





Economic Survey India 2018 - New Facts in Focus about Indian Economy

On 29th of January 2018, the Economic Survey India 2018 was tabled in the parliament by the minister of finance under the guidance of the Chief Economic Advisor, it was also released to the press and for the common public. Usually, the Economic survey is produced one day before the budget is tabled in the parliament but this time it has been tabled three days earlier.

The Economic Survey is a document which projects the official version of the state of the economy. It acts as a precursor to the Budget. It discusses the outlook, prospects and challenges of the economy while recommending reform measures that are essential to propel the economy.

It is a report of the past year as well as the vision document for the next year. The document was of pink colour in order to support the movement for women's rights.

Predictions from Economic Survey India 2018:

• Real **GDP growth** to clock 6.75% this fiscal (2017 – 18) and economic survey predict 7.0 - 7.5% growth in 2018 – 19 and employment, education and agriculture to be the focus areas in the medium term.







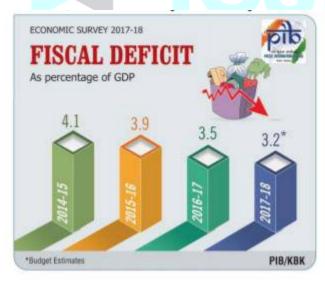
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Fiscal Deficit as a percentage of GDP is the most important factor to judge the health of an economy and budget. It has gone down steadily over the past four years i.e. 3.2% in 2017 – 18. The target is to bring below 2%





• Inflation was below 4% for more than 12 months since November 2016. For FY 2018 CPI Inflation is 3.3% (lowest in 6 years) and WPI Inflation is 2.9%







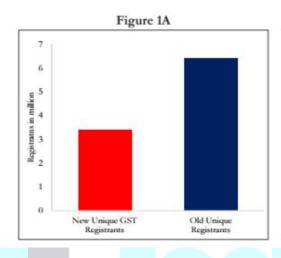


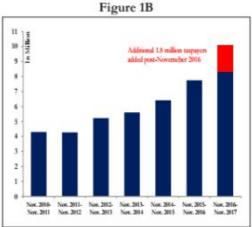




Specifics of Economic Survey India 2018:

• 50% increase in indirect taxpayers after GST rollout and an addition of about 1.8 million in individual income tax filers since November 2016.





A large increase in voluntary registrations under GST; **9.8 million** unique GST registrants, an increase of 3.4 million compared to the previous tax regime.

Formal non – agricultural payroll is much greater than believed. More than
30% when formality is defined in terms of social security (EPFO /
ESIC) provision, and 53% when defined in terms of being in the GST
net.





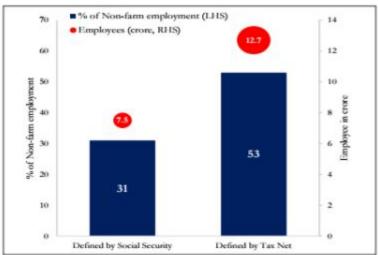




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- States' prosperity is correlated with their international and interstate trade. A strong correlation between export performance (international trade data) and interstate trade (GST data) with states' standard of living.
- India's firm export is substantially more egalitarian than in other large countries. The clothing incentive package boosted exports of readymade garments. Top 1% of the Indian firms account for 38% of exports while in all other countries they account for a substantially greater share.
- Direct tax collections by states and local governments are significantly lower than those of their counterparts in other federal countries.
- Indian society exhibits strong son "Meta" preference. Indian parents often continue to have children till they have desired number of sons leading to skewed sex ratio.
- There is substantial avoidable litigation in the tax arena which government action could reduce.
- To reignite growth, raising investment is more important than raising saving.







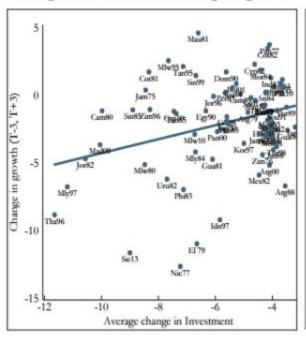
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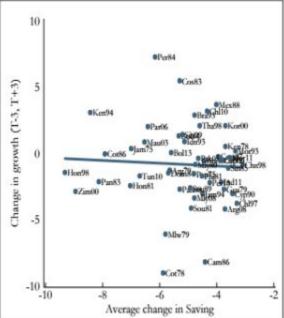




Change in investment and change in growth

Change in saving and change in growth





- Own direct tax collections by Indian states and local governments are significantly lower than those of their counterparts in other federal countries.
- The footprint of climate change is evident and extreme weather adversely impacts agricultural yields.
 - The impact of weather is felt only with extreme temperature increases and rainfall deficiencies.
 - This impact is twice as large in un Irrigated areas as compared to irrigated ones.

The outlook for Economic Survey India 2018:

• 12% growth in GST revenues with better buoyancy than previous taxes; GST council shows that cooperative federalism is a technology for reforms in several other areas.









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- The ratio of domestic saving to GDP reached 29.2 % in 2013 to a peak of 38.3 % in 2007, before falling back to 29 % in 2016, the post which it has been growing due to demonetisation.
- India's agriculture sector is likely to grow at 2.1 % in 2017 18 followed by industry at 4.4 % and services at 8.3%.
- India's understanding of the private sector has moved away from 'crony socialism to stigmatized capitalism'.
- Policy vigilance is needed in the coming year if high oil prices persist or stock prices correct sharply. Rising oil prices affect consumption and hold back real economic activity.
- Growth is picking up because the temporary impact of demonetisation has
 dissipated. Exports have picked up and manufacturing sector growth is about
 11.3%. India's external sector to remain strong on likely improvement in global
 trade
- Tech-Enabled initiatives to bring transparency and accountability for enforcement of labour laws. As India emerges as one of the largest economies, it needs to gradually move from being a net consumer of knowledge to becoming a net producer.
- Swachh Bharat initiative improved sanitation coverage in rural areas from 39% in 2014 to 76% in January 2018.
- Food grains productions have increased but due to the growing migration of Men,
 Feminization of Agriculture sector is there. India also celebrates women's farmer day.
- Need to address the issues of pendency, delays and backlogs in the appellate and
 judicial arenas towards Ease of doing business. Tax departments have a large
 number of cases filed and poor success rate.
- On the Ease of doing business, the economic survey highlights that India has leapt 30 ranks over its previous rank of 130 in the World bank's latest doing business report 2018.













- Credit rating company Moody's investors' services have also raised India's rating from the lowest investment grade of Baa3 to Baa2.
- Growth in the Indian economy is due to investments, not due to savings.
- Consistent rise in Jan Dhan accounts indicates financial inclusion at the lowest levels. Fall in zero balance accounts indicates increasing use of banking services.

Policy agenda for next year:

- Support Agriculture
- Stabilize GST
- Privatize Air India
- Finish Bank Recapitalisation

Focus areas / Key challenges in future:

- Education
- Employment
- Agriculture

Concluding the Economic Survey, CEA Subramanian said,

"Government does not have to do anything radical, just finishing what it has started already would be a very ambitious and fantastic agenda to complete"

So, this was the Economic Survey India 2018. Get aware of the happenings in the world & make your Static GK strong by clicking the links below!















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