

# BECOMING A \$5-TRILLION ECONOMY

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The Economic Survey for 2018-19 will probably be remembered for its insights on how India can become a \$5-trillion economy, an articulated objective of the prime minister. Analysing the progress of several East and South East Asian nations, it makes a case for a growth model built around investment and exports with private investment being catalysed by conducive foreign investment rules, political stability, and an efficient judiciary. There is little to quibble about here, although reviving the investment cycle through public investment seems easier (and also more pragmatic). While foreign investors will no doubt be drawn to India's large market (as long as policies are conducive), large Indian companies, their balance sheets loaded with debt, have been in no position to invest over the past few years (and the situation will likely continue for a few more).

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Within this larger formula prescribed by the Economic Survey, three subsidiary strands stand out – simply for their acuity in understanding some uniquely Indian problems. The first is the Survey's understanding that part of India's problem is a huge number of sub-scale enterprises (or dwarfs as it calls them). Sub-scale companies typically have low productivity and quality; nor do they create jobs. The second is the Survey's recommendation for a national floor for the minimum wage, something that would immediately improve the lot of almost a third of India's working population which, according to the survey, does not earn this now. The new wage code cleared by the Union Cabinet will do this – but it has to be cleared by Parliament. The third is the Survey's focus on behavioural economics when it comes to public policy – India has been a zealous adopter of technology in governance, but it is the understanding of the underlying behavioural aspects of change – getting people to use toilets as opposed to just building them, for instance – that can have a greater impact.

Yet another Economic Survey has put forth some interesting and radical ideas. It is time the Union Budget and other policies started reflecting some of these.

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