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Indian Economic Survey 2020-21

India's economy is firmly in the middle of a V-shaped recovery and will bounce back to record 11% growth in FY 2022 after an estimated 7.7% contraction this year, as per the Economic Survey for 2020-21, which termed this a "lockdown dividend" from the country's stringent response to the COVID-19 pandemic.

The Survey terms the supply side push from reforms and infrastructure investment, the roll-out of the vaccine, and targeted moves like the production-linked incentive schemes for manufacturers as the prime reason behind the projected growth rate.

The Economic Survey endorsed the continuation of the expansionary fiscal policy to sustain recovery in demand as the economy comes out of the pandemic shock. It added that the expenditure support along with the various key reforms introduced during the year is likely to ensure medium-term growth.

The Chief Economic Advisor, Krishnamurthy Subramanian said excessive regulation leads to excessive and opaque supervision and exercise of discretion, making a pitch for simple regulation and transparent supervision.

IMF projects an 11.5% growth rate for India in FY22

According to the World Economic Output Report prepared by the International Monetary Fund, India seems to be the leader of the pack. The IMF report suggests that the Indian economy will stage a strong rebound and grow as much as 11.5% on year in FY22. With this, India will emerge as the only key nation to record double-digit growth and reclaim the status of the world's fastest-growing major economy.

There are a couple of reasons behind this seemingly miraculous recovery projection. One of them is that in other countries, when the lockdown was lifted, one witnessed the re-entrance of a new and stronger wave of the virus, compelling major economies to reimpose the stringent lockdown measures. This, however, was not the case with India, which is now witnessing a sharp decline in the COVID - 19 related cases. While one might be easily swayed by the double-digit growth numbers of the Indian economy, it is pertinent to decode the figures and put them in perspective. India's growth rate is estimated to shrink by eight percent in 2020 and hence the double-digit growth rate projected for the subsequent year is the result of what economists call the 'low base effect'.
It could be seen thus that China fares better than India over cumulative growth, having 2.3 and 8.1 growth rates for the years 2020 and 2021 respectively. This is due to *inter alia* effective containment measures, a forceful public investment response, and central bank liquidity support, facilitating strong recovery. India, however, is not far behind. The expenditure decompositions suggest a release of pent-up demand and upward adjustments to the Indian economy.

IMF managing director Kristalina Georgieva this month said India ' has taken very decisive action, very decisive steps to deal with the pandemic and to deal with the economic consequences of it', adding that she is impressed by the appetite for structural reforms that India is retaining.

Plans to restructure revenue department in India

Following administrative reforms such as faceless assessments and appeals to indirect taxes and custom, the Indian government is mulling measures to strengthen the Central Economic Intelligence Bureau (CEIB). One option being explored is placing the intelligence and investigation units of both the Central Board of Direct Taxes (CBDT) and Central Board of Indirect Taxes and Customs (CBIC) under the CEIB. The CEIB is India's chief agency responsible for economic intelligence, monitoring, and fighting economic offenses such as smuggling, money laundering tax evasion, and fraud.

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