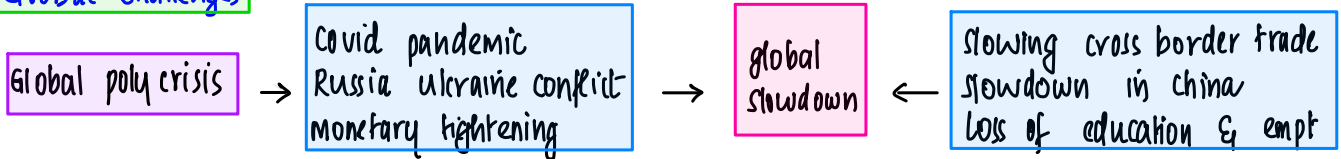


CHAPTER 1: STATE OF THE ECONOMY ; RECOVERY COMPLETE

Global challenges



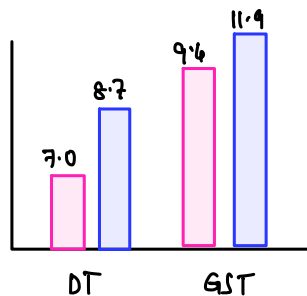
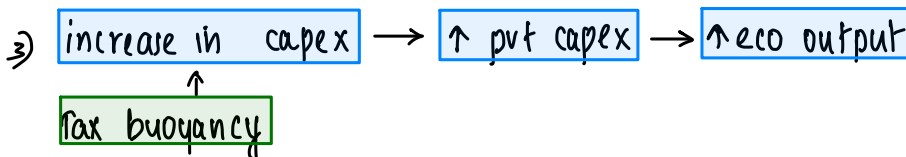
↘ growth challenges for India
 ↳ inflation
 ↳ CAD

India's economic resilience

- fast growing economy → expected growth rate 6.5 to 7.0%
- Indian economy → 5th largest; 3rd largest (PPP)

Growth drivers

- 1) Domestic pvt consumption → ↑ Production
- 2) coverage of vaccination



- 4) Strong corporate BLS and Banking sector
- 5) inflation within RBI band of 2-6%.

Inclusive growth

- job creation
- decline in urban unemployment rate
- Schemes like → ECLGS for MSMEs
- MGNREGA
- PM KISAN & PM KAY

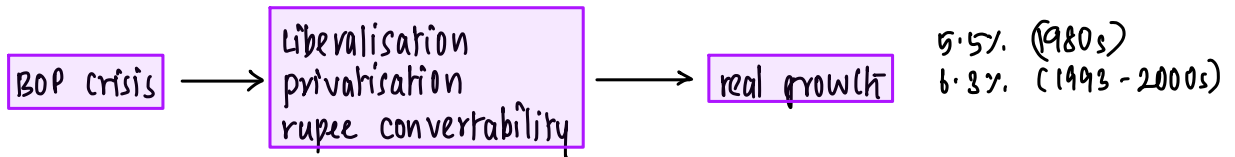
outlook

- | | | |
|----------------------------|------------------|--|
| +ve → domestic consumption | -ve | Forecast (FY 23) - 6% - 8% |
| → Capex rise | → high inflation | |
| → Structural reforms | → CAD | |

CHAPTER 2: INDIA'S MEDIUM TERM GROWTH OUTLOOK : WITH OPTIMISM & HOPE

PRODUCT & CAPITAL MARKET REFORMS

→ 1991 REFORMS

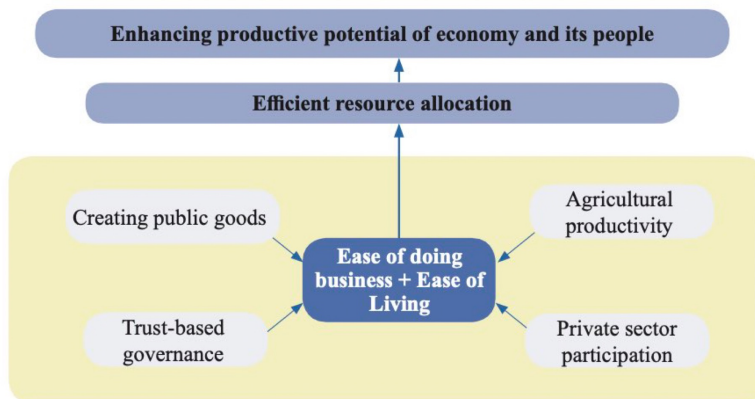


→ CONTINUITY

- FDI liberalisation
- Disinvestment
- Infrastructure development
- FRBM Act
- Banking sector reforms

→ REFORMS FOR NEW INDIA

→ Sabka Saath Sabka Vikas



CREATING PUBLIC GOODS

- 1) Physical infrastructure
Eg Bharatmala, Sagarmala, Udaan
NIP, NMP
- 2) Public digital infrastructure
Eg JAM Trinity, UPI, ONDC
Sva-Nidhi
- 3) Trust based governance
Eg Simplification of RERA, IBC
Decriminalisation of minor offences under Companies Act
Taxation reforms
- 4) Pvt Sector as copartner in the development
Eg PSU disinvestment, PLI, NLP
- 5) Enhancing productivity in Agriculture
Eg Soil health card, micro irrigation fund
FPOs, eNAM, AIF

ECONOMIC SHOCKS 2014-2022

- Balance sheet stress
- Twin deficit
- NBFC crisis

Table II.3: A parallel between the periods: 1998-2002 and 2014-2022

1998-2002	2014-2022
Shocks to the economy	
<ul style="list-style-type: none"> ◆ Nuclear device testing 1998; sanctions followed 	<ul style="list-style-type: none"> ◆ Period of Banking, Non-Banking and Non-Financial Corporate Sector Balance-sheet stress
<ul style="list-style-type: none"> ◆ Banking and Corporate Sector deleveraging and repairing balance-sheets 	<ul style="list-style-type: none"> ◆ Unprecedented pandemic shock followed by inflation global commodity price shock followed by tightening of financial conditions
<ul style="list-style-type: none"> ◆ Two successive droughts 	
<ul style="list-style-type: none"> ◆ Technology bust; US recession and 09/11 	
Structural reforms in the economy	
<ul style="list-style-type: none"> ◆ Interest rate deregulation ◆ Privatisation ◆ Asset Recovery for banks ◆ Infrastructure (Golden quadrilateral) ◆ FRBM Act 	<ul style="list-style-type: none"> ◆ Unique Identity ◆ Financial Inclusion ◆ GST leading to formalisation ◆ Insolvency & Bankruptcy Code ◆ Privatisation ◆ Tax rates rationalisation and tax administration reforms ◆ Decriminalisation of offences ◆ Vaccines roll-out ◆ Expenditure Management Reforms ◆ AatmaNirbhar Bharat ◆ Public Digital Infrastructure
Growth returns	
<ul style="list-style-type: none"> ◆ One-off shocks delayed the growth returns 	<ul style="list-style-type: none"> ◆ Balance sheets strengthened in the financial sector; the corporate sector deleveraged by about 30 percentage points (Non-financial private sector debt to GDP ratio)
<ul style="list-style-type: none"> ◆ Once shocks faded away, structural reforms paid growth dividends from 2003 onwards 	<ul style="list-style-type: none"> ◆ Emphasis on macro-economic stability while dealing with global shocks

GROWTH MAGNETS

- robust banking & corporate sector
- digital tech reforms
- investment destination

WAY FORWARD

- | | |
|---------------------------------|----------------------|
| → Deregulation & simplification | → Energy transition |
| → Power sector reforms | → Healthy lifestyle |
| → Education & skilling | → Asset monetisation |
| | → MSME reforms |