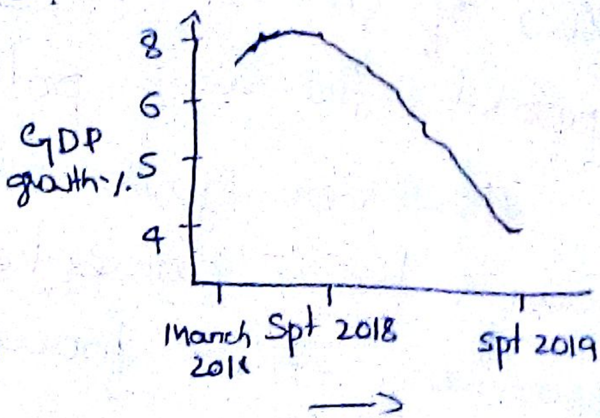
II ... 4/12/19

(14) A well Balanced combination of lower interest rates, fiscal expansion & a cheaper rupee could help recover India's economy. Analyse

From fastest growing major Economy of the world reaching more than 8% GDP growth couple of quarters back to 4.5% growth, Indian economy is in a serious distress.



Reason for the economic slowdown are many slowdown of global growth to government policies like - Demonitization, GST, BS VI, e-vehicle etc,

These policies and other related things affected the demand side of economy.

Any economy is in the phase of slow down due to lesser demand 3 major things to be addressed

(1) Interest rate

Lesser the interest rate people

will take loan & invest in consumer goods thus increases demand

However Banking sector are facing NPA problem they will not lend further loan with expectation of lack of repayment capacity of people. Thus needs Government support ie fiscal expansion

(2) Fiscal expansion

In order to accelerate economy & flow of currency (liquidity govt should support through policies & programmes

However govt already borrowed much from domestic market it can't go further, thus focus on export

(3) Cheaper Rupee

In order to increase export, as depreciation helps to increase it, which in turn help to govt fiscal expansion

In order to bring back the economy to higher growth rate & to achieve $5 trillion by 2025 coordinated use of monetary, fiscal & exchange rate is needed