

# THEME OF THE ECONOMIC SURVEY 2019-20 - ENABLE MARKETS, PROMOTE 'PRO-BUSINESS' POLICIES AND STRENGTHEN 'TRUST' IN THE ECONOMY

Relevant for: Indian Economy | Topic: Issues relating to Planning & Economic Reforms

Ministry of Finance

## Theme of the Economic Survey 2019-20 - Enable Markets, Promote 'Pro-Business' Policies and Strengthen 'Trust' in the Economy

### Ethical Wealth Creation Key to India Becoming a \$ 5 Trillion Economy by 2025: Economic Survey 2019-20

### Key Highlights of Economic Survey 2019-20

Posted On: 31 JAN 2020 2:57PM by PIB Mumbai

*The Union Minister for Finance & Corporate Affairs, Smt. Nirmala Sitharaman presented the Economic Survey 2019-20 in the Parliament today. The Key Highlights of the Economic Survey 2019-20 are as follows:*

- GDP expected to grow in the range of 6.0% to 6.5% in 2020-21
- Uptick in GDP Growth Expected in Second Half of 2019-20; First Advance Estimates peg Growth for Overall Fiscal at 5%
- Agriculture and allied sectors to grow at 2.8% in coming financial year Growth in current year estimated as 2.9%. Agriculture Mechanization to Transform Indian Farming Into Commercial Farming
- The industrial sector as per Index of Industrial Production (IIP) registered a growth of 0.6 per cent in 2019-20 (April-November) as compared to 5.0 % during 2018-19 (April-November).
- Inflation Witnessing Moderation since 2014. Volatility of Prices for Most Essential Food Commodities Down in 2014-19
- Revenue Receipts registered a higher growth during the first eight months of 2019-20, compared to the same period last year, led by considerable growth in Non-Tax revenue.
- Gross GST monthly collections have crossed the mark of Rs. 1 lakh crore for a total of five times during 2019-20 (up to December 2019).
- Consumer Price Index (CPI) inflation increased from 3.7 per cent in 2018-19 (April to December, 2018) to 4.1 per cent in 2019-20 (April to December, 2019).
- WPI inflation fell from 4.7 per cent in 2018-19 (April to December, 2018) to 1.5 per cent during 2019-20 (April to December, 2019).
- India Striving to Combine Sustainability & Economic Development through Well-Designed Initiatives for Inclusive Development.

- India undertook world's largest renewable energy programme.
- India is second largest emerging green bonds market after China.
- India's Balance of Payments Position Improves, as Current Account Deficit Declines Further Foreign Exchange Reserves Continue to Be Comfortable FDI Inflows and Overseas Remittances on an Upward Graph. Forex reserves at US \$ 461 billion
- India's exports increase by 13.4 % for manufactured products and 10.9 % for total merchandise
- Imports increase by 12.7 % for manufactured products and 8.6 per cent for total merchandise.
- India gained 0.7 % increase in trade surplus per year for manufactured products and 2.3 % per year for total merchandise.
- Top export items: Petroleum products, precious stones, drug formulations & biologicals, gold and other precious metals.
- Largest export destinations in 2019-20 (April-November): United States of America (USA), followed by United Arab Emirates (UAE), China and Hong Kong.
- Top import items: Crude petroleum, gold, petroleum products, coal, coke & briquettes. India's imports continue to be largest from China, followed by USA, UAE and Saudi Arabia.
- Exponential rise in India's GDP and GDP per capita post-liberalisation coincides with wealth generation. Survey shows that the liberalized sectors grew significantly faster than the closed ones.
- Survey says that India's aspiration of becoming a \$5 trillion economy depends critically on:
  - Promoting 'pro-business' policy that unleashes the power of competitive markets to generate wealth.
  - Weaning away from 'pro-crony' policy that may favour specific private interests, especially powerful incumbents.
  - India ranks third in number of new firms created, as per the World Bank. 1.24 lakh new firms set up in 2018. New firm creation in services is significantly higher than that in manufacturing, infrastructure or agriculture.
  - Survey says India has unprecedented opportunity to chart a China-like, labour-intensive, export trajectory. By integrating "Assemble in India for the world" into Make in India, India can:
    - Raise its export market share to about 3.5 % by 2025 and 6 % by 2030.
    - Create 4 crore well-paid jobs by 2025 and 8 crore by 2030.
    - Survey suggests a strategy similar to one used by China to grab this opportunity:
      - Specialization at large scale in labour-intensive sectors, especially network products.
      - Focus on enabling assembling operations at mammoth scale in network products.
      - Export primarily to markets in rich countries.
- Survey examines the realized **efficiency gains from privatization** in the Indian context and bolsters the case for aggressive disinvestment of CPSEs. Strategic disinvestment of Government's shareholding of 53.29 per cent in BPCL led to an increase of around Rs. 33,000 crore in national wealth.

- Viewed from the lens of the stock market, creative destruction has increased significantly post-liberalisation. Before liberalisation, a Sensex firm expected to stay in it for 60 years, which decreased to only 12 years after liberalisation. Every five years, one-third of Sensex firms are churned out, reflecting the continuous influx of new firms, products and technologies into the economy.
- Survey says Government intervention, though well intended, often ends up undermining the ability of the markets to support wealth creation and leads to outcomes opposite to those intended.
- Survey suggests enhancing ease of doing business and implementing flexible labour laws can create maximum jobs in districts and thereby in the states.

With the vision of 'Sabka Saath, Sabka Vikas', Prime Minister Shri Narendra Modi in his Independence Day 2019 speech highlighted that only when wealth is created will wealth be distributed. The Economic survey 2019-20, tabled by Union Minister for Finance and Corporate Affairs, Smt. Nirmala Sitharaman in the Parliament today, makes an attempt to craft a framework of policies that can foster wealth creation in India, which in turn, would set the economy firmly on an upward growth trajectory.

The Survey revolves around the theme of enabling markets, promoting 'pro-business' policies and strengthening 'trust' in the economy. It maintains a balanced optimistic stance and makes an attempt to put to rest any skepticism about the benefits accruing from a market economy, both in economic thinking and policy-making.

### **The Invisible Hand of the Market**

Elaborating on India's historical dominance on the global economy, the Survey lays stress on the importance of bringing an openness in the market that leads to wealth creation, in turn, boosting the economic activity through increased investment. According to the Survey, this 'Invisible Hand of the Market' supported by the hand of 'Trust' has led to such dominance in the past.

The Survey's conceptualization of wealth creation thus presents a combination of ancient Indian tradition with contemporary evidence and suggests use of FinTech for increasing efficiency of our Public Sector Banks. **The Survey cover also conveys a synthesis of the 'Old' and 'New' with the lavender of the new Rs. 100 note coming together with the older one.**

\*\*\*

MD

(Release ID: 1601293) Visitor Counter : 33

**END**

Downloaded from [crackIAS.com](http://crackIAS.com)

© **Zuccess App** by crackIAS.com