



FTSE
 IBEX
 ASX
 SHANGHAI
 SENSEX
 MOEX3
 TSX
 +0.38 %
 +0.20 %
 -0.34 %
 -1.57 %
 +0.40 %
 -0.73 %
 -0.70 %
 +0.43 %
 +0.57 %
 +0.55 %
 -1.22 %
 -0.35 %
 +0.52 %
 -0.37 %

STOCK MARKET
 INDIA
 ECONOMIC
 DATA
 FINANCIAL CRISIS
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Economic Survey

2019-20



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 Foreign direct investment (FDI) inflow to **US\$26.1b** during H1 2019-20, led by services and ICT sectors

Current Account Deficit (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

Economic Performance 2019-20



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

Gross **Goods and Services Tax (or consumption tax) (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% Compound annual growth rate (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 GDP

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

- Speeding up the insolvency resolution process under the Insolvency and Bankruptcy Code (IBC)
- Easing of credit, mainly for stressed real estate, Non Banking Financial Company (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 Sensitive Index (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 Central Public Sector Enterprises (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

- India moving forward on the path of Sustainable Development Goals (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 the **14th Conference of the Parties to the UN Convention to Combat Desertification (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