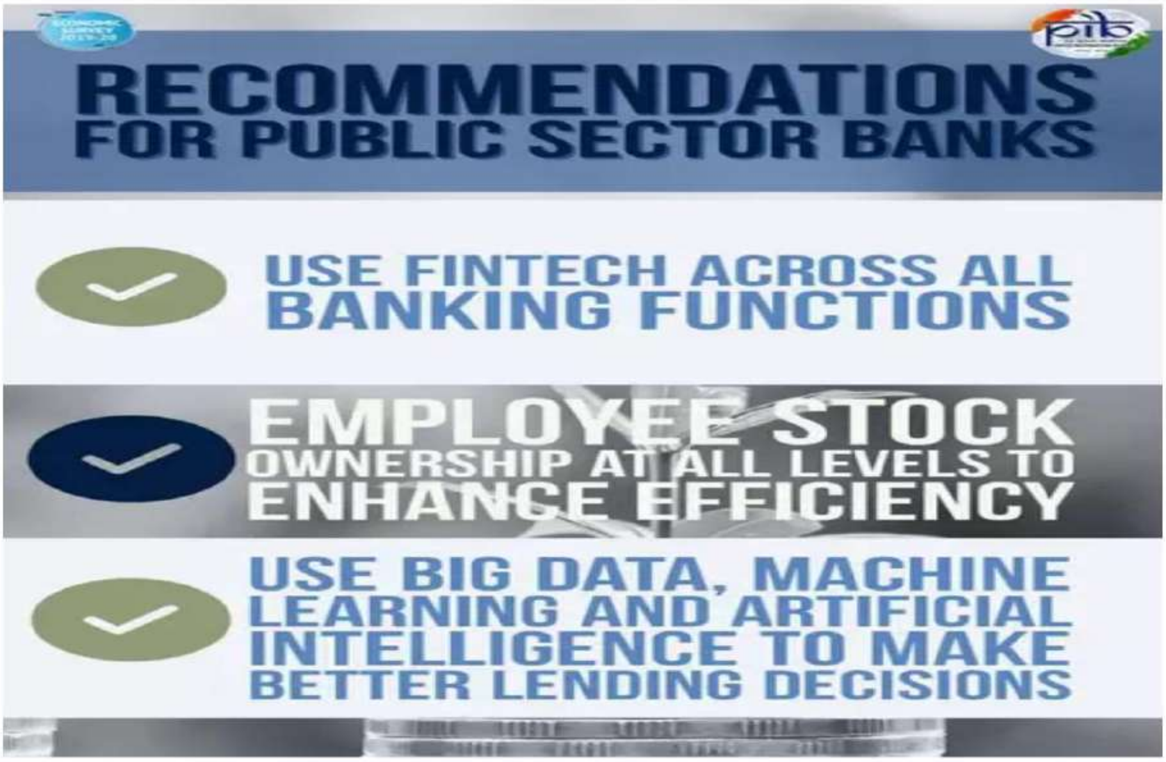
Economic Survey 2019-202

Economic Survey:

It is a survey compassed by the Department of Economic Affairs (D.E.A) under the Ministry of Finance. The data is compiled through various sources such as RBI, Ministry of Corporate Affairs, Ministry of Finance and Ministry of Statistics. The first ever economic survey in India was tabled and presented before both the houses of parliament in 1950-51 as a part of the union budget, but since 1964 it is presented separately i.e. a day before the presentation of union budget. The Economic Survey is a flagship annual document of the ministry of finance and is prepared under the guidance of the chief economic advisor of India.



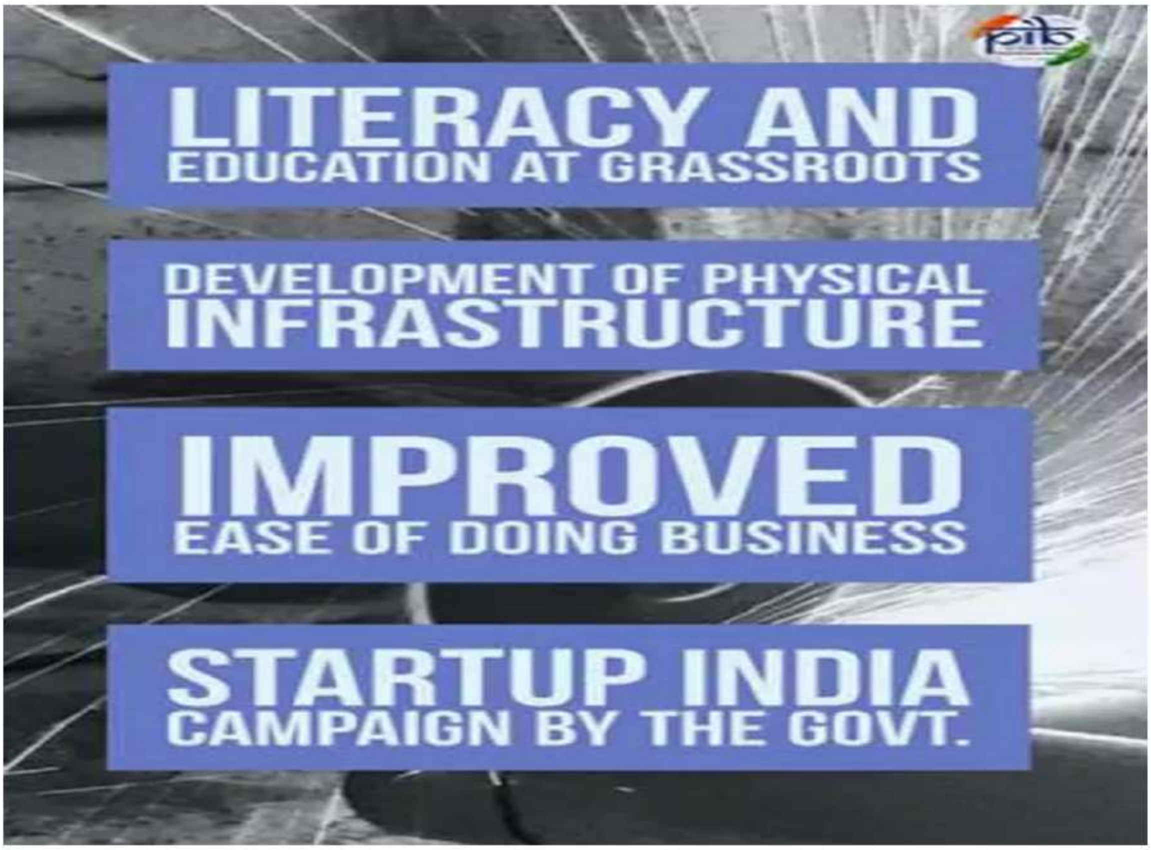
Economic Survey 2019-2020:

The survey preparation took 6 months as said by the CEA.

The Hon'ble President of India Shri Ram Nath Kovind addressed both the houses in the parliament about the performance of Indian economy in FY19-20 at 10:50 am on the morning of 31 January2020.

The Economic Survey 2019-2020 was tabled during the Budget Session of the Parliament by Nirmala Sitharaman, Minister of Finance. The survey was prepared under Krishnamurthy Subramanian, the Chief Economic Advisor (CEA) to the Government of India. The survey is also presented by the CEA during a press meet after it is tabled in Parliament.

How India reached 3rd place in the world in new firms creation?



KEY POINTS ADDRESSED BY THE PRESIDENT:

- India gains 18 places from 52nd to 34th rank on world tourism index.
- Violence, other such acts in the name of protests weaken the country.
- Landmark laws were passed in 2019.
- On the index of resolving insolvency, India jumped from 108th to 52nd.
- By 2022 capitals of Sikkim, Mizoram, Manipur and Nagaland will be connected by rail.
- There still are about 15crore houses in rural areas where there is no supply of pipeline water.
- 1.65crore farmers and 1.25lakh traders have already signed up and are trading under PM Fasal Bima Yojana. Farmers are getting their crops insured at very basic rates.

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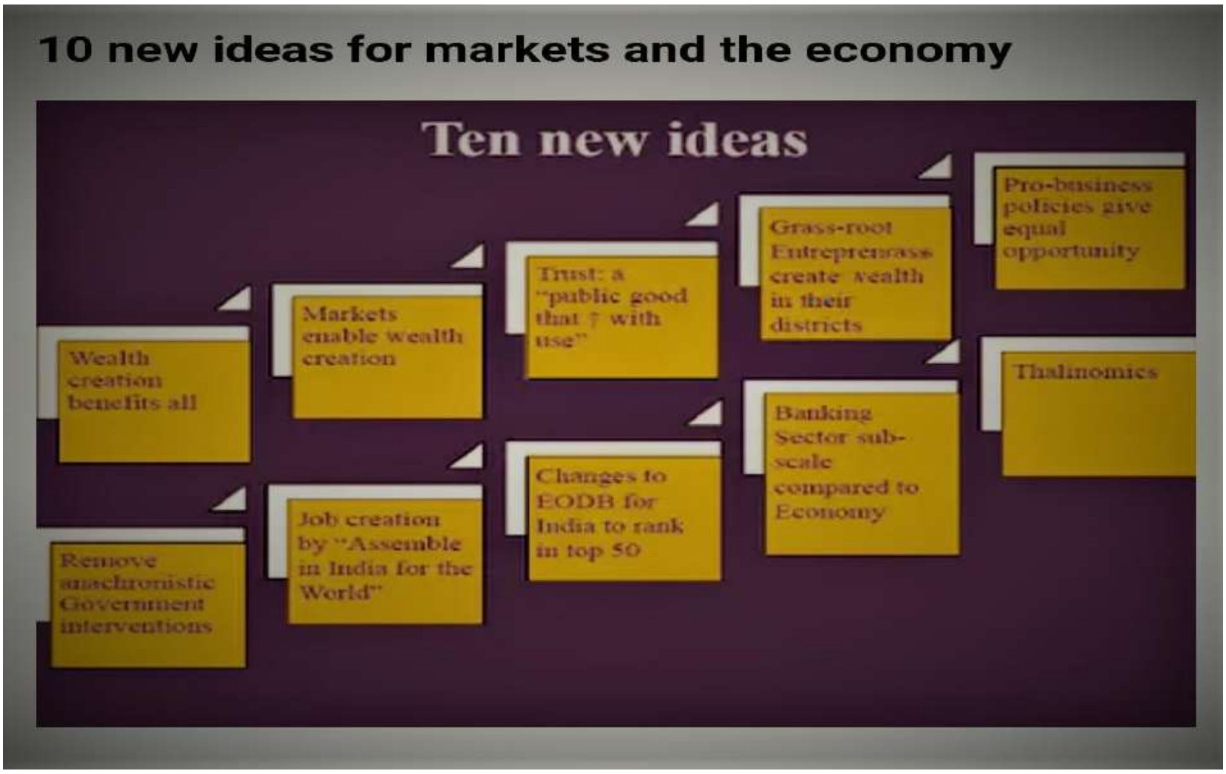
- 112 districts in the country that lack development have been given priority and special care.
- Ayushman Bharat has had a telling effect on the health sector.
- India is the third largest start-up ecosystem in the world.
- Several reforms have been done on the basis of minimum government, maximum governance rule.
- To empower women, the government started the self-help groups.
- Make in India encouraged by the government in automobiles and railways sectors.
- Government in talks with stakeholders to make India a $5 trillion economy.
- One nation, one tax i.e. GST has promoted transparent trade through technology.
- Preference will be given to local and indigenous products.
- Number of farms was 2226 in 2014 and it rose to 2966 in July 2019.
- Inspite of all the challenges, the foundation of the Indian economy remains strong.

KEY POINTS OF THE SURVEY:

- The survey projects India's growth at 6-6.5% in the next fiscal year starting from 1 April 2020.
- The industrial growth for the current year has been listed as 2.9% while the agricultural growth is 2.8%.
- Total formal employment has increased from 2011-12. About 2.6 crore new jobs were created between 2011-12 and 2017-18.
- The survey has a section called *Thalinomics* which shows an increase in affordability of a vegetable 'thali' by 29% and of non-vegetarian by 18% during 2006-07 to 2019-20.
- India is on a growth path that delivers sustainable development and has a holistic approach towards climate change.
- India is on track to achieve its "Nationally Determined Contributions (NDCs) under Paris Agreement in accordance with principles Common but Differentiated Responsibilities.
- India has emphasized on clean, enhanced and efficient energy systems, resilient urban expansion, and progressive transportation networks.
- All urban areas of 35 states and union territories have become open-defecation free and percentage of waste processing has risen by over 40%.
- The survey also acknowledged the efforts of Unnat Jeevan by Affordable LEDs and Appliances for All (UJALA) and the launch of India's initiative - Coalition for Disaster Resilient Infrastructure.
- India has the second largest emerging green bond market in the world.
- The survey suggests the government to systematically withdraw from certain areas of the markets.
- Easier ways to start new business, pay taxes and enforce contracts.
- The Assemble in India for the world strategy to go hand in hand with Make in India.
- The survey suggests mimicking the Chinese model for job creation.
- Band Baaja Baaraat was given reference to show Indian entrepreneurship.
- The survey reiterates government's focus on doubling farmers income by 2022.
- Share of corporate loans reached their peak in 2013.
- The best places to setup a business in India are Delhi, Mizoram, Uttar Pradesh, Kerala, Andaman and Nicobar Islands and Haryana.
- 2.62 crore new jobs created between 2011-12 and 2017-18 among regular wage/salaried employees.



Survey Findings:

1-Key Drivers of rollover risk of shadow banking system

- ALM (Asset Liability Management) Risk
- Interconnectedness Risk
- Financial and Operating Resilience of an NBFC
- Over-dependence on short-term wholesale funding

2-India needs aggressive disinvestment of cases

- Bring in higher profitability
- Promote efficiency
- Increase competitiveness
- Promote professionalism

Biggest obstacles to Prime Minister's $5 trillion dream:

- The CEA has cautioned the government against policies that favour a few firms over the larger welfare of all.

- In 2019, every rupee of taxpayer money is invested in PSBs, on average, lost 23 paise. The state of the banking sector in India, therefore needs urgent attention.

Two Points that can get PM HIS $5 trillion economy:

- 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.

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