

Survey says India ready for double-digit growth

TEAM TOI

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INDIA'S IN A SWEET SPOT

New Delhi: The Indian economy is likely to grow at between 8.1% and 8.5% next year and “seems poised for propulsion”, the government’s Economic Survey for 2014-15 released on Friday said.

The survey said, “India has reached a sweet spot—rare in the history of nations—in which it could finally be launched on a double-digit medium-term growth

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trajectory”. Attributing this to a “political mandate for reform and a benign external environment”, it added that the central government should use this opportunity by taking decisive steps in some areas while pursuing “creative incrementalism” in others.

Domestically, low inflation makes it possible to bring down interest rates, while externally, low oil prices help contain current account deficit and fiscal deficit, both of which contribute towards creating the sweet spot.

The suggested combina-

An unusually political Survey's estimates and prescriptions:

8.1-8.5% Growth In 2015-16:

Strong political mandate for reform combined with fall in oil prices and consequently low inflation should help bring down interest rates, control fiscal deficit, and put India on a double-digit growth path in the medium term. Estimates 8.1 to 8.5% GDP growth in 2015-16

Control Subsidies: Leakages in subsidies are large and only a small fraction of benefits reach the poor. Jan Dhan, Aadhar, Mobile (JAM) offers exciting

possibilities to effectively target subsidies to those who need it most

Mix Bold And Gradual Reforms:

Need decisive reforms in some areas, incremental ones in other. Over a period, they will add up to a ‘big bang’. Labour and land reforms and reducing the cost of doing business will need to be a joint Centre-state endeavour

Push Public Spending: Public investment may be needed to ‘crowd in’ private funding

THE CUP AND THE BUDGET

TOI tracks how the Indian cricket team and the economy fared in every World Cup year

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and infeasible standard for evaluating the government’s reform actions”.

Most of the bold steps being mooted were predictable: rationalising subsidies; reforming labour laws; making sure the ordinances on land acquisition, coal and insurance get transformed into Acts; rolling out GST; ensuring fiscal discipline. But the Survey’s reference to the political mandate clearly signalled the desire that unlike in the past this should not remain a wishlist to be aired annually.

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