

Industry gives a thumbs-up for infra focus, agri push

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By focussing on job creation, agriculture and education, the Economic Survey has been able to tap the relevant issues, believe industry experts.

"The survey has raised the issue of agriculture, which is the right approach," said Sandeep Jajodia, President of industry body Assocham. "All agri-related or agri-focussed budgets should not be called populist budgets. As for education and employment generation, the two must go together."

He added that there is a need to keep a vigil on inflation, particularly in the wake of rising fuel prices.

"The focus of the Economic Survey on agriculture (R&D) is also exhilarating, as it is the need of the hour to sustain agricultural productivity growth in the long run," said Anil Khaitan, President, PHD Chamber of



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FICCI President

Commerce and Industry.

The Survey has outlined improvements made in tax coverage—both direct and indirect—and tax collection. The CII said this can be a game-changer if it continues to rise in the years to come.

Chandrajit Banerjee, Director-General, CII, said: "The

Survey provides new ideas for building a positive momentum for growth in the coming year and for faster growth thereafter. It has rightly alluded that the chief areas of policy focus in the medium term are employment, especially for women; educated and healthy labour

force; and raising farm productivity."

Industry experts believe that major structural reforms which were introduced in 2017-18, such as GST and Insolvency Code, will boost the economy

in the coming years. Rashesh Shah, President, FICCI, said "The government has been proactively working towards further improvement in the GST structure. We look forward to convergence to fewer tax slabs and inclusion of all sectors within GST."

Economic Survey for 2017-18 has brought out areas of concern, such as rising NPAs of the PSBs and has underlined the need, rightly so, for putting maximum emphasis on creating new jobs, agriculture and education
—ASSOCHAM PRESIDENT SANDEEP JAJODIA



India Inc cheers Survey, calls for focus on human capital, agri

NEW DELHI: India Inc on Monday pitched for focus on rapidly improving human capital and agricultural productivity to sustain the economic growth trajectory, while cheering the GDP growth projection of 7.75 per cent in 2018-19 laid out by the Economic Survey.

The Survey provides new ideas for building a positive momentum for growth in the coming year and for faster growth thereafter. It delineates a long-term vision for powering the emergence of a New India which is both transformative and socially inclusive," CII Director General Chandragit Banerjee said.

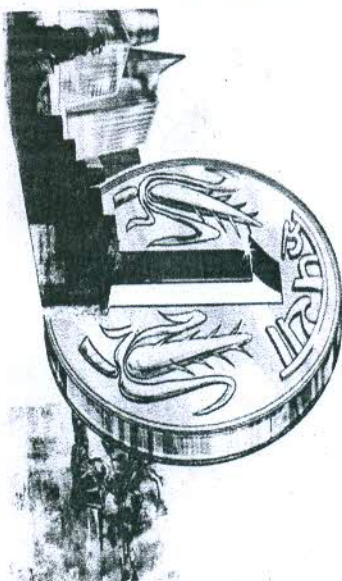
The Survey has rightly alluded that the chief areas of policy focus in the medium term are employment, especially for women, educated and healthy labour force and raising farm productivity, he added.

"We expect that the budget will address some of these issues," he said.

Industry body Assocham said while the Insolvency resolution mechanism has begun in the right earnest, a big "right" needs to be kept at the forefront, observing that "until capital at the earliest, observing that "until the issue of NPA (non performing assets) is fixed, growth may slide us".

Economic Survey for 2017-18 has brought out areas of concern such as rising non-performing assets of the public sector banks and has underlined the need, rightly so, for putting maximum emphasis on creating new jobs, agriculture and education," Assocham President Sandeep Jajodia said.

He said there is a need to keep a vigil on inflation, particularly in the wake of rising fuel prices and the government must



remain steadfast on the path of reforms.

PHD Chamber of Commerce President Anil Khastan said the focus of the government in the medium term on employment, education and agriculture is encouraging and would foster a sustainable economic environment, going forward.

The Survey tabled in Parliament by Finance Minister Arun Jaitley pegs India to remain the region's fastest growing major economy tag, with the country's GDP estimated to grow between 7.75 per cent in 2018-19.

It also estimates the GDP to grow 6.75 per cent in the current fiscal. Experts and economists too shared their opinion on the Survey.

"Although an uptick in 2018-19 growth has not been ruled out, it is more likely towards the lower end of the range. Evolving domestic and global conditions

can swing growth in any direction," said Devendra Kumar Pant, Chief Economist at India Ratings & Research.

According to Anis Chakravarty, Chief Economist, Deloitte India, with rapidly changing demography and incoming automation, manual jobs may become redundant, and this creates a need to generate opportunities in services domain.

Especially important will be an increased private sector participation as bulk is carried on via government agencies, he said.

Manish Agrawal, Leader-Infrastructure at PwC India said: "The growth in manufacturing is a big positive. Credit offtake, growth in cement, steel etc point to pick-up in capacity creation also. As the pace picks up, the industrial corridors could see faster development."

Economy in pink of health: Survey

Economic Survey expects GDP to grow at 6.75% in this fiscal, at 7%-7.5% next fiscal; flags risks of global headwinds

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New Delhi: The Economic Survey for 2017-18, released by the finance ministry on Monday, sees green shoots of economic revival appearing as benefits from structural reforms like demonetisation, goods and services tax (GST), Insolvency and Bankruptcy Code (IBC) and others take root.

It said robust exports propelled by rising global economic growth could also push India's GDP ahead of China.

The survey, however, warns of headwinds from firm global crude prices and "sudden stall" of capital inflows in the market due to elevated stock prices. It said higher crude prices could drag down consumption as they set off inflationary impact.

The survey, authored by a team of economists headed by Arvind Subramanian, chief economic advisor (CEA) in the finance ministry, forecasts the current fiscal to end with a GDP



THE SUNNY SIDE

- The survey believes that if all the upside potentials for next fiscal play out, then growth could even scale to 8%.
- Robust exports propelled by rising global economic growth could push GDP ahead of China

growth of 6.75%, the lower end of the growth range of 6.75%-7.5% projected by it in August last year. India's GDP grew at 7.1% in FY17.

The Central Statistical Office (CSO), earlier this month, has given a more conservative GDP growth estimate of 6.5%, pulled down mainly due to sluggish growth in manufacturing and farm sectors and adverse impacts of GST.

Subramanian does expect the CSO to "contest" the finance ministry's outlook; "growth projections for FY18 at 6.75% is higher than the CSO's estimate, in large part, because the CSO has itself acknowledged that they weren't able to fully take account of recent developments. I don't think they would contest this projection in any way".

For the next fiscal, the survey has pegged the real GDP growth at 7%-7.5% and gross value added (GVA)

growth at 6.1%. The nominal GDP growth is expected to come at 10.5%.

"A series of major reforms undertaken over the past year will allow real GDP growth to reach 6.75% this fiscal and will rise to 7.0% to 7.5% in 2018-19, thereby re-instating India as the world's fastest growing major economy," the economic study stated.

In the current fiscal, GDP growth had plunged to 5.7% in the first quarter and then slightly recovered in the second quarter to 6.3%.

D K Srivastava, chief policy advisor, EY India, says the Eco Survey's outlook for the current fiscal is based on a strong recovery in the third quarter.

"The survey is signalling a strong recovery from the third quarter of FY18 and building up to more than 7% growth in FY19. Possibly closer to 7.5%. This is in line with IMF and World Bank projections. Clearly, a robust recovery is being signalled by the survey," he said.

The survey believes that if all the upside potentials for next fiscal plays out, then GDP growth could even scale to 8%. **Turn to P3**

SURVEY HIGHLIGHTS

GROWTH

- 2018/19 Growth seen at 7% to 7.5% y/y
- 2017/18 GDP growth seen at 6.75% y/y
- 2017/18 industry growth seen at 4.4%
- 2017/18 farm sector growth seen at 2.1%
- Economic management will be challenging in the coming year
- Biggest source of upside to growth to be from exports
- Cyclical conditions may lead to lower tax and non-tax revenues in 2017/18
- Private investment poised to rebound

FISCAL DEFICIT

- Target for fiscal consolidation specially in a pre-election year can carry a high risk of credibility
- Marked efforts will be required to meet budgeted revenue and fiscal deficit targets for full year
- Current account deficit for 2017/18 expected to average 1.5-2% of GDP
- Pause in general govt fiscal consolidation cannot be ruled out in 2017/18
- Suggests modest (fiscal) consolidation that signals a return to the path of gradual deficit



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—Confederation of Indian Industry

Survey has brought out areas of concern such as rising non-performing assets of the public sector banks and has underlined the need for putting maximum emphasis on creating new jobs, agriculture and education

—Assocham