

India's Macroeconomic Performance

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India's Macroeconomic Performance: A Decade in Review

Context

India's economic performance over the past 11 years (2014–2025) is being analysed against the previous decade (2004–2014). This overview highlights trends in GDP, poverty, inequality, agriculture, and subsidy reforms — key areas relevant to inclusive and sustainable development.

Macroeconomic Growth Trends

- **Nominal GDP** rose from **\$2.04 trillion (2014)** to a projected **\$4.19 trillion (2025)**.
 - India is set to become the **4th largest economy**, nearing Germany.
 - In **PPP terms**, GDP grew from **\$6.45 trillion (2014)** to **\$17.65 trillion (2025)** — **3rd largest globally**.
 - **Per capita income (PPP)** increased from **\$4,935 (2014)** to **\$12,132 (2025)**.
 - Global rank improved from **166th to 149th**, though still lowest among **G20 nations**, behind China and Sri Lanka.
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Income Inequality

- **Gini coefficient** remained relatively stable:
 - **2004:** 0.34

- **2014:** 0.35
 - **2021:** 0.33
 - Indicates **moderate inequality**, as per World Bank estimates.
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Agricultural Growth and Welfare Schemes

- **Agriculture GDP** grew at **4% annually (FY15-FY25)**, higher than **3.5% (FY05-FY14)**, despite multiple drought years.
 - Key welfare measures:
 - **PM-KISAN** (income support)
 - **Free food grains** (5kg/person/month to **800 million** beneficiaries)
 - **Affordable rural housing**
 - **Urea price controls**
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Poverty Reduction

- **Extreme poverty** (below \$3/day, 2021 PPP):
 - Fell from **27.1% (2011)** to **5.3% (2022)** — an **80% reduction**.
 - Against the **\$4.20/day threshold**:
 - Dropped from **57.7% (2011)** to **23.9% (2022)** — a **60% fall**.
 - Marks one of the **fastest reductions** in India's recent history.
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Need for Subsidy Reforms

Food Subsidy

- **Budget (FY26): ₹2.03 lakh crore.**
- Suggestion: Replace free grains with **digital food coupons** worth ₹700/family/month for the poorest 15%.
- Benefits: **Diversified diets**, reduced leakages, improved **nutrition**.

Fertiliser Subsidy

- **Budget (FY26): ₹1.56 lakh crore.**
- Suggestion: Provide **fertiliser coupons** and **deregulate prices**.
- Enables choice between **chemical, bio-fertilisers or natural farming**, and encourages balanced use of nutrients.

Implementation Challenges

- **Identifying tenant farmers** and linking datasets is critical.
- Requires **pre-policy communication** and building **trust with farmers**.
- Smooth execution depends on **coordination, technology, and political consensus**.

Conclusion

India has made significant progress in **GDP growth, poverty reduction, and agriculture**. However, for sustained and inclusive development, attention is needed on:

- **Subsidy rationalisation**
- **Income equality**

- **Effective delivery mechanisms**

Targeted, tech-enabled, and inclusive reforms will be key to translating growth into **equitable development**.



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