

Economic Performance 2019-20



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6% - 6.5% economic growth projected for financial year **2020-21** starting April 1, 2020

5% economic growth estimated for financial year **2019-20** ending March 31, 2020

6.9% average economic growth reported by India over **last five financial years**

15% jump in FDI inflow to **US\$26.1b** during H1 2019-20, led by services and ITC sectors

CAD narrowed to **1.5%** of GDP during H1 of 2019-20, from **2.1%** in 2018-19

US\$5trn economy targeted by strengthening Indian market and export growth

13.4% rise posted in exports (manufactured), and **10.9%** for total merchandise

12.7% rise posted in imports (manufactured), and **8.6%** for total merchandise

0.7% rise in trade surplus/year (manufactured), **2.3%** rise for total merchandise

3rd rank globally for India in number of new firms created, as per the World Bank

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Y-o-Y growth in revenue receipts (April-Nov 2019) owing to rise in non-tax revenue

Gross **GST** monthly collections crossed **Rs.1trn**-mark **5 times** during April-Dec 2019

Rebounding of **portfolio flows**;
Accretion of **forex** reserves
(US\$461.2b; Jan 10, 2020)

US\$38.4b in **remittances** from overseas Indians in H1 2019-20; or +50% of previous year

Entrepreneurship promotion aimed to fuel productivity growth and wealth creation

12.2% CAGR of new firms during 2014-18, compared with **3.8%** during 2006-14

+124,000 new firms created in 2018, an increase of about **80%** from 2014

10% rise in registration of new firms in a district yields a **1.8%** increase in GDDP

Reforms undertaken during 2019-20 to boost investment, consumption and exports:

- Speeding up the insolvency resolution process under the IBC
- Easing of credit, mainly for stressed real estate, NBFC sectors
- Announcing the National Infrastructure Pipeline 2019-2025

A Pro-Business Economy

- India's aspiration of becoming a **US\$5 trillion** economy depends critically on:
 - 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, powerful incumbents
- Viewed from the Stock market, creative destruction increased post-liberalisation:
 - Before liberalisation, a Sensex firm expected to stay in it for 60 years; dropped to 12 years after liberalisation
 - Every 5 years, $\frac{1}{3}$ of Sensex firms are churned out, reflecting the continuous influx of new firms, products, technologies
- **US\$1.4trn** infrastructure investment targeted by the Government of India over 2020-25 to enable economic growth
- **Focus** on roadways, railways, civil aviation, shipping, telecom, oil and gas, power, mining and housing to drive growth
- The National Infrastructure Pipeline (NIP) to enable well prepared infrastructure projects, making growth more inclusive
- Improved infrastructure will help create jobs, improve ease of living and provide equitable access to state services for all



Reducing Govt Intervention



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Government intervention, though well intended, often ends up undermining the ability of the markets to support wealth creation and leads to outcomes opposite to those intended.

Survey suggests:

- Government must systematically examine areas of needless intervention and undermining of markets; strategically reducing intervention
- Economic Survey suggests that the interventions that were apt in a different economic setting may have lost their relevance in a transformed economy
- Eliminating such instances, as already being practiced, will enable competitive markets spurring future investments and economic growth
- Government driving aggressive disinvestment of CPSEs to bring in higher profitability, promote efficiency, increase competitiveness, and promote professionalism



Focus on Job Creation

- India has strong opportunity to chart a China-like, labour-intensive, export trajectory
- By integrating “Assemble in India for the world” into **Make in India**, India can:
 - ◆ Raise export market share to **3.5%** by 2025 and 6% by 2030
 - ◆ Create **40m** new well-paid jobs by 2025 and 80m by 2030
- Exports of network products can provide 25% of the increase in value added required for making India a **US\$5trn** economy by 2025. This can be achieved by:
 - ◆ Specialization at large scale in labour-intensive sectors
 - ◆ Focus on enabling assembling operations at large scale
 - ◆ Export primarily to high-margin markets in rich countries
 - ◆ Trade policy must be an enabler to drive the entire chain
- Share of regular wage/salaried employees rose by 5 percentage points from **18%** in 2011-12 to 23% in 2017-18
- Jump of around **26.2m** new jobs with **12.1m** in rural areas and **13.9m** in urban areas in the category
- Total formal employment in the economy increased from 8% in 2011-12 to **9.98%** in 2017-18



26.2m New jobs

12.1m Rural

13.9m Urban

Ease of Doing Business



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- Jump of **79 positions** to 63 in 2019 from 142 in 2014 in World Bank's Doing Business rankings
- The World Bank hailed India as one of the top 10 improvers for the third consecutive year
- India improved in Resolving Insolvency, Construction Permits, Trading Across Borders, Registering Property, Paying Taxes, Getting Electricity, and Starting a Business
- India still trails in parameters such as Ease of Starting Business, Registering Property, Paying Taxes and Enforcing Contracts
- Economic Survey found:
 - For merchandise exports, the logistics process flow for imports is more efficient than that for exports
 - Electronics exports and imports through Bengaluru airport illustrate how Indian logistical processes can be world class
- The turnaround time of ships in India has almost halved to **2.48 days** in 2018-19 from 4.67 days in 2010-11
- Suggestions for further Ease of Doing Business:
 - Coordination between logistics, taxes and customs, and shipping and port authorities
 - A more targeted approach for individual industries like tourism and manufacturing



Economy & Climate Change



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- India moving forward on the path of SDG implementation
- SDG India Index:
 - Himachal Pradesh, Kerala, Tamil Nadu, Chandigarh are front runners
 - Assam, Bihar and Uttar Pradesh come under the category of Aspirants
- India hosted **COP-14 to UNCCD** which adopted the Delhi Declaration: Investing in Land and Unlocking Opportunities
- COP-25 of UNFCCC at Madrid:
 - India reiterated its commitment to implement the Paris Agreement
 - COP-25 allows partnership of developed and developing countries
- Forest and tree cover:
 - Cover is Increasing and has reached **80.7m hectare**
 - **24.56%** of the geographical area of India
- International Solar Alliance (ISA)
 - 'Enabler' by institutionalizing 30 Fellowships from the Member countries
 - 'Facilitator' by getting credit worth **US\$2b** from India, **US\$1.5b** from France
 - 'Incubator' by nurturing initiatives like the Solar Risk Mitigation Initiative
 - 'Accelerator' by developing tools to support 1 GW of solar power, **270,000 solar water pumps**



**Increasing
Forest Cover**
80.7m Hectares
24.56% of India

Social & Human Development



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The expenditure on social services (health, education and others) by the Centre and States as a proportion of GDP increased from **6.2%** in 2014-15 to **7.7%** in 2019-20 (BE)

India's ranking in Human Development Index improved to **129** in 2018 from 130 in 2017. With **1.34 %** average annual HDI growth, India is among the fastest improving countries

Gross Enrolment Ratio at secondary, higher secondary and higher education level needs to be improved. The Government is driving nationwide literacy programmes to fill this gap

Gender disparity in India's labour market widened due to decline in female labour participation mainly in rural areas. 60% of the productive age group engaged in domestic duties

Access to health services inter-alia through Ayushman Bharat and Mission Indradhanush across the country has improved. Mission Indradhanush has vaccinated **33.9m children**

About **76.7%** and **96%** of households in rural and urban areas, respectively, had houses of pucca structure. Additionally, a 10 Year Rural Sanitation Strategy (2019-2029) has been launched

Thank You



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