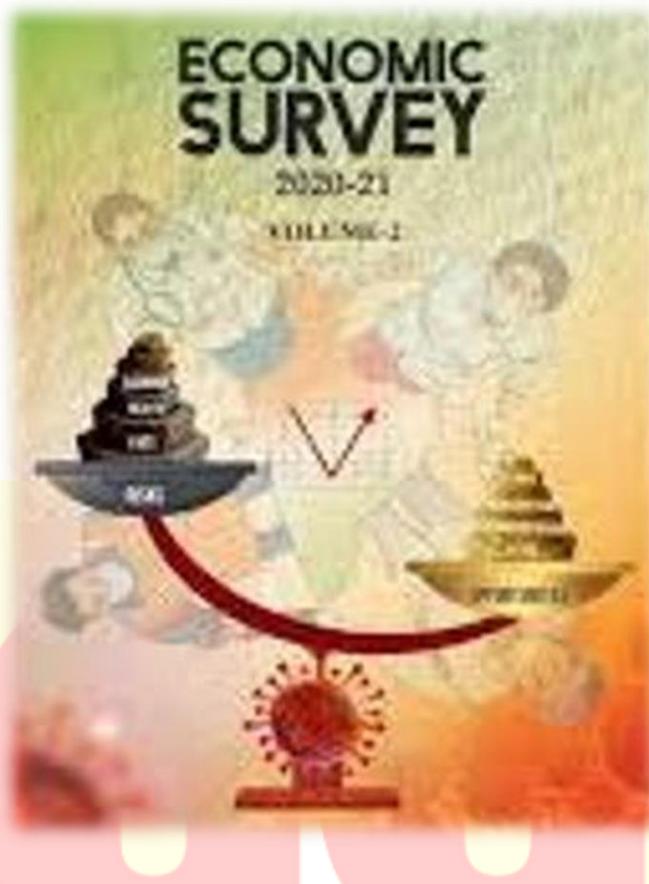


Economic Survey - 2021



Finance Minister Nirmala Sitharaman presented economic development of the economy ahead of the government budget for April 1, 2021. The economic survey for 2020-21 For Chief Economic Advisor Krishnamurthy Venkata Subramanian, details the state of different sectors of the economy, as they say they have to be businesses to accelerate growth.

Visit us at: www.confidantclasses.in

Economic Survey - 2021

Key Highlights of the survey



- A V-shaped economic recovery thanks to the mega-vaccination campaign, a solid recovery in the service sector and strong growth in consumption and investment.
- The V shaped recovery is due to the resurgence of high frequency indicators such as energy demand, rail freight, E-Way invoices, TPS collection, steel consumption, etc.
- India will become the fastest growing economy over the next two years according to the IMF.
- India's GDP is expected to contract by 7.7% in fiscal year 2020-2021.
- Agriculture is growing by 3.4%, while industry and services contract by 9.6% and 8.8% respectively this year.
- India will have a current account surplus of 2% of GDP in FY21, a record high after 17 years.
- Net REIT inflows reached a monthly record of \$ 9.8 million in November 2020.
- Dozens of lives saved and an economic recovery in the form of “V” shaped witnessing India's daring to take short term pain for long term gain.

Indigenous content by DPSU and OF as of March 31, 2020 was 74.56%

- The defense investment budget was fully utilized from 2016-17, reversing previous trends in the provision of funds, according to Economic Survey 2020-21.
- The trend of under-spending of the defense budget has also reversed since the 2016-17 fiscal year, according to the survey.
- The allocation of the defense budget included civil estimates and pensions for 2020-2021, it was Rs. 4,71,378.00 crore, which was Rs. Rs 40,367.71 crore on the 2019-2020 budget forecast.
- Due to the long procurement process and delays in finalizing agreements in the past, funds are not depressed and are restored at year end.

Economic Survey - 2021

- Last year, the military made a series of emergency acquisitions since the clash with China in May along the Royal Line of Control (LAC) in eastern Ladakh.
- In the Army Day speech on January 15, the head of the army, General Manoj Naravane, stated that last year, 38 agreements were reached via the "emergency and accelerated" route. 'worth around Rs. 5000 crore plus capital acquisitions worth Rs. 13 billion at this conclusion.
- Speaking of efforts to promote indigenization of weapon systems, economic study to state that defense public sector companies (DPSUs) and artillery factories (OF) strive to increase the content of native equipment and products made for them.
- "Indigenous content [Degree of indigenization] as of March 31, 2020 was 74.56%," he said.
- Subject to efforts to stimulate private sector participation in the domestic manufacturing sector, he stated that as much as it politicizes, the DPSU and OFs are externalizing in the name of their needs and that "the value of outsourcing in terms of production value for the fiscal year 2019-20 is 41.70%".
- In addition, over the years, a large supplier base has grown, including a large number of small and medium enterprises and large industries.
- Exports of the Artillery Factory Council (OFB), DPSU and the private sector [based on defense clearance by the Department of Defense Production (DDP)] increased by Rs. 4,682 crore in 2017-18 at Rs. 9,116 crore in 2019-20, according to the survey.
- Since the opening of the defense sector to private participation in 2001, to date, 44 foreign direct investments (FDI) and joint venture proposals have been approved for the manufacture of various equipment, both in the public and private sectors.
- In addition, the Department for the Promotion of Industry and Internal Trade (DPIIT) to conclude in September 2020; 496 industrial licenses to private companies for the manufacture of a wide range of items.

"Insured households increase 54%"

- Pradhan Mantri Jan Arogya Yojana (PM-JAY) has helped improve many health outcomes in states that have implemented the ambitious program that the Center launched more than two years ago to provide access to healthcare for the most vulnerable sectors, according to the Economic Survey. 2020-21.
- "Although little time has passed since the introduction, the effects identified by the survey highlight the potential of the program to significantly change the health landscape in the country, especially for vulnerable sectors," said the survey released.

Economic Survey - 2021

- Survey States that joined PM-JAY, compared to those that did not, experienced greater health insurance penetration, reduced infant and child mortality rates, improved access and use of planning services family and increased awareness of HIV / AIDS.
- According to the survey, this seeks first to highlight the difference between West Bengal and its neighbors Bihar, Sikkim and Assam that adopted PM-JAY and then, comparing all states under the regime and those that did not.
- While some of the improvements are a direct result of improved care made possible by insurance coverage, others represent secondary effects due to it, according to the survey. PM-JAY, one of the largest fully government funded health insurance / insurance plans, provides health care of up to Rs 5 lakh per family per year on a family floating basis.
- Research indicated that it was being used significantly for high-frequency, low-cost care, such as dialysis, and continued to be used without interruption, even during the pandemic and lockdown.
- General care, which accounted for more than half of the claims, showed a V-shaped recovery after falling during the lockdown and reached pre-COVID-19 levels in December.
- The program, implemented by 32 states and Union territories and in which 24,215 hospitals were established, extended treatments worth Rs. 7,490 crore (with 1.55 crore in hospital admissions). Health insurance coverage has improved.
- Across states, the proportion of households with health insurance increased by 54% for states that implemented PM-JAY, while it fell by 10% in states that did not.
- An analysis of claims under the scheme showed a long-tailed distribution peaking in the range of Rs. 10,000-15,000. The largest number of pre-authorization complaints received was for procedures that cost up to within this range.
- There have been far fewer complaints about more expensive procedures, according to the survey.
- Dialysis demands had not decreased due to COVID-19 or the shutdown in March-April 2020. They had only increased. This highlighted the fact that the national dialysis mission could be merged with PM-JAY, according to the survey.

The survey indicated that the PLI program will ensure efficiency gains, create economies of scale, improve exports, provide an enabling manufacturing ecosystem and make India an integral part of the global supply chain, in particular for the 10 sectors identified in the program.

- Rs 1.46 crore lakh PLI program is expected to make India an integral part of the global supply chain and create huge employment opportunities, according to the economic survey presented to parliament on Friday.

Economic Survey - 2021

- The Production Incentive Program (PLI) was recently extended to 10 sectors, after registering the traction of global investors in the mobile manufacturing segment.
- The government in the survey said the program will "make Indian manufacturers globally competitive, attract investment in the areas of basic skills and advanced technology". He added that the program will also establish backward linkages with the MSME sector in the country, which, in turn, "will lead to more inclusive growth and create huge employment opportunities".
- The program was launched to boost the manufacturing industry in the country and make it self-sufficient.
- The survey indicated that the PLI program will deliver efficiencies, create economies of scale, improve exports, provide an enabling manufacturing ecosystem and make India an integral part of the global supply chain, in particular for the 10 sectors identified under the program.
- Under this program, the government has allocated the highest number of incentives to the automotive sector and its components, at Rs. 57,042 crore, an incentive of approximately Rs. 40,951 crore.
- Some other sectors included in the PLI are advanced cellular chemistry batteries (Rs. 18,100 crore), electronics and technology products (Rs. 5,000 crore), pharmaceutical drugs (Rs. 15,000 crore), and telecommunications and networking products (Rs.12,195 crore).
- Textile products (Rs. 10,683 crore), food products (Rs. 10,900 crore), high efficiency photovoltaic solar modules (Rs. 4,500 crore), household appliances (Rs. 6,238 crore) and I Special steel (Rs. 6,322 crore) are also included in the program. The respective ministries of the sectors included in the LIP are working on detailed guidelines for implementing the incentives.
- The Ministry of Electronics and Information Technology, which launched the plan, approved 16 proposals from national and international companies that involve an investment of Rs. 11,000 crore to manufacture mobile phones worth of Rs. Rs 10.5 million lakh for the next five years.
- Companies that have applied for the plan include contractors from Apple iPhone maker Foxconn Hon Hai, Wistron and Pegatron, as well as Samsung and Rising Star.
- The national companies whose proposals have been approved are Lava, Bhagwati (Micromax), Padget Electronics (Dixon Technologies), UTL Neolyncs and Optiemus.
- The mobile telephony sector is expected to generate more than 2 lakh of direct jobs and nearly 6 lakh of indirect jobs over the next five years.

On the civil aviation front, he said that passenger air travel and aircraft movements are expected to reach pre-COVID level in early 2021 following swift and decisive interventions and effective measures implemented by the government.

Economic Survey - 2021

- Calling investment in infrastructure 'quintessential' to stimulate growth, Friday's economic survey said that after the economy unlocks, infrastructure sectors are ready to grow and road construction is expected to return to normal high rate achieved before COVID-19.
- The infrastructure sector will be the key to overall economic growth and macroeconomic stability, the survey said, highlighting that the year after the crisis (2021-2022) will require sustained and calibrated measures to facilitate the economic recovery process. And allow the economy to get back on its long-term growth path.
- The basic infrastructure of the country is the basis of growth. In the absence of adequate infrastructure, the economy operates at a suboptimal level and remains far from its path and potential growth frontier.
- The strong upward and downward linkages of the infrastructure sector are well established. Therefore, investments in infrastructure are essential for faster and more inclusive economic growth," said the economic study presented in Parliament.
- Stating that Rs. 111 lakh crore National Infrastructure Pipeline for 2020-2025 will be a game changer for the Indian economy, according to the survey, sectors such as energy, roads, urban infrastructure and railways will have the most to help stimulate the increase.
- To stimulate private investment in the infrastructure sector, he indicated that the government has created the Public-Private Partnerships Evaluation Committee (PPPAC) to evaluate PPP projects. In 2020-2021, PPPAC recommended 7 projects with a total cost of Rs. 66,600.59 crore.
- Of these 7 projects, 1 is a telecommunications sector project, 3 are rail sector projects, 2 are MHA sector projects and 1 is a port sector project, he said.
- To boost the sector, during this fiscal year, the government approved the continuation of the renewed financing program for the infrastructure sustainability gap (VGF) until 2024-25. The reform of the proposed VGF program will attract more PPP projects and facilitate private investment in social sectors (health, education, wastewater, solid waste management, water supply, etc.), he said.
- Regarding roads, survey said that India is on the road and the road network is the backbone of the transportation system. "In the decade ending in fiscal year 2019, national highways registered a CAGR (compound annual growth rate) of 7.25%, followed by rural highways (6.25%) and urban highways (4.27%)", survey said.
- The speed at which roads were built increased from 12 km per day in 2014-2015 to 30 km per day in 2018-2019 before decreasing in 2019-20.
- The decrease in road construction per day in 2020-2021 is mainly due to the impact of COVID-19, survey noted. The impact of COVID-19 had caused road construction to drop to 22 km per day in the current fiscal year, up from 30 km per day in 2018-19. With the economy unlocked, road construction is expected to return to the high rate it reached before COVID-19, survey added.

Economic Survey - 2021

Air traffic: On the civil aviation front, survey said passenger air travel and aircraft movements are expected to reach the pre-COVID level in early 2021 following swift and decisive interventions and effective measures implemented by the government. Despite the severe challenges posed by the pandemic, India's aviation industry has persevered through the crisis and demonstrated long-term resilience and a full commitment to service. The Vande Bharat mission launched to evacuate stranded Indians across the world reported over 30 lakh of passenger arrivals as of December 13, 2020, with more than 27 lakh facilitated by charter flights and Air India Group, making it the largest evacuation mission in human history.

The ports: On the ports sector, the survey indicated that between July 2019 and October 2020, 37 Sagarmala projects worth Rs 8,461 crore were completed, including 17 port modernization projects worth Rs 2,721 crore, 14 port connectivity projects worth Rs. 5,372 crore and 6 coastal community development projects worth Rs. 368 crore.

Railways: At Indian Railways, survey said the government had authorized private actors to operate in the rail sector through PPP mode as part of the "New India New Railway" initiative. The initiative is expected to secure an investment of around Rs. 30,000 crore from the private sector. The Ministry of Railways has identified more than 150 pairs of trains for the introduction of 151 modern trains or rakes thanks to private participation. Speaking on the mining sector, survey said that under the Aatmanirbhar Bharat Abhiyan, the government announced a major initiative which includes the introduction of a composite exploration, exploitation and production regime, and 500 mining blocks will be offered through an open and transparent auction process, joint auction of bauxite and coal mineral blocks.

The survey for the financial year ending in March found that only 2.4% of India's workforce aged 15-59 received formal vocational or technical training, while 8.9% had obtained training through informal sources.

- Vocational courses will be phased in schools for grades 9 to 12 to expose students to skills development pathways, as part of the Centre's flagship skills program, Pradhan Mantri Kaushal Vikas Yojana 3.0, according to the Economic survey 2020-21.
- The survey for the fiscal year ending March shows that only 2.4 percent of India's 15-59 year old workforce has received formal vocational or technical training, while 8.9 percent more obtained training through informal sources.
- Of the 8.9% of the workforce who received non-formal training, most come from on-the-job training (3.3%), followed by self-learning (2 , 5%) and hereditary sources (2, 1%). Percent) and other sources (1 percent),”the survey says, the most requested training course by those who received formal training was IT-ITeS for men and women.

Economic Survey - 2021

- For men, other preferred courses were electrical and electronic energy, strategic mechanical engineering, automotive, office, and business-related jobs, while those for women included textiles, crafts and hand, clothing, office work, health care and childcare work, nutrition, preschool and daycare.
- "A phased introduction of vocational training courses will be launched in schools in coordination with the Ministry of Education. This component will be implemented for grades 9 to 12 to expose students to skills development pathways", indicates the survey.
- Pradhan Mantri Kaushal Vikas Yojana 3.0 was rolled out in 2020-2021 with the provisional goal of training 8 lakh candidates, including migrants.

Since the ratings do not reflect the fundamentals of India, the survey found that past changes in India's sovereign credit rating did not have a significant negative impact on some indicators such as Sensex Yield, exchange rate and performance of government securities.

- the economic survey said, India's sovereign credit ratings do not reflect the fundamentals of the economy, urging global agencies to be more transparent and less subjective in their ratings.
- The 2020-2021 Economic Survey, presented in Parliament, said that the methodology of sovereign credit ratings should be changed to reflect the ability and willingness of economies to pay their debts, and suggested that developing economies should 'unite to fight against this bias and this subjectivity inherent in the sovereign credit rating methodology.
- "Never in the history of sovereign credit ratings has the world's fifth largest economy been rated the lowest rung in investment grade (BBB- / Baa3). While sovereign credit ratings do not reflect the fundamentals of the Indian economy, noisy, opaque and skewed credit ratings hurt REIT flows,"the survey says.
- Therefore, it is imperative that countries work with credit rating agencies to argue that their methodology should be corrected to reflect the ability and willingness of economies to meet their external obligations.
- Quoting the Bengali poet Rabindranath Thakur "Where the spirit is fearless and the head held high... In this paradise of freedom, my father, may my country wake up", according to the survey, it is imperative that the sovereign rating methodology be made more transparent , less subjective and more appropriate to reflect the fundamentals of economies.
- As the ratings do not reflect the fundamentals of India, the survey indicates that past changes in the sovereign rating of India have not had a significant negative impact on certain indicators such as Sensex performance, exchange rates and currency, performance of government securities.
- "Past episodes of rating changes have little or no correlation with macroeconomic indicators ... Therefore, India's fiscal policy should not remain tied to a boisterous / skewed measure of Indian fundamentals and instead it

Economic Survey - 2021

should reflect Gurudev Rabindranath Thakur's feeling of fearless mind, "said the survey written by Chief Economic Adviser Krishnamurthy Subramanian.

- By stating that there is a bias against emerging giants in sovereign credit ratings, the survey indicates that India has been an outlier in terms of GDP growth rate, inflation, general government debt, political stability, state of law, control of corruption, investor protection, ease of doing business, short-term foreign debt (as a percentage of reserves), reserve adequacy index, and history of rulers in default over the last decade.
- "Within its sovereign credit ratings cohort - countries rated between A + / A1 and BBB- / Baa3 for S & P / Moody's - India is clearly an outlier on several parameters, that is, a sovereign whose rating is significantly higher, lower than that imposed by the effect on the sovereign valuation of the parameter, " survey said.
- Global rating agencies have the lowest rating in India, which is just above junk status. In June, Fitch Ratings revised India's outlook from 'negative' to 'stable' and maintained the rating of 'BBB-', saying that the coronavirus pandemic had significantly weakened the country's growth outlook for the year and described the challenges associated with a public debt. load.
- Moody's Investors Service downgraded India's sovereign rating to "Baa3" from "Baa2", saying there will be challenges in implementing policies to mitigate the risks of a prolonged period of low growth and deteriorating fiscal situation.
- S&P Global Ratings maintained its "BBB-" rating for India for the thirteenth consecutive year in June last year. According to the survey, credit ratings correspond to the probability of default and, therefore, reflect the willingness and ability of the borrower to meet its obligations. India's willingness to pay is unequivocally demonstrated by its record of zero sovereign defaults.
- Survey said that India's ability to pay can be measured not only by extremely low foreign currency denominated sovereign debt, but also by the comfortable size of its foreign exchange reserves which can also pay off debt short

The lockdown provided the time needed to put the fundamentals of the "5T" strategy into practice: testing, tracking, tracing, processing and technology, according to the survey.

- India's response to the pandemic, focused on saving lives and livelihoods, limited the spread of COVID-19 to 37 lakhs of cases and saved more than one lakh of lives, according to an economic survey from 2020-2021.
- The preliminary budget document presented to Parliament on Friday noted that, in the absence of a potent cure, the preventive vaccine; The interplay of network structures in densely populated areas and a high death rate (CFR), India has strategically weighed costs and opportunities.

Economic Survey - 2021

- The limits of scientific knowledge about the disease, the lack of good data on the mode of spread and the potency of the virus made it difficult to model the likely impact of different policy options in a reliable and timely manner. To compound the uncertainty, India is estimated to have 30 million cases and several thousand deaths by the end of May 2020, he noted. India has imposed a strict lockdown from March 25 to May 31, 2020 to control the spread of the virus.
- "By estimating the natural number of cases and deaths expected in countries based on their population, population density, demographics, tests performed, and health infrastructure, we compared these estimates with To show that India was limiting the spread of COVID -19 in 37 lakhs of cases and saved more than a lakh of lives, " survey said.
- The 40-day lockdown period, he said, was used to expand the medical and paramedical infrastructure required for active surveillance, expanded testing, contact tracing, isolation and case management, and to educate citizens on social distancing and more costly.
- The lockdown gave time to put into practice the fundamentals of the "5T" strategy: testing, tracking, tracing, processing and technology, according to the survey.
- As a first step towards early identification, rapid isolation and effective treatment, increased testing has been recognized as the effective strategy to limit the spread of infection, survey said.
- At the beginning of the pandemic in January 2020, India conducted fewer than 100 COVID-19 tests per day in a single laboratory. However, in a year, 10 lakh of tests were carried out per day in 2,305 laboratories.
- The country conducted a cumulative test of more than 17 crore in January 2021. The sharp decrease in the number of days to add the next cumulative tests of 1 crore shows dedicated efforts to expand the test infrastructure. Resources needed for personal protective equipment (PPE), masks and disinfectants have also increased at a rapid rate, survey said.

Health policy must continue to focus on its long-term priorities, survey says

- The ongoing COVID pandemic has demonstrated how a health crisis can turn into an economic and social crisis and how it is linked to other key sectors of the economy, noted the 2020-2021 economic study, presented to Parliament on Friday.
- Survey says that health policy should not be subject to "relevance bias" when policy trumps recent phenomenon. "For India to respond to pandemics, the health infrastructure must be nimble, ". Declaring that COVID-19 has spread around the world because it is a communicable disease, the survey notes that the next health crisis may not involve a communicable disease and that the health policy of India should continue to focus on its long-term health priorities.

Economic Survey - 2021

- "After the COVID-19 pandemic, a key decision of the health policy portfolio is the relative emphasis on communicable versus non-communicable diseases.
- For India to respond to pandemics, health infrastructure must be nimble. For example, all hospitals can be outfitted so that at least one hospital room can be quickly changed to respond to a national health emergency while treating normal illnesses at regular times. Research on building such a health infrastructure can guide the construction of such flexible rooms, "the survey says.

Telemedicine potential: Survey adds that the pandemic has shown us the potential of telemedicine to provide access to health care in remote areas. "This should be used to the maximum by investing in particular in internet connectivity and health infrastructure," adding that the National Health Mission (NHM) has played a fundamental role in alleviating inequalities such as the access of the poorest to postnatal care, as well as institutional deliveries, has increased considerably. "Therefore, with Ayushman Bharat, the focus on NHM must continue," the survey says.

Information asymmetry: The study notes that most health care in India is provided by the private sector and suggests that it is essential for policy makers to design policies that mitigate information asymmetry in health care, which creates a market failure and therefore makes private health care unregulated in an optimal way. Information tools that help reduce information asymmetry can be very useful in improving general well-being. Mitigating information asymmetry would also help reduce insurance premiums, offer better products and increase insurance penetration in the country, suggests the survey. The Survey notes that India's health policy must continue to focus on its long-term health priorities. He notes that countries with more fragmented health systems tend to underperform, which translates to higher costs, lower efficiency and poor quality. Therefore, in addition to providing health care services and financing health care, a key role of government is to actively shape the structure of the health care market," .

- These laws were designed 'primarily' for the benefit of 'small marginal farmers', who make up about 85% of the total number of farmers.

New farm laws: The government's annual economic survey on Friday vigorously defended the new farm laws, saying they heralded a new era of market freedom that can greatly improve the lives of India's marginalized small farmers. These laws were designed "primarily" for the benefit of "marginal small farmers", who constitute about 85% of the total number of farmers and are the most affected by the "regression, Market regime regulated by the APMC, according to a survey. The pre-budget document defended farm laws in the context of long-standing riots by farmers on various borders in the nation's capital seeking to repeal such laws, expressing concern that they are business-friendly and could weaken them. Government regulated mandis, also known as agricultural products. Marketing committees (APMC).

Economic Survey - 2021

- "Several economic studies have expressed concerns about the operation of APMCs and the fact that they sponsor monopolies. More specifically, the economic studies for the years 2011-12, 2012-13, 2013-14, 2014-15, 2016-17, 2019-20 have focused on the reforms required in this context," the survey indicates.
- Suggestions on the commercialization of agricultural products include the need to give farmers the option to sell their products directly to a processing plant or to the private sector, the development of the agricultural marketing infrastructure, the modification of the APMC laws of the State and essential commodity law to ensure barrier-free storage and movement of agricultural products, he said.
- Agricultural Trade and Trade (Promotion and Facilitation) Act of 2020, Farmers (Empowerment and Protection) Agreement on Agricultural Price Insurance and Services, 2020 The Essential Products Act of 2020 (amendment) - are the three main laws passed by Parliament in September 2020. Highlighting the benefits of the new agricultural laws, the survey indicates that Indian farmers have suffered various restrictions in the marketing of their products.
- There were restrictions for farmers on the sale of agricultural products outside of APMC's reported market prices. The farmers were also limited to selling the product only to registered licensees of state governments. Additionally, there were barriers to the free movement of agricultural products between various states due to the prevalence of various APMC laws enacted by state governments.
- In addition, the survey indicates that APMC regulations have resulted in a number of "loopholes and consequent losses for farmers". "The presence of multiple intermediaries between farmers and end consumers has caused little awareness on the part of farmers.
- In addition, a wide range of taxes and fees charged by CPMA's reduce the realization of farmers' prices, while only a small proportion is reinvested in the development of mandi infrastructure. Poor infrastructure at Mandis compounds the problem of pricing for farmers," survey said.
- Problems with manual weighing, one-stop shop systems, and the lack of modern sorting and grading processes create long delays and measurement errors that tend to skew against the seller.
- The long lines of farmers who generally wait in the scorching sun to sell their produce with limited capacity to take their produce elsewhere, even if the price is higher in another mandi, is a characteristic of APMC mandis, he added.
- The delay in the result in significant post-harvest losses of the order of 4-6% in cereals and legumes, 7-12% in vegetables and 6-18% in fruits. Total post-harvest losses were estimated at Rs. 44 billion rupees at 2009 wholesale prices.
- "Recognizing the previous limitations of existing market regulations, various committees recommended various reforms in the marketing of agricultural products," the survey says.

Economic Survey - 2021

- According to the survey, the Agreement on Price Insurance and Agricultural Services for Farmers (Empowerment and Protection), 2020 will empower farmers to engage with processors, wholesalers, aggregators, large retailers, exporters and will provide a level playing field.
- This will transfer the risk of unpredictability of the market from the farmer to the developer and also allow the farmer to access modern technology and better inputs.
- Farmers have received adequate protection as selling, renting or mortgaging farmers' land is completely prohibited and farmers' land is also protected from reclamation. Farmers will have full power in the contract to set a selling price of their choice for the product. They will receive payment within a maximum of 3 days.
- Within the framework of this law, 10,000 agricultural producers' organizations are being set up across the country. These FPOs will bring together small farmers and work to ensure remunerative prices for agricultural products.
- After signing the contract, the farmer will not have to look for traders, since the consumer buyer will have to take the product directly from the farm. The Essential Products (Amendment) Act 2020 removes products such as grains, pulses, oilseeds, edible oils, onions and potatoes from the list of essentials.
- This aims to eliminate the fears of private investors of excessive regulatory interference in their business activities. The freedom to produce, store, move, distribute and supply will lead to the exploitation of economies of scale and attract private sector / foreign direct investment to the agricultural sector. The legislation will help boost investment in cold stores and modernize the food supply chain, the survey added.

Summary

Cautious optimism: In short, India is experiencing a V-shaped economic recovery. This is a testament to the resilience and intrinsic strength of the Indian economy, Mr Subramanian says. In view of the large vaccination campaign and its rapid deployment, we present this Survey with optimism in both health and economic terms. At the same time, he humbly asks everyone to continue to exercise caution until they get vaccinated, he adds.

Basic Needs: Roti, Kapada, and Makaan: This chapter of the Investigation looks at how basic needs have changed. Access to basic needs improved in all states of the country in 2018 compared to 2012. It is highest in states such as Kerala, Punjab, Haryana and Gujarat, while further down is Odisha, Jharkhand, West Bengal and Tripura. State disparities narrowed in rural and urban areas, and lagging states earned relatively more between 2012 and 2018. They improved disproportionately more for the poorest households compared to the richest households in rural and urban areas. The increase in equity is notable because the wealthy can access private options for public goods. A Basic Needs Index (BNI) can be constructed based on big data from the annual household survey using appropriate district-level indicators and methodology for all / selected districts to assess progress in this area.

Economic Survey - 2021

Regulatory abstention: Another example from CEA: You go to a doctor for an illness. The doctor gives him medicine for three days, but he has it for three months. What is going to happen? The same has happened with banking reforms, she says. Tolerance is an emergency medicine, not a staple diet, the survey says. During the global financial crisis, tolerance for regulation helped borrowers overcome temporary difficulties. Tolerance continued long after the economic recovery, for more than seven years, with unintended consequences for the economy. Banks have taken advantage of the leniency window to fix their books and misallocate credit, damaging the quality of investment in the economy, the survey says. To promote judgment under conditions of uncertainty, ex post surveys must recognize the role of hindsight bias and not equate unfavorable results with poor judgment or wrong intention.

Process Reforms: It takes around 1,600 days to close a business in India even if all the documents are correct. The same for Singapore is only 128 days! Mr. Subramanian says this to highlight the excessive regulation in the country. India over-regulates the economy, rendering regulations ineffective even with relatively good compliance with the process, according to the survey. The root cause of the up-regulation problem is an approach that attempts to account for all possible outcomes. The increased complexity of regulation, aimed at reducing discretion, translates into even more opaque discretion. The solution is to simplify regulation and invest in greater supervision, which, by definition, implies greater discretion.

A boost for PM-JAY: Pradhan Mantri Jan Arogya Yojana (PM-JAY); The ambitious program launched by the Indian government in 2018 to bring access to healthcare to the most vulnerable sections shows strong positive effects on the outcomes of care in a short time, the survey says. The causal impact of PM-JAY on health outcomes when performing a difference-in-difference analysis based on the National Family Health Survey (NFHS) -4 (2015-16) and NFHS-5 (2019) -20 is the next:

Improved health insurance coverage: The proportion of households with health insurance increased by 89% in Bihar, Assam and Sikkim from 2015-16 to 2019-20, while it decreased by 12% over the same period in West Bengal. Infant mortality rate: From 2015-16 to 2019-20, infant mortality rates fell 20% in West Bengal and 28% in the three neighboring states. Modern methods of contraception, female sterilization and pill use increased by 36%, 22% and 28%, respectively, in the three neighboring states, while the respective changes for West Bengal were negligible. While West Bengal did not see a significant decrease in the unmet need to space consecutive children, the three neighboring states saw a decline of 37%. Several parameters of maternal and child care improved more in the three neighboring states than in West Bengal. Overall, the comparison reflects significant improvements in various health outcomes in states that have implemented PM-JAY compared to those that have not.

Economic Survey - 2021

More space needed for health: Another pop culture reference from CEA - this time it's the Hindi film 3 Idiots, where one of the lead mothers explains how her considerable income goes to her husband's medical needs. An increase in public health spending from 1% to 2.5-3% of GDP can reduce personal spending from 65% to 35% of total health spending, the survey says. The COVID-19 pandemic has underscored the importance of the health sector and its relationship with other sectors; showed how a health crisis turned into an economic and social crisis. India's health infrastructure must be nimble to respond to pandemics; health policy should not be subject to a "relevance bias". The National Health Mission (NHM) has played a key role in reducing inequalities, as access of the poorest to antenatal / postnatal care and institutional deliveries has increased considerably. The program should be put forward under Ayushman Bharat. Consideration should be given to the creation of a regulatory body for the health sector given the market failures resulting from information asymmetry. Telemedicine should be fully exploited by investing in internet connectivity and health infrastructure

Inequalities and Growth: Conflict or Convergence?

This chapter of the survey focuses on inequality and growth. Mr. Subramanian explains it with a story from *Malgudi Days*, the famous novel by R.K. Narayan, which was later adapted into a television series. Inequalities and per capita income (growth) have similar relationships with socio-economic indicators in India, unlike advanced economies. Economic growth has a greater impact on poverty reduction than inequality. India must continue to focus on economic growth to lift the poor out of poverty. Redistribution in a developing economy is only feasible if the size of the economic pie increases, the poll says.

India's sovereign credit rating does not reflect its fundamentals: The world's fifth-largest economy has never been ranked lowest in investment grade (BBB- / Baa3) in sovereign credit ratings, says the investigation. Credit ratings are the likelihood of default and therefore reflect the borrower's willingness and ability to meet its obligations. India's willingness to pay is clearly demonstrated by its zero sovereign default record. The survey recalls how India sent gold to repay its debt. India's ability to pay can be measured by low currency denominated debt and foreign exchange reserves.

Does growth lead to debt sustainability? Yes, but not the other way around

This is the second chapter of the Economic Survey. Debt sustainability depends on the "interest rate growth rate differential" (IRGD), that is, the difference between the interest rate and the growth rate. In India, the interest rate on debt is lower than the growth rate, by standard, not by exception, believes CEA. A negative IRGD in India, not due to lower interest rates but much higher growth rates, sparks a debate about fiscal policy, especially during growth slowdowns and economic crises, he says. Growth makes debt sustainable in countries with higher growth rates; Such clarity as to causal

Economic Survey - 2021

direction is not seen in countries with lower growth rates, according to the survey. An active fiscal policy can ensure that the full benefits of reforms are reaped by limiting the potential damage to productive capacity. A growth-boosting fiscal policy will lead to a decline in the debt-to-GDP ratio. Given India's growth potential, debt sustainability is unlikely to be a problem, even in the worst case scenarios.

COVID and the economy: CEA K.V. Subramanian launches the Economic Survey app. This year's economic study is dedicated to COVID warriors, he says. The first chapter of the Economic survey discusses India's political response to the response to COVID-19, in the midst of a once-in-a-lifetime crisis. India's political response is guided by the principle advocated in the Mahabharata "Saving a life in danger is the origin of dharma." India has recognized that GDP growth will return and it certainly is, but not human lives, Subramanian says. India's political response was also derived from extensive research on epidemiology, particularly the Spanish flu of 1918. One of the key findings was that the pandemic is spreading faster in a taller and denser population and that the intensity the blockage is higher at the beginning of the pandemic , he adds. . According to the survey estimates, India has avoided around 37 lakh of cases and around 1 lakh of deaths thanks to the policies it has adopted. Even without foreclosure, the economy would have a significant economic impact. There is a strong correlation between confinement and lowercase letters and deaths in all states, not just a few. Therefore, the Economic Survey concludes that foreclosure had a causal effect on saving lives and livelihoods.