Economic Survey 2019 Highlights

The Economic Survey 2019 theme is about enabling “shifting of gears” to uphold economic growth to make India a $5 trillion economy by 2024-25. The Survey says that it recedes from “traditional thinking by advocating a growth model for India that views the economy as being either in a virtuous or a vicious cycle and thus never in equilibrium."

Below mentioned are the main Economic Survey 2019 highlights:

• The survey sees Financial Year 2020 GDP growth at 7%, higher growth on stables macros.
• India needs to grow at 8% per year to be USD 5 trillion economy by 2025.
• Looking further at the economics of equilibrium, the survey makes the case for an investment-driven “virtuous cycle” to sustain growth at 8%.
• Investment is the main driving force of simultaneous growth in exports, productivity, demand, and jobs.
• The survey proposes to name roads after the names of top taxpayers and to give diplomatic-type privileges.
• Rather than focusing on small firms, the government should foster the growth of large firms.
• Additional focus on pushing up exports.
• Use public data to transform the development in the country.
• Growth in investment activity is slow.
• Ease labour laws to spur job growth.
• Wage growth in the rural area has started increasing since mid-2018.
• Political stability should push the animal spirits of the economy.
• Poor compliance of contracts and dispute settlement is a big hurdle. Legal processes should be faster and accorded top priority.
• Growth and savings are interrelated. Hence, savings must increase more than investment.
• Data must be established as a public good “of the people, by the people, for the people”. Constant right-sizing based on real-time data is the need.
• The survey argues that to solve many social issues, nudging behaviour change is the simplest way.
• Top policymakers must make sure that the actions are foreseeable. Policymaking needs are (a) Clear Vision (b) Strategic blueprint (c) Tactical tools for constant recalibration
• The success of MNREGA shows that with skilful use of technology, government schemes can make a difference.
• Strengthening the middle class and driving up the low wage earners with the help of minimum wage policy.
• MSMEs in the economy need to be freed from restraints that overshadow them. It should be seen as a source of innovation, growth, and job creation.
• The policy should enable MSMEs to grow, create greater profits, and contribute to job creation and productivity in the economy.
• To raise real per capita GDP by US$ 5000 and improve its HDI ranking, India needs to increase per capita energy consumption.
• India moving forward from Swachh Bharat to Swasth and Sundar Bharat.
• India will enjoy the “demographic dividend” phase in the next two decades but some states will start transitioning to an ageing society by the 2030s.
• The Survey seeks reform in the lower judiciary.
• The government stands by the fiscal consolidation path.
• The Survey visualizes creating a Detroit for Electric Vehicles in India.
January-March economic slowdown due to poll-related activity.
The decline in NPAs should push up the CAPEX cycle.
The general fiscal deficit was seen at 5.8% in FY19 VS 6.4% in FY18.
NBFC stress reason for the financial year 2019 slowdown.
The investment rate is seen higher in FY20 on improved demand.
Oil prices are seen declining in the Financial Year 2020.
Accommodative MPC policy to help cut real lending rates.
The Survey is inspired by Gandhi's Talisman: “…Recall the face of the poorest man [woman], and ask yourself if the step you contemplate is going to be of any use to him [her].