

Prime Minister's Economic Advisory Council is one of the important institutions in taking crucial decision for proper functioning of Indian Economy. Explain.

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Prime Minister's Economic Advisory Council (PMEAC) was started in 1980's when the external events started affecting Indian economy. PMEAC is a close aid economic decision making body to Prime Minister and his cabinet. The members of such a Council had cabinet secretaries and economists who would

- Inculcate awareness about economic issues
- discuss, deliberate on macroeconomic stability
- submit reports on policy implementation either with ~~or~~ without reference from the Prime Minister.

PMEAC - ECONOMIC JOURNEY OF INDIA

The closeness of Council with real head of India had allowed it to critically analyse and employ its decisions that have shaped economic policies.

- 1) During the era of coalition governments, when faced by oil crisis and drought, PMEAC policy inputs, UN economic aids helped to tackle rural distress. The economy was opened up a little to attract FDI.
- 2) Further PMEAC periodically started reviewing fiscal situation. This was done to fine tune policy funds. It brought about change in definition of budget deficit.
- 3) During the balance of payment crisis 1991, it advised cabinet to form committee before hand to tackle the situation. This played a vital role in reforms of 1991.
- 4) The suggestion of open economy, further broadened the boundary of economic discussion of country. This discourse laid down the pathway for future policy decisions.

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- 5) Post liberalisation period, it called for setting up of Council of Trade and Industry [CTI] to focus on bilateral exports and support trade forums
 - 6) Subsidy nationalisation, policy execution reforms became the major course of advice by PMETC to balance the mantle of development and growth.
 - 7) The subsequent IT boom, urge to capture markets, import substitution policy, tax tweaks saw seeds of modernisation germinate.
 - 8) During 2008 economic crisis, the council along with regulatory bodies were quick enough to provide holistic relaxation norms for boosting GDP
 - 9) With advent of NITI AAYOG, bottom up approach of governance has given PMETC the role of data analysts, supervisor from CEA. Expert knowledge and advice have become tools of operation.

Thus, PMETC's credibility as an institution has been laid in its ability to foresee situation of growth graph, provide timely force to go tweaks and critically analyze the results. At a juncture of episodes of GDP slowdown, PMETC is much needed for achieving faster, stronger reforms.