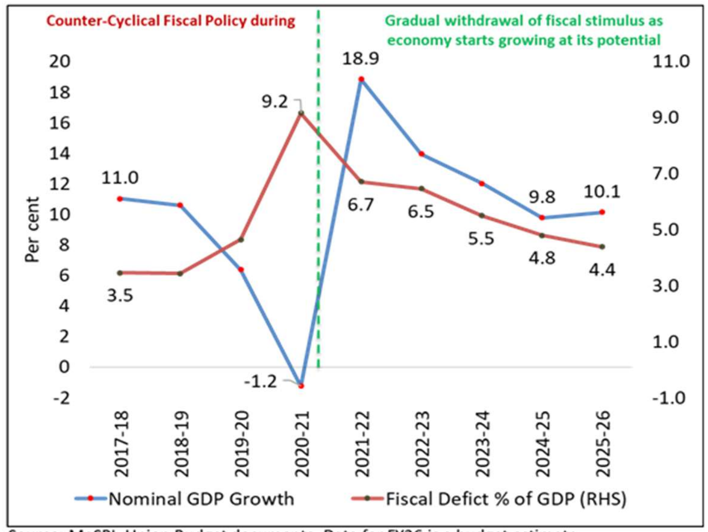
> Year-wise releases to State governments under the scheme, Special Assistance to States for Capital Investment (SASCI), is shown below:

| Year | Amount (₹ crore) |
|---|---:|
| 2020-21 | 11,830 |
| 2021-22 | 14,186 |
| 2022-23 | 81,195 |
| 2023-24 | 1,09,554 |
| 2024-25 | 1,49,484 |
| 2025-26 (BE) | 1,50,000 |

1.19 The growth in Capex and fiscal consolidation are given in the chart:-



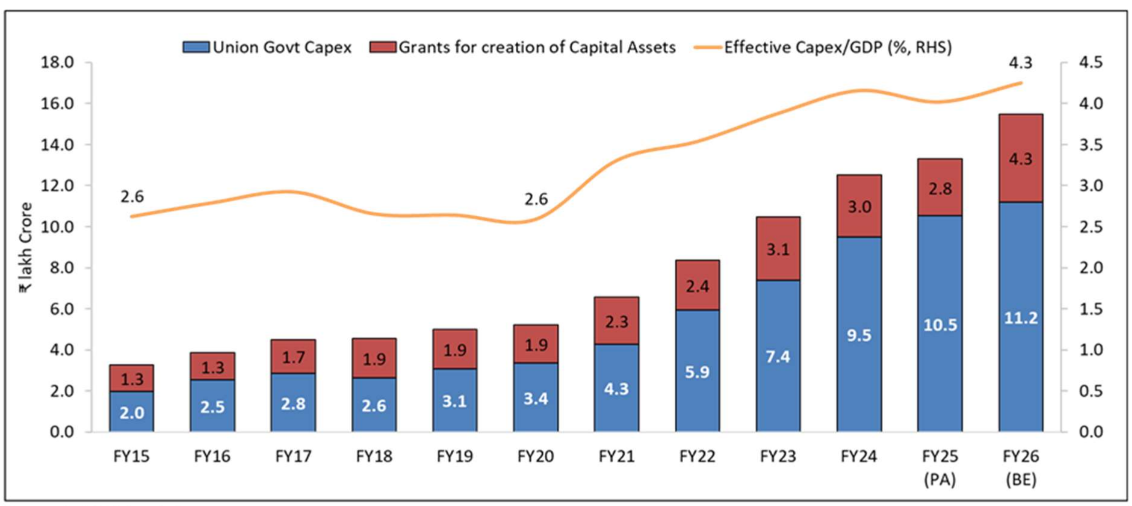
**Counter-Cyclical Fiscal Policy during crisis followed by a steady fiscal consolidation**




Source: MoSPI, Union Budget documents. Data for FY26 is a budget estimate

1.20 The per cent of GDP and fiscal consolidation, as presented by the Chief Economic Adviser during the sitting held on 6th June, 2025, are given below-

## Remains focused on enhancing capital expenditure




Source: MoSPI, Union Budget documents

1.21 The Committee during the sitting held on 25th June, 2025 also enquired about the fiscal position of states. The Ministry in its written replies furnished the following:

> "The Union Government does not maintain the data related to the fiscal position of the States; however, as per the RBI's State Finances data, the overall liabilities to GSDP of States may be seen as follows:

**Overall liabilities to GSDP ratio of States**

| State/UT | 2020-21 | 2021-22 | 2022-23 | 2023-24 (RE) | 2024-25 (BE) |
|---|---|---|---|---|---|
| 1. Andhra Pradesh | 36.1 | 33.1 | 33.1 | 34.3 | 34.7 |
| 2. Arunachal Pradesh | 46.1 | 48.7 | 51.4 | 56.1 | 57.0 |
| 3. Assam | 26.4 | 24.9 | 27.0 | 27.0 | 27.5 |
| 4. Bihar | 40.1 | 39.8 | 39.3 | 38.9 | 37.3 |
| 5. Chhattisgarh | 28.4 | 25.9 | 23.5 | 28.2 | 29.1 |
| 6. Goa | 35.9 | 36.0 | 34.1 | 33.8 | 30.2 |
| 7. Gujarat | 22.5 | 20.2 | 19.2 | 18.2 | 17.9 |
| 8. Haryana | 33.8 | 32.2 | 31.4 | 30.6 | 30.4 |
| 9. Himachal Pradesh | 45.4 | 42.7 | 45.2 | 45.2 | 45.2 |
| 10. Jharkhand | 36.8 | 30.2 | 28.4 | 26.7 | 26.6 |
| 11. Karnataka | 25.7 | 25.5 | 25.1 | 25.4 | 26.5 |
| 12. Kerala | 40.3 | 38.9 | 37.9 | 37.2 | 36.8 |
| 13. Madhya Pradesh | 30.7 | 29.8 | 29.4 | 30.2 | 31.6 |
| 14. Maharashtra | 21.0 | 19.3 | 18.1 | 18.3 | 19.0 |
| 15. Manipur | 43.9 | 43.8 | 42.6 | 37.3 | 36.7 |
| 16. Meghalaya | 43.5 | 42.1 | 42.9 | 39.8 | 39.0 |
| 17. Mizoram | 42.7 | 41.0 | 37.2 | 34.9 | 31.6 |
| 18. Nagaland | 51.1 | 49.1 | 45.7 | 39.6 | 40.0 |
| 19. Odisha | 26.1 | 19.9 | 19.5 | 16.0 | 16.3 |
| 20. Punjab | 47.9 | 45.4 | 47.1 | 46.7 | 46.6 |
| 21. Rajasthan | 40.4 | 38.8 | 37.3 | 37.1 | 35.8 |
| 22. Sikkim | 29.2 | 30.5 | 31.3 | 33.0 | 35.0 |
| 23. Tamil Nadu | 31.8 | 32.2 | 31.7 | 31.1 | 30.3 |
| 24. Telangana | 28.8 | 28.0 | 26.7 | 26.2 | 26.2 |
| 25. Tripura | 40.2 | 36.0 | 31.4 | 28.5 | 27.9 |
| 26. Uttar Pradesh | 36.6 | 32.6 | 30.4 | 30.9 | 31.8 |
| 27. Uttarakhand | 33.4 | 29.6 | 26.5 | 24.7 | 24.2 |
| 28. West Bengal | 43.6 | 41.2 | 39.1 | 38.3 | 38.0 |

*Source: RBI's State of Finances: A study of Budgets."*

1.22 On the issue of deregulation and its importance and the approach being followed for the same, Secretary, Economic Affairs stated the following during the sitting of the Committee held on 25th June, 2025 :

> *"…deregulation. As announced in this Budget and the previous Budget, there are reforms which are covering land, labour, capital, and deregulation. It is about the Government of India as well as all of the State Governments. I can mention that there is a task force which is chaired by the Cabinet Secretary interacting with the States. There are a number of my colleagues who are part of that task*

*force. They go to the State, meet the Chief Secretary, meet the stakeholder, and have extensive day long meetings there. They identify the reforms; sit down with them. They ask whether they can be of any help in those reforms happening and making sure that the good work done by one State is shared with another State. If somebody else has done a good work, then it is a lesson for the other for consideration. That kind of an approach is being taken..."*

## D. KEY CATALYSTS FOR INDIAN ECONOMIC GROWTH

1.23 Some of the major factors with the potential to guide and stride Indian economic growth are discussed in the following paragraphs:

### I. PHYSICAL AND DIGITAL INFRASTRUCTURE

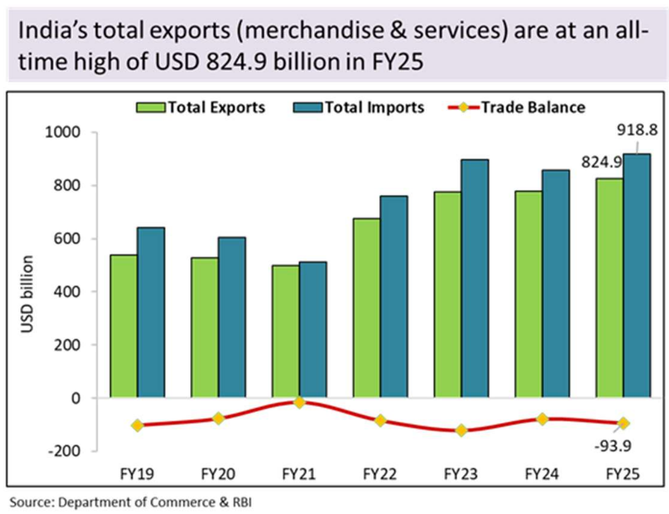
1.24 Infrastructure development has remained a central pillar of the Government's policy agenda over the past decade. The Union Government's capital expenditure has increased by 4.3 times from 2017-18 to the 2025-26 Budget. This significant increase has led to a qualitative transformation in India's physical infrastructure. Since 2014, the national highway network has expanded by about 65 per cent, the number of operational airports has more than doubled, and maritime and rail connectivity has vastly improved. The PM Gati Shakti National Master Plan is strengthening multimodal connectivity, streamlining trade, and reducing logistics costs. As a result, India's ranking in the World Bank's Logistics Performance Index has risen from 54 in 2014 to 38 in 2023. Alongside physical infrastructure, the development of public digital infrastructure has been transformative. Over the last decade, initiatives such as UPI, Aadhaar, and no-frills/ basic bank accounts or the JAM Trinity have revolutionised financial inclusion, formalised the economy, and enhanced efficiency across sectors. The digital revolution also presents challenges such as cyber security threats, digital literacy gaps, and unequal access to technology. The Government is addressing these concerns through initiatives like Digital Saksharta Abhiyan (DISHA) for digital literacy, Data Protection Laws for privacy and security, and BharatNet for rural connectivity.

### II. EXPORTS AND TRADE

1.25 The geopolitical risks are significantly impacting global trade dynamics and the stability of financial markets worldwide. A sharp increase in tariffs, frequent changes in tariff levels and retaliatory measures have cast a lot of uncertainty on the global trade outlook.

1.26 As a major emerging market economy, India, too, faces distinct challenges and opportunities. The country remains vulnerable to spillover effects from international geopolitical events, being the world's fifth-largest economy with substantial integration into global trade and financial networks. However, as the world faces challenging demand dynamics and a global rebalancing of funds, India can offer a more balanced market for investments. It is not over-reliant on exports, but at the same time has some key export-oriented sectors (such as IT and Pharmaceuticals, along with a portion of manufacturing), balanced with robust domestic drivers of growth. It is projected that India will contribute 6 per cent to global trade growth over the next five years, securing third place behind the United States and China.

1.27 During the sitting held on 25th June, 2025, Secretary, Economic Affairs highlighted on the all-time high exports (merchandise and services) by the following graph:




1.28 In response to query raised on 25th June, 2025 regarding premier export destinations of India, the Ministry furnished the following data in the written replies:

**India's top five export destinations and the top commodities exported to them during 2024-25**

| Rank | Country | 2024-25 (P) (USD billion) | YoY Growth (%) | Share in 2024-25 (%) | Top commodities exported by India |
|---|---|---|---|---|---|
| 1 | USA | 86.51 | 11.59 | 19.78 | Electrical machinery and equipment and parts; pearls, precious and semiprecious stones; pharmaceutical products; nuclear reactors, boilers, machinery ; mineral fuels, oil and their products. |

| Rank | Country | 2024-25 (P) (USD billion) | YoY Growth (%) | Share in 2024-25 (%) | Top commodities exported by India |
|---|---|---|---|---|---|
| 2 | United Arab Emirates | 36.64 | 2.84 | 8.38 | Pearls, precious and semiprecious stones; mineral fuels, oil and their products; electrical machinery and equipment and parts; nuclear reactors, boilers, machinery and mechanical appliances parts thereof; aircraft, spacecraft, and parts thereof. |
| 3 | Netherland | 22.76 | 1.75 | 5.20 | Mineral fuels, oil and their products; electrical machinery and equipment and parts; organic chemicals; nuclear reactors, boilers, machinery and mechanical appliances, parts thereof; pharmaceutical products |
| 4 | UK | 14.55 | 12.08 | 3.33 | Electrical machinery and equipment and parts; nuclear reactors, boilers, machinery and mechanical appliances, parts thereof; mineral fuels, oil and their products; pearls, precious and semiprecious stones; pharmaceutical products |
| 5 | China PRP | 14.25 | -14.49 | 3.26 | Ores, slag and ash; mineral fuels, oil and their products; organic chemicals; nuclear reactors, boilers, machinery and mechanical appliances, parts thereof; fish and crustaceans, molluscs and other aquatic invertebrates. |
| **Total Exports of India** | | **437.42** | **0.08** | **100.00** | |

*Source: FTPA, Department of Commerce, P = Provisional*

1.29 Further, the Committee during evidence raised concerns regarding need to address manufacturing competitiveness especially in the present uncertain geopolitical or global trade scenario to which the Ministry in the post-evidence replies furnished the following response:

> *"With 2.8 per cent of the global share in manufacturing, India has a large opportunity to climb up the ladder, as manufacturing production is increasingly shifting towards emerging market economies, particularly India. India stands a good chance of benefiting from the trends in global industrial diversification. However, realising this potential will require active participation from the private sector, deregulation, R&D, and innovation and improving the skill levels of the workforce.*
>
> *The Government has taken several measures to promote the growth of the manufacturing sector, transform India into a global manufacturing hub and achieve the vision of 'Aatmanirbhar Bharat' in the manufacturing sector. The 'Make in India' initiative has been launched to make India a hub for manufacturing, design, and innovation. Presently, 'Make in India' focuses on 27 sectors, including 15 manufacturing sectors. Further, Production Linked Incentive (PLI) schemes have been launched for 14 key manufacturing sectors, which are crucial for economic growth, technological advancement, and strategic importance. The other major initiatives include Start-up India, National Single Window System (NSWS), GIS enabled Land Bank, Foreign Direct Investment (FDI) policy reforms, PM Gati Shakti National Master Plan for integrated planning of multi-modal infrastructure, Project Monitoring Group to remove bottlenecks in setting up of major infrastructure projects, Special Packages for North Eastern and Himalayan Regions, setting up of Industrial Park, interventions to improve Ease of Doing Business, measures for reduction in compliance burden, policy measures to boost domestic manufacturing through public procurement orders, and Phased Manufacturing Programme (PMP)."*

1.30 When asked about consideration of an action plan of the Government for the even distribution of industries across all the States in the country, the Ministry in their post-evidence replies stated as under:-

> *"Industry is a state subject; however, the Central Government comes out with several initiatives and policies from time to time to promote industrialisation in various parts of the country, which are meant to supplement the efforts undertaken by the state governments*."

1.31 To a specific query regarding the requirement of multiple NOCs and clearances which cause significant delays in construction sector, which in turn harms the economy, the Ministry in their written replies has stated as follows:-

> *"The Government of India is actively working to streamline the environmental clearance process while ensuring that environmental safeguards are maintained. In 2018, the Ministry of Environment, Forest and Climate Change (MoEFCC) launched the Parivesh portal, a single-window system designed to integrate environmental, forest, and wildlife*

*clearances. This initiative aims to reduce delays and enhance transparency in the clearance process.*

*In addition, the Central Government has amended Section 21 of the Air (Prevention and Control of Pollution) Act, 1981, and Section 25 of the Water (Prevention and Control of Pollution) Act, 1974, exempting certain categories of industries from the requirement to obtain consents. A Standard Operating Procedure (SOP) issued on November 14, 2024, was partially modified on January 14, 2025. These measures are part of broader systemic and policy reforms aimed at streamlining and expediting the environmental clearance process. This approach considers the urgent need for development while balancing it with essential environmental protections in line with the concept of sustainable development.*

*These exemptions will not only lighten the compliance burden on industries but also promote Ease of Doing Business by reducing overlapping approvals for environmental clearance and consent. The ongoing reforms seek to balance development priorities with environmental sustainability, and further simplification is being pursued through digitisation and decentralisation of approvals to minimise project delays without compromising compliance."*

1.32 When the Committee enquired about the steps taken to boost exports and curb trade deficit, the Ministry in their post-evidence replies has *inter-alia* stated the following:-

*"….the Government has taken various steps to boost exports from the country, such as revising the Foreign Trade Policy in 2023, placing the Districts as Export Hubs initiative, encouraging the Vocal for Local Campaign and launching Trade Connect ePlatform, to name a few. This is expected to cater to the concerns regarding trade deficit."*

1.33 The Ministry on being enquired as to how do global geopolitical shocks, trade disputes, and rising interest rates impact foreign direct investment (FDI) and foreign institutional investment (FII) in India and how foreign investors influence the primary and secondary markets and what are the Government's plans to allay these potential concerns; the Ministry has submitted the following in the post-evidence replies:-

*"Interest rate changes in developed countries may not significantly impact FDI inflows into India, as such investments are primarily driven by long-term strategic factors rather than short-term interest rate differentials. FDI into India is largely influenced by its large consumer base, skilled workforce, ongoing economic reforms, and favorable policy environment. Global companies invest in India to tap into its growing market, establish manufacturing bases, and leverage cost advantages, which are not directly affected by interest rate movements in the US or Europe. Moreover, structural strengths such as political stability, digital infrastructure, and demographic dividend continue to make India an attractive destination for FDI, even when returns in developed countries become relatively more attractive due to rising interest rates.*

*Foreign Portfolio Investors (FPIs) undertake their investment and disinvestment decisions based on several factors which include interest rates,* *global macroeconomic and geopolitical factors; prevailing conditions such as liquidity and volatility in the financial markets; taxation structure, market infrastructure, regulatory regime, economic and monetary policy scenarios and outlook of the concerned investment jurisdiction vis-à-vis other emerging/developed markets; as well as anticipated future returns, risk taking ability and investment objective of the concerned FPIs.*

*In recent times, India has received inflows from FPIs in the debt market. Notwithstanding current global uncertainties, continued FPI inflows are reflective of the innate strength of India‘s macroeconomic fundamentals, with India being one of the fastest-growing major economies in the world. The Indian economy is marked by both internal and external resilience, amidst low inflation. Additionally, with the Government following the path of fiscal consolidation, India‘s bond market has recorded robust performance in recent times. Furthermore, with the inclusion of Indian government bonds in global bond indices, there have been robust passive inflows from FPIs. After two years of solid positive flows into debt, there is a slight reversal noticed during the current year. However, equity flows are positive during 2025-26 (till the month of July).*

*To foster stable inflows, SEBI and RBI, in consultation with the Government of India, have undertaken several measures across equity and debt segments, such as enhancing investment limits, easing regulatory and operational requirements, simplifying on-boarding processes, and providing state-of-the-art market infrastructure. Some of the recent measures have been outlined*

*Measures by RBI and SEBI to encourage stable flows of FPIs in recent years*

*RBI:*

- *FPIs are permitted to settle Over-the-Counter (OTC) secondary market transactions in Government Securities either on T+1 or on T+2 basis.*
- *Banks in India have been permitted to place margins on behalf of foreign investors for the settlement of transactions in Government securities. This measure was taken on account of foreign investors sharing their operational difficulties on account of such margin placements.*
- *FPIs have been provided with an extended time window of three hours after the close of trading hours for reporting their transactions in Government securities. This time window is expected to facilitate reporting of transactions by foreign investors in different time zones.*
- *The requirement for investments by FPIs in corporate debt securities to comply with the short-term investment limit and the concentration limit have been withdrawn to provide greater ease of investment to FPIs.*

*SEBI:*

- *Relaxation from certain regulatory requirements provided to all existing and prospective FPIs that exclusively invest in G-Secs (—GS-FPI‖) such as less frequent mandatory KYC reviews aligning with RBI norms, exemption from furnishing investor group details, relaxing restrictions on NRI/OCI participation etc.*
- *Streamlining of on-boarding process of FPIs by allowing scanned forms, digital signatures, SWIFT-based document certification for granting registration.*

- *Permitting 100% aggregate contribution by Non-Resident Indians (NRIs), Overseas Citizens of India (OCIs) and Resident Indian (RI) individuals in SEBI registered FPIs based in International Financial Services Centres in India.*
- *Permitting FPIs to participate in Exchange Traded Commodity Derivatives in India.*
- *Providing operational framework for reclassification of FPI investment to FDI.*
- *Relaxed timelines for FPIs to disclose material changes, and allowing greater flexibility in handling securities after registration expiry."*

1.34 The Ministry has further added as follows:-

*"Although Singapore contributed nearly 30% of India's total FDI equity inflows in 2024–25, the tightening in its investment framework is unlikely to significantly affect India's overall FDI inflows. This is because Singapore is primarily considered a strategic conduit for routing global investments due to its favorable tax regime, and many investments attributed to Singapore actually originate from other jurisdictions. Genuine investors, driven by India's strong growth prospects, large consumer market, improved ease of doing business, and robust digital and infrastructure push, are expected to continue investing—either directly or through alternate routes. Moreover, India's FDI policy is not country-specific; it is transparent, liberal, and backed by ongoing economic and structural reforms. The fact that the number of investing countries increased from 89 in 2013–14 to 112 in 2024–25 reflects India's rising global credibility and attractiveness as a long-term investment destination. Additionally, India's emphasis on sectors like manufacturing, green energy, and digital economy continues to draw diverse investor interest, ensuring a broad-based and resilient FDI inflow.*

*India is actively involved in the discussions on the India-USA Bilateral Trade Agreement, which aims at expanding trade and investment and deepening the U.S.-India trade relationship to promote growth that ensures fairness, national security and job creation. The ongoing discussions are focusing on how to take an integrated approach to strengthen and deepen bilateral trade by mutually increasing market access, reducing tariff and non-tariff barriers, and deepening supply chain integration.*

*The Indian government prioritizes public welfare, including that of farmers, workers, and consumers. Priority has been accorded to get enhanced opportunities for export of products manufactured by its labor-intensive sectors, especially textiles, apparel, leather goods, footwear, among others."*

1.35 The Committee, given the need for fiscal consolidation, asked about the Government's plan for the disinvestment of loss-making Public Sector Undertakings (PSUs), and incentivizing States to participate in this process, to which the Ministry has submitted post-evidence replies as under:-

*"The Department of Public Enterprises has been entrusted with the responsibility to identify CPSEs for closure or privatisation in the non-strategic*

*sector in consultation with administrative ministries/departments and to take in-principle approval from CCEA in respect of such identified CPSEs.*

*As per the New Public Sector Enterprises (PSE) Policy for Atmanirbhar Bharat issued by DIPAM vide OM dated 04.02.2021, the PSEs in non-strategic sectors shall be considered for privatization, where feasible; otherwise, such enterprises shall be considered for closure. In order to operationalize the New PSE Policy for CPSEs in the non-strategic sector, DPE has issued guidelines vide OM dated 13.12.2021.*

*Disinvestment/Asset Monetisation is an ongoing process, and execution/completion of specific transactions hinges upon market conditions, domestic and global economic outlook, geopolitical factors, investor interest and administrative feasibility.*

*However, after the advent of the New PSE Policy and the issuance of DPE Guidelines dated 13.12.2021, DPE has not obtained approval for the disinvestment of any CPSE under nonstrategic sectors. The Central Government doesn't have a role in the Disinvestment of State PSUs.*

*Certain releases under the scheme Special Assistance to States for Capital Investment (SASCI) incentivize fiscal prudence of the States."*

1.36 When the Committee asked about the measures to protect the domestic and export sectors amidst uncertainty due to geopolitical development, increasing tariffs by US, the Ministry in their post-evidence replies stated the following:-

*"India – USA Bilateral Trade Agreement*
*The Government of India continues to engage with the Government of the US to achieve enhancement and broadening of bilateral trade ties in a mutually beneficial and fair manner. Both nations released a Joint Statement on February 13, 2025, wherein both countries expressed their commitment to expanding trade and investment to enhance prosperity for their citizens, drive innovation in their economies, and bolster supply chains. As part of this initiative, "Mission 500," an ambitious goal aimed at more than doubling bilateral trade to USD 500 billion by 2030, has been announced.*

*Recognising that this level of ambition would require new trade terms, both Governments announced plans to negotiate the first tranche of a mutually beneficial, multi-sector Bilateral Trade Agreement by the fall of 2025.39 Bilateral discussions were also held in March and April 2025 in line with the Leaders' Statement of February 2025.*

*The countries would focus on increasing market access, reducing tariff and non-tariff barriers, enhancing supply chain integration and resolving key trade issues bilaterally.41 (Niti Aayog has conducted a study analysing the implications of the US Trade Policy for India. Detailed report is available at: https://tinyurl.com/yvvwptfx)*

*In addition to negotiating a trade agreement with the US, several domestic initiatives are being undertaken. The industry is being encouraged to identify* *new opportunities arising out of the impact of tariffs on the existing supply chains. Parallelly, imports are being monitored for appropriate safeguard measures under WTO rules, if increased imports, including from Mexico, China, and Canada, may cause or threaten serious injury to the domestic industry.*

*India's trade policy amidst uncertainty due to geopolitical developments*
*India's Foreign Trade Policy (2023) aims to integrate India more effectively into the global market, enhance its trade competitiveness, and establish the country as a reliable and trusted trade partner. It is designed to be both dynamic and responsive to the evolving needs of trade in an increasingly complex global environment. Therefore, the restructuring of global trade presents a silver lining for India's manufacturing sector, as the country balances its markets to align with its geopolitical and geoeconomic objectives.*

*Over the past several decades, India has substantially diversified its export portfolio by incorporating a wide array of new products and new markets. This diversification strategy serves to mitigate risks associated with market fluctuations and positions the country as a more competitive entity within the international trade landscape, thereby contributing to the overall economic development of the nation.*

*Targeted initiatives have led to significant growth in various sectors, notably electronics, pharmaceuticals, and automobiles.*

*Simultaneously, India's import tariff policy has also undergone significant evolution over time, aiming to balance domestic objectives with the imperative of integrating into the global economy. Moreover, various initiatives have been undertaken to rationalise tariffs and address issues related to inverted duty structures."*

1.37 Furthermore, speaking on the issue of global tariffs, Chief Economic Adviser during the sitting held on 6th June, 2025 stated the following before the Committee:

*"With respect to the impact of U.S. tariff on Indian trade, in general, United States goods are costlier. Therefore, much of the goods they export to us are complimentary rather than competing with Indian goods. So, in that sense, the direct impact is relatively minimal, even if we lower tariff on U.S. goods because their goods are anyway high priced."*

## III. PRICE STABILITY

1.38 A cornerstone of stable economic growth is price stability. The near-term inflation outlook remains benign, underpinned by effective policy measures and improved supply conditions. According to the third advance estimates for agricultural production for 2024-25, food grain production (kharif + rabi + summer) is estimated 6.5 per cent higher compared to 2023-24. The inflationary pressures stemming from food items are expected to remain low on account of a good rabi harvest, an increase in the area sown under summer crops, and healthy buffer stocks of foodgrains. As of 12 June, 2025, wheat procurement under the Rabi Marketing Season (RMS) 2025-26 reached 300 lakh metric tonnes (LMT), an increase from 265.7 LMT in the corresponding period of the previous year. Rice procurement under the Kharif Marketing Season (KMS) 2024-25 stood at 544.56 LMT, achieving more than 90 per cent of the target. The combined stock of rice and wheat has reached 749.18 LMT, exceeding the buffer norm of 210.4 LMT, as on 31 May 2025. Moreover, the India Meteorological Department has forecasted an above-normal rainfall during the Southwest Monsoon for June-September 2025. The monsoon outlook bodes well for kharif sowing and reservoir levels, contributing to food price stability. In addition, the decline in global crude oil prices has further strengthened the disinflationary outlook. Assuming normal monsoon conditions, the Reserve Bank of India has projected consumer price inflation at 3.1 per cent for 2025-26, aligning with its target.

1.39 The Ministry on being asked as to how will the Government address the recurring issue of rising crude oil prices, and what specific plans are in place to ease the financial burden on the common man, the Ministry in their post-evidence replies has stated the following:-

> *"The international prices of crude oil vary depending on various factors, viz., demand-supply factors, geopolitical factors and other market conditions. Public sector oil marketing companies (OMCs) take appropriate decisions on the pricing of petrol and diesel in the domestic market. The Government of India closely monitors global energy markets as well as potential disruptions to energy supplies. To ensure the security of crude supplies and to mitigate the risk of dependence on crude oil from a single region, Public Sector Undertakings have diversified their petroleum import basket. Crude oil is now being procured from a wide range of countries across various geographical regions3 viz. Middle East, Africa, North America, South America, etc. India now imports oil from 39 countries, and discussions are underway with a few more.*
>
> *In addition, the Government has established Strategic Petroleum Reserve (SPR) facilities through a Special Purpose Vehicle (SPV) - Indian Strategic Petroleum Reserves Limited (ISPRL) - with a total capacity of 5.33 million metric tonnes (MMT). These facilities are located at Visakhapatnam (Andhra Pradesh), Mangaluru (Karnataka), and Padur (Karnataka). To further strengthen energy security, the Government and Oil Marketing Companies (OMCs) periodically assess opportunities to expand storage capacity based on technical and commercial feasibility. In July 2021, the Government approved the development of two additional commercial-cumstrategic petroleum reserve facilities with a total capacity of 6.5 MMT at Chandikhol (Odisha) and Padur (Karnataka), to be implemented under a Public-Private Partnership (PPP) model.6 Moreover, several proactive steps have been taken to shield Indian consumers from elevated international oil prices. These include :*

- *Invocation of the Universal Service Obligation (USO) to ensure uninterrupted availability of petrol and diesel in domestic markets. The Universal Service Obligation (USO) refers to the requirement for licensed fuel retailers to maintain a consistent supply of petrol and diesel at all their retail outlets, including those in remote areas, during specified operating hours, and at reasonable prices.*
- *Promotion of ethanol blending in petrol and biofuels and diversifying energy sources beyond traditional hydrocarbons into green hydrogen, solar operations, EVs, Sustainable Alternative Towards Affordable Transportation (SATAT) etc.*
- *Reduction in central excise duties on petrol and diesel, for instance, by ₹13/litre and ₹16/litre respectively in 2021 and 2022, which played a key role in softening retail fuel prices then.*
- *Some State Governments also reduced VAT rates in the past to provide relief to citizens. Intra-state freight rationalisation by PSU OMCs has benefited consumers located in remote areas within the states. This initiative has also reduced the difference between the maximum and minimum retail prices of Petrol or Diesel within a state. Subsidized domestic LPG cylinders made available to more than 10.33 crore PM Ujjwala Yojana beneficiaries across the country.*
- *A few State Governments are also providing some additional subsidy on LPG refills and bearing the additional cost from their respective budgets.*

*The April 2025 Monetary Policy Committee (MPC) Report of the RBI highlighted that persistently weak global demand, combined with rising oil supply from both OPEC+ and non-OPEC countries and gradually easing geopolitical tensions, could continue to put downward pressure on crude oil prices. According to RBI's estimates, if oil prices decline by 10 per cent relative to the baseline and this reduction is fully passed on to domestic prices, headline inflation could ease by 30 basis points, while real GDP could rise by 15 basis points - and vice versa.*

*Despite concerns regarding the impact of crude oil prices on inflation, India's macroeconomic fundamentals remain strong, with contained inflation and policies oriented toward sustained and inclusive growth. The Government continues to monitor global developments closely and remains fully prepared to act swiftly and decisively should risks escalate."*

1.40 When the Committee further asked whether there is any coordination between the Department of Economic Affairs and the RBI to stabilize the rupee and reduce inflationary shocks and pressures, the Department has submitted the following written reply:-

*"The exchange rate of the Indian Rupee (INR) is market-determined, with no target or specific level or band. The Reserve Bank of India (RBI) regulates the foreign exchange market with a view to ensuring its orderly functioning and development, and intervenes only to curb undue volatility in the INR. The RBI monitors key developments across the globe, like monetary policy actions of major central banks, major economic data releases across the globe and their impacts thereof, OPEC+ meeting decisions, tracking, and analysing geopolitical events, daily movements in G-10 and EME currencies, etc.*

*The RBI announced various measures in the last three years to diversify and expand the sources of forex funding to mitigate exchange rate volatility and dampen global spillovers."*

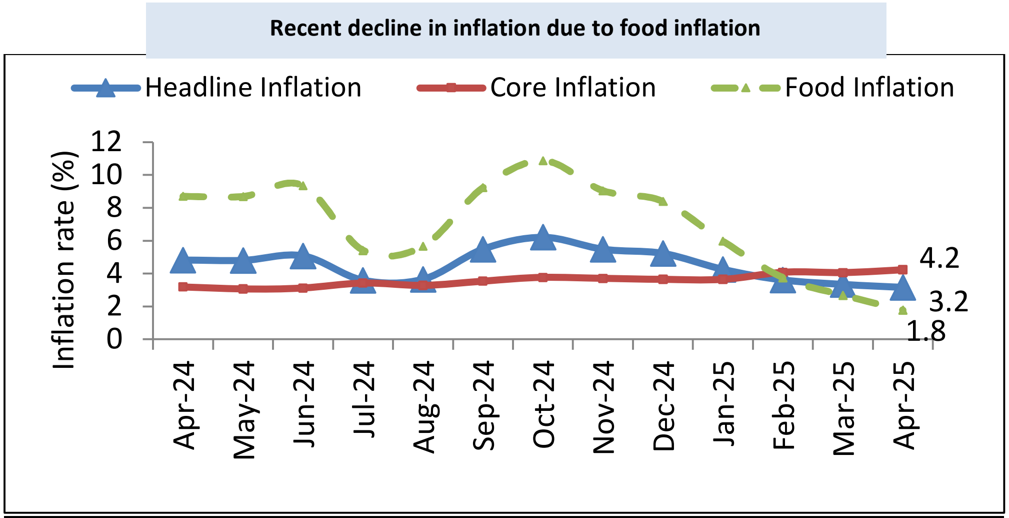
1.41 The Committee during its sitting held on 6th June, 2025 enquired about the measures that need to be undertaken to address food price volatility particularly in light of its implications on household consumption and nutritional security from, the Chief Economic Adviser, to which the following written response was furnished:

*"Food items account for nearly 39.06% of India's Consumer Price Index, making food inflation a major component of overall retail inflation. In FY25, food inflation outpaced the headline inflation rate, largely due to supply-side constraints in specific categories such as vegetables and pulses. These shocks were primarily the result of weather-related disruptions in some regions and decreased production. However, the recent data shows an easing inflationary trend, with food inflation easing to 0.99 per cent in May 2025, while retail inflation stood at 2.8 per cent.*

*To contain food inflation and ensure affordable access to essential food items, the Government has adopted a mix of short-term relief and structural reforms. Key measures include maintaining buffer stocks, releasing them periodically into the open market, adjusting trade policies to boost domestic supply, and imposing stock limits to curb hoarding. Select food items such as rice, wheat flour, chana, masur dal, and moong dal are being distributed at subsidised rates under "Bharat" brand. The Pradhan Mantri Garib Kalyan Anna Yojana also continues to provide free food grains to over 81 crore beneficiaries, reinforcing food security for the country's most vulnerable section.*

*Further addressing long-term concerns, the Union Budget 2025–26 introduced several initiatives to strengthen the agriculture sector and stabilise food prices. These include a six-year mission for Aatmanirbharta in pulses, the Prime Minister Dhan-Dhaanya Krishi Yojana, comprehensive programme for vegetables & fruits, national mission on high yielding seeds, and five-year mission for cotton productivity. To boost household consumption and ease financial pressures, the Budget also proposed revised income tax slabs and rates aimed at increasing the disposable income particularly of the salaried/fixed income groups and middle class."*

1.42 During the sitting held on $6^{th}$ June, 2025, the Chief Economic Adviser displayed the following graph highlighting the decline in inflation due to food inflation:



Source: MoSPI

1.43 Furthermore, the Committee deliberated on balancing inflation and economic growth during the sitting held on 6th June, 2025 and the following written submission was received from the Ministry in the post evidence replies:

*"The relationship between economic growth and inflation often appears conflicting in the short run, but in the medium to long term, they are not inherently at odds. Over time, higher productivity serves as the key to reconciling this nexus - enabling both increased output and lower inflation. While short-term inflation management relies on tools such as monetary policy, interest rate adjustments, supply of essential items, and export restrictions, it is sustained productivity gains that anchor long-term price stability and economic expansion.*

*Productivity-enhancing reforms - particularly through deregulation - can significantly reduce the cost of doing business. Excessive regulations often burden enterprises with high compliance costs, which dampen efficiency and slow growth. Easing these regulatory constraints allows entrepreneurs to shift their focus toward innovation and business development, ultimately raising productivity levels and moderating inflationary pressures.*

*Recognising this, the Union Budget 2025-26 dedicated its sixth domain to regulatory reform. Key proposals include the formation of a high-level committee to review non-financial sector regulations, certifications, and licensing procedures; the launch of an Investment Friendliness Index to assess state-level policy environments; a mechanism to evaluate the impact of existing financial regulations under the Financial Stability and Development Council; and the introduction of the Jan Vishwas Bill 2.0, which aims to decriminalise over 100 statutory provisions. Together, these measures aim to foster a more efficient, business-friendly ecosystem - laying the groundwork for sustained growth with low inflation in the years ahead."*

## IV. BANKING SECTOR AND CREDIT AVAILABILITY

1.44 The Reserve Bank of India’s (RBI) Financial Stability Report, published in December 2024, highlights geopolitical risks as a major challenge to financial stability in emerging market economies. However, the banking sector in India remains strong and well-capitalised for sustained credit growth. The macro stress tests undertaken by the RBI reveal that aggregate capital of Scheduled Commercial Banks (SCBs) and Non-Banking Financial Companies is projected to remain much higher than the regulatory minimum threshold, even when subjected to adverse economic scenarios. Additionally, the gross non-performing assets of the SCBs stand at a 13-year low of 2.5 per cent as of December 2024. Throughout FY2024- 25, bank credit growth has continued to outpace deposit growth, and this trend continues in FY2025-26, reflecting the capacity of financial institutions to absorb shocks during adverse scenarios and fostering confidence in their ability to finance future economic growth.

1.45 To a specific query of the Committee as to whether the growing gap between bank credit growth and deposit growth create liquidity stress for banks in the medium term; and what macro-prudential tools are being considered to ensure that credit expansion does not outstrip deposit mobilization beyond a safe threshold, the Ministry in their post-evidence replies stated the following:-

> *“According to the RBI‘s Financial Stability Report, June 2025, the bank credit growth of the Scheduled Commercial Banks (SCBs) has decelerated and that has narrowed the gap between credit growth and deposit growth. As of March 2025, the YoY credit growth of SCBs is 11.0 per cent, whereas their deposit growth is 10.7 per cent.*
>
> *Further, the medium-term liquidity stress for SCBs can be gauged from the liquidity ratios. As of March 2025, the Liquidity Coverage Ratio (LCR) and net stable funding ratio stand at 132.6 per cent and 126.3 per cent, respectively. This indicates strong liquidity positions of the SCBs as these ratios remain comfortably above the regulatory minimum of 100 per cent, across bank groups.*
>
> *The liquidity stress tests showed that despite a fall in the aggregate LCR of the SCBs individually, all banks would be able to maintain LCR above the minimum requirement of 100 per cent in a stress scenario.*
>
> *Additionally, the bottom-up stress test for liquidity risk demonstrates that the liquid assets ratios of all the sample banks would remain positive across various stress scenarios. This finding underscores the sufficiency of their high-quality liquid assets to manage liquidity pressure stemming from sudden and unexpected withdrawals of deposit.”*

## V. ENERGY TRANSITION

1.46 As India charts its path towards sustainable and inclusive growth, managing the energy transition emerges as a key imperative. India has made remarkable progress in building Renewable Energy (RE) capacity, however, significant challenges persist in effectively harnessing and scaling these resources. There is evidence to show that G7 countries have experienced a sharp increase in electricity prices due to the push for renewable energy. The geographical distribution of critical minerals is highly concentrated, with a few countries dominating the mining, refining and production of specific minerals, including critical minerals which are crucial to clean energy technologies. This concentration creates challenges for global supply chains, particularly for clean energy technologies like EVs and renewable energy. Harnessing the rising renewable energy capacity of India to achieve its low-carbon development pathways is constrained by a lack of viable storage technologies and limited access to essential minerals.

1.47 The Committee asked about the readiness of State Infrastructure for transition to the EV transition, to which the Ministry in their written replies *inter-alia* stated the following:-

> "….infrastructure readiness is critical. India is currently scaling up its EV charging network, but progress is uneven across states. The Bureau of Energy Efficiency (BEE) has been designated as the nodal agency to support charging infrastructure development, and the National Electric Mobility Programme (NEMP) includes urban planning guidelines, DISCOM engagement, and private sector partnerships to prepare for the EV transition. Additionally, states like Delhi, Tamil Nadu, and Maharashtra are leading in deploying both charging infrastructure and manufacturing ecosystems."

1.48 Recently, a taxonomy for climate finance to enhance the availability of capital for climate adaptation and mitigation and to support the achievement of the country's climate commitments and green transition has been drafted by the Government. The challenge related to high storage cost is being addressed through the promotion and development of Pumped Storage Projects (PSPs).

1.49 The Committee enquired about clean energy expansion being hindered by high storage costs and dependence on concentrated global supplies of critical minerals and the right way to balance the economic growth objectives of the Government with its climate commitments, to which the Ministry furnished the following response:

> *"India's approach to energy transition is guided by the objectives of achieving a high economic growth to achieve developed nation status by 2047 and follow a low-carbon development pathway that simultaneously ensures affordable energy security for all, job creation, and environmental sustainability. Fully cognizant of the challenges of the renewable sector, which primarily includes*

*addressing its intermittency through affordable storage technologies and adequate access to critical and rare earth minerals, India intends to phase in renewable energy in a calibrated manner. While there is a strong push for renewable energy and other non-fossil options, the country also considers coal as an important source for energy security. The country is, however, promoting more and more emission-efficient use of coal by utilising super-critical, ultra-super-critical, and recently advanced ultra-super-critical technologies in coal-based power plants.*

*To address these challenges, India is adopting a diversified energy strategy. The Government has accelerated investments in solar and wind power, already reaching ~50% of installed capacity from non-fossil sources, as on end of July 2025, with a target of 50% by 2030 (NDC). Recognising that renewable energy is intermittent, the country is making strategic investments in nuclear energy, particularly through the development of Small Modular Reactors (SMRs) and green hydrogen. Moreover, Viability Gap Funding (VGF) for battery energy storage and the promotion of pumped storage hydropower are steps being taken to enhance grid reliability. India is also addressing mineral dependency through the National Critical Minerals Mission and international engagements like the Minerals Security Partnership (MSP), along with direct acquisitions in lithium- and cobalt-rich countries like Argentina and Australia.*

*India's clean energy pathway must acknowledge that while achieving climate goals is crucial, addressing resource constraints is equally vital.High storage costs and the geographical concentration of critical minerals ores and their processing pose genuine challenges to rapid renewable energy deployment. However, these barriers do not negate the need for clean energy expansion—they merely underscore the need for a calibrated strategy. India is addressing these challenges through a three-pronged approach: First, by securing domestic and international critical mineral supply chains through initiatives like the National Critical Mineral Mission and partnerships under the Minerals Security Partnership (MSP); second, by supporting the affordability of battery storage systems through targeted Viability Gap Funding and by scaling up pumped storage projects; and third, by diversifying into less mineral-intensive but stable alternatives like nuclear energy. At the same time, India will continue to use efficient fossil-fuel technologies such as ultra-super-critical technologies in coal power to meet demand peaks. The overall approach ensures that affordability and energy access are protected even as India remains committed to reaching 50% of the electricity installed capacity from non-fossil fuel sources by 2030.*

*In parallel, demand-side efficiencies are being prioritised through improved energy intensity targets, the promotion of e-buses and metro systems instead of an over-reliance on private EV ownership."*

1.50 During the sitting held on 6th June, 2025 with Chief Economic Adviser, details of domestic mineral exploration and international agreements was sought, to which the following written response was received from the Ministry:

*"India has also engaged internationally to ensure mineral security. The country joined the US-led Minerals Security Partnership (MSP) that aims to strengthen critical mineral supply chains through public and private sector investment. India is the only developing country member in the 14-member MSP. Further,*

*India is investing abroad in exploring and acquiring critical mineral assets in resource-rich countries. For example, KABIL (KhanijBidesh India Ltd) signed an agreement with CAMYEN SE, a state-owned enterprise of Argentina for lithium exploration covering 15,703 hectares. It also signed an MoU with the Critical Mineral Office of Australia. Also, due diligence is underway for the selection of lithium and cobalt projects in Australia for strategic investments through off-take arrangements.*

***Storage***

*The National Electricity Plan 2023 estimates that 236 GWh battery energy storage systems (BESS) would be required by 2031-32. The issue of storage is being addressed through two very important interventions of the Government. The Union Cabinet approved the Viability Gap Funding (VGF) Scheme for Battery Energy Storage Systems (BESS) on 6th September 2023, to support the development of BESS. Further, efforts are underway to harness the Pumped Storage Projects (PSPs) in the country.*

***Hydrogen***

*The Government of India is implementing the National Green Hydrogen Mission, with an objective to make India a global hub of production, usage and export of green hydrogen and its derivatives. It has a target of a target of establishing 5 million tonnes of annual green hydrogen production capacity by 2030. Strategic Interventions for Green Hydrogen Transition (SIGHT) is a key component of the Mission which provides financial incentives for production of green hydrogen and electrolyser manufacturing. As on 26th March 2025, the Green Hydrogen production capacity of 8,62,000 tonnes per annum has been awarded to 18 companies and 3000 MW per annum of electrolyser manufacturing capacity awarded to 15 companies. In addition to this, five pilot projects are sanctioned in road transport sector consisting total of 37 vehicles (buses and trucks), and 9 hydrogen refueling stations as on the date.*

***Nuclear***

*Among the other cleaner sources of energy, nuclear has increasingly emerged as a reliable alternative to fossil fuels. India has an ambitious target of 100 GW nuclear power capacity by 2047 to be achieved under the Nuclear Energy Mission for Viksit Bharat. India currently operates 25 nuclear reactors across seven locations, with a total installed capacity of 8,880 MW, contributing about 3% of the country's electricity generation. Eight reactors with 6,600 MW capacity are under construction, and another ten reactors with 7,000 MW capacity are in pre-project stages. Further, India has launched a Small Modular Reactor (SMR) R&D Mission, with the objective of developing at least five indigenously designed and operational SMRs by 2033.These reactors, known for their adaptability, could be deployed in industrial zones, remote areas, and hard-to-abate sectors like cement and steel manufacturing.*

*To facilitate the implementation of the Nuclear Energy Mission, amendments to the Atomic Energy Act and Civil Liability for Nuclear Damage Act will be taken up by the parliament. These amendments are expected to encourage private sector investments in nuclear power projects.*

*A major shift in India's nuclear policy is the involvement of the private sector in designing, building, and operating nuclear power plants. Various strategic initiatives have been undertaken to encourage private sector participation in the expansion of nuclear energy in the country. Some of them include* *amendments in the Atomic Energy Act, 1962 and the Civil Liability for Nuclear Damage Act, 2010, facilitation of faster land acquisition, tax concessions, streamlining regulatory approval processes to reduce project timelines, etc."*

1.51 The Committee when asked the Ministry for accelerating the development of Pumped Storage Projects for strengthening energy security and decreasing dependence on imports, the Ministry in their post-evidence replies has stated the following:-

*"Pumped storage projects (PSPs) in India are receiving significant attention for their role in enhancing grid stability and supporting renewable energy integration. The participation of the private sector in this segment is quite encouraging, and the PSP potential in the country has crossed 200 GW, and it is further increasing almost every month. The Central Electricity Authority (CEA) has undertaken many initiatives to fast track the project appraisal process and concur with them. The PSPs are being developed in India through budgetary supports, tax incentives and tariff rationalisation measures.1*

*During 2025, two PSPs of around 3000 MW are to be commissioned, and the capacity is expected to reach around 50 GW by 2032. Further, at present, 8 projects of 10 GW are under construction, and DPR has been concurred for 3 projects of around 3 GW. In addition to this, 49 projects of 66 GW are under Survey and investigation."*

1.52 Secretary, Department of Economic Affairs during the sitting held on 25.6.2025 has stated the following on the issue of growth and clean energy:

*"We require growth and growth with clean energy. It is not that clean energy will automatically bring growth. We can have green energy, but if it is high-cost energy, that will not work for us. We have to chart out our own path to achieve both goals. Policy clarity is needed on the kind of energy policies we should adopt...*

*"The goal for us is 'lean energy-based growth path' rather than a 'no energy' or 'clean energy'. It is a growth path based on efficiency."*

## VI. AGRICULTURE SECTOR: UNLOCKING THE POTENTIAL

1.53 India's agriculture sector holds significant untapped potential that, if strategically harnessed, can drive inclusive growth.

1.54 When enquired about structural reforms to be considered to address the indulging causes of supply side inflation, the following response was furnished by the Ministry:

1https://www.pib.gov.in/PressReleaseIframePage.aspx?PRID=2079832

*"To contain food inflation and ensure affordable access to essential food items, the Government has adopted a mix of short-term relief and structural reforms. To address long-term structural concerns, the Union Budget 2025–26 introduced several initiatives to strengthen the agriculture sector and stabilise food prices. These include a six-year mission for Aatmanirbharta in pulses, the Prime Minister Dhan-Dhaanya Krishi Yojana, a comprehensive programme for vegetables & fruits, a national mission on high-yielding seeds, and a five-year mission for cotton productivity. To boost household consumption and ease financial pressures, the Budget also proposed revised income tax slabs and rates aimed at increasing the disposable income, particularly of the salaried/fixed income groups and the middle class.*

*Besides, to keep food inflation in check, the Government has rolled out a series of short-term relief measures. These include maintaining adequate buffer stocks, regularly releasing food grains into the open market, adjusting trade policies to support domestic supply, and imposing and monitoring the stock limits to prevent hoarding, offering select essential food items at subsidised retail prices, such as Bharat Brand pulses and cereals, to ensure affordability for consumers while stabilising prices in the near term."*

1.55 On being asked about the Government's plan to support farmers to enhance production and productivity, storage facility, the Ministry in their post-evidence replies has stated the following:-

*"In order to upgrade and modernise the storage facilities, the government has taken various measures, like the Agriculture Infrastructure Fund (AIF), to boost farm-gate infrastructure and improve private sector involvement. Pradhan Mantri Kisan Sampada Yojana (PMKSY) focuses on developing modern infrastructure and optimising supply chains from farm to retail, among others. Recently, the Government of India approved an action Plan for the construction of steel silos on a PPP (Public Private Partnership) mode in the country. Under this plan, Silos with a capacity of 24.25LMT at various locations throughout the country are under implementation. The government is creating capacity under Hub and Spoke Model Silos, where —Hub‖ silos have a dedicated railway siding and container depot facility. While the transportation from —Spoke‖ Silos to —Hub‖ Silos is undertaken by road, transportation from Hub to Hub is via rail. Under Phase I of the Hub & Spoke model, silos with a capacity of 10.125 LMT at 14 locations on FCI-owned land have been awarded. An additional 24.75 LMT capacity at 66 locations on private land has also been awarded and is currently under development.*

*As per Sub-Rule (1) of Rule (10) of the Electricity (Rights of Consumers) Rules, 2020, the distribution licensee shall supply 24x7 power to all consumers. However, the State Electricity Regulatory Commission may specify lower hours of supply for some categories of consumers, like agriculture. Further, as per the Electricity Act, 2003, the subsidy to specific categories of consumers, including farmers, is decided by State Governments.*

*To ensure the availability and affordability of essential food items, the Government maintains buffer stocks of rice, wheat, pulses, and onions. Wheat and rice are distributed through the Public Distribution System, while pulses are released into the market during supply shortages to stabilize prices. In the* *case of onions, targeted open market releases from the buffer are directed towards states and cities experiencing elevated price levels.*

*The government has taken several initiatives to incentivise and support farmers in enhancing production and productivity. The decision in 2018-19 to fix MSP at one and a half times the all-India weighted average cost of production was a step towards providing assured remunerative prices to farmers. In addition to this, the government provides income support to farmers through Nidhi (PM-KISAN).*

*Other interventions to enhance production and productivity include Pradhan Mantri Krishi Sinchayee Yojana (PMKSY) for improved irrigation, National Food Security Mission (NFSM) for boosting production of rice, wheat, pulses, and coarse cereals, Pradhan Mantri Fasal Bima Yojana (PMFBY) to protect farmers against crop loss due to weather and pest related risks, among other measures. The government is pursuing initiatives such as Per Drop More Crop (PDMC) and various actions under the National Mission on Sustainable Agriculture (NMSA to enhance productivity and sustainability. Furthermore, digital initiatives like the Digital Agriculture Mission and the e-National Agriculture Market (e NAM) have been launched to encourage the adoption of innovative agricultural technologies and improve price discovery mechanisms*."

## VII. MICRO, SMALL AND MEDIUM ENTERPRISES (MSMEs)

1.56 MSMEs are the backbone of the Indian economy. The Government has taken various measures to boost the growth of the MSMEs. These include improving access to finance, enhancing technological capabilities, providing market linkages, and addressing structural challenges MSMEs face. The Government is also making efforts to bring the informal micro-enterprises under the formal ambit to avail the benefit under Priority Sector Lending. Physical and digital connectivity (industrial and freight corridors) will contribute to the growth of the sector through the supply-chain network. In the Union Budget 2025-26, the Government has proposed MSMEs as one of the four engines of growth.

1.57 The Committee questioned how the RBI's strict NPA norms disproportionately harm MSMEs due to their financial vulnerabilities, and whether the Government has a plan to address this issue, which often leads to closure. The Committee also asked if a study has been done that compares the impact of these rules on MSMEs versus large corporations. The Committee further enquired if the Ministry would review the high interest rates on the Trade Receivables Discounting System (TReDS) platform, which can reach 18% per year. In response, the Ministry has furnished the following:-

*"The Government has undertaken various measures to strengthen access to and availability of credit to MSMEs. The Union Budget 2025-26 has raised the investment and turnover limits used to define MSMEs by 2.5 times and 2 times,*

*respectively, to help these businesses expand and improve efficiency. A new Credit Assessment Model for MSMEs was announced in the Union Budget in July 2024 to ease access to credit using digitally fetched and verifiable data of the sector, which will create an automated system for loan appraisal.*

***MSME loans***

*According to the RBI's latest Financial Stability Report, June 2025, the share of credit to the MSME sector in total non-food bank credit has grown steadily, reaching 17.7 per cent as of March 2025. Concurrently, the growth rate of credit to the MSME sector has exceeded that of other sectors during 2024-25, standing at 14.1 per cent.*

*The asset quality of the MSME sector has improved, with the GNPA ratio dropping to 3.6 per cent by March 2025 from 4.5 per cent in March 2024. The SMA-2 ratio also declined to 0.8 per cent, indicating reduced early signs of stress. Additionally, the share of sub-prime borrowers in the MSME portfolio of SCBs fell from 33.5 per cent in June 2022 to 23.3 per cent in March 2025.*

*It is pertinent to note that the Government's credit guarantee schemes for the MSME sector—specifically, the Credit Guarantee Fund for Micro Units and the Emergency Credit Line Guarantee Scheme - NPAs in both schemes provide adequate risk cover to banks. This indicates a sustainable asset quality even among vulnerable enterprises within the MSME sector.*

*To identify the early signs of stress in advances of the banking system, the RBI has laid down a Framework for Resolution of Stressed Assets. Exceptions on such identification and categorisation apply to MSMEs subject to certain conditions. Exceptions regarding the implementation of the Resolution Plan (RP), conditions for implementing the RP, and delayed implementation of the RP have been provided to enable quicker and easier resolution of stressed MSMEs.*

*The RBI implemented a resolution framework, specifically designed to support MSMEs facing stress on 01 January 2019, and permitted a one-time restructuring of existing loans to MSMEs classified as 'standard' without a downgrade in the asset classification, subject to conditions.*

*Further, to overcome the challenges faced by the MSMEs due to COVID-19, the RBI introduced another Resolution framework in August 2020 that has been further extended.*

***Exchange-Based Factoring (EBF)***

*To address the liquidity challenges faced by MSMEs, the RBI launched the TreDS platform. This has enhanced the efficiency of financing trade receivables. The platform incorporates an EBF mechanism that streamlines operations for these enterprises, reduces turnaround times, and leverages digital technology to integrate key stakeholders effectively.*

*According to a study by the Receivables Exchange of India Limited (RXIL), the implementation of the EBF framework has led to significant improvements in the working capital cycle and has resulted in an expanded operational scale in terms of increased turnover for the MSME. Additionally, it has facilitated greater investments in both physical capital and human resources for these enterprises.*

*Further, for sustaining growth in the MSME sector and providing support, including for business expansion and ease of access to capital, a series of measures have been undertaken, which inter-alia include schemes and programmes such as Prime Minister's Employment Generation Programme, Special Credit Linked Capital Subsidy Scheme, Credit Guarantee Scheme for collateral free loans for Micro and Small Enterprises (MSEs), PM Vishwakarma Yojana, Pradhan Mantri Mudra Yojana, Stand Up India, Self Reliant India, Fund of Funds for Startups, Micro and Small Enterprises- Cluster Development Programme, Entrepreneurship Skill Development Programme, Procurement and Marketing Support Scheme among others. The Government introduced measures such as the Udyam Assist Platform, which aims to bring these micro-enterprises under the formal sector, enabling them to access benefits such as Priority Sector Lending, which is essential for their growth and sustainability."*

1.58 When further asked to review TReDS to address the gap between its goals and the impact at the ground level, the Ministry submitted the following written replies:-

*"Trade Receivables electronic Discounting System (TReDS) regulated by the RBI, is a marketplace that enables buyers such as government departments, public sector undertakings, corporates etc. to honour timely payments to their MSME suppliers as per MSMED Act 200618. TReDS facilitates the financing of trade receivables of MSMEs from corporate and other buyers, including government departments and public-sector undertakings (PSUs), through multiple financiers electronically. On these platforms, the financing of Factoring Units (FUs) helps in improving access to finance by MSMEs. Several central public sector enterprises and government entities have been using the TReDS platform since its inception to facilitate timely payments to MSME suppliers. Active participants like BHEL, NTPC, ONGC, BPCL, HPCL, IOCL and others help MSMEs maintain their working capital cycles while enabling them to benefit from lower interest rates19. As of May, 2024, four digital platforms have been authorised to carry TReDS operations in the country. There are more than 5,000 buyers and over 53 Banks/13 NBFC registered as financiers.*

*Further, to improve credit worthiness measures like introduction of customized Credit Cards with a Rs. 5 lakh limit for micro enterprises registered on Udyam portal was introduced in the Budget 2025 In addition, an increase in the credit guarantee cover ceiling under the Credit Guarantee Scheme for Micro and Small Enterprises from the existing Rs. 5 crore to Rs. 10 crore, leading to additional credit of Rs. 1.5 lakh crore in the next 5 years has been taken."*

1.59 With regard to support to MSMEs for digitalisation and Artificial Intelligence (AI) readiness, the Ministry furnished the following response:

*"Ministry of MSME has undertaken several initiatives to access modern technology and digital transformation of Micro, Small and Medium Enterprises (MSMEs). These, inter-alia, include Udyam Registration, MSME Champions Portal, Government e-Marketplace (GeM), Trade Receivables Discounting System (TReDS), msmemart.com, MSME SAMBANDH for monitoring of procurement by Central Public Sector Enterprises (CPSEs) from Micro and Small Enterprises (MSEs) and MSME SAMADHAAN portals for filling applications regarding delayed payment. Further, the Government has been running various schemes to enable MSMEs access modern technologies and digital transformation. These inter alia include MSME Green Investment and*

*Financing for Transformation Scheme (MSE GIFT Scheme), MSE Scheme for Promotion and Investment in Circular Economy (MSE SPICE Scheme), MSME Sustainable (ZED) Certification Scheme, Trade Enablement and Marketing (TEAM) Scheme".*

1.60 In this regard, during the sitting held on 6th June, 2025, the Chief Economic Adviser also added the following about the measures being taken to boost MSME participation:

*"…….The Union Budget 2024–25 announced a comprehensive package aimed at supporting Micro, Small, and Medium Enterprises (MSMEs) through a combination of financing measures, regulatory reforms, and technological support to enhance their growth and global competitiveness. Key initiatives include targeted support for the promotion of MSMEs and the introduction of a Credit Guarantee Scheme specifically for MSMEs in the manufacturing sector. A new assessment model for MSME credit has been proposed to improve credit access, along with credit support during periods of financial stress. The loan limit under the Mudra scheme has been increased from ₹10 lakh to ₹20 lakh. The budget also expands the mandatory on-boarding of MSMEs on the Trade Receivables Discounting System (TReDS) and proposes the establishment of SIDBI branches in MSME clusters. Further, the Government plans to support MSME units involved in food irradiation and quality and safety testing, and promote E-Commerce Export Hubs to boost participation .*

*The Union Budget 2025-26 introduces a series of measures aimed at strengthening the MSME sector. To help businesses expand and improve efficiency, the investment and turnover limits for MSME classification have been raised. Access to credit is set to improve with an increase in the credit guarantee cover for micro and small enterprises, startups, and export-focused MSMEs. Further, a National Manufacturing Mission has been announced to provide policy support and roadmaps for small, medium, and large industries under the Make in India initiative. A new scheme will provide financial support to first-time entrepreneurs from disadvantaged backgrounds, while sector-specific initiatives will enhance productivity in areas such as footwear, leather, and toy manufacturing."*

1.61 Initial Public Offerings (IPOs) for SMEs have become a significant part of the financial landscape, particularly in India. The Committee asked about the Government's plan to get more SMEs to go public via IPOs so that they can raise capital and take advantage of the new, higher turnover and investment limits, to which the Ministry has submitted the following written response:-

*"The separate regulatory framework under the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 has been provided to facilitate public fundraising by Small and Medium Enterprises (SMEs) on dedicated SME platforms of stock exchanges. In addition, the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR Regulations) provide compliance relief to SME-listed entities by exempting them from certain corporate governance provisions which are applicable to main board companies.*

*SME IPOs have seen significant growth in the last three financial years. As of today, a total of 1026 SME companies have been listed on the Exchanges platform (both NSE and BSE). Further, during FY 2023-24, a total of 196 SME IPOs were listed on NSE and BSE, raising over 6,000 crore. In the current financial year (FY 2024-25, till October 15, 2024), 159 SME IPOs have already been launched, raising over ₹5,700 crore. The average listing performance has been positive.*

*The existing framework has been structured to reduce the cost and improve the ease of doing business for SME issuers. Key features include exemption from filing the draft red herring prospectus with SEBI for observations, simplified eligibility norms, reduced disclosure requirements (half-yearly reporting instead of quarterly), and exemption from most corporate governance provisions under Chapter IV of LODR. Additionally, smaller issue sizes and underwriting and market-making requirements ensure listing viability and post-listing support. These features have collectively enabled cost-effective and less complex access to public capital markets for SMEs.*

*To further strengthen the SME listing ecosystem, based on feedback from stakeholders, an amendment has been made in the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018, in March 2025, aimed at enhancing credibility, investor confidence, and governance standards in SME IPOS.*

*In addition, consultations are being made from time to time with market infrastructure institutions, merchant bankers, and SME stakeholders to explore further regulatory refinements, including enhancing post-listing liquidity, rationalizing continuous disclosure norms, and facilitating easier access for investors."*

## VIII. EMPLOYMENT AND SKILL DEVELOPMENT

1.62 India's journey of economic growth is driven by a strong commitment to employment generation, livelihood creation, reducing inequality, and improving employability. This requires investment in building the capabilities of the young population through education, skilling, and nurturing mental and physical health. Additionally, it is important to ensure targeted and continuous support for the deprived sections to encourage economic and social mobility and remove barriers that hinder participation in the workforce and economy.

1.63 Over the past decade, the Government has launched a series of transformative initiatives to drive job creation and enhance employability. The Budget 2024-25 prioritized employment, skilling, and workforce development, with a ₹2 lakh crore Prime Minister's Package aimed at benefiting 4.1 crore youth over five years. Employment-Linked Incentive schemes announced in July 2024, such as one-month wage support for freshers, EPFO incentives for manufacturing jobs, and employer reimbursements for new hires, will directly incentivise job creation.

1.64 Government initiatives such as Mudra Yojana, Skill India Mission, Start-Up India, Stand-Up India, Pradhan Mantri Kaushal Vikas Yojana (PMKVY) have played a pivotal role in fostering entrepreneurship and self-employment and supporting individuals in creating self reliant livelihoods, and becoming job creators and not seekers.

1.65 The four major aspects for addressing the skill gap challenge and generating productive employment for Indian youth are as follows:

**(i) <u>Education</u>**

1.66 On the issue of importance of universal and affordable education, the Ministry in the post evidence replies of 25th June, 2025 stated the following:

> *"Education has always been a key priority for the Government. The Government continuously endeavours to make education more accessible and affordable through various initiatives. The National Education Policy (NEP) 2020 aims to reform India's education system to better align with the demands of the 21st century, promoting a more inclusive and progressive approach.*
>
> *The Department of School Education and Literacy is implementing an integrated centrally sponsored scheme for School education- SamagraShiksha. The scheme treats school education holistically, without segmentation from pre-primary to class XII in alignment with the recommendations of the NEP 2020 and aims to ensure that all children have access to quality education with an equitable and inclusive classroom environment which should take care of their diverse background, multilingual needs, different academic abilities and make them active participants in the learning process.*
>
> *The Department of Higher Education has also undertaken various measures for expansion of quality education such as providing much-needed flexibility, allowing creative combination of subjects, providing multiple pathways, establishing equivalence and mobility to the students through National Credit Framework (NCrF), National Higher Education Qualification Framework, Academic Bank of Credit (ABC), multiple entry/exit; offering of courses and books/course materials in Indian Languages; use of technology to enhance access to education and for administration and governance of Universities and Higher Education Institutions; permitting learners to avail upto 40 per cent credit Courses from SWAYAM platform; industry academia collaboration for internships and to develop courses and curriculum to meet the industry and societal needs, offering of industry-aligned courses; embedding of Indian Knowledge system in the education etc.*
>
> *The National Scholarship Portal (NSP) has been created as a one-stop solution for all scholarship needs. NSP provides services starting from student application, application receipt, processing, sanction and disbursal of various*

*scholarships to Students. The portal provides access to 148 (Centre and State) scholarship schemes"*.

**(ii) <u>Skill Development</u>**

1.67 Highlighting the steps undertaken for productive skill development of the workforce, the Ministry furnished the following details:

*"National Skill Development Corporation (NSDC), under the aegis of MSDE, has trained a total of 23,254 candidates and certified 22,455 in the past 3 years (2022-23, 2023-24, and 2024-25) for international mobility.*

*The Ministry of Skill Development and Entrepreneurship (MSDE) has MoUs or Memoranda of Cooperation (MoCs) with seven countries, namely, Australia, Denmark, Japan, Germany, Qatar, Singapore and the UAE, for cooperation in skill development and Vocational Education and Training. These agreements facilitate technical exchanges, collaborative training programs, qualification recognition, and the sharing of best practices.*

*Additionally, MSDE has proposed the establishment of 30 Skill India International Centres (SIICs) across various states. The SIICs are envisioned as centralised hubs for individuals seeking employment abroad.*

*Ministry of Skill Development and Entrepreneurship (MSDE) has been implementing its flagship scheme, Pradhan Mantri Kaushal Vikas Yojana (PMKVY), since 2015 to impart skill development training through Short-Term Training (STT) and up-skilling and re-skilling through Recognition of Prior Learning (RPL) to youth across the country to enhance the employability of youth by equipping them with industry-relevant skills. Additional measures include setting up National Centres of Excellence for skilling and expanding the capacity of higher education institutions and ITIs. These initiatives collectively aim to improve skills, formalise employment, and ensure inclusive and productive growth.*

*PMKVY 4.0: Till date, more than 33 lakh people have got enrolled in more than 17,000 centers in the country.*

*PM-NAPS: Under this scheme, there are more than 20.4 lakh apprentices have completed training and there are currently more than 51,658 NAPS establishments are active.*

*ITI: More than 74 lakh trainees have been certified in the last 5 years from around 14,000 affiliated ITI centers*."

**(iii) <u>Healthcare</u>**

1.68 The Committee during the sitting held on 6.6.2025 sought details about easing access to healthcare from the Chief Economic Adviser to which the following written response was furnished by the Ministry:

*"The Central Government has taken several initiatives to provide quality and affordable healthcare services to the people. Under the National Health Mission, the Government has taken many steps towards universal health coverage by supporting the State Governments in providing accessible & affordable healthcare to people. The National Health Mission provides financial*

*and technical support for improvement in health infrastructure, availability of adequate human resources to man health facilities, to improve availability and accessibility to quality health care, especially for the underserved and marginalised groups in rural areas. The National Free Drugs Service Initiative and National Free Diagnostic Service have been rolled out to ensure the availability of essential drugs and diagnostic facilities and reduce the Out-of-Pocket Expenditure (OOPE) of patients visiting the public health facilities.*

*To provide quality health care services especially for the underserved and marginalised groups in rural and undeserved areas, various initiatives carried out under NHM by the Government of India in the country are operationalisation of AyushmanArogya Mandir, National Ambulance Services, Mobile Medical Units, ASHAs, 24 x 7 Services and First Referral Facilities, Prime Minister's National Dialysis Programme, various activities under Reproductive & Child Health, AnaemiaMukt Bharat (AMB) strategy, Pradhan Mantri TB Mukt Bharat Abhiyaan (PMTBMBA) and Universal Immunisationprogramme.*

*Ayushman Bharat Pradhan Mantri - Jan Arogya Yojana (AB PM-JAY) is a flagship scheme of the Government which provides health cover of Rs. 5 lakhs per family per year for secondary and tertiary care hospitalization to approximately 55 Crore beneficiaries corresponding to 12.37 Crore families constituting economically vulnerable bottom 40 per cent of India's population. Till date 41.2 crore Ayushman cards have been created, while 78.7 crore Ayushman Bharat Health Accounts (ABHA) have been created."*

1.69 With regard to creating awareness about promoting healthy lifestyle amongst youngsters, the following response was received from the Chief Economic Adviser:

*"The Government has been making dedicated efforts to promote healthy foods and an active lifestyle by implementing initiatives such as Eat Right India and the Fit India Movement. Recently, the Central Board of Secondary Education has issued guidelines for the schools to establish 'Sugar Boards' where information is displayed for educating students about the risks of excessive sugar intake. In addition, the schools have been requested to organise awareness seminars/ workshops in this regard."*

**(iv) <u>Employment Generation</u>**

1.70 Giving details about various initiatives for employment generation, the following details were furnished by the Ministry:

*"Employment generation coupled with improving employability is a priority of the Government. Accordingly, the Government is implementing various employment generation schemes/ programmes in the country. These inter alia include Prime Minister's Employment Generation Programme (PMEGP), Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS), Deen Dayal Upadhyaya Grameen Kaushalya Yojana (DDU-GKY), Rural Self-Employment and Training Institutes (RSETIs), DeendayalAntyodayaYojana-National Urban Livelihoods Mission (DAY-NULM), Pradhan Mantri Mudra Yojana (PMMY), etc.*

*To tackle regional disparities and boost employment, large-scale investments are being made in infrastructure through the Gati Shakti initiative and the*

*National Logistics Policy, with a focus on underserved states and rural areas. MGNREGA continues to provide a safety net for rural households, ensuring minimum income and supporting local development projects.*

*Beyond income and employment, the Government has prioritized universal access to basic amenities and social infrastructure. Initiatives like Jal Jeevan Mission, Swachh Bharat Abhiyan, PM Ujjwala Yojana, and Ayushman Bharat are aimed at providing clean water, sanitation, energy, and healthcare to every household. The Aspirational Districts Programme (ADP) further demonstrate the Government's focus on balanced regional development, targeting improvements in health, education, agriculture, financial inclusion, and infrastructure in the most underserved areas.*

*For long-term, inclusive growth, institutional mechanisms must emphasise decentralised governance, progressive taxation, and robust monitoring of welfare delivery. Empowering local bodies, as seen in the Rashtriya Gram Swaraj Abhiyan, ensures that development is tailored to community needs and that marginalised voices are included in decision-making. By integrating these efforts across multiple domains and levels of governance, the Government seeks to not only improve the quality of life for the most vulnerable but also to create a foundation for sustained, broad-based, and equitable growth across the country."*

1.71 The Committee during its sitting held on 6th June, 2025 enquired from the Chief Economic Adviser about the policy frameworks being prioritized to create high quality, productive non-farm jobs, particularly in sectors like manufacturing and services that can attract a large young workforce, to which the following written response has been furnished:

*"The Government is actively prioritising a range of policy frameworks and investments to generate millions of high-quality, productive non-farm jobs, especially in manufacturing and services, to absorb its large and youthful workforce.*

*Central to this strategy are flagship initiatives like the Production Linked Incentive (PLI) schemes, Make in India, Atmanirbhar Bharat (Self-Reliant India), National Manufacturing Mission and Skill India.*

*As per the Annual Survey of Industries latest report, the estimated number of persons engaged in the organised manufacturing sector in FY23 has exceeded the pre-pandemic level (that is, FY19) by more than 22.14 lakh.*

*The PLI schemes, with an outlay of nearly ₹1.97 lakh crore, target 14 key sectors—including electronics, automobiles, pharmaceuticals, textiles, and advanced batteries—with the aim of boosting domestic manufacturing, increasing exports, and creating large-scale employment opportunities. These investments have already led to a remarkable boost in production and sales, amounting to ₹12.50 lakh crore, while directly and indirectly generating approximately 9.5 lakh jobs—this number is expected to rise to 12 lakhs in the near future.*

*To complement these incentives, the Government has enacted reforms to improve the ease of doing business, such as simplifying the Goods and Services Tax (GST), reducing corporate tax rates, and streamlining* *compliance. Infrastructure development is another major focus: the National Infrastructure Pipeline (NIP) and National Monetisation Pipeline (NMP) are channelling investments into logistics, industrial parks, and digital infrastructure, all of which are crucial for supporting manufacturing and services sector growth.*

*The tourism sector created 7.6 crore jobs in FY23. International tourist arrivals (ITAs) in India have rebounded to pre-pandemic level in 2023. The share of India's ITAs in World ITAs stands at 1.45 per cent in 2023. Union budget 2025-26 identified tourism as a sector for employment-led growth. The budget announced that the top 50 tourist destinations will be developed in partnership with states through a challenge mode. Medical tourism and heal in India will be promoted in partnership with the private sector.*

*The services sector employs approximately 30 per cent of the workforce. In addition to its direct contribution, services play an increasingly vital role in the 'servicification' of manufacturing, enhancing value through services used in both production and post-production stages. This sustained momentum is the result of a structural transformation led by the Government, prioritizing transparency, ease of doing business, and long-term investments across manufacturing, MSMEs, digital services, and infrastructure.*

*By 2030, India's digital economy is projected to contribute nearly one-fifth of the country's overall economy, outpacing the growth of traditional sectors. Digital platforms, in particular, have expanded rapidly, with an anticipated growth rate of approximately 30 per cent in the coming years. In 2022-23, the digital economy accounted for 14.67 million workers, or 2.55 per cent of India's workforce, with the majority of these jobs (58.07 per cent) in the digital-enabling industry."*

1.72 Furthermore, the Chief Economic Adviser during the sitting held on 6th June, 2025 stated the following with regard to job creation:

*"As far as job creation is concerned, if you look at Employee Provident Fund organization's data, if you look at the net new payroll addition for FY25, it is about 129.8 lakhs i.e. 1.29 crores, more or less similar to FY24. Particularly new entry-level jobs are maintained at the rate of 62 percent because these youth account for the majority of the net new payroll additions under EPFO…"*

1.73 The complex global environment, driven by technological disruptions like artificial intelligence (AI) and robotics, poses challenges for job creation in entry-level and low-skilled positions, as well as in high skill sectors. The World Economic Forum's Future of Jobs Report 2025 indicates that 40 per cent of employers worldwide expect to reduce their workforce where AI can automate tasks. AI's impact on employment in India is expected to vary across industries, depending largely on whether productivity gains from AI are labour-augmenting or displacing. In sectors such as finance, healthcare, retail, and IT, AI enhances productivity while creating new job opportunities. However, in industries like education and telecommunications AI is more likely to replace jobs, especially in routine tasks. According to the IMF (2023), 26 per cent of workers in India are in high AI exposure occupations.

1.74 On being enquired by the Committee during the sitting held on 25.6.2025, about the measures being undertaken to align labour market skills with AI and preparation for avoidance of disruption to the labour market with the advancing advent of AI, the Ministry submitted the following reply:

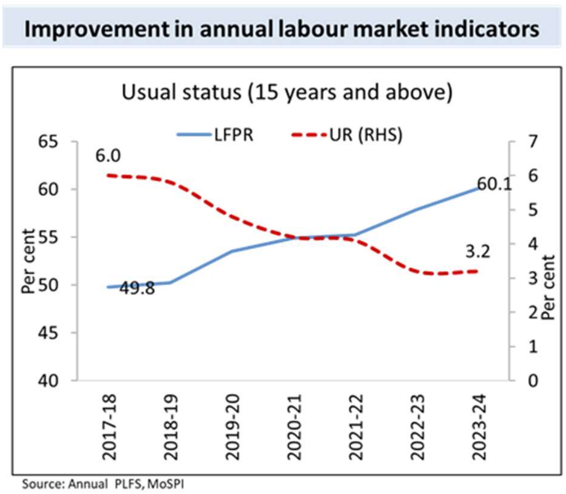
> *"India is currently aligning skilling programs with industry demands and fostering inclusive growth, thereby mitigating displacement risks while capitalizing on AI's potential to drive sustainable development.*
>
> *To meet the growing demand for professionals in emerging fields like AI and cyber security, the Government of India has launched several initiatives, including cybersecurity training programs by MeitY and CERT-In, Gen AI Exchange Hackathon, the FutureSkills PRIME programme offering 119 AI-focused courses for reskilling in emerging technologies, the Visvesvaraya PhD Scheme to boost advanced research in Electronics System Design and Manufacturing (ESDM) and IT/IT Enabled Services (IT/ITES) sectors, and the India AI Future Skills initiative, which provides fellowships and establishes Data and AI Labs in Tier 2 and Tier 3 cities to build AI capacity across academic and professional levels. The Ministry of Skill Development & Entrepreneurship is developing the Skilling for AI Readiness (SOAR) Program, aimed at integrating AI literacy with vocational training from as early as Class 6. The AI Centre of Excellence in Education, announced in Budget 2025, aims to integrate AI into educational curricula to prepare the next generation for emerging opportunities. The Government has also planned to establish five National Centres of Excellence for skilling with global partnerships to equip youth with skills. These centres will focus on curriculum design, trainer training, skills certification, and regular reviews.*
>
> *The Government recognises that stronger industry linkages, aspirational positioning of vocational education, and language-based training for international mobility are key enablers of a globally competitive workforce. The Union Cabinet has recently approved a centrally sponsored scheme to upgrade 1,000 Government ITIs and establish five National Centres of Excellence for Skilling. Supported by the Asian Development Bank and World Bank, the initiative will modernise ITIs through industry partnerships, revamp courses, and boost capacity at National Skill Training Institutes. This scheme further aims to skill 20 lakh youth over five years.*
>
> *The Skill India Mission actively collaborates with the industry through National Skill Development Council (NSDC)-driven partnerships for skill development, reskilling, and upskilling. Until March 2024, 131 projects have been undertaken by NSDC, with 62 corporate organisations benefiting over 3.1 lakh persons across the country, including 42 aspirational districts.*
>
> *The Pradhan Mantri Kaushal Vikas Yojana (PMKVY) plays a pivotal role by providing large-scale upskilling and reskilling to workers transitioning between sectors. Additionally, the establishment of International Skill Centres is preparing Indian workers for global employment, reflecting the*

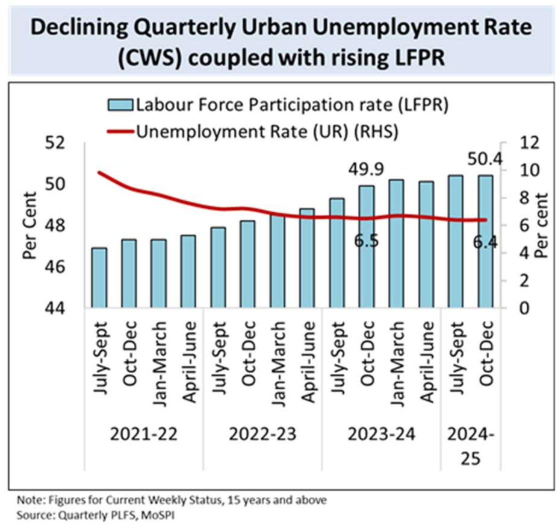
*Government's recognition of changing labour market dynamics globally. Over 33 lakh candidates have been enrolled under PMKVY.*

*These initiatives collectively ensure that the workforce is supported through targeted skilling and technology adoption. These policies ensure that the young population can adapt to the evolving demands of the labour market, both domestically and internationally."*

## IX. <u>LABOUR MARKET: FEMALE LABOUR FORCE PARTICIPATION</u>

1.75 The Secretary, Department of Economic Affairs during the sitting held on 25.6.2025 displayed the following slides pertaining to improving labour market indicators:




1.76 Further, the Committee during the sitting held on 6th June, 2025 enquired about the initiatives to boost overall Labour Force Participation Rate(LFPR)and female labour force participation rate in particular to which the following written response was furnished:

*"The Government has launched several initiatives to boost female participation in the workforce, ensure their economic security, and improve employment quality. It is a result of these initiatives that the female labour force participation rate (FLFPR) has been rising for seven years, i.e., from 23.3 per cent in 2017-18 to 41.7 per cent in 2023-24.*

*Employment generation coupled with improving employability is the priority of the Government. Government is implementing various schemes to boost the female LFPR as well as the overall LFPR like Pradhan Mantri Mudra Yojana (PMMY), Pradhan Mantri Kaushal Vikas Yojana (PMKVY), Stand-UP India Scheme, Startup India, Prime Minister's Employment Generation Programme (PMEGP), Women in Science and Engineering- KIRAN (WISE-KIRAN), SERB-POWER (Promoting Opportunities for Women in Exploratory Research), Mission Shakti, Namo Drone Didi and LakhpatiDidi, Pt. Deen Dayal Upadhyaya Grameen Kaushalya Yojana (DDU-GKY), Rural Self Employment and Training*

*Institutes (RSETIs), Deen Dayal Antodaya Yojana-National Urban Livelihoods Mission (DAY-NULM), Production Linked Incentive, etc.*

*A number of provisions have been incorporated in the labour laws for equal opportunity and a congenial work environment for women workers. For example, the Code on Social Security, 2020 has provisions for enhancement in paid maternity leave from 12 weeks to 26 weeks, provision for mandatory crèche facility in establishments having 50 or more employees, permitting women workers in the night shifts with adequate safety measures, etc.*

*To enhance the employability of female workers, the Government is providing training to them through a network of Women Industrial Training institutes (ITI), National Vocational Training Institutes and Regional Vocational Training Institutes.*

*The Equal Remuneration Act, 1976 provides for payment of equal remuneration to men and women workers for the same work or work of similar nature without any discrimination. In addition, Ministry of Labour and Employment in January, 2024 issued an "Advisory for Employers to Promote Women Workforce Participation". This advisory inter-alia mentions the need for balance between employment and care responsibilities for both men and women including family friendly measures such as paternity leave, parental leave, family emergency leave and flexible working arrangements.*

*Further, the Union Budget (2024-25) announced setting up of working women hostels in collaboration with industry, and establishing crèches, for increasing participation of women in the workforce."*

1.77 Asked about the current status of notification and implementation of Code on the Social Security, 2020, the Ministry in their post-evidence replies has stated the following:-

*"Labour" as a subject is in the Concurrent List of the Constitution of India, and under the four Labour Codes, the power to make rules has been entrusted to the Central Government as well as State Governments.*

*As a pre-requisite requirement for implementation of the Codes, both Central Government as well as State/UT Government, being appropriate Government, are required to pre-publish draft Rules under all the Codes. Accordingly, the Central Government has already pre published its draft Rules under all the Labour Codes and as per available information, 32 States/UTs have already pre-published their draft rules under all the Labour Codes so far. West Bengal, Lakshadweep, NCT of Delhi and Tamil Nadu are yet to pre-publish their rules under one or more Labour Codes.*

*The Central Government has been taking up the matter with the remaining States/UTs on a regular basis for pre-publication of rules. Meetings at the level of Secretary(L&E) are regularly held with Status/UTs on pre-publication of Rules. In this connection, 06 regional meetings were held in the year 2024 with the representatives of all States/UTs, in which remaining States/UTs were requested to pre-publish their rules on an urgent basis.*

*A two-day workshop was recently held from 29 to 30 January 2025 under the Chairmanship of Hon'ble Minister for Labour & Employment, Government of India, with State Labour Ministers and Secretaries, wherein, inter-alia, the status of pre-publication of rules by the remaining States/UTs was discussed* *and they were requested to expedite completion of the exercise of pre-publication of Rules.*

*The Government has been taking all efforts, including holding meetings at various Levels, physically visiting the States/UTs, offering handholding for framing the rules, etc., for sensitising the States/UTs for pre-publication of Rules under all four Labour Codes. Regular updates regarding the steps taken by remaining States/UTs for pre-publication of their rules are being taken. The date for implementation of the Labour Codes, including the Code on Social Security,2020, has not been decided yet by the Government."*

## X. <u>POVERTY AND EQUITABLE GROWTH</u>

1.78 The Committee enquired about the steps taken for addressing poverty concerns during the sitting held on 6th June, 2025 and the Ministry furnished the following in their written replies:

*"The Government's development programmes are guided by the development philosophy of 'Sabka Sath, Sabka Vikas, Sabka Vishwas, Sabka Prayas', the vision to leave no one behind.*

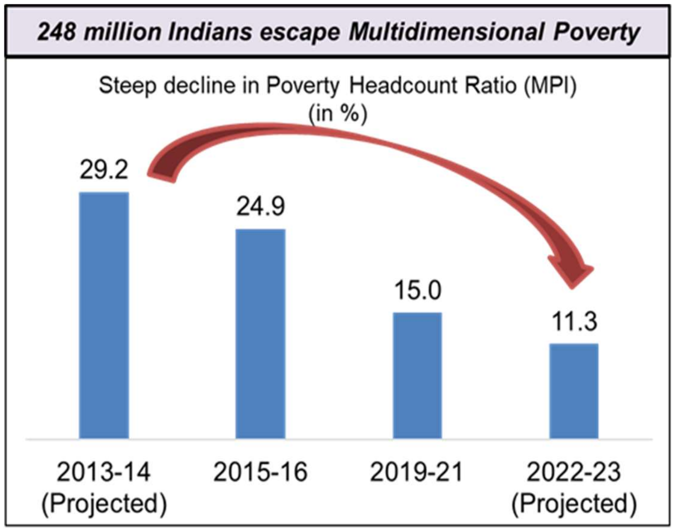
- *The average monthly per capita expenditure (MPCE) in rural and urban India in 2023-24 is estimated at ₹4,122 and ₹6,996, respectively. Considering the imputed values of items received free of cost through various social welfare programmes, these estimates rise to ₹4,247 and ₹7,078, respectively, for rural and urban areas.*
- *The urban-rural gap in MPCE has declined to 71 per cent in 2022-23 from 84 per cent in 2011-12. It has further come down to 70 per cent in 2023-24, which confirms the sustained momentum of consumption growth in rural areas.*
- *The Gini coefficient, a key indicator of inequality, improved for rural areas (declined to 0.237 in 2023-24 from 0.266 in 2022-23) and urban areas (declined to 0.284 in 2023-24 from 0.314 in 2022-23).*

*The initiatives of the Government have also achieved global recognition. The World Bank acknowledges India's decisive fight against poverty. According to the latest world bank data, the proportion of people living on less than US$ 3 per day, which is the international benchmark for extreme poverty, fell sharply from 27.12 percent in 2011-12 to just 5.25 percent in 2022-23.*

*Another notable measurement of quality of life is the Multidimensional Poverty Index (MPI), which captures overlapping deprivations in health, education, and standard of living, providing a comprehensive picture of poverty beyond income alone. According to NITI Aayog's Discussion Paper 'Multidimensional Poverty in India since 2005-06', 24.82 crore people escaped multidimensional poverty between 2013-14 to 2022-23. The Government's persistent dedication and resolute commitment to enhancing the lives of the most vulnerable and deprived have been instrumental in this accomplishment.*

*Together, these indicators demonstrate that India's economic progress is translating into meaningful improvements in the lives of its citizens. Government-led development initiatives are effectively uplifting the poorest, serving the underserved, and ensuring that growth is both inclusive and equitable, ensuring that no one is left behind."*

1.79 During the sitting held on 25th June, 2025, Secretary, Department of Economic Affairs showcased the decline in Poverty Headcount Ratio and deposed the following with regard to poverty and equitable growth:



Source: NITI Aayog Discussion Paper

*"When we talk about equitable growth, it will always be the case that some segments gain more and some segments gain less. But the number of people who have been brought out of poverty is significant."*

1.80 The Ministry in their post-evidence replies has, among other things, further added as follows:-

*"Pradhan Mantri Garib Kalyan Anna Yojana (PMGKAY) was launched with the objective of mitigating hardships faced by the poor and needy due to economic disruptions caused by COVID -19 in the country. The Central Government decided to continue to provide free food grains to about 81.35 crore National Food Security Act, 2013 (NFSA) beneficiaries (i.e. Antyodaya Anna Yojana (AAY) households and Priority Households (PHH) beneficiaries) under the PMGKAY for a period of five years with effect from 1st January, 2024, as per entitlement under NFSA. This was done keeping in view the welfare of the beneficiaries and in order to strengthen the provisions of NFSA in terms of accessibility, affordability, and availability of food grains for the poor and to maintain uniformity across the States.*

*Economic growth is the most potent and sustainable means of bridging the gap between demand and supply of necessities of life and improving the living standards and hence social outcomes of citizens; many families remain just above the poverty line and can be vulnerable to unexpected hardships such as health emergencies, inflation, or job losses. By maintaining subsidised food support, the government ensures a vital safety net that protects these households from slipping back into poverty and helps promote nutritional security across the population.*

*Moreover, India's food subsidy programme plays a crucial role in supporting social equity and inclusive growth, ensuring that the benefits of development are widely shared, including among marginalised and rural communities. This approach also helps stabilise food demand and supports the agricultural sector, contributing to broader economic stability.*

*As the country continues to progress, policies like these can be adapted and refined to respond to evolving needs, always with the aim of safeguarding the well-being and dignity of every citizen."*

## XI. <u>RESEARCH DEVELOPMENT & INNOVATION</u>

1.81 Raising the importance of R&D spending and budget, the Committee during its sitting held on 25th June, 2025 enquired about its status in the country, to which the following response was received from the Ministry:

*"According to officially recognized international sources compiled by the World Bank in 2022, the global spending on research & development (R&D) is around 2.7 percent of the World GDP. However, such expenditure in India is 0.65 percent - which is far below the global average.*

*The Union Cabinet earlier this month (July 2025) approved Research Development and Innovation (RDI) Scheme to scale up research, development and innovation in strategic and sunrise domains. The sunrise domain, among other things, include digital technologies and their indigenous development. This is a transformative step to bolster India's research and innovation ecosystem and with the aim of catapulting India towards a position of leadership in this domain. This Scheme shall operate with an allocation of Rs. 1 lakh crore to spur private sector investment in research and innovation. The Scheme has the following key objectives:*

*a) Encourage the private sector to scale up research, development, and innovation (RDI) in sunrise domains and in other sectors relevant for economic security, strategic purpose, and self-reliance;*

*b) Finance transformative projects at higher levels of Technology Readiness Levels (TRL)*

*c) Support the acquisition of technologies which are critical or of high strategic importance;*

*d) Facilitate the setting up of a Deep-Tech Fund of Funds.*

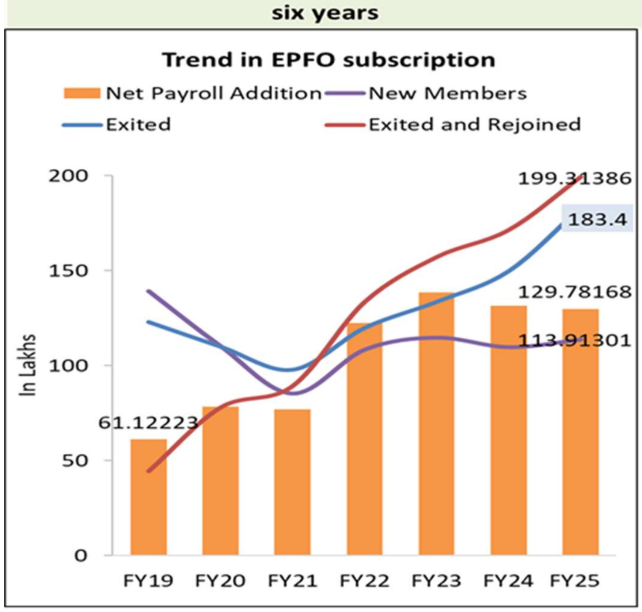
*RDI Scheme shall support both startups and corporates to overcome the constraints and challenges in research and innovation financing in the private sector, keeping in view the economic security and Atmanirbharta and work towards facilitating a conducive innovation ecosystem for the country, as it marches towards Viksit Bharat in 2047. (The PIB press release on approval of Research Development and Innovation (RDI) Scheme to scale up Research, Development and Innovation in Strategic and Sunrise Domains may be accessed in this regard.) Department of Science and Technology has been designated as the nodal Department for implementing the RDI Scheme."*

## XII. FORMALISATION OF THE ECONOMY

1.82 The Government has been taking various initiatives towards the formalisation of the economy. Some notable initiatives include a registration drive for MSMEs through the Udyam Assist Platform (UAP) to facilitate the registration of informal micro-enterprises to help them avail benefits such as Priority Sector Lending, etc. With end-to-end digitisation of all processes, the Goods and Services Tax (GST) is creating more jobs in the formal sector and eliminating transactions outside the tax net to ensure better tax compliance and transparency in the tax system. Over the period September 2017 to August 2024, more than 7 crore members joined the EPFO, indicating the extent of formalisation of the job market and the coverage of social security benefits to the organised sector workforce. The e-Shram portal was launched in 2021 for the creation of a comprehensive National Database of Unorganised Workers and to develop e-Shram as a one-stop solution for unorganised labour to have access to various social sector schemes. So far, 13 schemes of different Central Ministries / Departments have already been integrated with the eShram, with over 30.8 crore unorganised workers having registered on the portal.

1.83 During the sitting held on 25th June, 2025, Secretary, Economic Affairs highlighted on the encouraging trends in EPFO subscriptions:

Doubling of EPFO payroll additions in the past six years




Source: EPFO

1.84 When the Committee enquired as to how does the Government measure the quality and productivity of recently formalized jobs, and what evidence exists to show whether this formalization leads to sustained income security, social protection, and long-term employment, especially among informal sector workers, the Ministry in their post-evidence replies *inter-alia* stated the following:-

> *"Quality and Productivity (Indirect/Future Assessment): eShram data may be used to understand the demographics, occupations, and vulnerabilities of unorganised workers. As more schemes are being integrated and data may be analysed, it might offer insights into how formalisation efforts (including those facilitated by e-Shram) lead to improved living conditions and, potentially, productivity gains through better health and financial security".*

1.85 The Committee during the sitting held on 25th June, 2025 also deliberated on the lack of any other major digital innovation at the grass root level other than UPI and formation of digital deserts. The Ministry in response furnished the following in the post-evidence response:

> *"India has made remarkable progress in promoting digital inclusion across all segments of the population. Aadhaar has been issued to 99% of residents, providing a digital identity framework. Leveraging this, Aadhaar-based e-KYC saw a total of 42.89 crore transactions in February 2025, a significant increase of nearly 49% from the 28.75 crore transactions recorded in November 2022. The Unified Payments Interface (UPI) has also witnessed exponential growth, with over 18 billion transactions recorded in June 2025 alone. Moreover, the launch of the Pradhan Mantri Jan Dhan Yojana (PMJDY) has increased the bank account ownership from 35% in 2011, to nearly 95% by 2023. Furthermore, the number of DEMAT accounts surged from 33.26 million in March 2021 to 143.02 million by November 2024, marking a more than fourfold rise.*
>
> *To further the digital inclusion agenda, various measures have been taken, including*
>
> *a) A data sharing platform 'Account Aggregator' that enables secure, consent-based data sharing from financial institutions allows individuals and small businesses to leverage their financial data to access credit and other services. The year-on-year growth in the value of loans from FY22 has witnessed a CAGR of 170% with Rs 129 billion disbursed in H1 FY24. Similarly, the volume of loans has steadily increased with more than 1.35 million loans disbursed in H1 FY24.*
>
> *b) ONDC Platform: Over 7.64 lakh sellers and service providers are onboarded, with more than 16 million total orders fulfilled. ONDC envisions creating a level playing field for sellers, buyers, and service providers across India, particularly small and medium enterprises (MSMEs).*
>
> *c) Udyam Assist Portal has also been launched for informal MSME's registration, which is free of cost, paperless, based on self-declaration and requires no upload of documents and enables availing benefits under Priority Sector Lending. 6.57 crore MSMEs have been registered digitally, providing employment to 28.41 crore individuals.*
>
> *d) A digital platform for financing/discounting of trade receivables of Micro, Small and Medium Enterprises called TReDS helps in financing the*

*receivables, thereby improving the access to finance by MSMEs. It achieved a milestone of ₹2 lakh crore in MSME invoice financing by FY 2025.*

*To address the challenge of digital literacy under the National Digital Literacy Mission (NDLM) or Digital Saksharta Abhiyan (DISHA), aimed at providing IT training to 52.5 lakh individuals—including Anganwadi workers, ASHA workers, and authorized ration dealers across all States and Union Territories—a total of 53.67 lakh beneficiaries were trained. Notably, around 42% of these trainees were from rural areas.*

*Under the Pradhan Mantri Gramin Digital Saksharta Abhiyan (PMGDISHA), which focuses on enhancing digital literacy in rural households, approximately 7.35 crore individuals were enrolled, and 6.39 crore candidates successfully received training."*

**PART II**

**OBSERVATIONS/RECOMMENDATIONS**

**Growth Trajectory of India**

**1. The Committee note that amid a turbulent global economy marked by geopolitical tensions, trade protectionism and shifting investment patterns, India is sustaining robust growth as real GDP grew by 6.5% in FY 2024-25, supported by strong domestic demand and investment. The Committee observe India's position as the fastest-growing major economy, a status that has been reaffirmed by International Monetary Fund (IMF) citing prudent macroeconomic policies and reform- driven approach. Notably, India's per capita Gross National Income (GNI) grew at a Compound Annual Growth Rate (CAGR) of 5.1% between 2019 and 2024, higher than the 2.1% threshold for upper-middle-income status as per World Bank data, a pace that indicates a faster income transition than some of the Asian peers who took decades to achieve similar progress. Unlike earlier export-driven success stories in East Asia, India's growth is being achieved despite a more volatile global landscape. The Committee also note that far-reaching domestic reforms such as Goods & Services Tax (GST), the Insolvency and Bankruptcy Code (IBC), alongside infrastructure investments etc, have strengthened the economic foundation. While global growth trajectories are being reshaped—with the World Bank cutting its 2025 estimate to 2.3% and the Organisation for Economic Co-operation and Development (OECD) projecting a slowdown to 2.9% in 2025-2026—the World Bank retained India's growth forecast for 2025-26 at 6.3%. With strong macroeconomic fundamentals, a young workforce and a digitalizing economy, the Committee feel that India is well-positioned to navigate current global disruptions and advance toward becoming a high-income economy faster than many of its**

**regional counterparts, provided that timely and effective reforms and deregulation of appropriate sectors take place efficiently and efficaciously.**

**<u>General Outlook of the Economy - Macro Fundamentals</u>**

**2. The Committee note that the strong economic resilience, supported by robust structural fundamentals, despite global headwinds and the Government's glide path to reduce the debt-to-GDP ratio to around 50% by 2030-31 from 56% in Financial Year 2025-26 which has already seen a decline from 61.4% of GDP in 2020-21, underscores the importance of containing the fiscal deficit alongside the capital expenditure push. The Committee desire that the reduction trend of debt-GDP ratio is continued with vigour in years to come. The Committee observe that the emphasis on improving the quality of expenditure and a decline in the interest-to-revenue ratio along with a favorable growth-interest rate differential is expected to lead to a sustained reduction in the debt burden. The Committee recognize that sustained capital expenditure is crucial for accelerating long-term productivity and job creation. Noting that the post-pandemic incremental capital-output ratio (ICOR) averaged 4.3, the Committee recommend improving public investment efficiency to enhance output per unit of capital.**

**3. The Committee take note of the Special Assistance to States for Capital Investment (SASCI) Scheme which offers interest-free long-term loans to support productivity-enhancing projects without burdening State finances. The year-wise releases under the scheme show a massive jump from ₹11,830 crore in 2020-21 to ₹1,49,484 crore in 2024-25, but the allocation for 2025-26 (BE) is only ₹1,50,000 crore. The Committee also note the diverse fiscal positions across States. The N.K. Singh Committee on the FRBM Act recommended a**

**debt-to-GDP ceiling of 20% for States, a target that nearly all States have exceeded. With the exception of Gujarat, Maharashtra, and Odisha, every other State has a debt-to-GDP ratio higher than the recommended ceiling, with Arunachal Pradesh having the highest at 57%. To ensure long-term macroeconomic stability and equitable growth, the Committee recommend sustained fiscal discipline at the sub-national level and urge the creation of a mechanism to bring down the debt-to-GDP ratio to the recommended levels.**

**4. The Committee note that the New Public Sector Enterprise (PSE) Policy for Atmanirbhar Bharat envisages that loss-making Public Sector Undertakings (PSUs) in non-strategic sectors should be considered for privatization or closure. This policy aims to promote fiscal prudence and efficient resource allocation. However, not much headway has been made in this regard as the proposal for disinvestment of any non-strategic CPSE has not been approved since the guidelines were issued in December 2021. The Committee recommend the Government to accelerate the implementation of the New PSE Policy by expediting the process of identifying and seeking approval for the disinvestment or closure of non-strategic, loss-making CPSEs. The Committee also note that the Central Government assists States in this process by offering incentive packages from central funds to those that undertake similar reforms for their state-level PSUs. The Committee desire that the incentive package may be reviewed to make it more attractive and effective for States to participate in the process.**

**5. The Committee further note that the investment rate must increase to around 35% of GDP from the current 31% to achieve the ambitious growth target of 8% annually for at least a decade. Financing this may result in higher levels**

**of Current Account Deficit (CAD), which is challenging under current global circumstances. This emphasizes the need for domestic-led growth, for which deregulation is crucial. The Committee note the collaborative approach through the deregulation task force chaired by the Cabinet Secretary, which facilitates dialogue with States on best practices in land, labour, capital, and regulatory reforms. The Committee feel that this model of cooperative federalism can streamline business processes and foster an investor-friendly environment. The Committee also opine that tailored fiscal reforms may be promoted in highly indebted States to improve their fiscal health while maintaining their capacity to invest in critical infrastructure and social development.**

**Exports and Trade**

**6. In an increasingly fragmented global trade environment marked by rising protectionism and geopolitical volatility, the Committee acknowledge the commendable growth in India's exports, with an all-time high in merchandise and services exports, and note that India's balanced economic profile where strong domestic demand complements strategic export sectors, positions it advantageously amidst global realignments. However, to solidify its position as a key contributor to future global trade, the Committee recommend a recalibration of India's export strategy with an enhanced focus on manufacturing competitiveness and achieving greater market diversification. To realize this, the Committee suggest the following:-**

**(i) expanding support for Production Linked Incentive (PLI) schemes into high-technology and green manufacturing, where India has the potential to gain a strategic edge;**

**(ii) To build these new capabilities, it is crucial to prioritize investment in Research and Development (R&D) and skill development, fostering partnerships between private industry and academia;**

**(iii) pursuing new bilateral and regional trade agreements to reduce dependency on a limited number of markets and mitigate tariff risks;**

**(iv) Furthermore, accelerating trade facilitation measures—such as digitized customs and improved infrastructure under PM Gati Shakti—will be essential; and**

**(v) In the context of industrial policy, the Committee note that while industry is a State subject, the Central Government's initiatives are vital. Therefore, the Committee recommend the Government to consider an action plan for the even distribution of industries across all States for more balanced and equitable economic development.**

**(vi) Simultaneously, the Committee acknowledge that both Foreign Direct Investment (FDI) and Foreign Institutional Investment (FII) are vulnerable to global geopolitical shocks and rising interest rates. While appreciating the Government's efforts to attract foreign capital, the Committee would like to advise market regulators to be wary of the influence of foreign investors and their potential impact on market volatility. To mitigate these risks, the Committee recommend prioritizing domestic economic resilience through fiscal consolidation and encouraging SEBI and the RBI to continue streamlining regulations and improving market infrastructure. The Committee also suggest for diversifying India's investor base and promoting strategic sectors to attract committed FDI.**

**Price Stability**

**7. Ensuring price stability while sustaining economic growth is essential for long-term macroeconomic resilience, recent trends in food grain production, strong buffer stocks and stable inflation outlook reflect significant policy coordination. However, food inflation remains susceptible to weather-induced supply shocks, especially in the case of perishable commodities. Given that food items comprise a substantial portion of the Consumer Price Index, volatility in this segment not only affects inflation but also has direct implications for household consumption and nutritional security. The Committee, therefore, recommend that structural measures be deepened to strengthen supply chains, particularly for vegetables and pulses, by investing in integrated cold storage infrastructure, decentralized procurement, and digital market linkages. The 'Bharat' brand subsidy initiative and free foodgrain distribution under Pradhan Mantri Garib Kalyan Anna Yojana (PMGKAY) may be accompanied by targeted nutrition-sensitive reforms to improve dietary diversity among vulnerable populations. This is to be complemented by the existing high-level coordination between the Government and the RBI through forums like the Monetary Policy Committee (MPC) and the Financial Stability and Development Council (FSDC) to proactively monitor and address inflationary pressures.**

**Additionally, the Committee recommend that the Government build upon the productivity-growth-inflation framework by operationalising regulatory reforms announced in the Budget 2025–26 in a time-bound manner. The Committee believe that the proposed Investment Friendliness Index to access State level policy environments must evolve into a dynamic tool to guide inter-state competition and policy benchmarking. Further, regulatory simplification under the Jan Vishwas Bill 2.0 must be linked with measurable outcomes in**

**business cost reduction. The Committee strongly opine that complementing inflation management with productivity-led structural transformation is the need of the hour and will ensure macroeconomic stability and inclusive growth.**

**Banking Sector and Credit Availability**

**8. A resilient and well-capitalised financial system is a foundational pillar for sustained economic growth, especially in an increasingly volatile global environment. The Committee note with satisfaction that the banking sector is currently robust, with non-performing assets (NPAs) at a 13-year low, and banks are well-capitalized to fuel further credit expansion. However, a significant concern is the continued outpacing of deposit growth by credit growth. Though the data from the RBI's June 2025 Financial Stability Report shows that this gap has narrowed i.e. as of March 2025, year-on-year credit growth for Scheduled Commercial Banks (SCBs) was 11.0%, while deposit growth was 10.7%. The Ministry has confirmed that SCBs are not facing medium-term liquidity stress, as their Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) are well above the 100% regulatory minimum at 132.6% and 126.3% respectively. Although a high LCR indicates short-term stability, the Committee observe that a persistent gap between credit and deposit growth points to a structural issue. The Committee, therefore, are of the strong view that this could lead to medium-term liquidity risks, increased funding costs, and necessitate strategic adjustments in a bank's operations. Banks might have to rely on less stable and more expensive wholesale funding, which could squeeze their profitability and create an asset-liability mismatch. To address the funding gap and to strengthen the banking sector, the Committee recommend the following:-**

**(i) boost deposit mobilization through digital banking initiatives in underserved areas and by offering new, innovative savings products to improve the deposit base and to sustain their lending activities responsibly.**

**(ii) To mitigate global geopolitical risks identified in the RBI's Financial Stability Report (June, 2025), the financial institutions, in coordination with the RBI, should strengthen their risk management frameworks, particularly in areas such as foreign exchange exposure, external commercial borrowings and cyber-security vulnerabilities.**

**(iii) Furthermore, the scenario-based stress testing be expanded to include Non-Banking Financial Companies (NBFCs) and cooperative banks. This is crucial for ensuring system-wide stability and resilience against external shocks and supporting the financial sector's role in driving inclusive and sustainable economic growth.**

**Energy Transition**

**9. The Committee acknowledge India's progress in expanding renewable energy capacity and its balanced approach to energy transition, which aims to harmonise rapid economic growth with environmental sustainability and energy security. Recognising challenges such as intermittency of renewables, high storage costs and reliance on geographically concentrated critical minerals, the Committee recommend accelerating investments in diversified energy sources including solar, wind, nuclear (notably Small Modular Reactors) and green hydrogen. Simultaneously, the Committee urge the strengthening of domestic and international mineral supply chains through initiatives like the National Critical Minerals Mission (NCMM) and strategic partnerships such as the Minerals Security Partnership. To overcome storage bottlenecks, the Committee**

**suggest scaling up Battery Energy Storage Systems (BESS) with Viability Gap Funding and promoting Pumped Storage Projects (PSPs), noting their significant potential and the need to accelerate their development to enhance energy security.**

**Furthermore, the Committee highlight the importance of demand-side efficiency measures, such as promoting public transport to reduce energy consumption, and stress that the readiness of State infrastructure is crucial for the EV transition, despite the current uneven progress of charging network expansion. The Committee, therefore, urge the Government to maintain sustainable, growth-oriented energy policies that prioritize affordability and efficiency while balancing climate commitments with economic and social objectives. The Committee specifically calls on the Ministry / Central Electricity Authority (CEA) to expedite the development of PSPs, recognizing their critical role in strengthening energy security and reducing import dependency.**

**Agriculture Sector: Unlocking the potential**

**10. The Committee recognise the vast untapped potential of India's agriculture sector as a pivotal driver for inclusive economic growth. To unlock this potential, the Committee emphasize a dual approach: addressing immediate challenges while implementing long-term structural reforms. For short-term stability, the Committee observe that the Government's strategy such as maintaining buffer stocks; regulating market supplies; and subsidizing key food items helps to stabilize food prices and ensure affordable access to essential commodities. Complementing these immediate measures are structural reforms introduced in the Union Budget 2025-26, which include new sector-specific missions aimed at boosting the productivity of pulses, vegetables, fruits, seeds,**

**and cotton. The Committee observe that this integrated approach, blending immediate relief with strategic long-term planning, is crucial for a resilient agricultural sector.**

**To further enhance agricultural productivity and foster financial inclusion, the Committee recommend the acceleration of digital initiatives. This includes digitizing land records and implementing the agri-stack, a technological framework designed to link farmers' produce with banking and credit systems. This would facilitate transparent and timely disbursement of crop loans. The Committee also urge that these digital tools be expanded nationwide, with local youth being trained to assist in data collection, thereby creating employment opportunities and improving data accuracy. The Committee also believe that promoting diversified crop production, strengthening supply chain infrastructure, and encouraging private sector participation in agri-tech innovation are vital steps. These coordinated efforts can effectively mitigate supply-side inflation, sustainably boost farmers' incomes, and transform agriculture into a powerful engine for India's growth.**

## Micro, Small and Medium Enterprises (MSMEs)

**11. The Committee recognize the vital role of Micro, Small, and Medium Enterprises (MSMEs) as the backbone of the Indian economy. While appreciating the Government's various efforts to promote their growth, the Committee observe a more comprehensive, innovation-driven strategy encompassing finance, technology, capacity-building, and infrastructure are required, and therefore, recommend the following:-**

**(i) <u>Finance and Liquidity:</u>**

**To improve financial access, the Committee urge continued wide scale promotion of the new digital Credit Assessment Model announced in the July 2024 Union Budget and a wider dissemination of Credit Guarantee Schemes, especially for smaller and vulnerable enterprises. The Committee also suggest that financial institutions should deepen credit penetration in underserved regions and that platforms like Trade Receivables Discounting System (TReDS) and Exchange-Based Factoring (EBF) be strengthened. A major concern, however, is the high interest rates on the TReDS platform, approaching 18% per annum. The Committee, therefore, desire the Government to review these rates and take measures to lower them, such as by working towards increasing competition among financiers, or establishing a benchmark etc.**

**(ii) <u>Regulatory and Policy Framework</u>**

**The Committee note the improved asset quality of the MSME sector but remain concerned about the possible disproportionate impact of the strict NPA norms, which could lead to the closure of financially vulnerable MSMEs. The Committee, therefore, desire the Government to conduct a specific, comparative study on the impact of these rules on MSMEs versus large corporations. This would provide a data-driven basis to determine if differentiated rules or support mechanisms are necessary. Furthermore, the Committee suggest exploring new ways to reduce MSME financial vulnerability beyond existing credit guarantee schemes.**

**(iii) <u>Technology, Formalization, and Market Access</u>**

**For technology adoption and formalization, the Committee recommend scaling up digital tools such as Udyam Registration, GeM, and MSME SAMADHAAN. The Committee also stress for enhancing the Udyam Assist Platform, strengthening linkages with large corporates and export bodies. Promoting digital literacy, e-commerce participation, cluster development, and sector-specific policies which are critical for enhancing market access may also be considered. These measures will go a long way in strengthening the MSME.**

**(iv) <u>SME IPOs</u>**

**The Committee note the significant growth of SME IPOs and the existing regulatory framework but recommend a multifaceted plan to encourage more SMEs to go public. This includes continued regulatory refinements to simplify disclosure norms and a focus on enhancing post-listing liquidity on SME platforms. The Committee also suggest launching targeted awareness campaigns and capacity-building programs to educate SMEs on the benefits of going public and to guide them through the process.**

**<u>Employment and Skill Development</u>**

**12. The Committee acknowledge the Government's broad-spectrum and integrated approach toward employment generation, skilling, education and healthcare as foundational pillars of inclusive economic growth. The vision to empower youth, especially in a rapidly transforming economic and technological landscape, is evident through flagship programmes and policy reforms. However, the Committee emphasise the need for better convergence across these interventions, more granular regional implementation and**

**stronger feedback loops between education, skilling, healthcare and employment ecosystems to ensure actual ground level implementation of 'on-paper' schemes and programmes. In this regard, the Committee offer the following aspect-wise recommendations:**

**(i) <u>Education:</u>**

**The Committee note the various initiatives to make education more accessible and affordable and the rollout of the National Education Policy (NEP) 2020 which aims to reform India's education system to better align with the demands of the twenty-first century, promoting a more inclusive and progressive approach. The Committee suggest that the implementation of the National Education Policy (NEP) 2020 be synchronised with skilling and industry requirements at the grassroots level. The Committee also suggest that the existing Samagra Shiksha scheme be fortified to ensure the effective implementation of its goals related to universal access to early childhood education, with enhanced focus on teacher training and inclusive pedagogy for differently-abled and first-generation learners. For higher education, a separate initiative should be launched to place greater emphasis on employability. This could be done by mainstreaming internships and hands-on learning across all disciplines, ensuring that academic programs are directly linked to industry needs. This initiative would complement the goals of Samagra Shiksha scheme by creating a seamless transition from school-level foundation to a skilled and job-ready workforce.**

**(ii) <u>Skill Development:</u>**

**The Committee believe that a skilled workforce is crucial for India to achieve sustained and competitive economic growth. While acknowledging the**

**Ministry of Skill Development and Entrepreneurship's (MSDE) efforts through international agreements, the Committee suggest for aligning vocational education and training such as Prime Minister's Internship Scheme (PMIS) with best international practices and standards and more actively engaging industry partners in curriculum design, labor demand mapping, and placement linkages to enhance employability.**

**(iii) Healthcare:**

**The Committee note the significant strides in expanding affordable healthcare and health coverage under the National Health Mission such as operationalisation of Ayushman Arogya Mandir, National Ambulance Services, Universal Immunisation programmes etc. However, to ensure the health-employment linkage, the Committee recommend for strategic strengthening and universalization of existing school and college-based health education programs on nutrition, fitness, and mental well-being under the Fit India and Eat Right campaigns. Health services under Ayushman Bharat must be further decentralised *via* mobile health units and telemedicine hubs, particularly in tribal and hilly regions to deepen its impact and address gaps in reach and accessibility.**

**(iv) Employment Generation:**

**The Committee acknowledge the Government's various employment generation schemes such as Pradhan Mantri Viksit Bharat Rozgar Yojana (PM-VBRY) and other multi-pronged strategies for job creation, including the Production Linked Incentive (PLI) schemes and infrastructure investments. The Committee also note the significant impact of Artificial Intelligence (AI) on the labor market, presenting both opportunities and disruptions. To maximize**

**employment creation while ensuring AI is labour-augmenting rather than labor-replacing, the Committee recommend that priority be given to labour intensive Micro, Small and Medium Enterprises (MSME) clusters under the Make in India and Gati Shakti initiatives. Furthermore, the Committee advocate for a strategic focus on the tourism sector, as promoting certified hospitality training, eco-tourism, and medical tourism is crucial for employment growth, particularly in light of recent Budget announcements for the sector. To bridge the gap between job supply and demand, the Committee emphasize the establishment of a centralized Labour Market Information System (LMIS). Further, the Committee also feel that Labour Force Participation Rate (LFPR) should be benchmarked alongwith roadmap for Viksit Bharat 2047 on lines of advanced economies.**

**To navigate the challenges posed by AI, the Committee suggest that skilling initiatives be agile and modular, with curriculum co-created with industry partners. The Committee also recommend strengthening and upgrading National and International Skill Centres and Industrial Training Institutes (ITIs) in Tier 2 and Tier 3 cities to enhance global employability and foster equitable growth. To ensure inclusivity, AI skilling programs should be multilingual and designed to address digital access disparities across gender, regions, and socio-economic backgrounds.**

**<u>Labour Market : Female Labour Force Participation</u>**

**13. The Committee acknowledge the significant rise in the female labor force participation rate (FLFPR), which increased from 23.3% in 2017-18 to 41.7% in 2023-24. This growth is attributed to the effectiveness of government initiatives, including Pradhan Mantri Mudra Yojana (PMMY), Pradhan Mantri Kaushal Vikas Yojana (PMKVY), Stand-UP India, and Mission Shakti. To ensure the continued growth of FLFPR, the Committee recommend continued expansion and effective**

**implementation of these initiatives, with a particular emphasis on scaling up vocational training through Women's ITIs and regional institutes. The Committee also commend the progressive labor law reforms under the Code on Social Security, 2020, which provides for extended maternity leave, mandatory crèche facilities, safe night shifts, and ensures wage parity under the Equal Remuneration Act. The implementation of the Code on Social Security, 2020, however, faces delays. The power to make rules under the new Labor Codes is shared between the Central and State Governments. The Central Government has already pre-published its draft rules, but four States/UTs—West Bengal, Lakshadweep, NCT of Delhi, and Tamil Nadu—have yet to pre-publish rules under one or more Codes. The Committee, therefore, urge the Central Government to actively pursue these States as the expeditious implementation of these reforms is crucial for fully realizing their intended benefits and reinforcing these critical legislative gains.**

**Poverty and Equitable Growth**

**14. The Committee note the various strides being made in alleviating poverty, as reflected by improvements in key indicators such as the rise in average Monthly Per Capita Expenditure (MPCE), narrowing urban-rural consumption gaps and a declining Gini co-efficient signalling reduced inequality in both rural and urban areas. The Committee also note that as per NITI Aayog's Discussion Paper 'Multidimensional Poverty in India since 2005-06', 24.82 crore people have escaped multidimensional poverty between 2013-14 to 2022-23. The Committee attribute this success to inclusive development policies, including programs like the Pradhan Mantri Garib Kalyan Anna Yojana (PMGKAY), which provides a vital safety net of subsidized food support to protect vulnerable families from**

**slipping back into poverty and to ensure nutritional security, all guided by the principle of 'Sabka Sath, Sabka Vikas, Sabka Vishwas, Sabka Prayas.' To sustain this progress, the Committee recommend continued focus on expanding social welfare coverage and improving targeting accuracy through enhanced data integration and technology-enabled delivery mechanisms. The Committee also suggest regular monitoring and evaluation of poverty reduction programmes to ensure responsiveness to emerging challenges and demographic shifts, thereby fostering equitable growth for all vulnerable groups.**

**Research Development & Innovation**

**15. The Committee note that the global spending on research & development (R&D) is around 2.7 percent of the world GDP, while India is far below the global average at 0.65 percent of this expenditure, indicating a pressing need to enhance investment in this critical area. The recent approval of the Research Development and Innovation (RDI) Scheme, which allocates Rs. 1 lakh crore to foster private sector engagement in R&D, particularly in strategic and sunrise domains including digital technologies. The Committee commend the Scheme's comprehensive objectives, which include funding projects at advanced technology readiness levels; acquisition of critical technologies, and establishing a Deep-Tech Fund of Funds, align well with India's vision of economic security, self-reliance and achieving developed nation status by 2047. To ensure the scheme's success, the Committee recommend implementing robust monitoring mechanisms and fostering greater collaboration among academia, industry, and government research institutions. Furthermore, the Committee urge the Government to incentivize R&D investments across all**

**sectors and promote awareness of emerging technologies to accelerate India's transition into a global innovation leader.**

**<u>Formalistaion and Digitisation of Economy</u>**

**16. The Committee acknowledge significant progress in the formalization of the economy and digital inclusion, citing initiatives like the Udyam Assist Platform (UAP), eShram portal, GST digitization, and increased EPFO subscriptions. The Committee also note the deepening of India's digital economy through the adoption of UPI and other digital platforms. However, the Committee remains concerned about "digital deserts" in rural and underserved areas. To address this, the Committee recommend that digital infrastructure may be scaled up in remote areas via BharatNet; promoting hyper-local digital innovations; and integrating digital literacy programs like Pradhan Mantri Gramin Digital Saksharta Abhiyan (PMGDISHA) and National Digital Literacy Mission (NDLM) into school curricula. Furthermore, the Committee recommend the Government to periodically study whether formalization leads to sustained income security, social protection, and long-term employment, especially among informal workers. This is crucial for taking corrective measures and ensuring the gains from formalization and digitization translate into inclusive economic development.**

**<u>Conclusion</u>**

**17. The Committee observe that the current global trade environment, marked by protectionism and geopolitical volatility, presents a significant opportunity for India. The Committee believe this situation can be leveraged to pursue the guiding principle of "Sabka Saath, Sabka Vikas, Sabka Vishwas, Sabka Prayas" and build an "Atmanirbhar Bharat". This path involves exploring**

**new markets while simultaneously strengthening domestic manufacturing. The Committee highlight the need for sound government finances, with an emphasis on improving the quality of expenditure, particularly capital expenditure, and recognize the pivotal role of AI and data for effective governance. The Committee also note that despite positive corporate earnings, investment in people—through higher wages, reskilling, and mental health support—is essential for increased productivity. The Committee conclude that India's economic roadmap must aim not only for a short-term $5 trillion economy but also for sustained, inclusive, and resilient long-term growth.**

**To achieve this vision, the Committee recommend a multi-pronged approach that includes strengthening government finances and nurturing growth engines like innovation and skills development. The Committee also recommend the establishment of an indigenous, government-owned AI server to address privacy concerns, improve efficiency, and harness data for informed policy-making. The Committee further suggest prioritizing rural and urban infrastructure and investing in people. This strategy, focused on balanced energy policies, price stability, and robust support for MSMEs and women entrepreneurs, should aim to drive inclusive and sustainable growth for a self-reliant India.**

| | |
|---|---|
| **New Delhi;** | **BHARTRUHARI MAHTAB** |
| **18 August, 2025** | **Chairperson,** |
| **27 Sravana, 1947 (Saka)** | **Standing Committee on Finance** |

**<u>Appendix – I</u>**

**Minutes of the Eighth sitting of the Standing Committee on Finance (2024-25).**

**The Committee sat on Thursday, the 19 December, 2024 from 1600 hrs to 1830 hrs in Committee Room 'B', Parliament House Annexe (PHA), New Delhi.**

**PRESENT**

**Shri Bhartruhari Mahtab – Chairperson**

**<u>LOK SABHA</u>**

| | |
|---|---|
| 2. | Shri Arun Bharti |
| 3. | Shri P. P. Chaudhary |
| 4. | Shri Lavu Sri Krishna Devarayalu |
| 5. | Shri Kishori Lal |
| 6. | Shri Harendra Singh Malik |
| 7. | Shri Chudasama Rajeshbhai Naranbhai |
| 8. | Thiru Arun Nehru |
| 9. | Shri N. K. Premachandran |
| 10. | Dr. C. M. Ramesh |
| 11. | Smt. Sandhya Ray |
| 12. | Prof. Sougata Ray |
| 13. | Dr. Jayanta Kumar Roy |
| 14. | Dr. K. Sudhakar |
| 15. | Shri Manish Tewari |

**<u>RAJYA SABHA</u>**

| | |
|---|---|
| 16. | Shri Milind Murli Deora |
| 17. | Dr. Ashok Kumar Mittal |
| 18. | Shri S. Selvaganabathy |
| 19. | Shri Sanjay Seth |
| 20. | Dr. Dinesh Sharma |
| 21. | Smt. Darshana Singh |
| 22. | Dr. M. Thambidurai |

**<u>SECRETARIAT</u>**

| | | | |
|---|---|---|---|
| 1. | Shri Gaurav Goyal | - | Joint Secretary |
| 2. | Shri Vinay Pradeep Barwa | - | Director |
| 3. | Shri Kuldeep Singh Rana | - | Deputy Secretary |
| 4 | Shri T. Mathivanan | - | Deputy Secretary |

**LIST OF WITNESSES**

**The Ministry of Finance**

**Chief Economic Adviser**

1. Dr. V. Anantha Nageswaran

**Economic Division, Department of Economic Affairs**

2. Shri Antony Cyriac, Adviser
3. Dr. Anuradha Guru, Adviser

2. At the outset, the Chairperson welcomed the Members and the Committee discussed and decided to modify the nomenclature of the subject under examination from ‘Roadmap for $5 trillion economy in light of global economic and geopolitical circumstances’ to ‘Roadmap for Indian Economic Growth in light of global economic and geopolitical circumstances’. Thereafter, the Chairperson welcomed the witnesses to the sitting of the Committee and the Committee deliberated on the following issues:

i. Current state of our financial system and key policy interventions and reforms of the Government to boost economic growth;
ii. Major drivers of growth and what reforms and interventions are required to harness the strengths and potentials of our economy to enhance the macro-economic stability and make it more robust and resilient;
iii. Challenges and opportunities which encompass India’s global competitiveness;
iv. Substantial number of people being ready to work at minimum wages despite buoyancy in the agriculture sector;
v. Strategies to deal with the dominance of China in the worlds’ manufacturing sector;
vi. Improving the enrolment and quality of education in Government schools;
vii. Means to ensure equitable growth in the country and accruing of demographic dividend along with it;
viii. Vital role of employment for transitioning of the economy from low middle income economy to high middle income economy;
ix. Climate mitigation and climate adaptation strategies;

x. Tackling of sticky food inflation;

xi. Ensuring skill development to use artificial intelligence for employment generation;

xii. Feasible and innovative mechanisms for increasing capacity of States and incentivising investment in education and health sectors;

xiii. Concentration on and financial/other support to develop the MSME ecosystem for increased economic growth;

xiv. Contribution of real estate and construction industry to GDP;

xv. Increasing disposable income and per capita income of households;

xvi. Stable policies to ensure that exports continue to grow;

xvii. Weak recovery of written-off loans;

xviii. Rationalising of interest payments;

xix. Issue of debt servicing of Centre and States and international investment;

xx. Overrun of fiscal deficit and strategies to handle it;

xxi. Various business undertaking systematic deregulations;

xxii. Issues relating to urbanisation such as climatic issues, congestions of traffic' health hazards etc.;

xxiii. Strategy towards services sector;

xxiv. Capital expenditure spending and crowding in of private investment;

xxv. Status of irrigation projects in the country;

xxvi. Strategies to increase the yield per hectare while reducing the resources;

xxvii. Measures to encourage innovation through greater R&D and increased participation of universities and educational institutions;

xxviii. Addressing the skill gap challenge;

xxix. Sector-wise break up of non-farm jobs that are to be created annually and its roadmap;

xxx. Execution status of key projects under National Infrastructure Pipeline and National Monetization Pipeline and their contribution to job creation in both urban and rural regions;

xxxi. Progress made in implementing the National Single Window system and its effectiveness in addressing regulatory delays;

xxxii. Measures taken with respect to discovering the full potential of agriculture sector and present status of the envisioned target of doubling the farmer's income;

xxxiii. Measures being undertaken to promote and protect the interest of small businesses, farmers, and other marginalized groups in the context of increasing economic globalization and competition; and

xxxiv. Measures that need to be taken to attract investors through legal safeguards for enforcement and ensuring due process of law *via* hierarchy & safeguards.

3. The witnesses responded to the queries raised by the Members and the Chairperson then directed the representatives to furnish written replies to the points raised by the Members, which could not be readily replied by them during the discussion to the Secretariat.

(The witnesses then withdrew)

The Committee then adjourned.
A verbatim record of the proceedings has been kept.

**Appendix – II**

**Minutes of the Twenty-Sixth Sitting of the Standing Committee on Finance (2024-25).**

**The Committee sat on Friday, the 6th June, 2025 from 1215 hrs to 1515 hrs in Committee Room 'D', Parliament House Annexe, New Delhi.**

**PRESENT**

**Shri Bhartruhari Mahtab - Chairperson**

**LOK SABHA**

2. Shri P.P.Chaudhary
3. Shri Lavu Sri Krishna Devarayalu
4. Shri Harendra Singh Malik
5. Shri N. K. Premachandran
6. Smt. Sandhya Ray
7. Dr. Jayanta Kumar Roy
8. Dr. K. Sudhakar
9. Shri Manish Tewari

**RAJYA SABHA**

10. Dr. Ashok Kumar Mittal
11. Shri Yerram Venkata Subba Reddy
12. Dr. Dinesh Sharma
13. Shri Pramod Tiwari

**SECRETARIAT**

| | | | |
|---|---|---|---|
| 1. | Shri Vinay Pradeep Barwa | - | Director |
| 2. | Shri Kuldeep Singh Rana | - | Deputy Secretary |
| 3. | Shri T. Mathivanan | - | Deputy Secretary |

**WITNESSES**

**Ministry of Finance**

**Department of Economic Affairs**

1. Dr. V. Anantha Nageswaran, Chief Economic Adviser
2. Shri Rajiv Mishra, Senior Economic Adviser
3. Ms. Chandni Raina, Adviser
4. Dr. Anuradha Guru, Adviser
5. Ms. Rose Mary K. Abraham, Adviser

2. At the outset, the Chairperson welcomed the Members and the witnesses to the sitting of the Committee. Thereafter, a power-point presentation was made by the Chief Economic Adviser on the subject which, *inter-alia*, covered overview about global trade and environment especially in context between India and China, India's consistent progress on various macro-economic indicators, fiscal consolidation, capital expenditure, challenges faced and prospective solutions, importance of deregulation to drive growth and create jobs, challenges in energy transition, initiatives to strengthen labour market, adapting to AI driven job market shifts, accelerating the formalization of the economy, education and skill development, mental health hurdles amongst youngsters, empowering farmers, MSME development, addressing inequality and enhancing inclusion, growth outlook etc.

3. After the presentation, the Committee paused for lunch break and thereafter the Committee, *inter-alia*, deliberated upon the following points with the Chief Economic Adviser:

- Measures to maintain medium-term economic resilience in the face of persistent global headwinds, such as geopolitical conflicts and inflationary pressures;
- Measures to ensure economic growth which is sustainable, inclusive and equitable;
- Impact of AI on the job market and services sector and long-term roadmap to mainstream AI literacy;
- Mechanisms to address food price volatility, particularly in light of its implications on household consumption and nutritional security;
- Measures being undertaken to protect and promote Micro, Small and Medium Enterprises (MSMEs);
- Policy interventions to enhance women's economic participation;
- Concept of environmental accounting and Green GDP;
- Action plan for domestic mineral exploration and international agreements in light of energy transitions;
- Importance of tackling health and mental health problems in children and youth ;

- Priortization of policy frameworks and investments to create high-quality, productive non-farm jobs, particularly in sectors like manufacturing and services;
- Measures to accelerate development and deployment of new/low-cost technologies;
- Need for contingency plans if global commodity prices or adverse weather pattern impacting food prices re-emerge with significant reflectionary pressures, potentially forcing a choice between growth and price stability;
- Need for formalising the labour force in the unorganised sector and bringing them into the social security net.

4. Hon'ble Members also sought clarifications on various other issues relating to the subject and the witnesses responded to the queries raised by the Members. The Chairperson then directed the representatives to furnish written replies to the points raised by the Members, which could not be readily replied by them during the discussion to the Secretariat within 10 working days.

The witnesses then withdrew.

The Committee then adjourned.

A verbatim record of the proceedings has been kept.

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**<u>Appendix – III</u>**

**Minutes of the Twenty-Seventh Sitting of the Standing Committee on Finance (2024-25).**

**The Committee sat on Wednesday, the 25th June, 2025 from 1100 hrs to 1320 hrs in Committee Room 'D', Parliament House Annexe, New Delhi.**

**PRESENT**

**Shri Bhartruhari Mahtab - Chairperson**

**<u>LOK SABHA</u>**

2. Shri Lavu Sri Krishna Devarayalu
3. Shri Gaurav Gogoi
4. Shri K. Gopinath
5. Shri Kishori Lal
6. Shri Harendra Singh Malik
7. Thiru Arun Nehru
8. Shri N. K. Premachandran
9. Dr. C. M. Ramesh
10. Smt. Sandhya Ray
11. Dr. Jayanta Kumar Roy
12. Dr. K. Sudhakar
13. Shri Prabhakar Reddy Vemireddy

**<u>RAJYA SABHA</u>**

14. Shri Milind Murli Deora
15. Shri Sanjay Seth
16. Dr. Dinesh Sharma
17. Smt. Darshana Singh
18. Shri Pramod Tiwari

**<u>SECRETARIAT</u>**

1. Shri Gaurav Goyal - Joint Secretary
2. Shri Kuldeep Singh Rana - Deputy Secretary
3. Shri T. Mathivanan - Deputy Secretary

## WITNESSES

## Ministry of Finance

**Department of Economic Affairs**

1. Shri Ajay Seth, Finance Secretary & Secretary
2. Shri Rajiv Mishra, Senior Economic Adviser
3. Ms. Chandni Raina, Adviser, Economic Division
4. Shri Baldeo Purushartha, Joint Secretary, ISD Division
5. Dr. Anuradha Guru, Adviser, Economic Division
6. Shri Vyasan R., Joint Secretary, Budget Division
7. Dr. Rose Mary K. Abraham, Adviser

2. At the outset, the Chairperson welcomed the Members and the witnesses to the sitting of the Committee. Thereafter, the Secretary, Economic Affairs gave a power-point presentation on the subject which, *inter-alia*, covered overview about India's consistent progress on various macro-economic indicators, uncertainty in global economy, GDP growth, stable growth in key inputs for capital formation, growing private investment confidence, steady urban and rural demand, fiscal consolidation, improvement in quality and effectiveness of expenditure, need for definitional shift in poverty line, increasing social protection coverage, sustained structural and governance reforms, need for deregulation for growth, accelerating the formalization of the economy, strengthening of Micro, Small and Medium Enterprises (MSMEs) sector, emphasis on education and skill development in wake of technology and AI induced disruptions in the labour market, farmer empowerment, livelihood creation through entrepreneurship and self-employment, addressing inequality and enhancing inclusion, policy trajectory for addressing challenges in energy transition etc.

3. After the presentation, the Committee, deliberated upon the following points with the representatives of the Ministry:

- Measures to ensure economic growth which is sustainable, inclusive and equitable;
- Measures to effectively balance low carbon ambitions with energy security and affordability;
- Impact of rising oil prices on inflation and the need for adequately preparing for oil shocks and preventing inflationary pressures;

- Impact on Foreign Direct Investment and Foreign Institutional Investors coming to India due to rising interest rates globally;
- The disinvestment agenda of the Government;
- Efficient management of long-term public finance and debt between Centre and States and need for fiscal consolidation in the Centre and the States;
- Measures being undertaken to protect and promote MSMEs, their digitalisation and support to make them AI ready;
- Need for having separate SMA classification for MSMEs and relooking of the Trade Receivables e-Discounting System (TReDS) system;
- Details about Viability Gap Funding (VGF)
- Measures to enhance investments and Foreign Direct Investment (FDI) in the country;
- Fiscal consolidation and borrowing capacities of States and mechanisms to assess the quality of expenditure by States;
- Issues pertaining to unemployment, poverty and the social protection coverage;
- Impact of Artificial Intelligence (AI) on the job market and services sector and long-term roadmap to mainstream AI literacy;
- Sustainability of India's public Debt to GDP ratio;
- Ensuring credit expansion does not outstrip deposit mobilization beyond a safe threshold;
- Proposal for definitional shift in poverty line in light of changing times.

4. Members also sought clarifications on various other issues relating to the subject and the witnesses responded to the queries raised by the Members. The Chairperson then directed the representatives to furnish written replies to the points raised by the Members, which could not be readily replied by them during the discussion to the Secretariat within two week time.

The witnesses then withdrew.

The Committee then adjourned.

A verbatim record of the proceedings has been kept.

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**Minutes of the Thirty Second sitting of the Standing Committee on Finance (2024-25). The Committee sat on Monday, the 18 August, 2025 from 1500 hrs to 1545 hrs in Committee Room '62', Samvidhan Sadan (SS), New Delhi.**

**PRESENT**

**Shri Bhartruhari Mahtab – Chairperson**

**LOK SABHA**

2. Shri P. P. Chaudhary
3. Shri Lavu Sri Krishna Devarayalu
4. Shri K. Gopinath
5. Shri Suresh Kumar Kashyap
6. Shri Kishori Lal
7. Shri Harendra Singh Malik
8. Shri Chudasama Rajeshbhai Naranbhai
9. Thiru Arun Nehru
10. Shri N. K. Premachandran
11. Smt. Sandhya Ray
12. Dr. K. Sudhakar
13. Shri Manish Tewari
14. Shri Balashowry Vallabhaneni
15. Shri Prabhakar Reddy Vemireddy

**RAJYA SABHA**

16. Shri Milind Murli Deora
17. Dr. Ashok Kumar Mittal
18. Shri Yerram Venkata Subba Reddy
19. Shri S. Selvaganabathy
20. Shri Sanjay Seth
21. Dr. Dinesh Sharma
22. Smt. Darshana Singh
23. Shri Pramod Tiwari

**SECRETARIAT**

| | | | |
|---|---|---|---|
| 1. | Shri Gaurav Goyal | - | Joint Secretary |
| 2. | Smt. Bharti Sanjeev Tuteja | - | Director |
| 3. | Shri Kuldeep Singh Rana | - | Deputy Secretary |
| 4. | Shri T. Mathivanan | - | Deputy Secretary |

2. At the outset, the Chairperson welcomed the Members to the sitting of the Committee. Thereafter, the Committee took up the draft Report on the subject 'Roadmap for Indian economic growth in light of global economic and geopolitical circumstances' for consideration and adoption.

3. After some deliberations, the Committee adopted the above draft Report with minor modifications and authorised the Chairperson to finalise and present the Report to the Parliament.

The Committee then adjourned.

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