

Economic Survey 2018-19

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Key Highlights of Economic Survey 2018-19

Shifting gears: Private Investment as the Key Driver of Growth, Jobs, Exports and Demand

- Survey states that pathways for trickle-down opened up during the last five years; and benefits of growth and macroeconomic stability reached the bottom of the pyramid.
 - Sustained real **GDP growth rate of 8% needed for a \$5 trillion economy by 2024-25.**
 - **“Virtuous Cycle”** of savings, investment and exports catalyzed and supported by a favorable demographic phase required for sustainable growth.
 - Private investment- key driver for demand, capacity, labor productivity, new technology, creative destruction and job creation.
 - Survey departs from traditional Anglo-Saxon thinking by viewing the economy as being either in a virtuous or a vicious cycle, and thus never in equilibrium.
- **Key ingredients for a self-sustaining virtuous cycle:**
 1. Presenting data as a public good.
 2. Emphasizing legal reforms.
 3. Ensuring policy consistency.
 4. Encouraging behavior change using principles of **behavioral economics.**
 5. **Nourishing MSMEs to create more jobs** and become more productive.
 6. Reducing the cost of capital.
 7. Rationalizing the risk-return trade-off for investments