

FOUR YEARS OF NDA GOVT

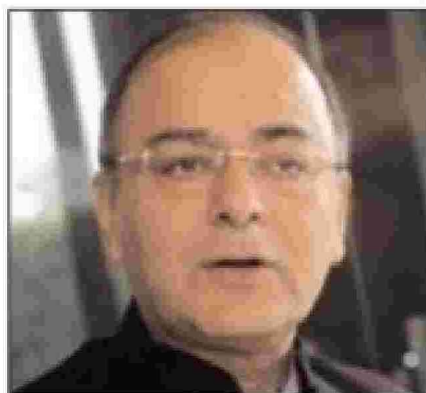
India transformed into bright spot: Jaitley

‘The country, which was on the verge of becoming basket case, is now a fastest-growing economy’

ENS ECONOMIC BUREAU
NEW DELHI, MAY 26

UNION MINISTER Arun Jaitley on Saturday said that in the past four years of the government, India has been transformed from being labelled as a fragile economy to one with stable macro economy having much lower inflation, fiscal and current account deficit. He said a series of reforms such as demonetisation, the goods and services tax, banking sector initiatives will help in improving economic growth. On completion of the four years of Prime Minister Narendra Modi's government on Saturday, Jaitley said: "As we enter the fifth year of the Government, the NDA's priorities are clear. This will be our year of consolidation of the policies and programmes which we have implemented."

Jaitley, who is recuperating from a kidney transplant surgery, said in a Facebook post: "India has transformed from being a part of the 'fragile five' to



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ARUN JAITLEY,
UNION MINISTER

the "bright spot" on the global economic scene. A regime of policy paralysis has been transformed into one of decisions and actions... India, which was on the verge of becoming a "basket case" has today been transformed into the fastest growing major economy in the world and is likely to hold that position in the years to come," he said.

The economy has been recovering from the low 5.7 per cent growth rate recorded in the first quarter of FY18, the lowest rate recorded by the Modi government. For the full year FY18, the Gross Domestic Product (GDP) is

estimated to grow at 6.6 per cent, as per the second advance estimate of the Central Statistics Office.

Providing a scam-free regime, the government has eliminated discretion in allocating natural resources, giving environmental clearances to projects, while the Foreign Investment Promotion Board has been abolished, he said, listing out reforms demonetisation and the GST that are helping in improving tax compliance.

"For cleaning up the economy, India has to transform from a tax non-compliant society to a tax-compliant society. The enactment

and implementation of the Goods and Services Tax, the impact of demonetisation, effective tax compliance are all steps against black money, steps which are formalising the Indian economy. The Insolvency and Bankruptcy Code has changed the lender-creditor relationship. The creditors no longer have to chase the debtors. If you cannot pay your creditors, you have to exit through a statutory mechanism," he said.

He said the government took measures such as Mudra loans and Jan Dhan bank accounts to boost financial inclusion while higher spending on employment guarantee scheme and plans to give 50 per cent higher procurement prices to farmers will help in eliminating agricultural distress.

On macroeconomy front, the NDA succeeded in bringing down sharply the current account deficit, inflation and fiscal deficit without resorting to cuts in expenditure from the budgeted levels, as was the practice during the UPA regime. The NDA

government has increased infrastructure expenditure by 134 per cent, the minister noted.

"The Current Account Deficit saw an unprecedented 6.7 per cent deficit in the year 2012-13. The NDA has consistently maintained a CAD of under 2 per cent on an annualised basis..." he said.

A key reason for improving macroeconomy was the plunge in the global crude oil prices which helped in reducing import bill and improved government's tax collections from the petroleum sector. The economic tailwind is disappearing with oil prices now hovering around \$80 per barrel, after having fallen to as low as \$25 per barrel and remaining below \$50 a barrel for much of the last year.

The Government is still behind its target in meeting the fiscal deficit target it set for itself. Even as in 2014 it set a target of 3.6 per cent for 2015-16 and 3 per cent for 2016-17, it could attain 3.5 per cent in 2017-18 and projected a fiscal deficit target of 3.3 per cent of GDP for the year 2018-19.