

# Highlights of Economic Survey 2013-14

## CHAPTER 1: STATE OF THE ECONOMY AND PROSPECTS

- Economy to grow in the range of 5.4 – 5.9 per cent in 2014-15 overcoming sub-5 percent growth.
- Growth slowdown was broad based, affecting in particular the industry sector.
- Aided by favourable monsoons, agricultural and allied sector registered a growth of 4.7 per cent in 2013-14.
- Industry and Service sectors also witnessed slowdown.

## CHAPTER 2: ISSUES AND PRIORITIES

- Reforms needed for long term-growth prospects on 3 fronts- low and stable inflation regime, tax and expenditure reform and regulatory framework.
- Survey suggests removal of restriction on farmers to buy, sell and store their produce to customers across the country and the world.
- Rationalisation of subsidies on inputs such as fertilizer and food is essential.
- Government needs to eventually move towards income support for farmers and poor households.

## CHAPTER 3: PUBLIC FINANCE

- The fiscal policy for 2013-14 was calibrated with two-fold objectives; first, to aid growth revival; and second, to reach the FD level targeted for 2013-14.
- The Budget for 2013-14 followed the policy of revenue augmentation and expenditure rationalization to contain government spending within sustainable limits.
- The fiscal outcome of the central government in 2013-14 was achieved despite the macroeconomic challenges of growth slowdown, elevated levels of global CRUDE OIL prices, and slow growth of investment.

## CHAPTER 4: PRICES AND MONETARY MANAGEMENT

- High inflation, particularly food inflation, was the result of structural as well as seasonal factors.
- IMF projects most global commodity prices are expected to remain flat during 2014-15.
- The RBI with a view to restoring stability to the foreign exchange MARKET hiked short term interest rate in July and compressed domestic money market liquidity.

## CHAPTER 5: FINANCIAL INTERMEDIATION

- RBI has indentified five sectors infrastructure, iron and steel, textiles, aviation and mining as the stressed sectors.
- Public Sector Banks (PSBs) have high exposures to the ‘industry’ sector in general and to such ‘stressed’ sectors in particular.
- The New Pension System (NPS), now National Pension System, introduced for the new recruits who join government service on or after January 2004, represents a major reform of Indian pension arrangements.
- The next wave of infrastructure financing will require a capable bond MARKET.

## **CHAPTER 6: BALANCE OF PAYMENTS**

- The India’s balance-of-payments position improved dramatically in 2013-14 with current account deficit at US \$ 32.4 billion as against US\$ 88.2 billion in 2012-13.
- India’s foreign exchange reserves increased from US\$ 292.0 billion at end March 2013 to US\$ 304.2 billion at end march 2014.
- India’s external debt has remained within manageable limits due to the external debt management policy with prudential restrictions on debt varieties of capital inflows.

## **CHAPTER 7: INTERNATIONAL TRADE**

### **World trade**

- World trade volume which decelerated to 2.8 per cent in 2012 has shown signs of recovery in 2013, albeit slow with a 3.0 per cent growth.
- The sharp fall in imports and moderate export growth in 2013-14 resulted in a sharp fall in India’s trade deficit by 27.8 per cent.
- In April-May 2014, trade deficit declined by 42.4 per cent.

## **CHAPTER 8: AGRICULTURE AND FOOD MANAGEMENT**

- Record food grains and oilseeds production of 264.4 million tonnes (mt) and 32.4 mt is estimated in 2013-14.
- Horticulture production estimated at 265 mt in 2012-13 has exceeded the production of foodgrains and oilseeds for the first time.
- Due to higher procurement, stocks of foodgrains in the Central Pool have increased to 69.84 million tonnes as on June 1, 2014.
- The net availability of foodgrains increased to 229.1 million tonnes and that of edible oils to 12.7 kg per year in 2013.

## **CHAPTER 9: INDUSTRIAL PERFORMANCE**

- The latest Gross Domestic Product (GDP) estimates show that industry grew by just 1.0 per cent in 2012-13 and slowed further in 2013-14, posting a modest increase of 0.4 per cent.

## **CHAPTER 10: SERVICES SECTOR**

- India ranked 12<sup>th</sup> in terms of services GDP in 2012 among the world's top 15 countries in terms of GDP (at current prices).
- India has the second fastest growing services sector with its CAGR at 9.0 per cent, just below China's 10.9 per cent, during 2001 to 2012.
- In 2013-14, FDI inflows to the services sector (top five sectors including construction) declined sharply by 37.6 per cent to US\$ 6.4 billion compared to an overall growth in FDI inflows at 6.1 per cent resulting in the share of the top five services in total FDI falling to nearly one-sixth.

## **CHAPTER 11: ENERGY, INFRASTRUCTURE AND COMMUNICATIONS**

- Major sector-wise performance of core industries and infrastructure services during 2013-14 shows a mixed trend. While the growth in production of power and fertilizers was comparatively higher than in 2012-13, coal, steel, cement, and refinery production posted comparatively lower growth. CRUDE OIL and natural gas production declined during 2013-14.
- The performance of the coal sector in the first two years of the Twelfth Plan has been subdued with domestic production at 556 MT in 2012-13 and 566 MT in 2013-14.
- A total length of 21,787 km of national highways has been completed till March 2014 under various phases of the NHDP. In spite of several constraints due to the economic downturn, the NHAI constructed 2844 km length in 2012-13, its highest ever annual achievement. During 2013-14 a total of 1901 km of road construction was completed.
- From the infrastructure development perspective, while important issues like delays in regulatory approvals, problems in land acquisition & rehabilitation, environmental clearances, etc. need immediate attention, time overruns in the implementation of projects continue to be one of the main reasons for underachievement in many of the infrastructure sectors.

## **CHAPTER 12: SUSTAINABLE DEVELOPMENT & CLIMATE CHANGE**

- Human- induced Greenhouse Gas (GHG) emissions are growing and are chiefly responsible for climate change.
- The world is not on track for limiting increase in global average temperature to below 2°C, above pre-industrial levels. GHG emissions grew on average 2.2 per cent per year between 2000 and 2010, compared to 1.3 per cent per year between 1970 and 2000.
- There is immense pressure on governments to act through two new agreements on climate change and sustainable development, both of which will be global frameworks for action to be finalized next year.
- The cumulative costs of India's low carbon strategies have been estimated at around USD 834 billion at 2011 prices, between 2010 and 2030.

## CHAPTER 13: HUMAN DEVELOPMENT

### India's Human Development Rank and performance

- According to HDR 2013, India has slipped down in HDI with its overall global ranking at 136 (out of the 186 countries) as against 134 (out of 187 countries) as per HDR 2012. It is still in the medium human development category.
- The poverty ratio (based on the MPCE of ` 816 for rural areas and `1000 for urban areas in 2011-12 at all India level), has declined from 37.2 per cent in 2004-05 to 21.9 per cent in 2011-12.
- In absolute terms, the number of poor declined from 407.1 million in 2004-05 to 269.3 million in 2011-12 with an average annual decline of 2.2 percentage points during 2004-05 to 2011-12.
- During 2004-05 to 2011-12, employment growth (CAGR) was only 0.5 per cent, compared to 2.8 per cent during 1999-2000 to 2004-05 as per usual status.

(Source: PIB)

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