

Theme of the Economic Survey 2019-20 - Enable Markets, Promote 'Pro-Business' Policies and Strengthen 'Trust' in the Economy

Ethical Wealth Creation Key to India Becoming a \$ 5 Trillion Economy by 2025: Economic Survey 2019-20

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With the vision of 'Sabka Saath, Sabka Vikas', Prime Minister Shri Narendra Modi in his Independence Day 2019 speech highlighted that only when wealth is created will wealth be distributed. The Economic survey 2019-20, tabled by Union Minister for Finance And Corporate Affairs, Smt. Nirmala Sitharaman in the Parliament today, makes an attempt to craft a framework of policies that can foster wealth creation in India, which in turn, would set the economy firmly on an upward growth trajectory.

The Survey revolves around the theme of enabling markets, promoting 'pro-business' policies and strengthening 'trust' in the economy. It maintains a balanced optimistic stance and makes an attempt to put to rest any skepticism about the benefits accruing from a market economy, both in economic thinking and policy-making.

India's Rich Tradition of Wealth Creation

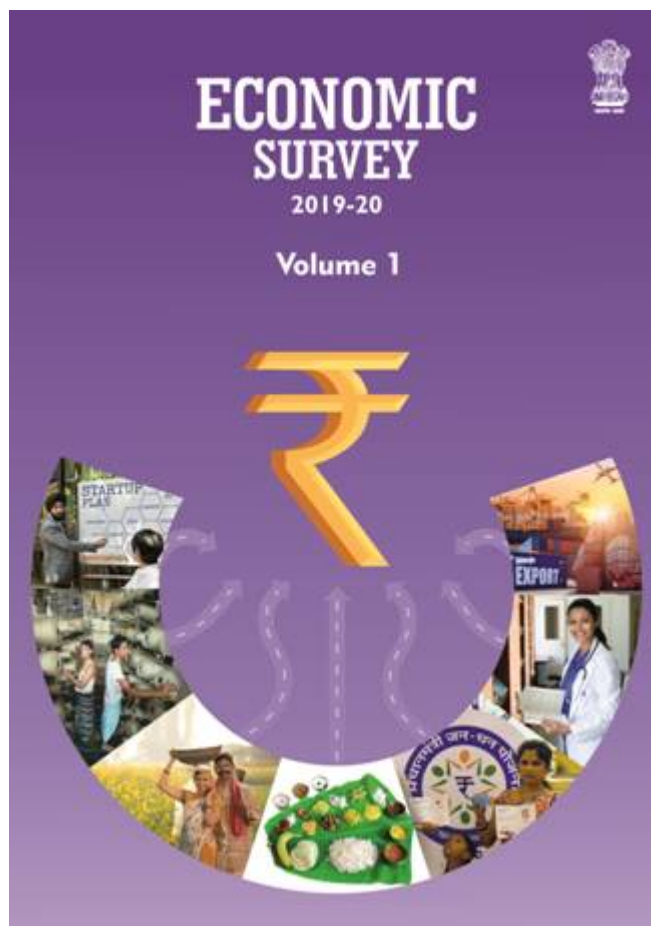
The Survey taps into ancient texts like Kautily's *Arthashastra*, Thiruvalluvar's *Thirukural* and treatise on modern economics like Adam Smith's *An Inquiry into the Nature and Causes of the Wealth of Nations* to emphasize upon the importance of 'Ethical Wealth Creation' as the root of economic activity and key to India becoming a \$ 5 trillion economy by 2025.

Through these ancient texts, the Survey documents that ideas of wealth creation are rooted in India's old and rich tradition. India has been a dominant economic power globally for more than three-fourths of the known economic history. Such dominance manifests by design, not be happenstance, the Survey notes.

The Invisible Hand of the Market

Elaborating on India's historical dominance on the global economy, the Survey lays stress on the importance of bringing an openness in the market that leads to wealth creation, in turn, boosting the economic activity through increased investment. According to the Survey, this 'Invisible Hand of the Market' supported by the hand of 'Trust' has led to such dominance in the past. The Survey provides contemporary evidence of these two factors coming into play when in the post economic liberalization era, because of the induced creative destruction, Indian economy returned to high growth trajectory.

The Survey's conceptualization of wealth creation, thus presents a combination of ancient Indian tradition with contemporary evidence and suggests use of FinTech for increasing efficiency of our Public Sector Banks. **The Survey cover also conveys a synthesis of the 'Old' and 'New' with the lavender of the new Rs. 100 note coming together with the older one.**



Levers for furthering Wealth Creation

The Survey identifies several levers for furthering Wealth Creation, which are:

- entrepreneurship at the grassroots as reflected in new firm creation in India's districts;
- promote '*pro-business*' policies that unleash the power of competitive markets to generate wealth as against '*pro-crony*' policies that may favour incumbent private interests;
- eliminate policies that undermine markets through government intervention, even where it is not necessary;
- integrate '*Assemble in India*' into '*Make in India*' to focus on labour intensive exports and thereby create jobs at a large scale;
- efficiently scale up the banking sector to be proportionate to the size of the Indian economy and track the health of the shadow banking sector;
- use privatization to foster efficiency. The Survey provides careful evidence that India's GDP growth estimates can be trusted.

Thalinomics

Finally, the Survey makes an attempt to relate economics to the common person using something that an individual encounters every day - a plate of food i.e a *Thali*.

RM/SC/VM

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