

Highlights of Economic Survey 2017

Growth Estimates for year 2016-17:

\n\n

\n

- GDP growth rate at constant market prices for the current year 2016-17 is placed at 7.1 percent.

\n

- On account of better monsoon rains, growth in the agriculture sector is estimated at 4.15% in 2016-17, significantly higher than the 1.2% in 2015-16.

\n

- Growth in the industrial sector has been estimated to moderate to 5.2% in 2016-17 from 7.4% the previous financial year.

\n

- Service sector estimated to grow at 8.9% in 2016-17.

\n

- The survey argues that any comparison with last fiscal's 7.6% pace would be "inappropriate " as among other factors that influenced growth this year was that global oil prices stopped declining, lessening the updraught that soft energy prices lend to the economy.

\n

- It contends that latest growth estimates of the World Bank and the IMF, trimmed its forecast to 7% from 7.6% and the IMF by 1% point to 6.65, both citing demonetisation as reason reflects a higher baseline assumption and ought be compared only on the extent of change in estimate.

\n

\n\n

Effects of Demonetisation:

\n\n

\n

- Adverse impact of demonetisation on GDP growth will be transitional.

\n

- Demonetisation to affect growth rate by 0.25-0.5 per cent, but will generate long-term benefits.

\n

- Demonetisation may affect supplies of certain agricultural products like

sugar, milk, potatoes and onions.

\n

- The remonetisation will ensure that the cash squeeze is eliminated by April 2017.

\n

- The survey recommends fast, demand - driven remonetisation, further tax reforms , including bringing land and real estate under the ambit of the GST and reducing tax rates and stamp duties.

\n

\n\n

Fiscal Deficit:

\n\n

\n

- Expecting fiscal windfall from Pradhan Mantri Garib Kalyan Yojana and low oil prices.

\n

- Fiscal gains from Goods and Services Tax (GST) will take time to realise.

\n

- The 13-year old Fiscal Responsibility and Budget Management (FRBM) Act needs to be modified to provide fiscal policy direction for “the India of tomorrow”.

\n

- The survey called for a need to set up a government - owned asset reconstruction company, PARA (Public Sector Asset Rehabilitation Agency) to resolve twin balance sheet problem i.e, over- leveraged companies and the rising bad loans in public sector banks.

\n

\n\n

Taxation:

\n\n

\n

- Economic Survey Prescribes cut in individual I-T rates and real estate stamp duties.

\n

- Income Tax net could be widened gradually by encompassing all high income earners.

\n

- Time table for cutting corporate tax should be accelerated.

\n

\n\n

Universal Basic Income:

\n\n

\n

- It is a form of social security in which all citizens or residents of a country regularly receive an unconditional sum of money, either from a government or some other public institution, in addition to any income received from elsewhere.

\n

- The survey floats the idea of a 'universal basic income' by implicitly suggesting that existing welfare schemes can be whittled down or done away with.

\n

\n\n

\n\n

Category: Prelims & Mains | GS - III | Economics

\n\n

Source: Business Line

\n

