

10. India has become engine of growth for global economy

By Gopal Krishna Agarwal,

While many countries in Europe are reeling under recession, India is an outlier, one of the fastest growing economies in the world and attracting the highest fdi

India has become the engine of growth for the global economy under the present government at the Centre, headed by Prime Minister, Narendra Modi. When we came to power in 2014, our economy was facing twin balance sheet problem, the banks were extremely weak and the corporate sector was highly leveraged and not in a position to service debts. Due to several initiatives, the economy is deleveraged and the banking sector is strong now, says Gopal Krishna Agarwal, National Spokesperson of Bharatiya Janata Party, in an exclusive interaction with Bizz Buzz.

What is your view about India becoming \$5 trillion economy?

Very heartening to know that, Indian GDP is moving towards \$5 trillion, not only Indian economy is doing good, it is the fastest growing major economy of the world for two consecutive years, and is poised to be the same for the coming year too. In fact, India has become the engine of growth for the global economy. When we came to power in 2014, our economy was facing twin balance sheet problem, the banks were extremely weak and the corporate sector was highly leveraged and not in a position to service debts. Due to several initiatives, the economy is deleveraged and the banking sector is strong now. Banking Sector reforms include NPA resolution, IBC and Capital infusion. Thus, the country's economy is deleveraged, and can go for fresh investments from the private sector. Leadership and vision makes all the difference, it was possible due to able macroeconomic management by Modi government.

What is your view on inflation? Inflation has come down from double digit to less than 5 per cent to at 4.25 per cent retail inflation and food inflation at 2.91 per cent. What is your comment on GDP growth? As per NSSO data Indian GDP growth rate is at 7.2 per cent (despite global headwind) and Q4 GDP growth rate is 6.1 per cent YoY, punctures hole in the narration of pent up demand. Earlier, predictions had been made that the GDP growth rate will come down going forwards. But figures show that Indian economy is headed in the right direction and there is considerable momentum. Please throw some light on collection of direct and indirect taxes.

GST collection in April 2023 was at Rs 1.87 lakh crore, despite reduction in average net GST rate to 11.6 per cent as per RBI report. Similarly, direct tax collection was to the tune of Rs 16.61 lakh crore, an increase of 17.63 per cent over last year (FY23). Of course, we achieved this in spite of reduction in corporate tax and higher exemption in personal tax. Your view on other economic parameters like PMI, IIP etc. Purchase manager Index (PMI) for the manufacturing sector currently stands at 57.2 whereas in case of services sector, it was at 62, which shows the highest after 13 years. Both are in the expansionary mode. Coming on IIP, the figure for April is 4.2, up from March 2023, shows robust growth in the manufacturing sector. In terms of infrastructure standing, Capex of government has increased to 3.3 per cent of GDP. Average share of Capex to total expenditure is 16.8 per cent, this shows increase in the quality of expenditure of the Union Government.

How can we say that the country was having its robust economy at present? Well, major data points to robust economy include FDI in year 21-22 was \$84.8 billion, exports have crossed \$770 billion in 2022-23. Moreover, the country has the third largest startup ecosystem and 115 Unicorns. Besides, India boasts of having the highest digital payment at Rs 15,468 lakh crores value digital transactions. Not only that, India ranks first in fintech adoption. We are among the top mobile manufactures in the world. Above all, Air India disinvestment is the best example of privatisation of PSE policy. How can we say that govt is moving in the right direction? Govt has been working in a team spirit with the financial institutions particularly RBI and Ministry of Finance. The test of independence of an institution is not an adversarial relation with the govt but working together to make a strong

economy. Leadership and vision makes all the difference, able macroeconomic management by Modi government, the counter cyclical measures taken by the RBI and the ministry and staggered approach in the fiscal stimulus package- Aatma Nirbhar Bharat Package have helped the Indian economy to recover post Covid, and manage inflation, recession and fiscal deficit. Give some examples of formalisation of economy and policy reforms. They include GST, E assessment, DBT, financial inclusion, IBC, PLI, fintech, UPI, digital India, audit trail. Can you explain future orientation of Budget? This is visible by facts like AI, renewable energy, blockchain, green hydrogen, connectivity, cultural economy (art, culture, music, dance, food, festival, architecture, tourism).