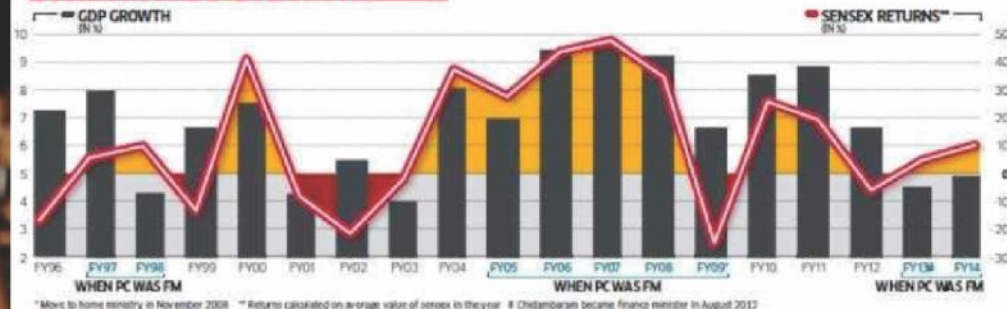


## संयुक्त मोर्चा सरकार और चिदंबरम का 'ड्रीम बजट'

- जैसे जैसे वित्त मंत्री पी. चिदंबरम ने 28 फरवरी, 1997 को केंद्रीय बजट पेश करने के लिए स्वयं को तैयार किया, वह भारत की राजनीतिक और आर्थिक अनिश्चितताओं के बारे में पूरी तरह से जानते थे।
- उनके पूर्ववर्ती मनमोहन सिंह ने भले ही 1991 के अपने क्रांतिकारी बजट से देश को बचाया हो, लेकिन वह जिस सरकार में थे, उसे 1996 में सत्ता से बाहर कर दिया गया था।
- आर्थिक सुधारों को अब गरीब विरोधी के रूप में देखा जा रहा था। संयुक्त मोर्चा, 13 दलों का एक गठबंधन, एक अपेक्षाकृत अज्ञात कर्नाटक के राजनेता, प्रधानमंत्री एचडी देवेगौड़ा के नेतृत्व में भारत का शासन चला रहा था।
- हालांकि जीडीपी लगातार 5 प्रतिशत से ऊपर बढ़ रहा था, लेकिन यह दक्षिण पूर्व एशिया में कई छोटे देशों की आर्थिक उछाल की तुलना में अधिक नहीं था। कॉर्पोरेट जगत तर्कसंगत करों सहित अधिक विकास हेतु नए कदमों की पैरवी कर रहा था। लेकिन उन्हें बहुत उम्मीद नहीं थी क्योंकि 1996 में वित्तमंत्री ने अपने पहले बजट में मुनाफे पर न्यूनतम वैकल्पिक कर (MAT) लगाया था।
- हालांकि, जब तक चिदंबरम ने अपने बजट भाषण को समाप्त किया, तब तक सेंसेक्स 6.5 प्रतिशत बढ़ गया था, जो डॉ सिंह के 1991 के बजट के बाद दूसरा बार हुआ था।
- उपायों के एक हिस्से के रूप में, वित्तमंत्री ने व्यक्तिगत आयकर दरों को 40 प्रतिशत से घटाकर 30 प्रतिशत कर दिया और कॉर्पोरेट कर दरों में कटौती की, जिसमें अधिभार के साथ दूर करना और रॉयल्टी दरों को कम करना भी शामिल था। उन्होंने एफआईआई निवेश की सीमा बढ़ाई और सार्वजनिक उपक्रमों में विनिवेश के पहले दौर के लिए जमीन तैयार की। कई उत्पादों पर आयात शुल्क में भी भारी कटौती देखी गई।
- ड्रीम बजट के सबसे बड़े दीर्घकालिक प्रभावों में से एक आयकर संग्रह पर रहा है, जो 1997 में 18,700 करोड़ रुपये से बढ़कर 2013 में 2 लाख करोड़ रुपये से अधिक हो गया।
- ड्रीम बजट 'से पहले, एक बढ़ती धारणा थी कि सुधारों को रोका और रद्द किया जा सकता है। लेकिन 1997 के बजट ने यह विश्वास वापस दिलाया कि सुधार निरंतर और अपरिवर्तनीय हैं। चिदंबरम द्वारा शुरू की गई आय योजना (VDIS) के स्वैच्छिक प्रकटीकरण ने कर आधार को व्यापक बनाने और समय की अवधि में कर उछाल बढ़ाने में मदद की।



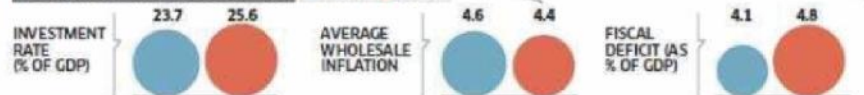
## A RECORD TO CHERISH



## UNITED FRONT: 1996-1998

This was, perhaps, Chidambaram's most challenging stint, following Manmohan Singh's watershed term during which he liberalised the economy. While he cautiously advanced a reform agenda in his first budget in 1996-97, next year's dream budget had a more radical impact. He rationalised the tax structure and began the deeper reform of lowering import tariffs to Asean levels. India was also able to withstand the Asian financial crisis.

### KEY ECONOMIC INDICATORS



### REFORMS AND MEASURES

- Monetisation of fiscal deficit by RBI ended, laying ground for better inflation management
- Reform of capital markets. Central depository set up ahead of demat trading
- Dividends made tax free in hands of investors
- Income, corporate tax rates recast, little changed since
- Minimum alternate tax levied on profitable cos that paid no tax
- PSUs empowered, Navaratnas identified

**THE MISSES**  
Subsidy reform  
Expenditure management & reforms

## UPA1: 2004-2008

Chidambaram started on a strong wicket with growth in the last year of the preceding NDA regime at 6.4%. He presided over four years of growth and prosperity. Spending rose but high growth allowed Fiscal Responsibility and Budget Management (FRBM) targets to be met. But amid the global financial crisis, oil prices shot up and the government was unable to raise fuel prices. Payouts increased through the farm loan waiver and the rural job guarantee scheme. Fiscal slippage and populism sowed the seeds for low growth, high inflation and record current account deficit. But that was later—Chidambaram left the post before the UPA term ended, shifting to the home ministry. His exit was triumphant, thanks to the levels of economic growth and prosperity.

### KEY ECONOMIC INDICATORS



### REFORMS AND MEASURES

- Big-ticket capital market reforms, institution building
- Long-term capital gains tax abolished, replaced with securities transaction tax
- Use of permanent account number (PAN) made financial markets transparent
- Infrastructure financing acquired urgency, institutional arrangements put in place
- IIFCL set up to raise funds for infrastructure sector
- Tax reforms continued, value-added tax rolled out in many states on April 1, 2005
- Corporate tax rate lowered to 30%, peak. Customs duties cut to 10%
- Banking sector reforms gave RBI more freedom to manage monetary policy
- Financial inclusion became a focus area

**THE MISSES**  
Fringe benefit tax, banking cash transactions withdrawn after facing criticism  
Goods and services tax, direct taxes code still some way off

## **PM Vajpayee of the NDA**

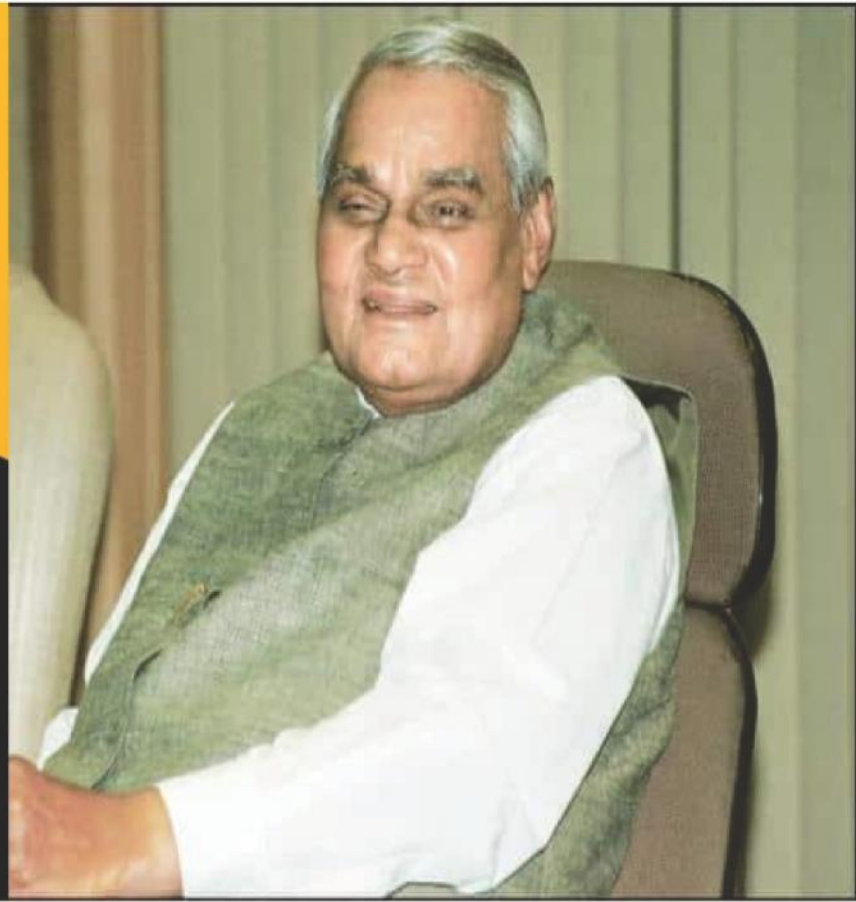
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- **Disinvestment of PSU enterprises arrived via the Union budget for 1999-2000, by then finance minister Yashwant Sinha**
- **Focus was on disinvestment in public sector enterprises and downsizing the government**
- **Four secretary-level posts were abolished through a process of merger and rationalization of central government departments**
- **Through the 1999-2000 budget, Sinha also rationalized interest rates, stoked the housing boom, and triggered India's growth surge**

## एनडीए के पीएम वाजपेयी

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- पीएसयू उद्यमों का विनिवेश 1999-2000 के लिए केंद्रीय बजट के माध्यम से तत्कालीन वित्त मंत्री यशवंत सिन्हा द्वारा किया गया था
- सार्वजनिक क्षेत्र के उद्यमों में विनिवेश और सरकार के आकर को छोटा करने पर ध्यान केंद्रित किया गया था
- केंद्र सरकार के विभागों के विलय और युक्तिकरण की प्रक्रिया के माध्यम से चार सचिव स्तर के पदों को समाप्त कर दिया गया
- 1999-2000 के बजट के माध्यम से, सिन्हा ने ब्याज दरों को भी तर्कसंगत बनाया, जिसने आवास बूम लाया, और भारत के विकास को गति दी।



## Shining India and collapse of the NDA

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- The Vajpayee government was confident of a second term from 2004, but failed to secure a majority
- Its "Shining India" campaign failed to motivate the voters, who voted the UPA led by Sonia Gandhi to power
- Sonia ensured the appointment of Dr Manmohan Singh as the PM of India
- Dependent on the support of the Left parties in the Lok Sabha, Manmohan Singh during the first United Progressive Alliance government (2004-2009) had no room to privatize public sector companies
- With limited options to raise resources and an ever-expanding social sector budget, Singh resorted to selling 5% to 20% stake in state-run companies through initial public offerings or secondary issues
- The government was able to raise funds without selling a majority stake in its firms, while increasing retail participation in the stock market
- Now answerable to public shareholders, state-run firms are focusing on improving corporate governance and becoming cost-conscious
- The rise of the Indian economy was reflected in BSE's Sensex, the 30-share benchmark index

## शाइनिंग इंडिया और एनडीए का पतन

- वाजपेयी सरकार 2004 से दूसरे कार्यकाल के लिए आश्वस्त थी, लेकिन बहुमत हासिल करने में विफल रही
- इसका "शाइनिंग इंडिया" अभियान मतदाताओं को प्रेरित करने में विफल रहा, जिन्होंने सोनिया गांधी के नेतृत्व वाले यूपीए को वोट दिया
- सोनिया ने डॉ मनमोहन सिंह को भारत का प्रधान मंत्री नियुक्त करना प्रशस्त किया
- लोकसभा में वाम दलों के समर्थन पर निर्भर, पहली संयुक्त प्रगतिशील गठबंधन सरकार (2004-2009) के दौरान मनमोहन सिंह के पास सार्वजनिक क्षेत्र की कंपनियों के निजीकरण के लिए कोई जगह नहीं थी
- संसाधनों को बढ़ाने और सामाजिक क्षेत्र के बजट में सीमित विकल्पों के साथ, सिंह ने प्रारंभिक सार्वजनिक पेशकशों या माध्यमिक मुद्दों के माध्यम से राज्य द्वारा संचालित कंपनियों में 5% से 20% हिस्सेदारी बेचने का सहारा लिया
- शेयर बाजार में खुदरा भागीदारी को बढ़ाते हुए, सरकार अपनी फर्मों में बहुमत हिस्सेदारी बेचे बिना धन जुटाने में सक्षम थी
- अब सार्वजनिक शेयरधारकों के प्रति जवाबदेह, राज्य द्वारा संचालित कंपनियां कॉर्पोरेट प्रशासन को बेहतर बनाने और लागत-सचेत बनने पर ध्यान केंद्रित कर रही हैं
- भारतीय अर्थव्यवस्था का उदय बीएसई के सेंसेक्स, 30-शेयर बेंचमार्क इंडेक्स में परिलक्षित हुआ





## **Dr. Manmohan Singh as the PM**

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- **Manmohan Singh became prime minister in 2004 but he was not quite the same reformer**
- **His period saw huge GDP growth, but his focus was on ensuring a rights-based redistribution in the economy**
- **His government (UPA 1) launched the MGNREGA (Mahatma Gandhi National Rural Employment Guarantee Scheme) in February 2006 in 200 most backward districts, later expanded to cover all rural districts**
- **The scheme aimed to enhance livelihood security by providing at least 100 days of guaranteed wage employment in a fiscal year to every rural household whose adult members volunteer to do unskilled manual work**
- **The 10 years when Singh was prime minister were also a time of high growth and expansion of the economy as loan rates softened**

## पीएम के रूप में डॉ मनमोहन सिंह

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- मनमोहन सिंह 2004 में प्रधान मंत्री बने थे लेकिन वे अब उतने बड़े सुधारक नहीं थे
- उनकी अवधि में सकल घरेलू उत्पाद में भारी वृद्धि देखी गई, लेकिन उनका ध्यान अर्थव्यवस्था में अधिकार-आधारित पुनर्वितरण सुनिश्चित करने पर था
- उनकी सरकार (UPA 1) ने 2006 में सबसे पिछड़े 200 जिलों में MGNREGA (महात्मा गांधी राष्ट्रीय ग्रामीण रोजगार गारंटी योजना) शुरू की, बाद में सभी ग्रामीण जिलों को कवर करने के लिए विस्तार किया गया
- इस योजना का उद्देश्य वित्तीय वर्ष में कम से कम 100 दिनों की गारंटीकृत मजदूरी रोजगार प्रदान करके आजीविका सुरक्षा को बढ़ाना है, जो हर ग्रामीण परिवार के वयस्क सदस्य स्वैच्छिक कार्य करने के लिए करते हैं।
- जब सिंह प्रधान मंत्री थे तब भी ऋण की दरों में नरमी के कारण उच्च विकास और अर्थव्यवस्था के विस्तार का समय था

## FRBM arrives

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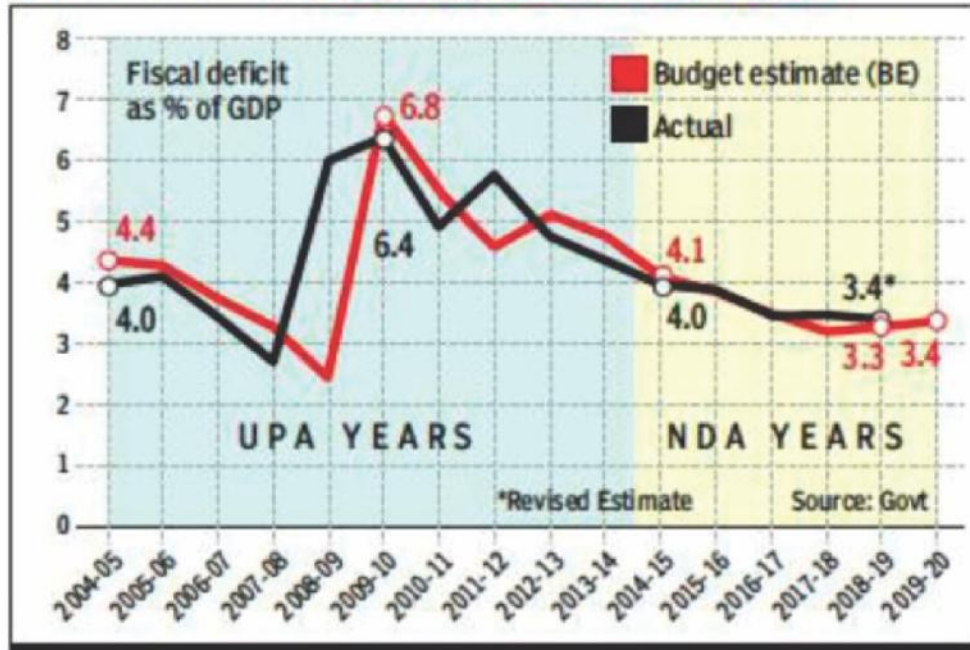
- **The 30 component companies represent all sectors of the economy**
- **Many new industries took a global shape in the 2000s - Automobiles, Information Technology and Pharmaceuticals**
- **Fiscal management of the GoI was improved substantially due to the FRBM Act, 2003**
- **The Fiscal Responsibility and Budget Management Act, 2003 was brought to institutionalize financial discipline**
- **It would help reduce India's fiscal deficit, improve macroeconomic management and the overall management of the public funds by moving towards a balanced budget and strengthen fiscal prudence**
- **Things went well with FRBM till 2008, when recession struck**
- **Things again went well till 2017, when a general growth slowdown struck**
- **COVID-19 crisis changed everything**

## FRBM arrives

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- 30 घटक कंपनियां अर्थव्यवस्था के सभी क्षेत्रों का प्रतिनिधित्व करती हैं
- कई नए उद्योगों ने 2000 के दशक में एक वैश्विक आकार लिया - ऑटोमोबाइल, सूचना प्रौद्योगिकी और फार्मास्यूटिकल्स
- एफआरबीएम अधिनियम, 2003 के कारण भारत सरकार के वित्तीय प्रबंधन में काफी सुधार हुआ था
- राजकोषीय उत्तरदायित्व और बजट प्रबंधन अधिनियम, 2003 वित्तीय अनुशासन को संस्थागत बनाने के लिए लाया गया था
- यह भारत के राजकोषीय घाटे को कम करने में मदद करेगा, व्यापक आर्थिक प्रबंधन और सार्वजनिक धन के समग्र प्रबंधन को संतुलित बजट की ओर बढ़ाकर और राजकोषीय विवेक को मजबूत करेगा।
- 2008 तक FRBM के साथ चीजें अच्छी हो गईं, जब मंदी आ गई
- 2017 तक चीजें फिर से अच्छी हो गईं, जब एक सामान्य वृद्धि मंदी हुई
- COVID-19 संकट ने सब कुछ बदल दिया

# NEED FOR FISCAL PRUDENCE



## FISCAL DEFICIT

Captures government's borrowing need



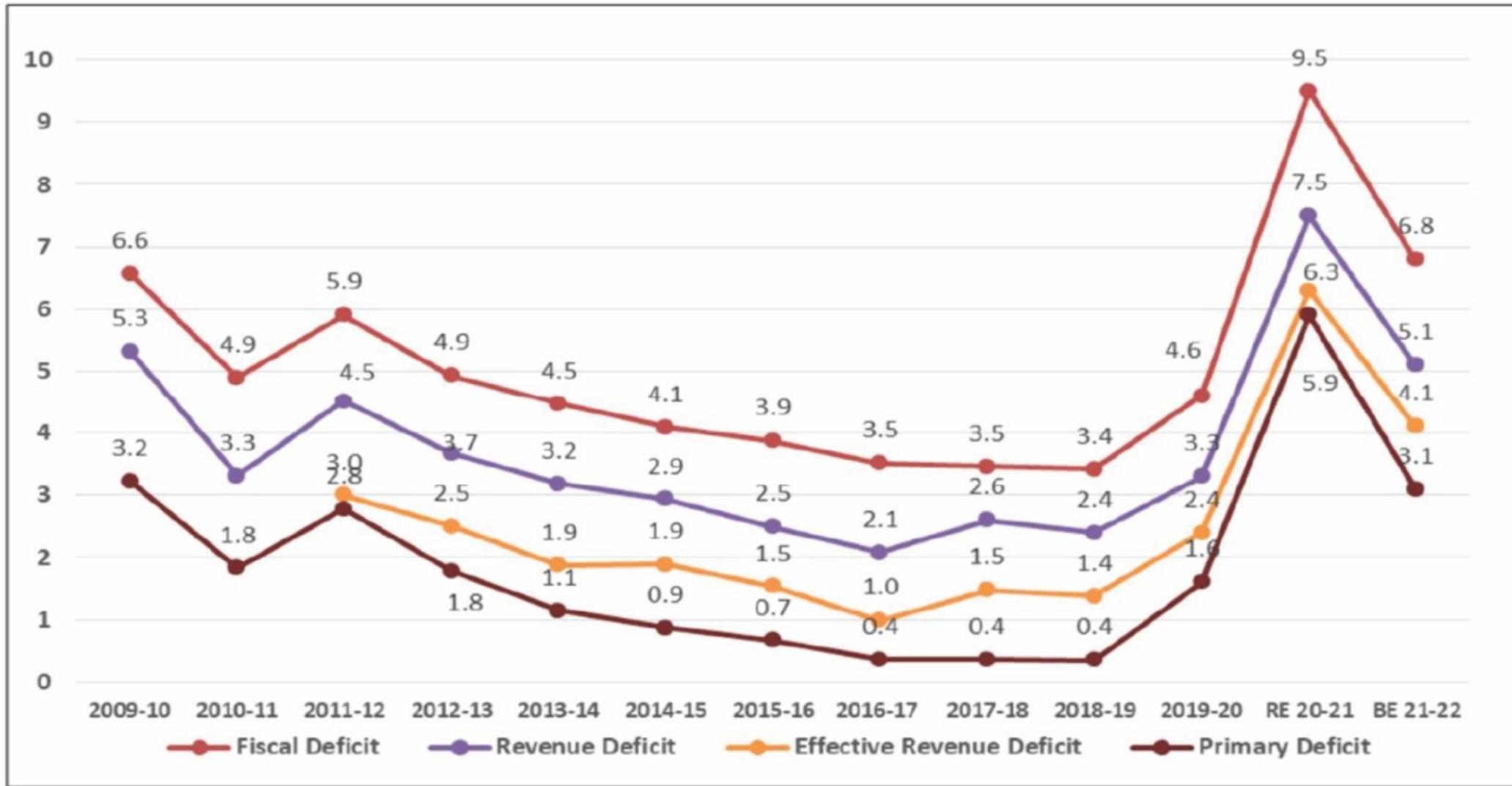
## REVENUE DEFICIT

It is an indicator of the current account position



# घाटे की प्रवृत्तियां DEFICIT TRENDS

(% of GDP)



## **India started shining**

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- **Ten years of economic liberalization unchained Indians, and the first decade of the 21st century reflected that**
- **A much smaller Tata Steel acquired the UK-based company Corus for an eye-popping \$13.1 billion in 2007**
- **The Aditya Birla Group's Hindalco Industries Ltd followed this up with a \$6-billion buyout of US-based Novelis in 2007**
- **The next year, Tata Motors bought Jaguar-Land Rover for \$2.3 billion**
- **Bharti Airtel bought out Zain Africa in 2010, for \$10.7 billion**
- **It was an era of multi-billion dollar acquisitions**
- **Some of these decisions proved wrong, in hindsight now**

## भारत चमकने लगा

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- दस साल की आर्थिक उदारीकरण से अप्रभावित भारतीय और 21 वीं सदी के पहले दशक ने यह प्रतिबिंबित किया
- एक बहुत छोटे टाटा स्टील ने 2007 में 13.1 बिलियन डॉलर की आंख की पॉपिंग के लिए यूके स्थित कंपनी कोरस का अधिग्रहण किया था
- आदित्य बिड़ला समूह की हिंडाल्को इंडस्ट्रीज लिमिटेड ने 2007 में अमेरिका स्थित नोवेल के 6 बिलियन डॉलर के खरीद के साथ इसका अनुसरण किया।
- अगले साल, टाटा मोटर्स ने \$ 2.3 बिलियन में जगुआर-लैंड रोवर खरीदा
- भारती एयरटेल ने 2010 में 10.7 बिलियन डॉलर में जैन अफ्रीका को खरीदा था
- यह बहु-अरब डॉलर के अधिग्रहण का युग था
- अब एक नज़र में, इन फैसलों में से कुछ गलत साबित हुए



## YEAR 1 USD TO INR

1913 0.09

1947 4.16

1962 4.76

1966 6.36

1967 7.50

1974 8.10

1983 10.1

1989 16.23

1990 17.5

## YEAR 1 USD TO INR

1991 22.74

1993 30.49

1997 36.31

1999 43.06

2009 48.41

2012 53.44

2014 62.33

2018 70.09

March 2020 74.53

## **Global recession 2008-2010**

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- **The collapse of the US housing market had global implications**
- **The inherent risks of that market had been spread worldwide due to new instruments like the CDOs and CDSs (Collateralised Debt Obligations and Credit Default Swaps)**
- **The ripple effect of a frozen US financial market spread worldwide**
- **Indian economy was hit hard as well, and a recession was about to set in**
- **Indian government launched a fiscal plus monetary package to rescue the economy on an urgent basis in 2008**
- **As a result, the fiscal deficit shot up (breaking the FRBM limits), but soon the economy bounced back to high growth levels**

## वैश्विक मंदी 2008-2010

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- अमेरिकी आवास बाजार के पतन के वैश्विक निहितार्थ थे
- सीडीओ और सीडीएस जैसे नए उपकरणों के कारण उस बाजार के निहित जोखिम दुनिया भर में फैल गए थे (संपार्श्विक ऋण में गड़बड़ी और क्रेडिट डिफॉल्ट स्वैप)
- एक ठहर चुके अमेरिकी वित्तीय बाजार का लहर प्रभाव दुनिया भर में फैल गया
- भारतीय अर्थव्यवस्था पर भी गहरा प्रभाव हुआ, और एक मंदी आने वाली थी
- भारत सरकार ने 2008 में तत्काल आधार पर अर्थव्यवस्था को बचाने के लिए एक राजकोषीय और मौद्रिक पैकेज शुरू किया
- परिणामस्वरूप, राजकोषीय घाटे में तेजी आई (एफआरबीएम की सीमा को तोड़ते हुए), लेकिन जल्द ही अर्थव्यवस्था उच्च विकास स्तर पर वापस आ गई

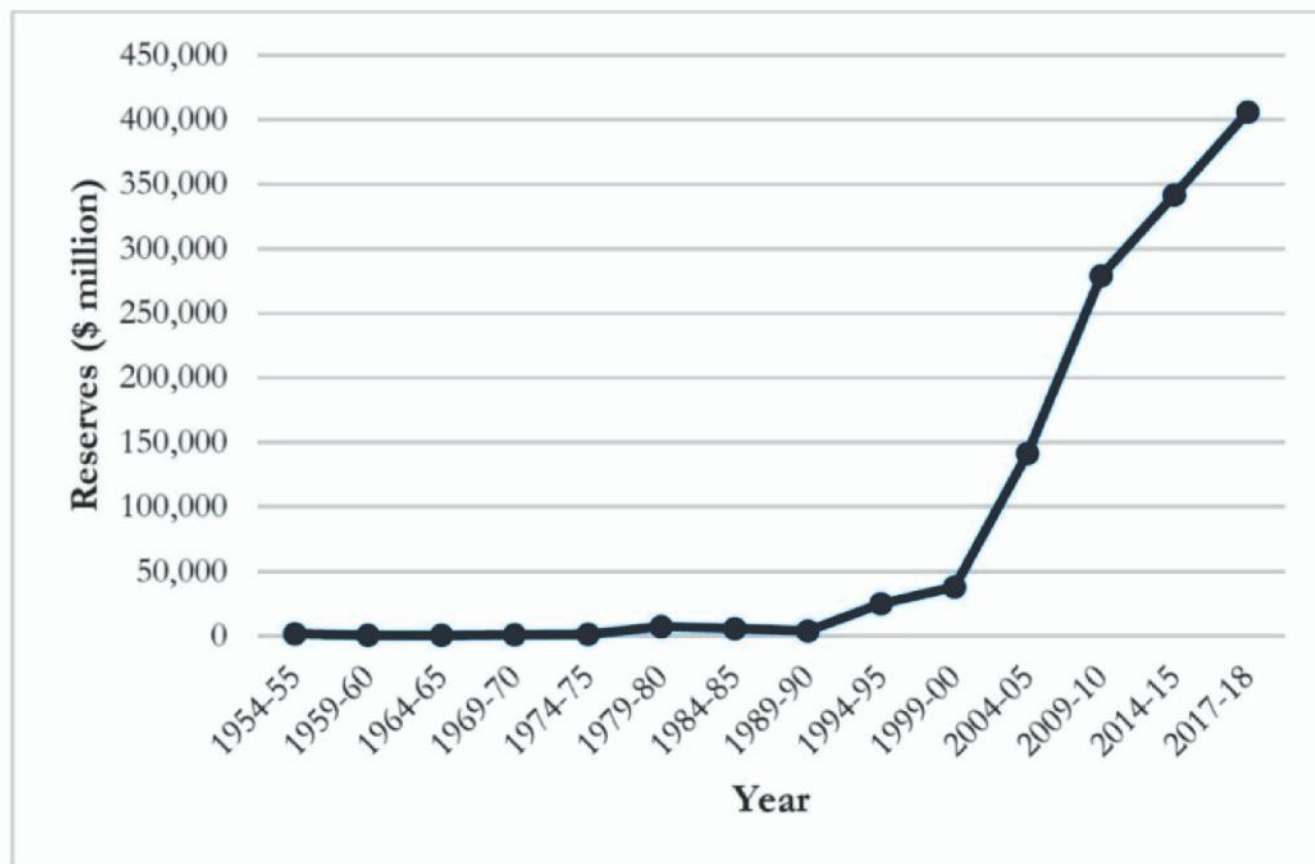
Table 3: India's decadal GDP growth and investment rates

Year	Annual GDP growth rate	Investment rate	Savings rate
1951–61	3.91	11.82	-
1961–71	3.68	14.71	9.03
1971–81	3.09	17.86	12.96
1981–91	5.38	21.04	17.32
1991–2001	5.71	24.14	24.27
2001–11	7.68	32.44	31.42
2011–18	6.61	35.78	31.17

### India's foreign exchange reserves

Year	Total reserves	
	₹ billion	US\$ million
1954-55	9	1,873
1959-60	4	762
1964-65	3	524
1969-70	8	1,094
1974-75	10	1,379
1979-80	59	7,361
1984-85	72	5,952
1989-90	63	3,962
1994-95	798	25,186
1999-00	1,659	38,036
2004-05	6,191	141,514
2009-10	12,597	279,057
2014-15	21,376	341,638
2017-18	27,930	405,810

### India's foreign exchange reserves



## Arrival of Modi, 2014

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- **He became the PM on 25 May 2014, and replaced the Planning Commission with NITI Aayog (National Institute for Transforming India)**
- **The Planning Commission was a Soviet-style body that drew up five-year plans for the country and played an advisory role in formulating allocation of central funds to each state**
- **NITI Aayog served as the government's think tank, formulating medium- and long-term strategies and breaking them into year-wise plans after consultation with the states**
- **The IBC law - India is a country with sick companies but no sick promoters!**
- **Why? It is the result of a system that hasn't held the influential promoters of large companies to account**
- **To change this, the Modi government introduced the Insolvency and Bankruptcy Code, 2016 (IBC)**
- **It made it possible for lenders to oust errant promoters from a company and hand it over to financially sound owners**

## मोदी का आगमन, 2014

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- वह 25 मई 2014 को पीएम बने, और NITI Aayog (नेशनल इंस्टीट्यूट फॉर ट्रांसफॉर्मिंग इंडिया) के साथ योजना आयोग को समाप्त कर दिया
- योजना आयोग एक सोवियत शैली का निकाय था जिसने देश के लिए पंचवर्षीय योजनाओं को तैयार किया और प्रत्येक राज्य को केंद्रीय निधियों के आवंटन को तैयार करने में एक सलाहकार की भूमिका निभाई
- NITI Aayog ने सरकार के थिंक टैंक के रूप में कार्य किया, मध्यम और दीर्घकालिक रणनीति तैयार की और राज्यों के साथ परामर्श के बाद उन्हें वर्ष-वार योजनाओं में विभाजित किया
- IBC कानून - भारत एक ऐसा देश है जहाँ बीमार कंपनियां हैं लेकिन कोई बीमार प्रमोटर नहीं है!
- क्यों? यह एक ऐसी प्रणाली का परिणाम है जिसमें बड़ी कंपनियों के प्रभावशाली प्रवर्तकों को कभी गलतियों के लिए ज़िम्मेदार नहीं ठहराया
- इसे बदलने के लिए, मोदी सरकार ने अक्षमता और दिवालियापन संहिता, 2016 (IBC) अधिनियमित की
- इसने ऋणदाताओं के लिए यह संभव बना दिया कि वे किसी कंपनी से गलत प्रमोटरों को हटा दें और इसे वित्तीय रूप से ठोस मालिकों को सौंप दें

# 5 YEAR PLAN → NATIONAL DEVELOPMENT AGENDA

## VISION

2017-18 to 2031-32

- 15-year long-term Vision
- Combines national social goals and international Sustainable Development Goals
- Expands beyond the traditional Plan mandate to include internal security, defence, etc.

## STRATEGY

2017-18 to 2023-24

- 7-year mid-term Strategy
- Converts a broader vision into implementable policy



## ACTION PLAN

2017-18 to 2019-20

- 3-year short-term Action Plan
- Translates policy into action by 2019
- Aligned to the predictability of financial resources during the 14<sup>th</sup> Finance Commission Award Period

Beginning 2017-2018



**NITI'S POLICY MAKING INITIATIVES**



**Road-map for Revitalization of Agriculture**



**Model Land Leasing Law**



**Road-map on Pradhan Mantri Krishi Sinchayee Yojana**



**National Energy Policy**



**Road Map on Poverty Elimination**



**Development Strategies for North East & Hilly areas**



**Digital Payments**



**Targeting 50 Olympic Medals: Let's Play Initiative**



**Appraisal of 12th five-year plan**



**Review of Scholarships schemes for SC students**



**Revitalization of NGO-PS Portal**



**National Nutrition Strategy**

The Asian landscape, 2017

Country	Population (million)	GDP (billion current US\$)	GDP per capita (current US\$)	GDP per capita PPP (US\$)	GDP growth rate 2016–17 (%)
Singapore	6	324	57,714	93,905	3.6
Korea, Rep.	51	1,531	29,743	38,260	3.1
China	1,386	12,238	8,827	16,807	6.9
Thailand	69	455	6,594	17,871	3.9
Indonesia	264	1,016	3,847	12,284	5.1
Philippines	105	314	2,989	8,343	6.7
Vietnam	96	224	2,343	6,776	6.8
<b>India</b>	<b>1,339</b>	<b>2,598</b>	<b>1,940</b>	<b>7,056</b>	<b>6.6</b>
Pakistan	197	305	1,548	5,527	5.7
Bangladesh	165	250	1,517	3,869	7.3

Source: World Bank World Development Indicators. 2017.

# KEY REGULATORY BODIES IN INDIA

- 1. Independent regulators:** Indian financial system is regulated by some independent regulators. They oversee fields like banking, insurance, capital markets, commodities market, and pension funds.
- 2. Government's role:** Regulators may not be totally independent, as the Indian govt. plays a significant role in controlling the financial system in India.
- 3. Six major financial regulators:** The top regulators in India are listed. The first four are made by Parliamentary Acts, while the last two are part of government Ministries.
  - 1. Reserve Bank of India (RBI) - Monetary system**
  - 2. Securities and Exchange Board of India (SEBI) - Securities markets**
  - 3. Insurance Regulatory and Development Authority of India (IRDAI) - Insurance market**
  - 4. Insolvency and Bankruptcy Board of India (IBBI) - Regulates IBC processes**
  - 5. Forward Market Commission of India (FMC) - Commodity trading**
  - 6. Pension Fund Regulatory and Development Authority (PFRDA) - Pension markets**
- 4. RBI as an apex monetary institution:** Established in April, 1935 in Calcutta, the Reserve Bank of India (RBI) later moved to Mumbai in 1937. After its nationalization in 1949, RBI is presently owned by the Govt. of India. It has 19 regional offices, and 9 sub-offices. It is the issuer of the Indian Rupee. RBI regulates the banking and financial system of the country by issuing broad guidelines and instructions. It controls the money supply, monitors key indicators like GDP and inflation, maintains people's confidence in the banking and financial system by providing tools such as 'Ombudsman'. It also formulates monetary policies such as inflation control, bank credit and interest rate control

## KEY REGULATORY BODIES IN INDIA



भारतीय दिवाला और शोधन अक्षमता बोर्ड

**Insolvency and Bankruptcy Board of India**

## KEY REGULATORY BODIES IN INDIA

- 5. SEBI as a regulatory body for the securities market:** The Securities and Exchange Board of India (SEBI) was established in 1988 but got legal status in 1992 to regulate the functions of securities market to keep a check on malpractices and protect the investors. Headquartered in Mumbai, SEBI has its regional offices in New Delhi, Kolkata, Chennai and Ahmedabad. It protects the interests of investors through proper education and guidance, regulates and control the business on stock exchanges and other security markets, stops fraud in capital market, and audits the performance of stock market.
- 6. Insurance Regulatory and Development Authority of India (IRDAI):** The IRDAI is an autonomous apex statutory body for regulating and developing the insurance industry in India. It was established in 1999 through an act passed by the Indian Parliament. Headquartered in Hyderabad, Telangana, IRDA regulates and promotes insurance business in India.
- 7. The Insolvency and Bankruptcy Board of India (IBBI):** The IBBI was established on 1st October, 2016 under the Insolvency and Bankruptcy Code, 2016 (Code). It is a key pillar of the ecosystem responsible for implementation of the Code that consolidates and amends the laws relating to reorganization and insolvency resolution of corporate persons, partnership firms and individuals in a time bound manner for maximization of the value of assets of such persons, to promote entrepreneurship, availability of credit and balance the interests of all the stakeholders. The IBBI regulates a profession as well as processes, with regulatory oversight over the Insolvency Professionals (IPs), Insolvency Professional Agencies (IPAs), Insolvency Professional Entities and Information Utilities. It writes and enforces rules for processes, namely, corporate insolvency resolution, corporate liquidation, individual insolvency resolution and individual bankruptcy under the Code. It is also designated as the 'Authority' under the Companies (Registered Valuers and Valuation Rules), 2017 for regulation and development of the profession of valuers in the country.

## KEY REGULATORY BODIES IN INDIA

- 8. Forward Market Commission of India (FMC):** Headquartered in Mumbai, the FMC is a regulatory authority governed by the Ministry of Finance, Govt. of India. It is a statutory body, established in 1953 under the Forward Contracts (Regulation) Act, 1952. The commission allows in 22 exchanges in India. The FMC is now merged with SEBI.
- 9. Pension Fund Regulatory and Development Authority (PFRDA):** Established in October 2003 by the Government of India, PFRDA develops and regulates the pension sector in India. The National Pension System (NPS) was launched in January 2004 with an aim to provide retirement income to all the citizens. The objective of NPS is to set up pension reforms and inculcate the habit of saving for retirement amongst the citizens.



## Arrival of Modi, 2014

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- **The IBC created a sense of responsibility among promoters, but has a long way to go**
- **Then came the shock demonetisation of high-value currency notes on 08th Nov, 2016 It has led to a large-scale slowing down of the informal economy of India (nearly half of the total economy)**
- **The Modi government put improving ease of doing business high on its agenda**
- **In July 2017, it implemented the goods and services tax (GST)**
- **India is now one of the few countries to have an indirect tax law that unifies various central and state tax laws**
- **The promise was "One Nation One Tax", something that remains largely unfulfilled due to the complex structure of the GST**

## मोदी का आगमन, 2014

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- IBC ने प्रमोटरों के बीच जिम्मेदारी की भावना पैदा की, लेकिन अभी एक लंबा रास्ता तय करना है
- इसके बाद 08 नवंबर 2016 को उच्च मूल्य के करेंसी नोटों की नोटबंदी का झटका आया, जिसके कारण भारत की अनौपचारिक अर्थव्यवस्था (कुल अर्थव्यवस्था का लगभग आधा) में बड़े पैमाने पर मंदी आई
- मोदी सरकार ने कारोबार करने में आसानी में सुधार किया
- जुलाई 2017 में, उसने वस्तु और सेवा कर (GST) लागू किया
- भारत अब उन कुछ देशों में से एक है जिनके पास अप्रत्यक्ष कर कानून है जो विभिन्न केंद्रीय और राज्य कर कानूनों को एकीकृत करता है
- वादा "वन नेशन वन टैक्स" था, जो कि जीएसटी की जटिल संरचना के कारण काफी हद तक अधूरा है



Table 2: India's annual GDP growth rate and investment rate, 1950–2018

Year	Annual GDP growth rate	Investment rate	Savings rate	Year	Annual GDP growth rate	Investment rate	Savings rate
1950–51		9.3		1984–85	4	19.1	16.0
1951–52	2.3	11.4		1985–86	4.2	20.6	15.2
1952–53	2.8	8.5		1986–87	4.3	20.1	16.5
1953–54	6.1	7.9		1987–88	3.5	21.9	18.2
1954–55	4.2	10		1988–89	10.2	22.8	20.1
1955–56	2.6	12.8		1989–90	6.1	23.7	21.5
1956–57	5.7	15.2		1990–91	5.3	26	21.8
1957–58	-1.2	14		1991–92	1.4	21.8	23.2
1958–59	7.6	11.7		1992–93	5.4	23	23.4
1959–60	2.2	12.4		1993–94	5.7	22.2	24.6
1960–61	7.1	14.3		1994–95	6.4	24.7	25.6
1961–62	3.1	13.4		1995–96	7.3	25.3	25.0
1962–63	2.1	14.9		1996–97	8	23.7	24.9
1963–64	5.1	14.3		1997–98	4.3	25.6	24.1
1964–65	7.6	14.5		1998–99	6.7	24.2	23.7
1965–66	-3.7	16.2		1999–00	8	26.6	24.2
1966–67	1	16.7		2000–01	4.1	24.3	23.9
1967–68	8.1	14.3	10.0	2001–02	5.4	24.2	25.5
1968–69	2.6	13.1	11.2	2002–03	3.9	24.8	27.5
1969–70	6.5	14.6	11.4	2003–04	8	28.8	31.1
1970–71	5	15.1	10.0	2004–05	7.1	32.8	32.0
1971–72	1	16	10.4	2005–06	9.5	34.7	33.2
1972–73	-0.3	14.7	12.1	2006–07	9.6	35.7	33.9
1973–74	4.6	17.3	9.8	2007–08	9.3	38.1	32.5
1974–75	1.2	17.5	12.8	2008–09	6.7	34.3	32.0
1975–76	9	17.2	15.2	2009–10	8.6	36.5	33.7
1976–77	1.2	17.4	14.5	2010–11	8.9	36.5	32.7
1977–78	7.5	17.8	14.0	2011–12	6.7	35.5	32.9
1978–79	5.5	21.1	14.3	2012–13	5.4	39	32.1
1979–80	-5.2	20.4	12.5	2013–14	6.1	38.7	31.4
1980–81	7.2	19.2	14.2	2014–15	7.2	33.8	30.8
1981–82	5.6	18.9	14.6	2015–16	7.9	34.4	30.1
1982–83	2.9	19.1	14.3	2016–17	6.6	33.3	29.8
1983–84	7.9	18.2	15.0	2017–18	6.7		

Notes: The GDP growth before 2011 shown is at factor cost, at constant prices, with 2004–05 as base. The GDP growth after 2011 shown is at factor cost, at constant prices, with 2011–12 as base, and Investment Rate refers to gross capital formation as a percentage of GDP.

# INDIA GDP STORY

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1979–80	-5.2	20.4	12.5	2013–14	6.1	38.7	31.4
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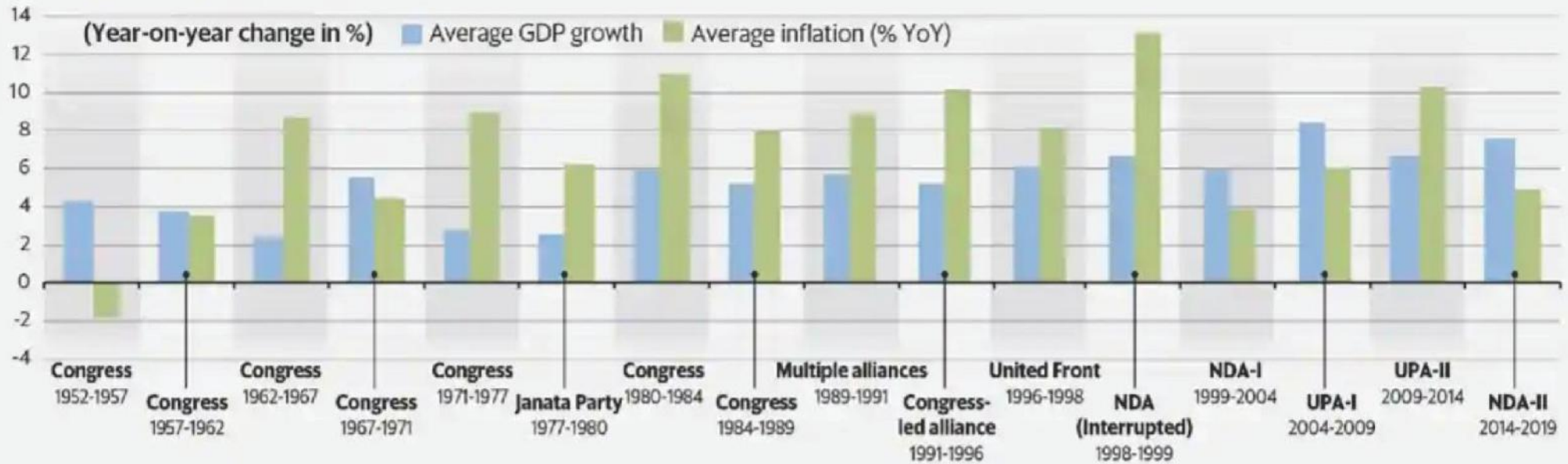
# INDIA GDP STORY

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1980–81	7.2	19.2	14.2	2014–15	7.2	33.8	30.8
1981–82	5.6	18.9	14.6	2015–16	7.9	34.4	30.1
1982–83	2.9	19.1	14.3	2016–17	6.6	33.3	29.8
1983–84	7.9	18.2	15.0	2017–18	6.7		

Notes: The GDP growth before 2011 shown is at factor cost, at constant prices, with 2004–05 as base. The GDP growth after 2011 shown is at factor cost, at constant prices, with 2011–12 as base, and Investment Rate refers to gross capital formation as a percentage of GDP.

# ECONOMIC PERFORMANCE OF ALL GOVERNMENTS

India's GDP grew at the slowest pace between 1962 and 1967, a period when the country went to war with China.



Notes: 1) GDP (Gross Domestic Product) has been considered at factor cost (old series) till 2013-14 and at market prices (new series) for 2014-2019  
 2) Inflation for the period 1952-1962 has been measured using WPI, and for other years, CPI-IW has been used since it provides the longest time series data on inflation in India

Source: RBI, CMIE, 'An Analysis of Inflation in India 1950-75', by V. Pandit, Indian Economic Review 1978, Mint calculations

## **Return of Modi, 2019**

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- **The Modi government returned with a resounding victory in 2019**
- **He immediately set a target of \$5 trillion by 2024, for the Indian GDP**
- **Growth slowdown had set in by then, deeply in the economy, due to multiple reasons**
- **The COVID-19 crisis changed all assumptions and the economy contracted hugely in 2020-21 (by at least 8% y-o-y)**
- **The GDP of India was Rs.203 trillion in 2019-20**
- **A strong push for privatisation was begun in 2021, with the Union Budget**
- **Govt. was keen on raising resources from public assets monetization, and PSU stake sales**

## मोदी की वापसी, 2019

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- मोदी सरकार 2019 में शानदार जीत के साथ लौटी
- उन्होंने भारतीय जीडीपी के लिए तुरंत 2024 तक \$ 5 ट्रिलियन का लक्ष्य रखा
- कई कारणों से अर्थव्यवस्था में वृद्धि की मंदी तब तक गहरा चुकी थी
- **COVID-19** संकट ने सभी धारणाओं को बदल दिया और अर्थव्यवस्था 2020-21 में बड़े संकुचन के दौर से गुजरी (8% वार्षिक)
- 2019-20 में भारत की जीडीपी 203 ट्रिलियन रुपये थी (१ ट्रिलियन = १ लाख करोड़)
- केंद्रीय बजट के साथ, 2021 में निजीकरण को तेज़ी से बढ़ाया गया
- सरकार ने सार्वजनिक परिसंपत्ति मुद्र्रीकरण, और सार्वजनिक उपक्रम हिस्सेदारी बिक्री से संसाधन जुटाने के लिए कमर कस ली

## 2019-2020-2021

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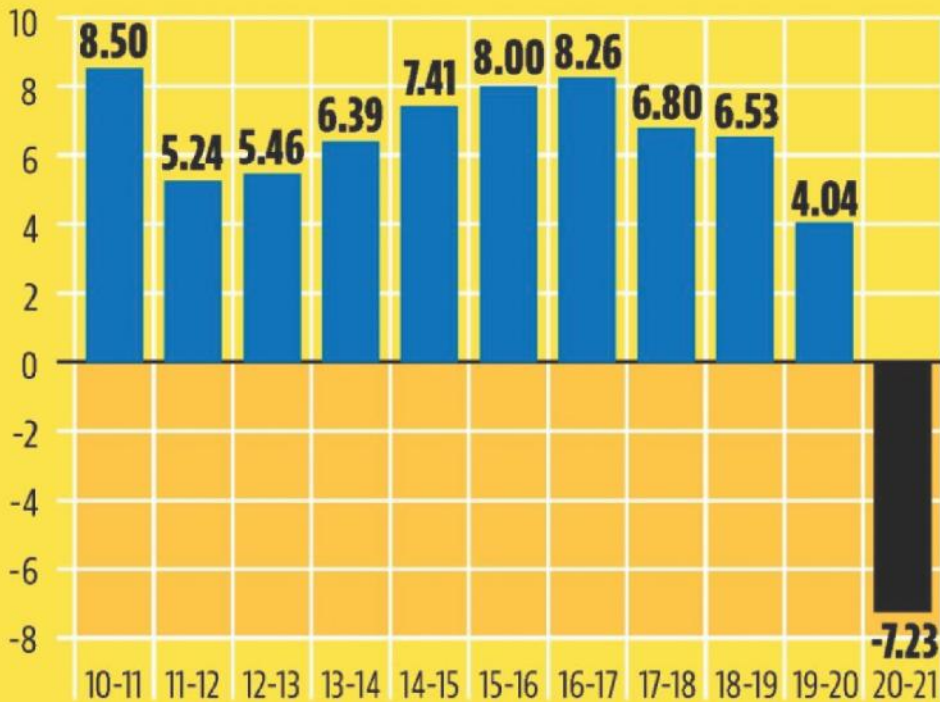
- The primary focus remained on a major reorganization of Indian society and economy, as evidenced in new laws on Citizenship, NRC-CAA, Triple Talaq, farming reforms, labour law reforms, Kashmir reorganization, and so on
- The focus on economic growth was not sharp enough, as evidenced in the steady growth recession from 2017-18 itself, that turned to a full recession in 2020
- The arrival of the pandemic in Jan 2020, and its mass spread in 2021 as the second wave, put paid to the \$5 trillion GDP goal quickly. A K-shape recovery worsened the prospects for most
- Large parts of Indian society lost incomes, jobs, livelihoods, and turned poor
- प्राथमिक ध्यान भारतीय समाज और अर्थव्यवस्था के एक व्यापक पुनर्गठन पर रहा, जैसा कि नागरिकता, एनआरसी-सीएए, ट्रिपल तलाक, कृषि सुधार, श्रम कानून सुधार, कश्मीर पुनर्गठन, और इसी तरह के नए कानूनों में प्रमाणित है।
- आर्थिक विकास पर ध्यान पर्याप्त नहीं था, जैसा कि 2017-18 से ही आ चुकी विकास मंदी से ज़ाहिर हुआ, जो 2020 में पूर्ण मंदी में बदल गया।
- जनवरी 2020 में महामारी का आगमन, और 2021 में दूसरी लहर के रूप में इसका भयानक प्रसार, 5 ट्रिलियन डॉलर के सकल घरेलू उत्पाद के लक्ष्य के लिए बहुत खराब रहा। आर्थिक रिकवरी "के" आकार की रही, जो अधिकांश के लिए बुरी खबर थी
- भारतीय समाज के बड़े हिस्से ने आय, नौकरी, आजीविका खो दी और गरीब हो गए



# Economy in times of Covid

The economy contracted by 7.3% in FY21 after the growth rate picked up in the fourth quarter, just before the world's worst Covid-19 outbreak hit the country in its second wave

## Annual GDP growth (in %)



Source:-CMIE

**1.6%**

GDP growth in January-March period, up from 0.5% in the previous quarter

**-7.3%**

the figure for FY21. This is the first full-year contraction since 1979-80

**9.3%**

of the GDP was the fiscal deficit in FY21, marginally lower than revised budget estimate of 9.5%

**56.1%**

was the jump in the output of eight core sectors in April

"The overall economic impact of the second wave is not likely to be large"

— Chief economic adviser **KV Subramanian**







# DATA DIVE

2019

# Size of Indian Economy

1. United States	– Nominal GDP: \$19.39 trillion, GDP (PPP): \$19.39 trillion
2. China	– Nominal GDP: \$12.01 trillion, GDP (PPP): \$23.15 trillion
3. Japan	– Nominal GDP: \$4.87 trillion, GDP (PPP): \$5.42 trillion
4. Germany	– Nominal GDP: \$3.68 trillion, GDP (PPP): \$4.17 trillion
5. United Kingdom	– Nominal GDP: \$2.62 trillion, GDP (PPP): \$2.91 trillion
<b>6. India</b>	<b>– Nominal GDP: \$2.61 trillion, GDP (PPP): \$9.45 trillion</b>
7. France	– Nominal GDP: \$2.58 trillion, GDP (PPP): \$2.83 trillion
8. Brazil	– Nominal GDP: \$2.05 trillion, GDP (PPP): \$3.24 trillion
9. Italy	– Nominal GDP: \$1.93 trillion, GDP (PPP): \$2.31 trillion
10. Canada	– Nominal GDP: \$1.65 trillion, GDP (PPP): \$1.76 trillion

Nominal GDP = gross domestic product, current prices, U.S. dollars | GDP based on PPP = gross domestic product based on purchasing-power-parity (PPP) valuation of country GDP, current international dollar | Gross domestic product per capita, current prices, U.S. dollars

Year	Nominal GDP (billions \$)		PPP GDP (billions Int. \$)		Nominal GDP capita (\$)		PPP GDP capita (Int. \$)		Growth (%)	
	India	China	India	China	India	China	India	China	India	China
	2020	3,639.804	16,157.105	12,708.363	28,229.144	2,671.500	11,449.157	9,327.532	20,003.577	7.75
2019	3,311.747	14,968.590	11,565.735	26,033.624	2,462.695	10,662.303	8,600.559	18,544.058	7.70	6.33
2018	3,012.896	13,876.111	10,528.775	24,004.714	2,269.937	9,935.691	7,932.454	17,188.060	7.65	6.10
2017	2,755.830	12,864.400	9,574.550	22,148.588	2,103.577	9,259.340	7,308.434	15,941.771	7.55	6.00
2016	2,510.599	11,968.412	8,722.546	20,473.504	1,941.599	8,659.388	6,745.676	14,812.995	7.47	6.30
2015	2,308.018	11,211.928	7,996.623	18,975.871	1,808.413	8,154.384	6,265.635	13,801.065	7.46	6.76
2014	2,049.501	10,380.380	7,375.898	17,617.321	1,626.982	7,588.996	5,855.306	12,879.853	7.17	7.36
2013	1,875.157	9,469.125	6,783.655	16,173.272	1,508.164	6,958.908	5,456.005	11,885.819	6.90	7.75
2012	1,835.821	8,386.678	6,252.671	14,789.517	1,495.952	6,193.818	5,095.101	10,922.511	5.08	7.76
2011	1,843.018	7,314.482	5,845.361	13,482.080	1,521.922	5,428.791	4,826.965	10,006.368	6.64	9.30
2010	1,708.460	5,949.648	5,370.619	12,085.451	1,430.126	4,437.023	4,495.662	9,012.873	10.26	10.41
2009	1,365.373	5,105.769	4,812.076	10,813.814	1,158.932	3,825.979	4,084.500	8,103.270	8.48	9.21
2008	1,224.096	4,547.716	4,402.484	9,826.847	1,053.439	3,424.433	3,788.712	7,399.623	3.89	9.64
2007	1,238.700	3,504.605	4,156.076	8,790.822	1,080.890	2,652.412	3,626.593	6,653.212	9.80	14.20
2006	949.118	2,793.159	3,686.976	7,498.219	839.927	2,124.916	3,262.811	5,704.324	9.26	12.68
2005	834.218	2,287.258	3,273.776	6,456.258	748.850	1,749.256	4,937.638	9.29	11.30	
2004	721.589	1,944.674	2,902.265	5,619.960	657.522	1,496.041	4,323.445	7.85	10.10	
2003	618.369	1,650.514	2,619.025	4,967.804	572.299	1,277.220	2,423.901	3,844.246	7.94	10.01
2002	523.768	1,455.560	2,378.849	4,427.492	492.234	1,133.146	2,235.629	3,446.780	3.91	9.10
2001	493.934	1,317.236	2,254.777	3,996.838	471.311	1,032.099	2,151.505	3,131.655	4.94	8.30
2000	476.636	1,192.854	2,100.670	3,608.290	463.118	941.159	2,041.095	2,846.934	3.98	8.40
1999	466.841	1,100.775	1,975.414	3,254.629	462.133	875.117	1,955.493	2,587.433	8.46	7.60
1998	428.767	1,045.200	1,793.828	2,979.155	432.225	837.762	1,808.294	2,387.889	6.18	7.80
1997	423.189	985.044	1,671.218	2,733.929	434.737	796.793	1,716.821	2,211.451	4.05	9.30
1996	399.791	892.010	1,579.135	2,459.201	418.602	728.832	1,653.437	2,009.332	7.55	10.00
1995	366.600	756.964	1,441.967	2,195.567	391.249	624.965	1,538.919	1,812.705	7.58	10.93
1994	333.014	582.673	1,313.050	1,938.755	362.366	486.169	1,428.781	1,617.651	6.66	13.10
1993	284.194	641.064	1,205.418	1,678.470	315.420	540.905	1,337.867	1,416.228	4.75	14.00
1992	293.262	499.859	1,124.013	1,438.130	332.544	426.606	1,274.572	1,227.377	5.48	14.20
1991	274.842	424.116	1,041.841	1,231.239	318.012	366.176	1,205.486	1,063.035	1.06	9.20
1990	326.608	404.495	997.737	1,091.189	385.407	353.787	1,177.358	954.395	5.53	3.80
1989	300.187	459.783	911.698	1,013.746	363.313	407.956	1,103.417	899.476	5.95	4.10
1988	299.645	411.736	828.311	937.369	370.275	370.846	1,023.554	844.279	9.63	11.30
1987	283.750	330.055	738.012	813.716	358.157	301.972	921.441	744.479	3.97	11.60
1986	252.751	303.177	684.693	710.989	326.025	282.007	883.190	661.343	4.78	8.80
1985	237.618	312.780	648.565	640.568	313.067	295.491	843.959	605.160	5.25	13.50
1984	215.556	316.519	589.716	546.877	290.116	303.304	793.696	524.044	3.82	15.20
1983	222.049	307.469	548.547	458.450	305.432	298.490	754.535	445.062	7.29	10.90
1982	202.861	286.561	491.864	397.691	285.018	281.898	691.063	391.221	3.48	9.10
1981	195.861	292.366	447.573	343.225	281.410	292.156	643.064	342.978	6.01	5.20
1980	181.416	309.060	386.157	298.397	265.909	313.115	566.005	302.312	5.28	7.91

Year	Nominal GDP (billions \$)		PPP GDP (billions Int. \$)		Nominal GDP capita (\$)		PPP GDP capita (Int. \$)		Growth (%)	
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2012	1,835.821	8,386.678	6,252.671	14,789.517	1,495.952	6,193.818	5,095.101	10,922.511	5.08	7.76
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2001	493.934	1,317.236	2,254.777	3,996.838	471.311	1,032.099	2,151.505	3,131.655	4.94	8.30
2000	476.636	1,192.854	2,100.670	3,608.290	463.118	941.159	2,041.095	2,846.934	3.98	8.40
1999	466.841	1,100.775	1,975.414	3,254.629	462.133	875.117	1,955.493	2,587.433	8.46	7.60
1998	428.767	1,045.200	1,793.828	2,979.155	432.225	837.762	1,808.294	2,387.889	6.18	7.80
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1994	333.014	582.673	1,313.050	1,938.755	362.366	486.169	1,428.781	1,617.651	6.66	13.10
1993	284.194	641.064	1,205.418	1,678.470	315.420	540.905	1,337.867	1,416.228	4.75	14.00
1992	293.262	499.859	1,124.013	1,438.130	332.544	426.606	1,274.572	1,227.377	5.48	14.20
1991	274.842	424.116	1,041.841	1,231.239	318.012	366.176	1,205.486	1,063.035	1.06	9.20

**Emerging markets will dominate the world's top 10 economies in 2050 (GDP at PPPs)**

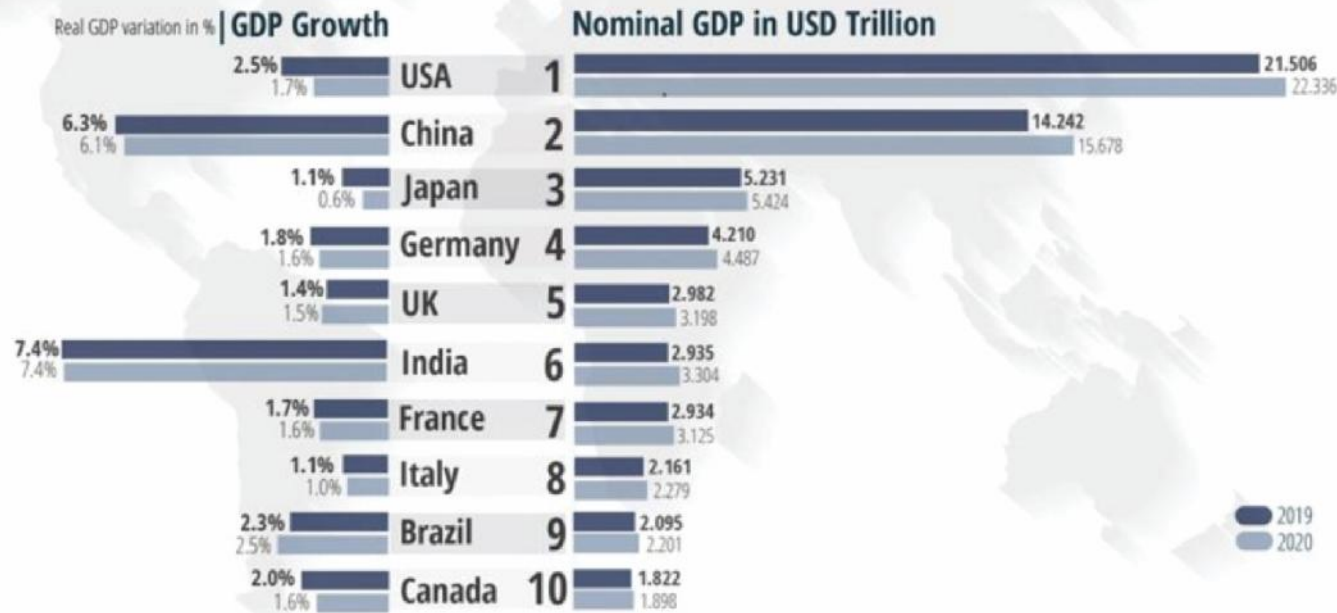
	2016	2050	
China	1	1	China
US	2	2	India
India	3	3	US
Japan	4	4	Indonesia
Germany	5	5	Brazil
Russia	6	6	Russia
Brazil	7	7	Mexico
Indonesia	8	8	Japan
UK	9	9	Germany
France	10	10	UK

E7 economies
  G7 economies

Sources: IMF for 2016 estimates, PwC analysis for projections to 2050

# TOP 10

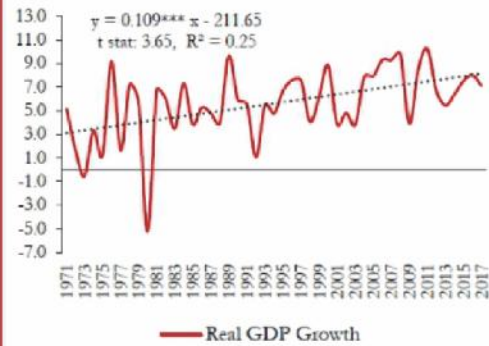
The World's Biggest Economies for 2019 and 2020



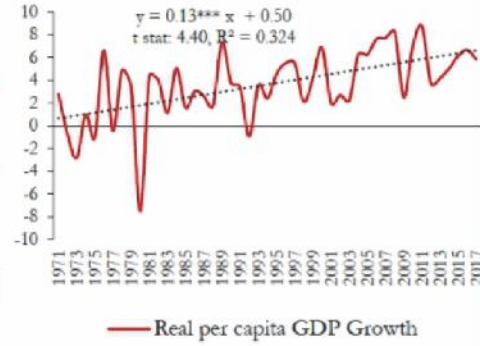
# GDP trend graphs

## India's growth rate has consistently accelerated over the long run

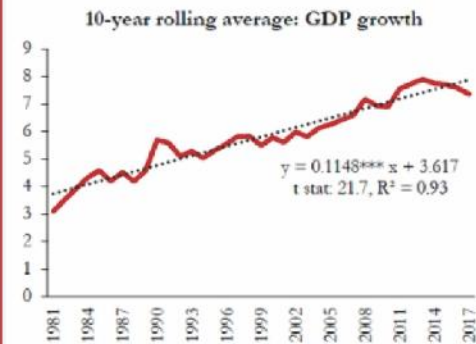
1 A: GDP growth has accelerated over the long run



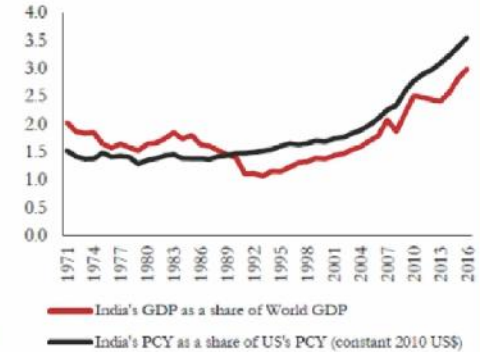
1 B: Per capita income growth has accelerated, too



1 C: A clear trend of growth acceleration over the long run is evident in 10-year averages, too



1 D: In terms of relative prosperity, the Indian economy has shown convergence



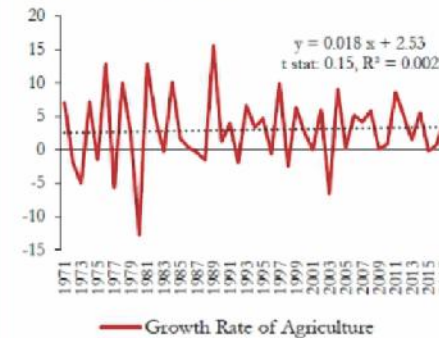
Source: Data from Central Statistics Office, and World Development Indicators.

Note: In panel C, 10-year rolling averages of India's growth rate are for the current year and the preceding nine years. Years refer to respective fiscal years in all panels except D, where the years are calendar years. PCY = Per capita income.

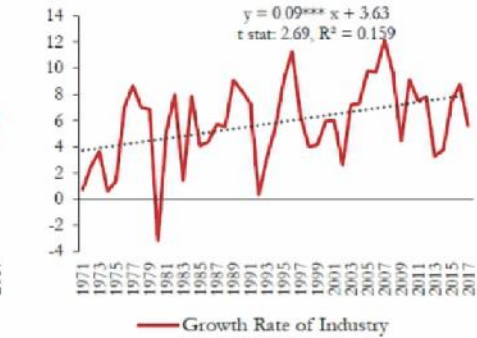
\*\*\* p<0.01, \*\* p<0.05, \* p<0.1.

## Growth rates have accelerated and become more stable across sectors

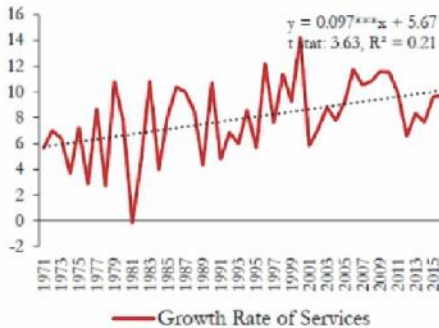
2 A: A consistent acceleration in growth has not been observed in the agriculture sector...



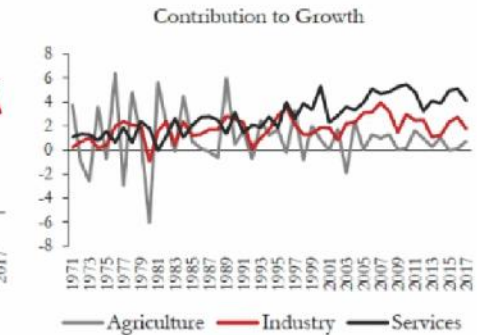
2 B: ...but is evident in industry



2 C: Acceleration in services has been the fastest



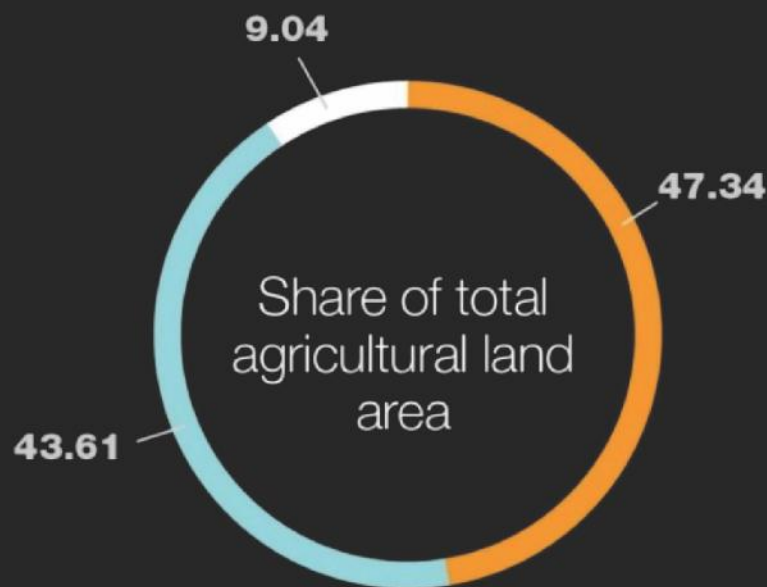
2 D: Services have emerged as the largest contributor to GDP growth, followed by industry



Source: Central Statistics Office data.

Note: Years refer to respective fiscal years. Agriculture includes crop, livestock, forestry and fisheries; industrial sector includes mining and quarrying, manufacturing, electricity, gas, water and other utilities, and construction; services include trade, hotels, transport, communication and services related to broadcasting, financial, real estate and professional services, and public administration, defense and other services.

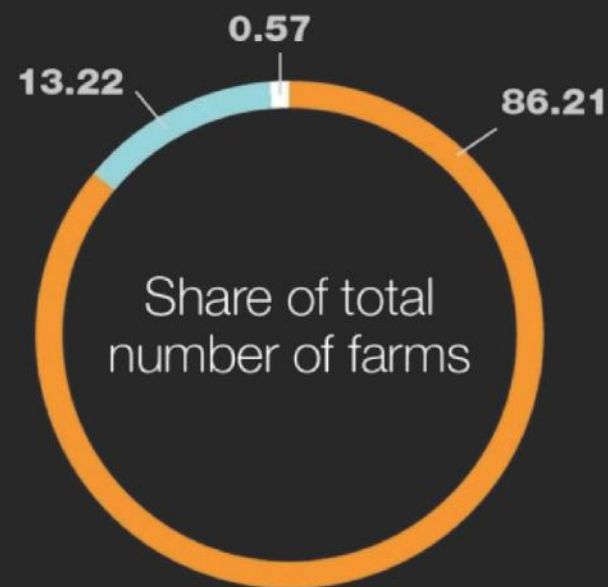
# Distribution of farmland assets in India



**86%**  
ARE SMALL AND  
MARGINAL FARMERS

**BUT ONLY**

**47%**  
AGRICULTURAL LAND  
ARE OWNED BY THEM



Large Medium Small and Marginal

## INDIA'S FOREIGN TRADE - US DOLLAR

(US \$ million)

Year	Exports			Imports			Trade Balance		
	Oil	Non-Oil	Total	Oil	Non-Oil	Total	Oil	Non-Oil	Total
1991-92	414.7	17450.7	<b>17865.4</b>	5324.8	14085.7	<b>19410.5</b>	-4910.1	3365.0	<b>-1645.1</b>
1992-93	476.2	18061.0	<b>18537.2</b>	6100.0	15781.6	<b>21881.6</b>	-5623.8	2279.4	<b>-3344.4</b>
1993-94	397.8	21840.5	<b>22238.3</b>	5753.5	17552.7	<b>23306.2</b>	-5355.7	4287.8	<b>-1067.9</b>
1994-95	416.9	25913.6	<b>26330.5</b>	5927.8	22726.5	<b>28654.4</b>	-5510.9	3187.1	<b>-2323.8</b>
1995-96	453.7	31341.2	<b>31794.9</b>	7525.8	29149.5	<b>36675.3</b>	-7072.0	2191.7	<b>-4880.4</b>
1996-97	481.8	32987.9	<b>33469.7</b>	10038.2	29098.2	<b>39132.4</b>	-9554.4	3891.7	<b>-5662.7</b>
1997-98	352.8	34653.7	<b>35006.4</b>	8164.0	33320.5	<b>41484.5</b>	-7811.2	1333.1	<b>-6478.1</b>
1998-99	89.4	33129.3	<b>33218.7</b>	6398.6	35990.1	<b>42388.7</b>	-6309.2	-2860.8	<b>-9170.0</b>
1999-00	38.9	36783.5	<b>36822.4</b>	12611.4	37059.3	<b>49670.7</b>	-12572.5	-275.8	<b>-12848.3</b>
2000-01	1869.7	42690.6	<b>44560.3</b>	15650.1	34888.4	<b>50536.5</b>	-13780.4	7804.2	<b>-5976.2</b>
2001-02	2119.1	41707.6	<b>43826.7</b>	14000.3	37413.0	<b>51413.3</b>	-11881.2	4294.6	<b>-7586.6</b>
2002-03	2576.5	50142.9	<b>52719.4</b>	17639.5	43772.6	<b>61412.1</b>	-15063.0	6370.3	<b>-8692.7</b>
2003-04	3568.4	60274.1	<b>63842.6</b>	20569.5	57579.6	<b>78149.1</b>	-17001.1	2694.5	<b>-14306.5</b>
2004-05	6989.3	76546.6	<b>83535.9</b>	29844.1	81673.3	<b>111517.4</b>	-22654.8	-5126.7	<b>-27981.5</b>
2005-06	11639.6	91450.9	<b>103090.5</b>	43963.1	105202.6	<b>149165.7</b>	-32323.5	-13751.7	<b>-46075.2</b>
2006-07	18634.6	107779.5	<b>126414.1</b>	56945.3	126790.0	<b>183735.2</b>	-38310.7	-21010.5	<b>-59321.2</b>
2007-08	28363.1	134541.1	<b>162904.2</b>	79644.5	171794.7	<b>251439.2</b>	-51281.4	-37253.8	<b>-88535.0</b>
2008-09	27547.0	157748.0	<b>185295.0</b>	93671.7	210024.6	<b>303696.3</b>	-66124.6	-52276.6	<b>-118401.3</b>
2009-10	28192.0	150559.5	<b>178751.4</b>	87135.9	201237.0	<b>288372.9</b>	-58943.9	-50677.5	<b>-109621.4</b>
2010-11	41480.0	209656.2	<b>251136.2</b>	105964.4	263804.7	<b>369769.1</b>	-64484.4	-54148.5	<b>-118632.9</b>
2011-12	58038.5	249925.3	<b>307963.8</b>	154987.8	334352.0	<b>489339.8</b>	-98929.0	-84428.8	<b>-183357.8</b>
2012-13	60865.1	239535.5	<b>300400.6</b>	164040.6	326696.1	<b>490736.6</b>	-103175.4	-87180.6	<b>-190356.0</b>
2013-14	63179.4	251236.4	<b>314415.7</b>	164770.3	285443.3	<b>450213.6</b>	-101591.0	-34206.9	<b>-135797.9</b>
2014-15	58794.1	253557.9	<b>312352.0</b>	138325.5	309707.9	<b>448033.4</b>	-81531.4	-58150.0	<b>-139681.4</b>
2015-16	30582.6	231708.4	<b>262291.0</b>	82944.5	298063.3	<b>381007.8</b>	-52361.8	-66354.8	<b>-118716.7</b>
2016-17	31545.3	244307.2	<b>275852.4</b>	86963.8	297393.2	<b>384357.0</b>	-55418.6	-53086.0	<b>-108504.6</b>
2017-18	37465.1	266061.1	<b>303526.2</b>	108658.7	356922.3	<b>465581.0</b>	-71193.6	-90861.2	<b>-162054.8</b>
2018-19	46544.4	283525.2	<b>330069.6</b>	140918.4	373115.6	<b>514034.1</b>	-94374.0	-89590.5	<b>-183964.5</b>

## FOREIGN INVESTMENT INFLOWS

Year	Gross inflows/ Gross Investments		Repatriation/ Disinvestment		Direct Investment to India		FDI by India		Net Foreign Direct Investment		Net Portfolio Investment		Total	
	₹ Crore	US \$ Million	₹ Crore	US \$ Million	₹ Crore	US \$ Million	₹ Crore	US \$ Million	₹ Crore	US \$ Million	₹ Crore	US \$ Million	₹ Crore	US \$ Million
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
2000-01	18404	4031	0	0	18404	4031	3480	759	14924	3272	11620	2590	<b>26744</b>	<b>5862</b>
2001-02	29269	6130	24	5	29245	6125	6615	1391	22630	4734	9290	1952	<b>31920</b>	<b>6686</b>
2002-03	24681	5095	284	59	24397	5036	8803	1819	15594	3217	4504	944	<b>20098</b>	<b>4161</b>
2003-04	19830	4322	0	0	19830	4322	8886	1934	10944	2388	51898	11356	<b>62842</b>	<b>13744</b>
2004-05	27234	6052	287	65	26947	5987	10202	2274	16745	3713	41312	9287	<b>58057</b>	<b>13000</b>
2005-06	39730	8962	273	61	39457	8901	28032	5667	13425	3034	55357	12494	<b>68782</b>	<b>15528</b>
2006-07	103037	22828	385	87	102652	22739	67742	15046	34910	7693	31881	7060	<b>66791</b>	<b>14753</b>
2007-08	136884	34844	466	116	139421	34729	75643	18835	63776	15893	110619	27433	<b>174395</b>	<b>43326</b>
2008-09	191419	41903	773	166	190645	41738	90539	19385	100106	22372	65045	-14030	<b>35061</b>	<b>8342</b>
2009-10	179642	37746	21823	4837	157819	33109	71836	15143	85983	17966	153967	32396	<b>239951</b>	<b>50362</b>
2010-11	164255	36047	31898	7018	132358	29029	78257	17195	54101	11834	138381	30293	<b>193482</b>	<b>42127</b>
2011-12	220000	46552	65039	13599	154961	32952	51794	10892	103167	22061	85571	17170	<b>188738</b>	<b>39231</b>
2012-13	186869	34298	39915	7345	146954	26953	38768	7134	108186	19819	146467	26891	<b>254653</b>	<b>46711</b>
2013-14	218595	36047	31765	5284	186830	30763	56860	9199	129969	21564	29680	4822	<b>159650</b>	<b>26386</b>
2014-15	276400	45147	80506	9864	215893	35283	24675	4031	191219	31251	257853	42205	<b>449072</b>	<b>73456</b>
2015-16	364146	55559	69888	10652	294258	44907	58476	8886	235782	36021	-27203	-4130	<b>208579</b>	<b>31891</b>
2016-17	404057	60220	120765	18005	283292	42215	44379	6603	238913	35612	50482	7612	<b>289394</b>	<b>43224</b>
2017-18	392944	60974	138968	21544	253977	39431	58925	9144	195052	30286	142632	22115	<b>337604</b>	<b>52401</b>
2018-19	433069	82001	131136	18699	301932	43302	87896	12590	214036	30712	-1857	-618	<b>212179</b>	<b>30094</b>

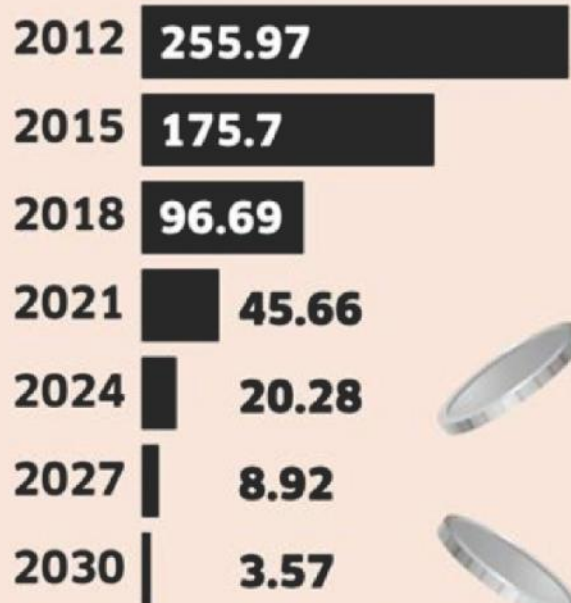


## India ranks low on human development

	India	Norway
Rank	<b>130</b>	<b>1</b>
HDI value	<b>0.674</b>	<b>0.953</b>
Life expectancy	<b>68.8</b>	<b>82.3</b>
Expected yrs of schooling	<b>12.3</b>	<b>17.9</b>
Mean yrs of schooling	<b>6.4</b>	<b>12.6</b>
Per capita gross national income, PPP \$	<b>6,353</b>	<b>68,012</b>

## Poverty still very high but forecast to decline sharply

World Bank Forecast, Poor (In Million)



## High spending on healthcare big reason for people slipping into poverty

(In %)



Source: World Bank, for 2015

## Women opting out of workforce

Labour force participation rate for women (In %)



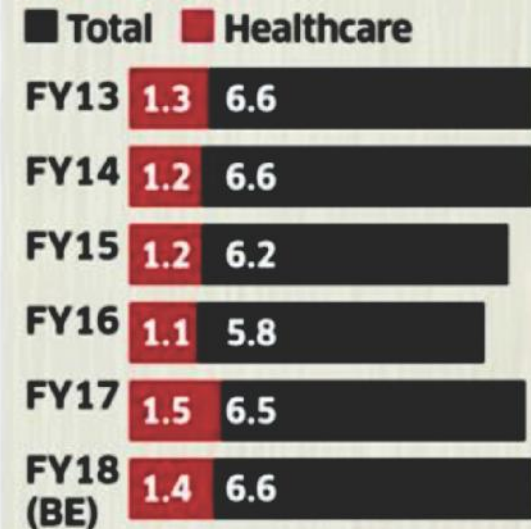
## Bigger participation in labour force needed to realise demographic dividend...

Labour force participation rate for all workers (In %)



## Lack of funds and fiscal constraints have not allowed higher allocation

Central and state spending on social sector (As % of GDP)



## India's tax collection is well below global norms

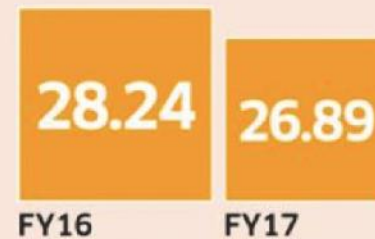
General government revenue to GDP (%)



Source: IMF, for 2018

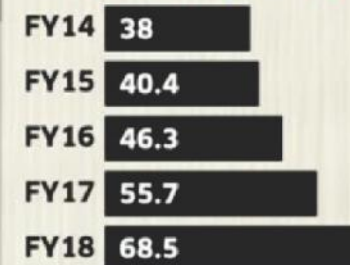
Corporate tax rate is higher but effective tax rate is low because of exemptions

Effective tax rate in % of profit



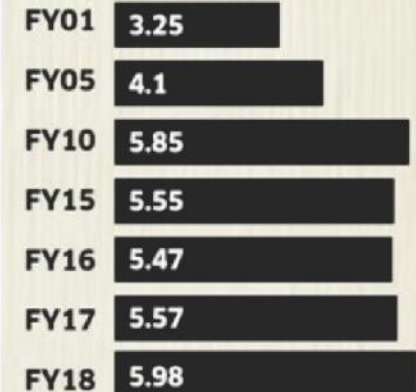
Number of taxpayers is rising but still low

Returns filed (million)



Direct tax-to-GDP ratio has picked up

(%)



Year	Poverty head count (% of population)	
	< \$1.90 / day	< \$3.20 / day
1977	60.00	87.35
1983	53.90	84.90
1987	44.80	80.40
1993	45.90	81.10
2004	38.20	75.20
2009	31.10	70.00
2011	21.20	60.40

Source: World Bank Development Research Group.

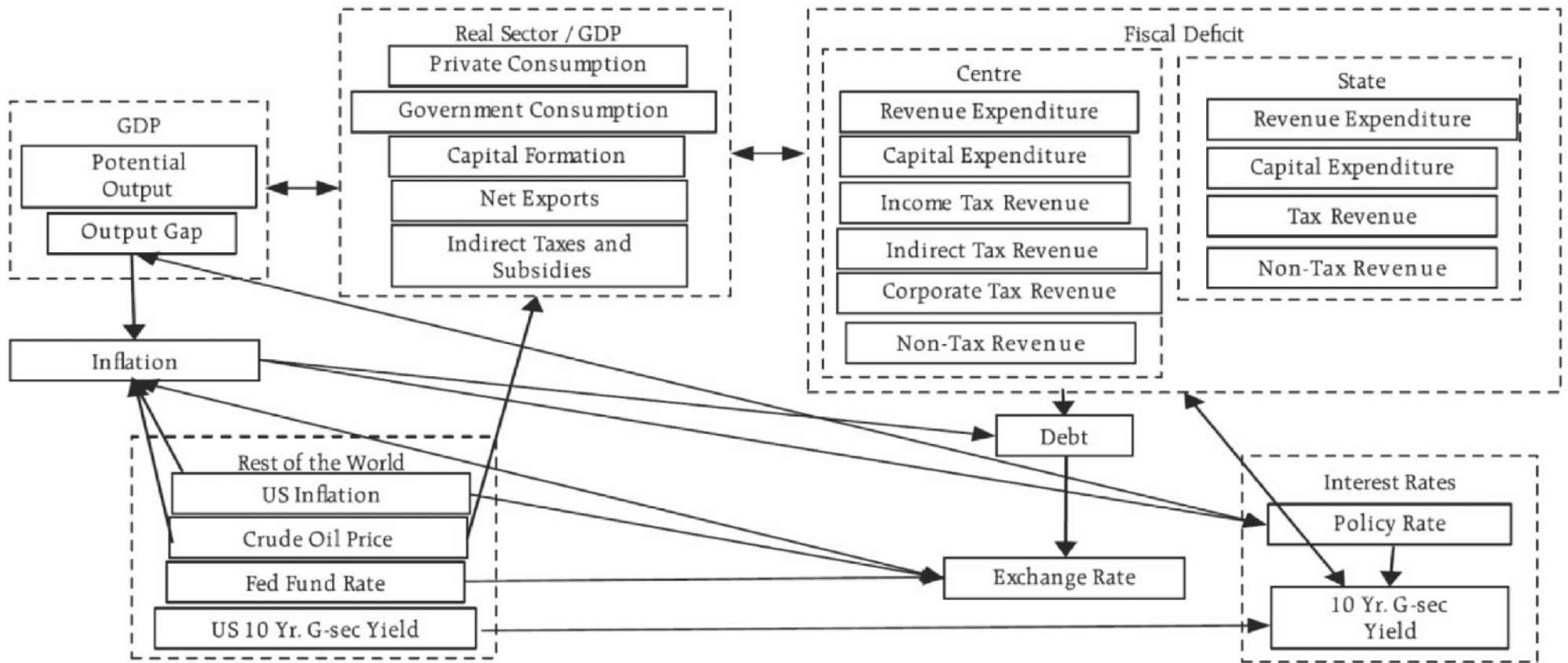
**Table 1: Trends in Social Service Sector Expenditure by General Government  
(Combined Centre and States)**

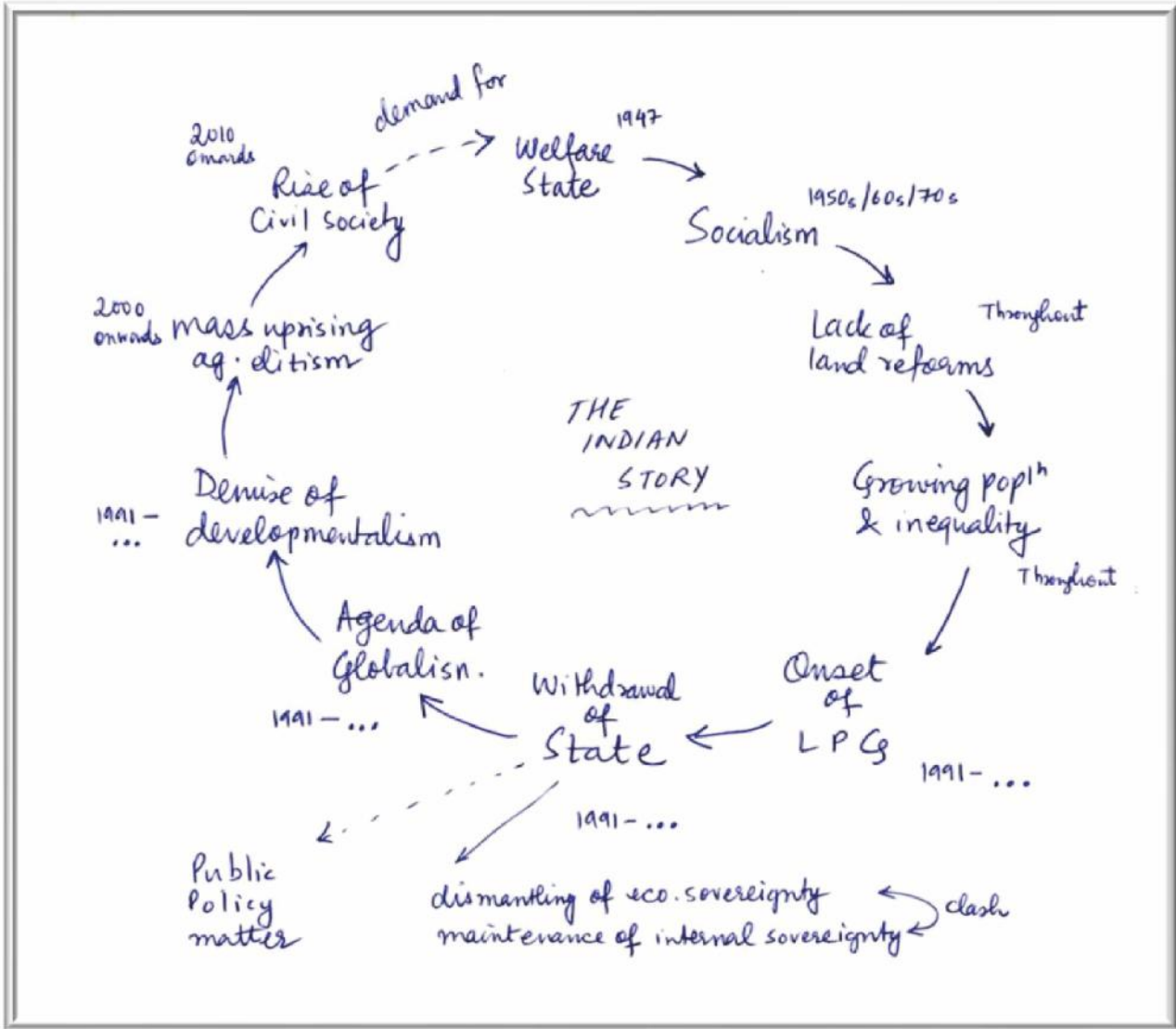
Item	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20 RE	2020-21 BE
(₹ in Lakh crore)							
Total Budgetary Expenditure	32.85	37.61	42.66	45.16	50.41	58.76	64.70
Expenditure on Social Services	7.68	9.16	10.41	11.40	12.78	15.31	17.16
<i>of which:</i>							
i) Education	3.54	3.92	4.35	4.83	5.26	6.13	6.75
ii) Health	1.49	1.75	2.13	2.43	2.66	3.12	3.51
iii) Others	2.65	3.48	3.93	4.13	4.86	6.06	6.90
<b>As percentage to GDP</b>							
Expenditure on Social Services	6.2	6.6	6.8	6.7	6.7	7.5	8.8
<i>of which:</i>							
i) Education	2.8	2.8	2.8	2.8	2.8	3.0	3.5
ii) Health	1.2	1.3	1.4	1.4	1.4	1.5	1.8
iii) Others	2.1	2.5	2.6	2.4	2.6	3.0	3.5
<b>As percentage to total expenditure</b>							
Expenditure on Social Services	23.4	24.3	24.4	25.2	25.4	26.1	26.5
<i>of which:</i>							
i) Education	10.8	10.4	10.2	10.7	10.4	10.4	10.4
ii) Health	4.5	4.7	5.0	5.4	5.3	5.3	5.4
iii) Others	8.1	9.3	9.2	9.1	9.6	10.3	10.7
<b>As percentage to social services</b>							
i) Education	46.1	42.8	41.8	42.4	41.2	40.0	39.3
ii) Health	19.4	19.1	20.5	21.4	20.8	20.4	20.5
iii) Others	34.6	38.0	37.7	36.2	38.0	39.6	40.2

## 2021 update Social Service Sector expenditure

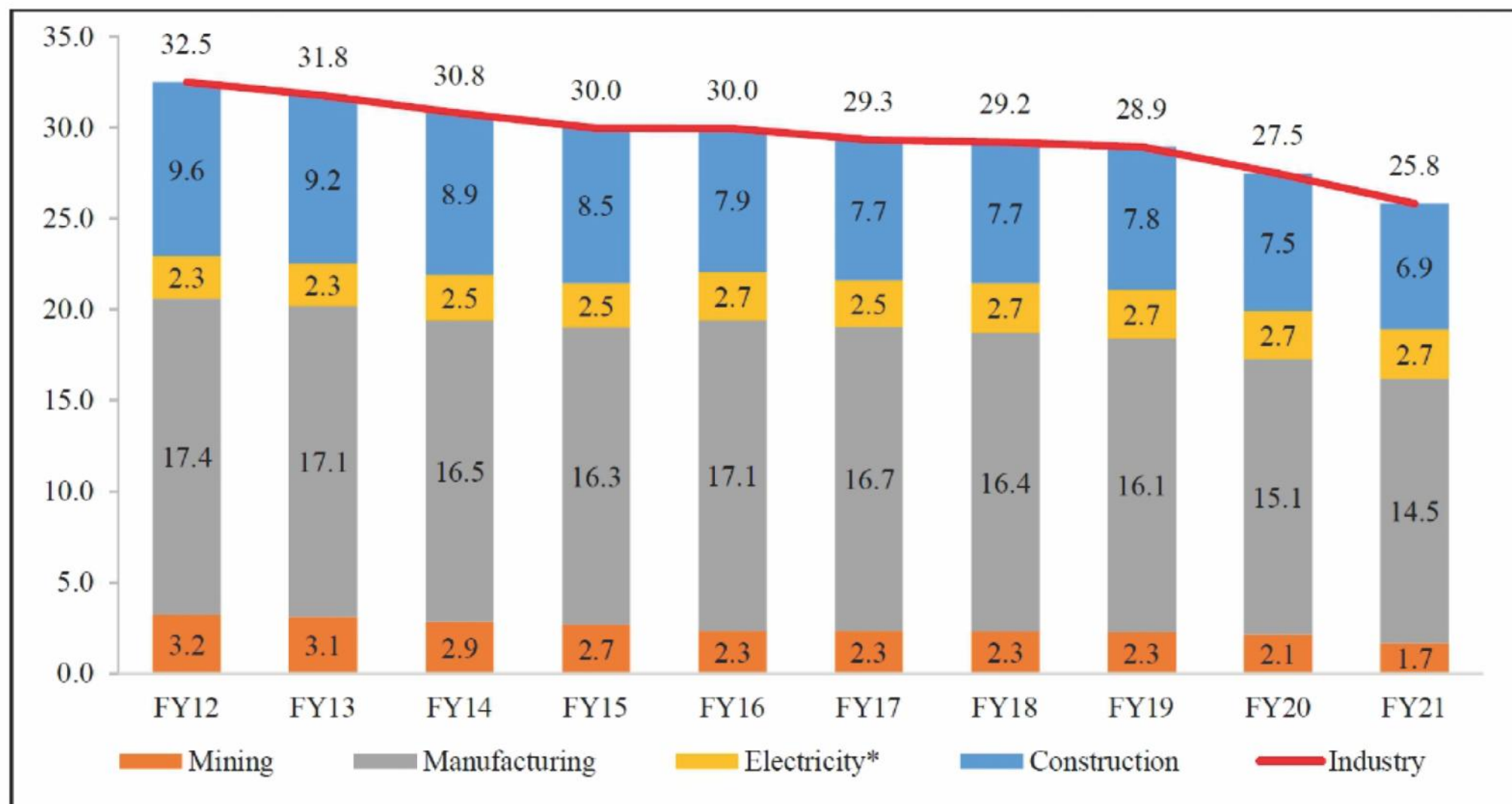
- The expenditure on social services (education, health and other social sectors) by Centre and States combined as a proportion of GDP increased from 6.2 to 8.8 per cent during the period 2014-15 to 2020-21 (BE).
- This increase was witnessed across all social sectors. For education, it increased from 2.8 per cent in 2014-15 to 3.5 per cent and for health, from 1.2 per cent to 1.5 per cent during the same period.
- Relative importance of social services in government budget, as measured in terms of the share of expenditure on social services out of total budgetary expenditure, has also increased to 26.5 per cent in 2020-21 (BE) from 23.4 per cent in 2014-15.

## Economic linkages in Indian economy (RBI report)





**Figure 1: Share of Industry and its Components in GVA (Current Prices, Per cent)**



\*Electricity, gas, water supply & other utility services.

# Manufacturing to get \$520 bn PLI push in next 5 years: PM

Says govt aims to do away with more than 6,000 compliance requirements

NEHA ALAWADHI, SOHINI DAS & ARINDAM MAJUMDER

New Delhi/Mumbai/New Delhi, 5 March

Prime Minister Narendra Modi on Friday said the production-linked incentive (PLI) scheme would lead to output worth \$520 billion in India in the next five years, while industry asked for clarity on implementation across sectors.

Modi said the government was working at every level to promote industry through measures like ease of doing business, reducing the compliance burden, creating multi-modal infrastructure to reduce logistics costs, and constructing district-level export hubs. "Our effort is to reduce over 6,000 compliance burdens (for industry)," he said.

The prime minister was speaking at a webinar organised by the Department for Promotion of Industry and International Trade and the NITI Aayog.

Industry representatives included those from Apple, Sun Pharmaceuticals, and Mahindra & Mahindra, as well as industry associations from the PLI beneficiary sectors.

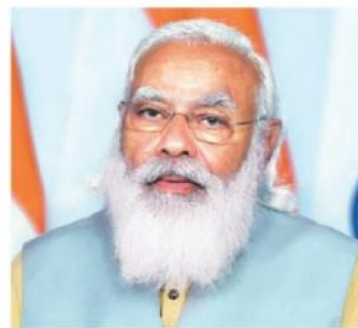
Job creation was a major item discussed. Sources said the focus was not on generating investment alone but to ensure

## 'MAKE IN INDIA' DRIVE

PLI schemes approved by govt

Sector	Approved outlay (in ₹ cr)
Automobiles and auto components	57,042
Smartphones & components	40,995
Advanced chemistry cell battery	18,100
Pharma formulations	15,000
Telecom & networking products	12,195
Food products	10,900
Textile products	10,683
IT hardware (laptop, tablets etc.)	7,350
Specialty steel	6,322
ACs & LEDs	6,238
Electronic, technology products	5,000
High efficiency solar PV modules	4,500

Source: Govt data



"...IT IS ESTIMATED THAT THE WORKFORCE FOR SECTORS IN WHICH PLI HAS BEEN IMPLEMENTED WILL ALMOST DOUBLE"

Narendra Modi, Prime Minister

that turnover rose, and jobs were created.

The PLI scheme was announced first for electronics in March last year, aimed at boosting domestic manufacturing and exports. It has since been expanded to 12 more sectors.

"In this year's Budget, about ₹2 trillion has been earmarked for the PLI scheme.

On average about 5 per cent of the production has been given as incentive. This means, only through the PLI scheme, an estimated \$520 billion worth of production is expected to happen in India. It is also estimated that the workforce for sectors in which PLI has been implemented will almost double," he said. Turn to Page 13 ▶

# Extend PLI scheme to all MSMEs, says NITI Aayog

NIKUNJ OHRI  
New Delhi, 4 March

NITI Aayog has recommended that the production-linked incentive (PLI) scheme be extended across sectors for medium-sized industries with investment above ₹100 crore. This, it said, would provide support to micro, small and medium enterprises (MSMEs) battered by the Covid-19 pandemic.

According to a senior government official, the policy think tank of the Government of India has written to various ministries for expanding the PLI scheme for medium-scale industries to make the country self-reliant and lift domestic manufacturing.

To integrate India's manufacturing ecosystem with global supply chains, the government announced the PLI scheme — that entails providing incentives to firms on incremental sales for five years over the base year of 2019-20 — for 13 sectors.

The recently announced PLI scheme for the telecom sector extended the incentives to MSMEs. The minimum investment threshold has been kept at ₹10 crore (with incentives from 7 per cent to 4 per cent of incremental sales) and ₹100 crore for others (with incentives from 6 per cent to 4 per cent).

The PLI scheme for the pharmaceutical (pharma) sector has also announced incentives for MSMEs by categorising them under a separate category.

The Aayog has suggested that the existing PLI schemes may not be amended, but wherever possible, new guidelines will be issued for expanding its scope to medium-sized industries.

Besides pharma, drug intermediaries, medical devices, mobiles, tablets, electronics, and telecom, the government will announce the PLI scheme for seven more sectors.

"In sectors like electronics, the higher investment threshold and incremental sales



Priority Sectors	Implementing ministry/department	Approved financial outlay over a five-year period (₹ crore)
1 Advance chemistry cell (ACC) battery	NITI Aayog and Department of Heavy Industries	18,100
2 Electronic technology products	Ministry of Electronics and Information Technology	5,000
3 Automobiles & auto components	Department of Heavy Industries	57,042
4 Pharmaceuticals drugs	Department of Pharmaceuticals	15,000
5 Telecom & networking products	Department of Telecom	12,195
6 Textile products: MMF segment and technical textiles	Ministry of Textiles	10,683
7 Food products	Ministry of Food Processing Industries	10,900
8 High efficiency solar PV modules	Ministry of New and Renewable Energy	4,500 m
9 White goods (AC & LED)	Department for Promotion of Industry and Internal Trade	6,238
10 Specialty steel	Ministry of Steel	6,322
<b>Total</b>		<b>1,459,80</b>

Source: PIB

target can be reduced, given not many domestic industries have the wherewithal to invest that kind of capital," said the official.

The recommendations from the Aayog have been to extend this for those making fresh investments of a lower quantum. This would help the PLI scheme in covering all levels of businesses, proposed the Aayog.

The biggest challenge continues to be access to capital, said Divakar Vijayasarathy, managing partner at DVS Advisors. The regulatory push through the extension of the scheme for MSMEs can be a game changer, said Vijayasarathy. "Banks would be more forthcoming in advancing loans, and MSMEs may also be able to raise private equity which was difficult earlier," he added.





**Bhavish Aggarwal** ✓

@bhash

Sharing our vision of the Ola Futurefactory! With 10M units/yr, it'll be the largest 2W factory in the world, 15% of world's capacity! With 3000+ robots, it'll be the most advanced & with 100 acres of forest, carbon negative operations, it'll be the most sustainable. [@OlaElectric](#)



9:28 AM · Mar 8, 2021 · Twitter for iPhone

- **The trend is clear**
- **Automation and more automation**
- **Robots, and more robots**
- **But not more jobs for humans (at the scale needed – in crores)**

## **2021 onwards**

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- **The Budget 2021-22 accepted the huge fiscal slippage that happened in 2020, and presented a new fiscal glide path**
- **A one time settlement of outstanding food subsidy dues was done**
- **A new fiscal glide path was proposed, for 2021-26**
- **A higher capital expenditure plan for coming years was proposed**
- **There were no direct doles, but supply side measures – including reforms – to push growth and hence generate employment**
- **It was expected that 2020-21 will see ( – ) 8-10% growth, and 2021-22 will see a 10% positive growth**
- **Debt to GDP touched 90%**

## 2021 onwards

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- बजट २०२१-२२ ने २०२० में हुई बड़ी राजकोषीय फिसलन को स्वीकार किया और एक नया राजकोषीय पथ प्रस्तुत किया
- बकाया खाद्य सब्सिडी बकाया का एकमुश्त निपटान किया गया
- 2021-26 के लिए एक नया राजकोषीय पथ प्रस्तावित किया गया
- आने वाले वर्षों के लिए एक उच्च पूंजी व्यय योजना प्रस्तावित की गई
- कोई प्रत्यक्ष समर्थन (सब्सिडी) नहीं थे, लेकिन आपूर्ति के उपायों से सुधार की उम्मीद थी
- यह उम्मीद की जा रही थी कि 2020-21 में (-) 8-10% विकास होगा, और 2021-22 में 10% सकारात्मक विकास होगा
- जीडीपी से ऋण का अनुपात 90% तक पहुंच गया

# Privatisation: But from which PM Modi?

After seven years, Prime Minister Narendra Modi has suddenly re-emerged as the *Vikas Purush*, which was to be his original *mojo*. In two separate speeches in Parliament, he has used words that would bring tears to those with a religious devotion to the wonders of capitalism and privatisation. One, "the culture of abusing the private sector is no longer accepted" and, second, "can *babus* do everything ... what type of capability have we acquired by handing over the country to *babus*?" To this, Sanjeev Sanyal, principal economic adviser to the finance ministry, tweeted: "lived to see an Indian Prime Minister make such an unapologetic pitch for India's private sector". I can only say, the wonders of tortuous Indian policymaking through political speeches never cease, and neither do the reactions of otherwise accomplished people to such speeches. This is because we forget easily or we suffer from wilful blindness.

## What we have forgotten

Mr Modi came to power almost seven years ago, riding on a highly energetic and imaginative marketing campaign that colourfully blended slogans, promises, and accusations, effectively tapping the anger of everyone — from jobless youths to frustrated businessmen. Among his two memorable pre-election slogans were "the government has no business to be in business" and "minimum government, maximum governance". Now we are hearing the same thing in different language. In the interim seven years we were treated to an embarrassing hurricane of empty memes, catchphrases, alliterative coinages, and clever abbreviations plus schemes, *yojanas* and projects, a much higher dose of *babudom* and, of course, the madness of demonetisation. Not much privatisation, nor any hosannas for the private sector. In fact, quite the opposite. Mr Modi started off by changing the names of schemes of the United Progressive Alliance (UPA) government, expanding them, and adding

many of his own. Taking a leaf out of previous Congress governments, it announced a loan *mela* called MUDRA. Thinker and writer Arun Shourie correctly described the government as "UPA plus cow".

**Public sector:** There was no reform of the public sector, no meaningful disinvestment, only sleight-of-hand, such as ONGC buying Hindustan Petroleum and Power Finance Corporation buying Rural Electrification Corporation. Billions of rupees have been taken out of government companies as dividend, denuding them. A couple of them don't have enough money to pay salaries. Ownership, corruption, and lack of accountability in public sector banks remain unchanged, with the result that hundreds of billions of rupees of taxpayers' money has been injected into them just to keep them alive.

**Private sector:** What have been the thoughts of wealth creators being extolled today? Rahul Bajaj was forced to say "we had an Emperor on May 27th 2014 and the shine is wearing off". Among Mr Modi's many catchy

slogans was "tourism, not terrorism". But despite ranking eighth among 140 countries under "cultural resources and business travel", India ranks 109th in "tourist service infrastructure", in a study by the World Economic Forum. A few days ago Vallabh Bhansali, a financial expert and die-hard fan of the current regime, said Budget 2021 beat the 1991 reforms. And yet, a few months ago he had said: "If some tax regime or provisions go against the government, it changes the law. The citizen is battered so that there is no way his innovation can work and he must always lose. Subsidies, arbitration awards are not paid fully and therefore there is a lack of confidence. We have gone beyond ease of doing business and come to a stage where the government has to say, please do the business." This was seven years of the "let the private sector create wealth" philosophy of the prime minister.



## IRRATIONAL CHOICE

DEBASHIS BASU

In 2015 when Mr Modi gave his first media interview, Sanjoy Narayan of *Hindustan Times* asked him: "The business community is upset that not much has changed in terms of ease of doing business and with what they see as a spate of tax notices? Do you think your government has been able to make a difference?" His reply was a masterful misdirection. "My government is working for the common man ... Industry has to come forward to take the benefits of the process we have set in motion ... Red tape should not be there does not mean it should not be there for Mukesh Ambani, but be there for a common man; that won't do." Today there is far more red tape and tax terrorism for small and medium businesses.

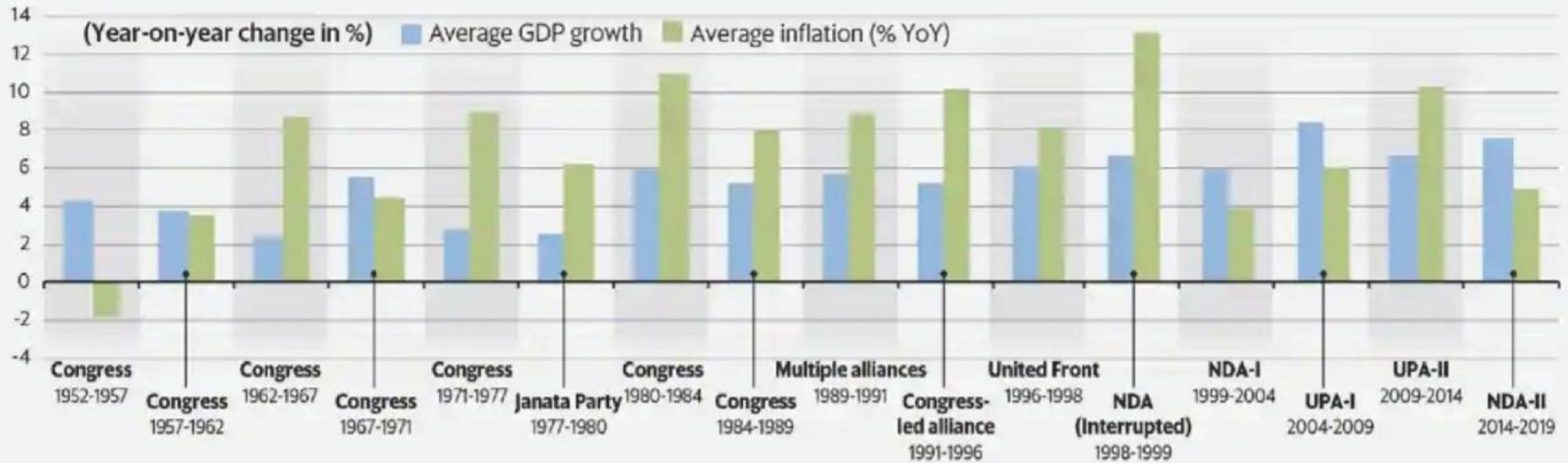
Hence, my question in the title of the piece: Which PM Modi should we believe in? The one whose slogans sent our pulses racing before the elections and the one who has made no change to the maddening hurdles of doing business, or the one whose speech a few days ago is making us weep with joy when he said: "Wealth creators are also important for the country, only then wealth can be distributed." The Modi government, which wasted seven years debunking big-bang reforms and has obsessively tinkered with public sector banks (Gyan Sangams, Indradhanush, Banks Board Bureau, recapitalisation, mergers, etc) or the one that is now seen as a radical privatiser of two public sector banks?

Human memory is short. There is a limit to how many things we can focus on and that limit is smaller than we think. We remember only what is very recent (recency bias) and meld it with our other inherent biases (Mr Modi is the Indian Thatcher) to form quick conclusions. Human memory about policy issues is even shorter. That alone can explain why many are deliriously happy with his latest slogans and ignore seven years of poor "doing business" climate, tax-tortion, extortionate oil prices, and high dependence on *babus* and the big state that has kept the enterprise system stifled.

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# ECONOMIC PERFORMANCE OF ALL GOVERNMENTS

India's GDP grew at the slowest pace between 1962 and 1967, a period when the country went to war with China.



Notes: 1) GDP (Gross Domestic Product) has been considered at factor cost (old series) till 2013-14 and at market prices (new series) for 2014-2019  
 2) Inflation for the period 1952-1962 has been measured using WPI, and for other years, CPI-IW has been used since it provides the longest time series data on inflation in India

Source: RBI, CMIE, 'An Analysis of Inflation in India 1950-75', by V. Pandit, Indian Economic Review 1978, Mint calculations