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Economic Survey 2019-20: Highlights

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Why in News

The Economic Survey 2019-20 has been tabled in the Parliament by the Union Minister for Finance.

The **theme** of Economic Survey 2019-20 is "**India's aspiration of # with its theme of #WealthCreation**".

Economic Survey

- The Economic Survey is a report that the government presents on the state of the **economy in the past one year**, the **key challenges** it anticipates, and **their possible solutions**.
It is a crucial document as it provides a detailed, official version of the government's take on the country's economic condition.
- The document is prepared by the **Economic Division of the Department of Economic Affairs (DEA)** under the guidance of the **Chief Economic Adviser (CEA), currently Dr Krishnamurthy Subramanian**.
- It needs to be noted that the **government is not constitutionally bound to present the Economic Survey or to follow the recommendations** that are made in it.

ECONOMIC SURVEY 2019-20

TOWARDS A \$5 TRILLION ECONOMY

MARKETS **TRUST**

- Provide equal opportunities for new entrants
- Enable fair competition and ease of doing business
- Remove undesirable Govt. interventions
- Enable trade for job creation
- Efficiently scale up the banking sector
- Introduce “trust as a public good, that gets enhanced with greater use”
- Use data and technology to enhance Trust

Wealth Creation

- The Survey makes an attempt to craft a framework of policies that can foster wealth creation in India, which in turn, would set the economy firmly on an upward growth trajectory.
- The Survey identifies several levers for furthering Wealth Creation, which are:
 - **Grassroot Entrepreneurs:** Entrepreneurship as a strategy to fuel productivity growth and wealth creation.
 - **Competitive Market:** Promote 'pro-business' policies that unleash the power of competitive markets to generate wealth as against 'pro-crony' policies that may favour incumbent private interests.
 - **Remove anachronistic government interventions:** Eliminate policies that undermine markets through government intervention, even where it is not necessary.
 - **Assemble in India:** Integrate 'Assemble in India' into 'Make in India' to focus on labour intensive exports and thereby create jobs at a large scale. India should focus on other labour intensive sectors such as textile, clothing, footwear and toys.
 - **Banking:** Efficiently scale up the banking sector to become proportionate to the Indian economy and track the health of the shadow banking sector (NBFCs).
 - **Privatization:** Use privatization to foster efficiency and thus bolster the case for aggressive disinvestment of CPSEs.

Market Enables Wealth Creation

- The Survey lays stress on the importance of bringing an openness in the market that leads to wealth creation, in turn, boosting the economic activity through increased investment.
- India's historical dominance on the global economy is the result of **two factors:** '**Invisible Hand of Market**' and '**Trust**'. **E.g.** Indian economy returned to high growth trajectory post economic liberalisation.
- **Trust is a public good that increases with use.**

Thalinomics

- The Survey makes an attempt to relate economics to the common person using something that an individual encounters every day - a plate of food i.e a Thali.
- Affordability of Thalis vis-à-vis a day's pay of a worker has improved over time, indicating improved welfare of the common person.