

PREFACE

The Economic Survey is a collective effort, of numerous contributors in government and outside, as well as analysts abroad, but above all, of the dedicated staff of the Economic Division of the Department of Economic Affairs. To all of them is owed gratitude and thanks for hard work done, and done well and cheerily, meeting stiff deadlines and contending with the vicissitudes of rules and personalities.

All Economic Surveys bear the imprint of the incumbent Chief Economic Adviser. And so it is with this one. But the desire for change must be balanced by the imperative of maintaining continuity, in order to be respectful of, and gain from, traditions that have survived the tests of time, whim, fashion, and politics.

Inspired by the IMF's World Economic Outlook, this Survey departs structurally from its predecessors and presents its output in two volumes. Volume 1 discusses the outlook and prospects as well as a number of analytical chapters addressing topical policy concerns. Volume 2 describes recent developments in all the major sectors of the economy and contains all the statistical tables and data. In a sense, Volume 1 is forward-looking but gaining from the perspective provided by the recent past which is the subject of Volume 2.

In deciding the content of Volume 1 of the Survey, one challenge was to reconcile the vaguer claims of posterity and the clearer demands of the pressing present. Another related challenge was the hardy perennial: depth or breadth?

John Maynard Keynes famously said that it is necessary to distinguish the important from the urgent. At this juncture, with a new government in power and about to present its first full budget, and given the constraints of time and resources, this Survey has taken Keynes' advice to heart. The Survey favours the present, erring on the side of being expansive in scope even if the consequence has been to privilege cursory examination over in-depth analysis.

The broad themes of the Survey are "creating opportunity and reducing vulnerability." Growth is the prerequisite for achieving many economic and indeed other objectives. Maximizing the benefits of growth will, of course, require complementary public actions, but without growth, possibilities across the income spectrum shrink. Increasingly, the debate on reducing poverty and vulnerability more generally is less about "whether" and more about "how best" direct government support can complement broader economic growth. Growth versus distribution is, as it always should have been, a false choice.

Volume one begins with a chapter on the macroeconomic outlook and prospects for the Indian economy which sets the context for brief discussions of the policy issues focused on "creating opportunity and reducing vulnerability." These issues are then elaborated in the following nine chapters.

Growth requires macroeconomic and hence fiscal stability (Chapter 2). A re-visiting of the fiscal framework is also necessary because this is the first full budget of the government and because of the reported recommendations of the Fourteenth Finance Commission that could decisively shape center-state fiscal relations. This is followed by a chapter on "wiping every tear from every eye" where the focus is on how support is best provided and the role that technology can play in this regard.

The following chapters cover the state of stalled projects and their implications for private and public investment going forward (Chapter 4); a brief diagnosis of the banking system and its implications for reforming it (Chapter 5); and the role of railways in driving future Indian growth (Chapter 6). There is a more academic discussion that speaks to the Make in India initiative, shedding light on the debate between manufacturing and services and suggesting alternative ways of thinking about transformational sectors (Chapter 7). Completing the discussion of sectors is a chapter on creating a single market in agriculture from what are in effect thousands of markets (Chapter 8).

Climate change is increasingly central to economic development and creates challenges. These are discussed in Chapter 9. Chapter 10 deals with what is a dramatic re-shaping of Centre-State fiscal relations. It provides a preliminary analysis of the implications of the recommendations of the Fourteenth Finance Commission.

For the attention deficit-challenged, the outlook could be the port of only call, while others may find the detailed chapters of additional interest. Within Volume 1, there is some repetition, although that is inherent to having to cater to multiple audiences.

The Survey places a premium on new ideas or new perspectives both of an academic and policy nature. The limitations of time and resources mean that new ideas may not pass the most rigorous standards of the academy. But the approach is to find new data or present old data in a new form, to make connections, and to draw insights wherever possible, all with the aim of shedding light on policy. The aim is to provoke and stimulate debate and discussion, thereby enriching the process of policy-making, and hopefully, improving its outcome. The survey also aims to be readable, rising to the challenge of making dry economics as accessible as an op-ed (or perhaps a blog) without fully sacrificing the rigor of a more serious tome. The discipline may be dismal but, dear reader, it should not be dreary.

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