

# Economic Survey 2013-14 Summary

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Economic Survey 2013-14 is a flagship annual document of the Ministry of Finance, Government of India, and is usually presented in the Parliament day before the budget is presented. Economic Survey reviews the developments in the Indian economy over the previous 12 months, summarizes the performance on major development programmes, and highlights the policy initiatives of the government and the prospects of the economy in the short to medium term.

## What does Economic Survey contain?

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Economic Survey performs an analysis of last financial year, lays down objectives for next financial year, finds the challenges and concerns, suggests the solutions that can be taken and forecasts the economic situation of next year. This document is presented to both houses of Parliament during the Budget Session.

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Both [Economic Survey for 2012-13](#) and Economic Survey 2013-14 had 13 chapters and 1 statistical appendix. But 2013-14 replaced the special chapter on Demographic Dividend in 2012-13 with 'Issues and Priorities'. With rest of the chapters remaining the same, let's analyse the Economic Survey 2013-14 Highlights, at different heads like positives, concerns, solutions and forecast. We shall dig deeper into individual chapters like Agriculture, Industry or Services in coming posts.

## Analysis of last financial year – The Positives:

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1. Wholesale inflation (WPI) expected to moderate by end-2014.
2. Retail inflation (CPI) showing signs of moderation.
3. Rupee has stabilised, reflecting an overall sense of confidence in forex and capital markets.
4. Gold & silver imports dropped 40 pc to \$33.4 bn in 2013/14.
5. Improvement in fiscal deficit and CAD to feed higher growth.
6. India's increase in share in world services exports from 0.6 pc in 1990 to 3.3 pc in 2013 faster than goods exports.
7. Despite deceleration, services GDP growth at 6.8 pc was above the 4.7 pc overall GDP in 2013/14.
8. 3 milestones of 2013/14: passage of PFRDA Act, shift of commodity futures trading into FinMin & presentation of FSLRC (Financial Sector Legislative Reforms Commission) report.
9. Poverty ratio declined from 37.2 pc in 2004/05 to 21.9 pc in 2011/12.
10. CAD at USD 32.4 billion (1.7% of GDP) 2013-14 as against USD 88.2 billion (4.7% of GDP) in 2012-13.
11. Foreign exchange reserves up from USD 292 bn at end March 2013 to USD 304.2 bn at end March 2014.
12. Exports up 4.1% in 2013-14, compared to previous year's negative growth of 1.8%.

Also read: India-China Border Disputes - What is the Doklam Issue?

## Challenges and concerns:

1. Poor monsoon, external factors pose risk to growth.
2. Time over-runs in infra project main cause of under achievement in the sector.
3. Exports still fragile; Iraq crisis a risk.
4. Capital controls under FEMA do not support rapidly globalising economy.
5. Banking sector impacted by global and domestic slowdown.
6. State APMC laws hurdle to modernisation of good economy; have created cartels of buyers who possess market power.

## Solutions:

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1. Need subsidy reforms for fiscal consolidation.
2. Raise tax-to-GDP ratio for fiscal consolidation.
3. CAD to be contained at 2.1 pc of GDP in 2014-15.
4. Reduce spillovers from food to non-food inflation by putting in place a formal monetary policy framework.
5. Contain revenue shortfall via better mobilisation, reforms etc.
6. Move towards simple tax regime, fewer exemptions, GST rate etc.
7. Need DTC as clean modern replacement for existing I-T laws.
8. Cutting capital expenditure not good for economy.
9. Changes in tax administration required.
10. Need sharp fiscal correction, new FRBM Act with 'teeth'.
11. Government needs to move towards low and stable inflation through fiscal

consolidation.

12. RBI intervention in forex market behind accumulation of reserves “generally”.
13. Need to review nutrient-based fertiliser subsidy.
14. Plan to add 88,537 MW power capacity over next 5 yrs.
15. Allow private companies to mine coal commercially.
16. Indian legislation governing business need thorough revamp.
17. Improve business environment by shifting important decision making from inspectors to higher officers.
18. Re-examine laws that empower govt to interfere in markets.
19. Setting up public finances by tax & expenditure reform.
20. Creating legal & regulatory framework for well-functioning market economy.

### Objectives and forecast for next financial year:

1. GDP growth seen at 5.4-5.9 pc in 2014/15.
2. Growth rate of 7-8 pc can occur after 2015/16.
3. Industrial growth expected to revive gradually over 2-yr.
4. Food-grains production to go up to 264.4 MT in 2013/14.

Also read: Dark Matter vs Anti Matter vs Negative Matter

## Economic Survey 2013-14 Chapters

Chapter No	Economic Survey 2013-14 Chapters
1	The State of the Economy
2	Issues and Priorities
3	Public Finance
4	Prices and Monetary Mangement
5	Financial Intermediation
6	Balance of Payments
7	International Trade
8	Agriculture and Food Management
9	Industrial Performance
10	Services Sector
11	Energy, Infrastructure and Communications
12	Sustainable Development and Climate Change
13	Human Development
Appendix	Statistical Appendix

