

Economic Survey 2020 Highlights

Finance Minister Ms. Nirmala Sitharaman presented the Economic Survey 2020 in the Parliament on 31 January. Presenting the highlights of the Survey:

- The theme of the Economic Survey is wealth creation, promotion of pro-business policies, and strengthening of trust in the economy.
- Thalís(food platter) with respect to one day's pay of a worker have improved over time, which indicates improved welfare of the common man. Note- This year economic survey unveiled Thalínomics.
 - The affordability of vegetarian Thalís improved 29 percent from 2006-07 to 2019-20 while that for non-vegetarian Thalís by 18 percent.
- There have been many new firms created in the country since 2014.
 - In the formal sector, there has been a 12.2 % cumulative annual growth rate of new firms in 2014-18, compared to 3.8 % in 2006-2014.
 - About 1.24 lakh new firms were created in the year 2018, which is an increase of about 80 % from about 70,000 in 2014.
- Under the **Pradhan Mantri Awaas Yojana - Gramin (PMAY-G)**, the number of houses completed in a year quadrupled. (Read about [Housing for All Scheme](#) in the linked article.)
- To achieve a Gross Domestic Product (GDP) of USD 5 trillion by 2024 - 25, India needs to spend about USD 1.4 trillion (Rs.100 lakh crore) over these years on **infrastructure** so that lack of infrastructure does not become an impediment to the growth of the economy.
- Livestock has emerged as an important secondary source of income for rural families and has assumed an important role in securing the goal of doubling the income of farmers.
 - There is a need to bring in a distinction between hoarding and storage of food grains, this will play an important role in doubling farmers' income.
 - There is also a need for addressing some basic challenges such as credit, insurance coverage as well as irrigation in agriculture and allied sectors. (Read about [National Livestock Mission](#) in the linked article.)
- Rise in Tree and forest cover - They have reached 80.73 million hectares.
- States/UTs showing an increase in forest cover are Karnataka, Jammu & Kashmir, and Andhra Pradesh. States showing a loss are Meghalaya, Manipur, Mizoram, and Arunachal Pradesh.
- [Ayushman Bharat](#) has set up 28,005 Health & Wellness Centres as of 14th January 2020.
 - The OoPE (out of pocket expenditure) on health as a percentage of total health expenditure diminished from 64.2 percent in 2013-14 to 58.7 percent in 2016-17.
- 2.6 crore jobs have been created in urban and rural areas between 2011-12 and 2017-18.
 - Apart from jobs, the focus has also been on enhancing the quality of jobs and formalization of the economy.

- The share of regular wage/salaried employees has increased from 18 percent in 2011-12 to almost 23 percent in 2017 - 2018 (an increase of five percentage points). This reflects formalization in the Indian economy.
- Currently, India has the second-largest emerging **Green Bond Market** after China.
 - The State Bank of India entered the green bond market with a US\$650 million Certified Climate Bond.
 - In 2019, India joined the International Platform on Sustainable Finance (IPSF) to further boost the environmentally sustainable investments.
- All the urban areas of 35 states/UTs have been declared 'open defecation free' (ODF).
 - The percentage of waste processing has increased to around 60% from 18%.
 - This comes under the [Swachh Bharat Mission](#) (Urban).
- In the services sector, there has been a 33% hike in the gross FDI.
 - This sector accounted for about 55% of the economy and Gross Value Added (GVA) growth, 38% of the total exports, and 2/3rd of the total FDI inflows into India.
 - In 15 of the 33 states/UTs, the services sector's share is now over 50 percent of the Gross State Value Added.
- Regarding the space programme of the country, [ISRO](#) has launched around 5-7 satellites per year in recent years with almost no failures.
- The survey notes that while there is a case for governmental intervention when markets don't function properly, excessive intervention particularly when the market can do the job of improving citizens' welfare perfectly well, suppresses economic freedom and generates 'deadweight loss'.
 - Deadweight loss is the loss generated by the wasted opportunity of creating a consumer and producer surplus and diminishes wealth creation by not permitting efficient allocation of entrepreneurial resources and energy to productive activities thereby promoting economic dynamism.
- The GDP growth is pegged at 6-6.5 percent in the fiscal year starting in April.
- The [fiscal deficit](#) target may have to be relaxed to revive growth for the current fiscal.
- Relying on ten factors like the build-up of demand pressure, higher FDI inflows, a positive growth of GST revenue, there is an expectation of an uptick in growth in the second half of the current fiscal.
- The Survey demands that the government deliver diligently on reforms to revive growth.
- Ethical wealth creation is key to India becoming a USD 5 trillion economy by the year 2025.
- Regarding regular **women employment**, from 2011 - 12 to 2017 - 18, there was an increase of 8%.
 - But in rural employment of women, there has been a decline in female labour force participation.
- **Debt waivers disrupt the credit culture**, reduces formal credit to the same farmers.
- The survey recommends the government to analyze the areas where it intervenes and undermines markets unnecessarily.

- There is a call for improving **governance in public sector banks**, and bring in more disclosures to enhance trust. The Survey also mentions dwarfism in the banking sector.
- The Survey also suggests taking steps to make it easier to start new business ventures, pay taxes, register property, and enforce contracts.
- The easing of crude prices reduces the current account deficit; imports contract more sharply than exports in the first half of the current fiscal.
- Demand pressure in the economy is weakening as indicated by a declining inflation rate (from 3.2% in April 2019 to 2.6% in Dec 2019).
- During April - November 2019, the GST collections increased by 4.1% for the Centre.
- The Chief Economic Advisor (CEA) commented in the press conference after the Survey release that the impact of the [Wuhan Coronavirus](#) on the Indian economy would be very marginal.
- He noted that all groups of countries have slowed down and in a globalized economy, India has also felt the effect.
- He said the economic slowdown since 2017 has been due to the lagged effect of reduced investment from 2013 which occurred due to credit boom-bust.
- The Survey informs that for wealth to be distributed, it first has to be created and called for looking at wealth creators with respect.