

Economic Survey 2014-15

The Economic Survey 2014-15, was tabled in Parliament on February 27, 2015, by Mr Arun Jaitley, Union Minister for Finance, Government of India. The Survey forecasts a growth rate of over 8 per cent for FY16, as compared to the growth rate of 7.4 per cent in FY15. As per the Economic Survey, India must adhere to medium-term fiscal deficit target of 3 percent of the country's **gross domestic product (GDP)**. Robust reforms, push for Make in India and a better external environment indicate a **double-digit growth trajectory, highlighted the Survey.**

The main highlights of the survey are:

- **Over 6 per cent points decline in inflation** since late 2013.
- **Current Account Deficit (CAD)** down from a peak of **6.7 per cent of GDP (in Q3, 2012-13)** to an estimated **1 per cent in 2014-15.**
- **Foreign portfolio flows** have stabilized the rupee.
- **Real GDP growth at 7.2 per cent** since 2013-14, after a nearly 12-quarter phase of deceleration.
- **Inflation likely to remain in the 5-5.5 per cent range**, creating space for easing of monetary conditions.
- **GDP growth expected to accelerate between 8.1 and 8.5 per cent** in 2015-16.
- **Fiscal deficit target of 4.1 per cent** appears achievable.
- **Private investment** to be the engine of long-run growth.
- Case for reviving targeted public investment as an engine of growth in the short run to complement and crowd-in private investment.
- India must adhere to medium-term **fiscal deficit target of 3 percent of GDP.**
- **Expenditure control with growth recovery and GST** will ensure that medium-term targets are met.
- **The quality of expenditure** needs to be shifted from consumption to investment.
- **The direct fiscal cost of all the subsidies is roughly Rs 378,000 or 4.2 percent of 2011-12 GDP.**
- **JAM Number Trinity – Jan Dhan Yojana, Aadhaar, Mobile** can enable the State to transfer financial resources to the poor in a progressive manner without leakages and with minimal distorting effects.
- Econometric evidence suggests that the railways **public investment multiplier (the effect of a Rs 1 increase in public investment in the railways on overall output)** is around **5.**
- India has cut subsidies and increased taxes on fossil fuels (**petrol and diesel along with a coal cess**) turning a carbon subsidy regime into one of carbon taxation.
- **FFC transfers** are highly progressive; that is, states with lower per capita NSDP receive on average much larger transfers per capital.
- **Food grain production for 2014-15 estimated at 257.07 million tonnes (MT);** to exceed that of last 5 years by 8.5 million tonnes.
- **Food Subsidy Bill stands at Rs 107,823.75 crore** during 2014-15 (upto January, 2015), an **increase of 20 per cent** over previous year.
- Groundnut production increased by a massive 105.8 per cent in 2013-14, shows a remarkable increase of 75.9 per cent in productivity.
- **Agriculture and allied sectors contribute 18 per cent to GDP and has grown by 3.7 per cent in 2013-14.**
- **Indian higher education system** is one of the largest in the world with 713 universities, 36,739 colleges and 11,343 diploma-level institutions.

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- As of December 2013 over **720 million citizens had been allocated an Aadhaar card**. By December 2015 the total number of **Aadhaar enrolments** in the country is expected to exceed 1 billion.
- With over **900 million cell phone users** and close to **600 million unique users**, **mobile money offers a complementary mechanism of delivering direct benefits to a large proportion of the population**. And this number is increasing at a rate of 2.82 million per month.
- **India has the largest postal network in the world** with over 155,015 post offices of which **(89.76 percent)** are in the rural areas.
- **Recovery of industrial production** is led by the infrastructure sectors namely electricity, coal and cement.
- **Civil aviation sector** has seen healthy increase in international passengers and cargo handled at Indian airports during 2014-15.
- **Major initiatives are implementation of public-private partnership (PPP) projects at four airports of the AAI, setting up of Greenfield airports** and development of small airports in **tier II and tier III cities**.
- **India's National Solar Mission** being scaled up five-fold to **100,000 megawatts (MW)**.
- **Clean energy cess** doubled to Rs 100 per tonne to mop up Rs **17,000 crores in NCEF**.

Abbreviations

FY : Financial Year

GST : Goods and Service Tax

Gross Domestic Product (GDP) : It is the total market value of all final goods and services currently produced within the domestic territory of a country in a year.

NCEF: The National Clean Energy Fund (NCEF) is a fund created in 2010-11 using the **carbon tax - clean energy cess** - for funding research and innovative projects in clean energy technologies of public sector or private sector entities, up to the extent of 40% of the total project cost.

Green Field Airport: Greenfield land is a term used to describe a piece of **undeveloped land**, either currently used for agriculture or just left to nature. Hence when airport is build on such a land is called **green field airport**. Examples of **Greenfield projects are new factories, power plants, airports which are built from scratch on Greenfield land**. Those facilities which are modified /upgraded are called **Brownfield land projects** (since pre-existing site/facilities are used for the construction of new ones or projects are **rebuilt or expanded on an existing facility**.) In **transportation industries (e.g., automotive, aircraft, engines)** the equivalent concept is called "**clean sheet design**". As per the Govt. of India's Policy on Airport Infrastructures issued in December, 1999, no Greenfield airport will normally be allowed within a distance of **150 kms from the nearest existing airport**.

AAI : Airports Authority of India