
HIGHLIGHTS OF ECONOMIC SURVEY

Key Information

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Issued by: Shri Arvind Subramanian (Chief Economic Adviser)

Ministry: Ministry of Finance

Cabinet Minister of Ministry of Finance: Shri Arun Jaitley

Focus Area: Education, Employment and Agriculture

Real GDP (2017-18): 6.75% (expecting growth rate for this fiscal year)

GDP prediction (2018-19): 7-7.5%

Highlights of Economic Survey

According to the economic survey, it is expecting that after the launch of GST on 1st July 2017, executing major recapitalization package to strengthen the public sector banks, the purpose to discharge the twin balance sheet problem, FDI, the upliftment of export from global recovery, the economy will achieve the growth rate of 6.75% for current fiscal year.

Goods and Services Tax (GST)

- Chapter titled as “ **A New, Exciting Bird’s-Eye View of the Indian Economy Through the GST**”
- The survey uncovers that number of indirect taxpayers have been increased by 50%.
- The large numbers of voluntary registrations are from Uttar Pradesh, Tamil Nadu, Gujarat, and Maharashtra. (Note: registration form UP and West Bengal have been increased manifolds as compared to old tax policy.)
- Maharashtra, Gujarat, Karnataka, Tamil Nadu and Telangana recorded 70% of India’s export.
- New data also suggests that states whose export is better, they have a better standard of living.

- Internal trade of India in goods and services is 60 percent of GDP.

Pink Color Economic Survey

- The pink color theme refers to gender equality and women empowerment.
- Shri Arun Jaitley shows special focus on Son Meta preference and gender.
- The survey suggests three basic dimensions of gender:
 - 1) **Agency:** Agency related to decisions related to their own health, household purchase, visit family and relatives, own earnings, and decision about contraception
 - 2) **Attitude:** Attitude related to violence against women, ideal number of daughters relatively ideal number of sons
 - 3) **Outcome:** outcome related to son preference studied by sex ratio of last child, female employment, education level, choice of contraception, marriage age, birth of a first child and physical or sexual violence faced by women

Coordination between Government and Judiciary

- This survey suggests focusing on the issues of pending cases, backlogs, and delay in judicial and appellate sector towards ease of doing business.
- Delay and pending cases cause because of over workload on the judiciary, as a result, stalled projects, legal costs, reduced investment, and dispute tax revenue.
- India jumped 130 to 100 in ease of doing business ranking.
- India also jumped 53 and 33 spots in the taxation and insolvency indices, respectively.

Tax collection after GST

- The share of states in taxes grew up by 25.2 % during April-November 2017 which is much higher than the growth in net tax revenue (Centre) at 12.6 % and gross tax revenue at 16.5%.

Promoting inclusive employment

- Improving ranking in ease of doing business and reforms by the government has been recognized by the Moody's.
- International credit rating agency Moody's also raised India's ranking from Baa3 to Baa2.

- According to the survey, the eight main infrastructure supportive industries like crude oil, coal, natural gas, petroleum, refinery products, fertilizers, steel, electricity, and cement reach a progressive growth during April-November 2017-18.
- The economic survey also mentions Sectorial initiatives:
 - (1) **Gems and Jewellery:** India is one of the largest exporters of jeweller and gems. Training in jewellery designing, the creation of multiple parks, setting up hallmarking centre, refineries etc. help in promoting this industry.
 - (2) **Leather sector:** The government has launched a scheme for the purpose of promotion of employment in the leather & footwear sector in December 2017, with the budget of Rs 2600 crore for next three financial years 2017-18 to 2019-2020.
 - (3) **Textiles and apparels:** December 2017, the Government has approved the scheme for Capacity Building in Textile Sector (SCBTS) with a budget of ₹1,300 crore for the period 2017-2018 to 2019-2020.
 - (4) **MSME sector:** The government has launched Pradhan Mantri Mudra Yojana for development and refinancing activities relating to micro industrial sectors in 2016-17.
 - (5) **Steel:** The Government has notified anti-dumping duties and Countervailing duties on various steel products in February 2017. The Government has also rolled out a New Steel Policy in May 2017.
 - (6) **Telecommunication sector:** The government has launched schemes like Bharat net and digital India.
 - (7) **Aviation:** The government initiatives like UDAN, FDI and airport development.
 - (8) **Power houses:** The survey indicates that as on 30th November 2017, All-India installed power generation capacity has reached 3,30,860.6 MW and electrification in 15,183 villages have been done.

IBC MECHANISM

- This survey mentions efforts which have been taken by the government to solve the problem of NPA, Monetary Management and Financial Intermediation.
- This survey also mentions about the stock market.

Inflation during 2017

- Level of inflation continued to moderate during 2017-18.
- CPI (Consumer Price Index) is 3.3% during this fiscal year which lowest in the last six financial years. (April-December)
- WPI (Whole Price Index) is 2.9% during this year which slightly improving.(April- December)
- This survey also mentions the steps are taken by the government to control the inflation.

Feminization of agriculture sector

- Men are migrating from rural to urban, as a result; increase the number of women in agriculture.
- Realizing the role of women in agriculture sector the government declared 15th October as a women farmer's day.

Agricultural mechanization pickups

- The survey mentions that Indian farmers are using farm mechanizations like a tractor as compared to previous year.

Interest subvention

- Interest subvention scheme was implemented by RBI and NABARD.
- This survey mentions that during the current fiscal year, 20,339 crores were approved for interest subvention.
- The survey also mentions that government has taken many steps for farmer's benefits.
- The survey also discloses that government wants to double the income of farmers by 2022.

Climate change

- The survey suggests that India strengthened the response to the risk of climate change in accordance with the principles of equity and Common. But Differentiated Responsibilities and considering national circumstances with the "Paris Pledge" to reduce the emission intensity of GDP by 33-35 % over 2005 levels by the year 2030.
- The Survey mentions set up of 8 Global Technology Watch Groups, extending Climate Change Action Programme launched in 2014 for the period of 3 years from 2017-18 to 2019-20 with a budget of Rs. 132.4 crore

and continuation of National Adaption Fund on Climate Change till 31st March 2020 with the financial implication of Rs. 364 crore.

Air pollution

- Showing concern for Delhi Air quality and also mentions the four major reason for Delhi's worsening air quality are:
 - 1) crop residue
 - 2) biomass burning
 - 3) vehicular emissions
 - 4) Redistributed road dust, industries, power plants and winter temperature inversion.
- The survey notes that the use of technology to convert agricultural waste into usable fodder or bio-fuels and provide incentives to shift to non-paddy crops

Growth in service of export and import

- The survey also mentions the growth in services export at 16.2% where import at 17.4%

Gross state value added (GSVA)

- Delhi and Chandigarh topped by giving highest GSVA where Sikkim at the bottom.

FDI

- FDI inflow to service sector has been increased by 15% during the current fiscal year.
- The survey also mentions the decisions that were taken by the government to increase the inflow of FDI.

Sector-wise performance

- The Services sector contributed about 72.5 % of GVA growth in 2017-18.
- The survey also mentions the contribution from various sectors like tourism, IT-BPM, real estate, and space.

Education

- The survey also highlighted the government's commitment to attain sustainable development goal (SDG-4).

Transparency and accountability

- The Survey mentions that technology driven initiatives ensure delivery by reducing complexity in compliance and bring transparency and accountability for better enforcement of Labour laws.

Health and ODF area

- This survey mentions India's commitment to attain the goal of sustainable development growth (SDG3) and strengthen the health system.
- According to the Survey, the National Health Policy 2017 will help in strengthening health sector and also in achieving universal health coverage.
- The survey also states that after the launch of Swachh Bharat Mission the sanitation coverage in the rural area has raised from 39% to 76% as on 1st January 2018.
- Eight states- Sikkim, Himachal Pradesh, Kerala, Haryana, Uttarakhand, Chhattisgarh, Arunachal Pradesh, Gujarat, and two union territories- Daman & Diu and Chandigarh have declared as an open defecation free.

Demonetization

- Demonetization has helped the household in financial saving, as after demonetization household deposited their old currency to convert it into the new one. As a result, financial saving rises.
- The ratio of domestic saving to GDP attained 29.2 % in 2013 from 38.3% in 2007.

Fiscal Federalism and accountability

- The survey mentions fewer tax collections by the local Governments in rural areas are posing the challenge in restoring good relation between fiscal federalism and accountability.
- Panchayats of some states like Andhra Pradesh, Kerala, and Karnataka collect direct taxes where the villages in State like Uttar Pradesh is totally depended on the transfer of funds.
- The survey compares the direct tax data with Europe, as Europe collects 70% as direct tax where India collects 35%.

- The Survey stated good relation between fiscal federalism and accountability can help to avoid the low equilibrium trap.

Late Converger Stall

- The four main challenges that the Survey pointed out include:
 - i) Hyper globalization repudiation or backlash against globalization
 - ii) Thwarted structural transformation – facing difficulties of transferring resources from low to higher productivity sectors
 - iii) Improving human capital to the demands of a technology-intensive workplace
 - iv) Climate change- climate change cause agricultural stress
- The survey also states that the government needs to focus on rapid improvement of human capital and agricultural productivity to maintain growth trajectory.

Trade policy front

- The survey stated about foreign trade policy mind term review, multilateral negotiation and foreign reserve
- India's foreign exchange reserves attained US\$ 409.4 billion on 31st December 2017. Foreign exchange reserves raised by 14.1 percent as compared to last year 31st December 2016 (US\$ 358.9 billion) to 31st December 2017 (US\$ 409.4 billion) and it raised by 10.7 % from 31st March 2017 (US\$370.0 billion) to 31st December 2017.
- Foreign exchange reserves increased to US\$ 413.8 billion on January 12, 2018.

Indian science and technology

- The survey states about publications and patents.
- The Nature Index (which publishes indexes based on counts of high-quality research outputs in the previous calendar year which covers the natural sciences) ranked India at 13 in 2017.
- The survey also reveals that according to the WIPO, India has the world's 7th largest patents filling offices.
- India registered fewer patents as compared to China, USA, Japan, South Korea, and Germany.

India's external sector

- The survey also stated about international development, trade deficit, and composition of trade.
 - i) **International development:** The global economy is at increasing pace and it is expected to pick up speed from 3.2 percent in 2016 to 3.6 percent in 2017 and 3.7 percent in 2018 which indicates an upward revision of the earlier projections by the International Monetary Fund (IMF).
 - ii) **Trade deficit:** trade deficit is continuously declining since 2014-15. In 2017-18 (April-December) trade deficit (on custom basis) uplifted by 46.4 percent to US\$ 114.9 billion with POL (petrol, oil, lubricant) deficit growing by 27.4 % and non-POL deficit by 65 %.
 - iii) **Composition of trade:** In 2017-18 (April-November) among the major sectors, there was good export growth in manufacturing goods and petroleum crude and products, balanced growth in chemicals & related products, and textiles & allied products; but adverse growth in gems and jewellery.

“India needs to be a net producer of Knowledge”- **Economic Survey**

