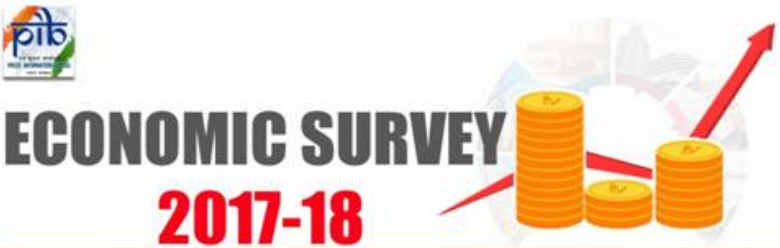


**Press Information Bureau
Government of India
Ministry of Finance**

29-January-2018 13:39 IST

Economic Survey Draws Attention to 10 New Economic Facts on Indian Economy

The Economic Survey presented by the Union Finance Minister Shri Arun Jaitley in Parliament today has relied upon analysis of the new data to highlight ten new economic facts:



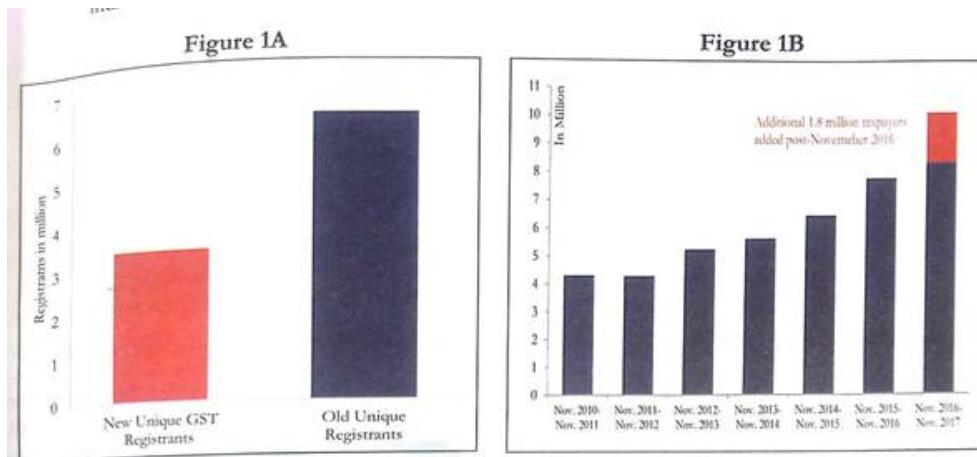
**ECONOMIC SURVEY
2017-18**

Ten New Facts on the Indian Economy

- Large increase in registered indirect and direct taxpayers
- Formal non-agricultural payroll much greater than believed
- States' prosperity is positively correlated with their international and inter-state trade
- India's firm export structure is substantially more egalitarian than in other large countries
- Clothing incentive package boosted exports of readymade garments
- Indian parents continue to have children until they get the desired number of sons
- Substantial avoidable litigation in tax arena which government action could reduce
- To re-ignite growth, raising investment is more important than raising saving
- Direct tax collections by Indian states and local governments are significantly lower than those of their counterparts in other federal countries
- Extreme weather adversely impacts agricultural yields

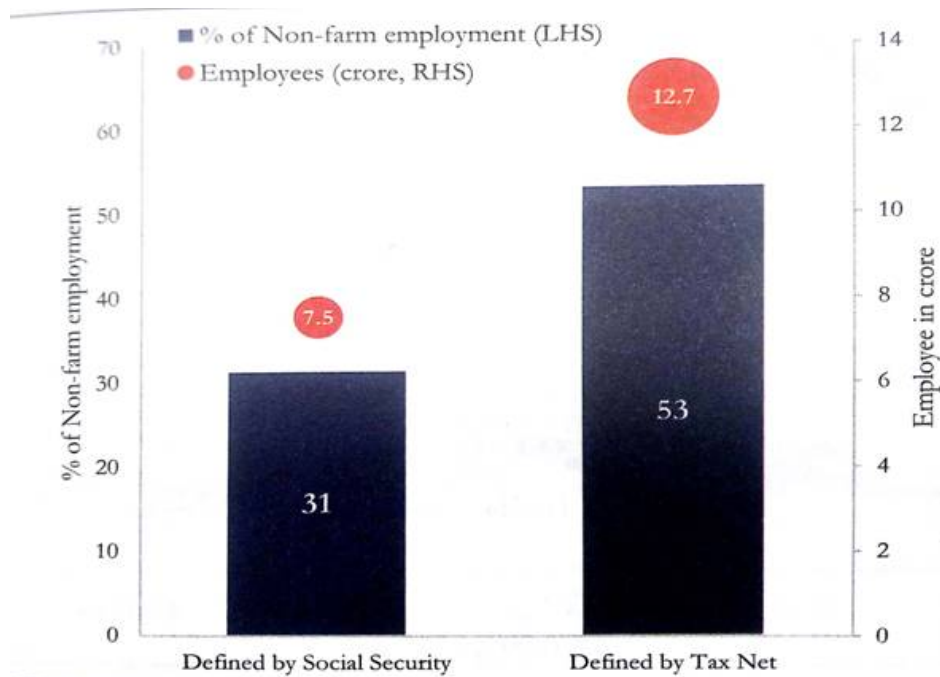
1. Goods and Services Tax (GST) has given a new perceptive of the Indian economy and new data has emerged. There has been a fifty percent increase in the number of indirect taxpayers. There has also been a large increase in voluntary registrations, especially by small enterprises that buy from large enterprises wanting to avail themselves of input tax credits.

The Survey also stated that fears of major producing states that the shift to the new system would undermine their tax collections have been allayed as the distribution of the GST base among the states got closely linked to the size of their economies.

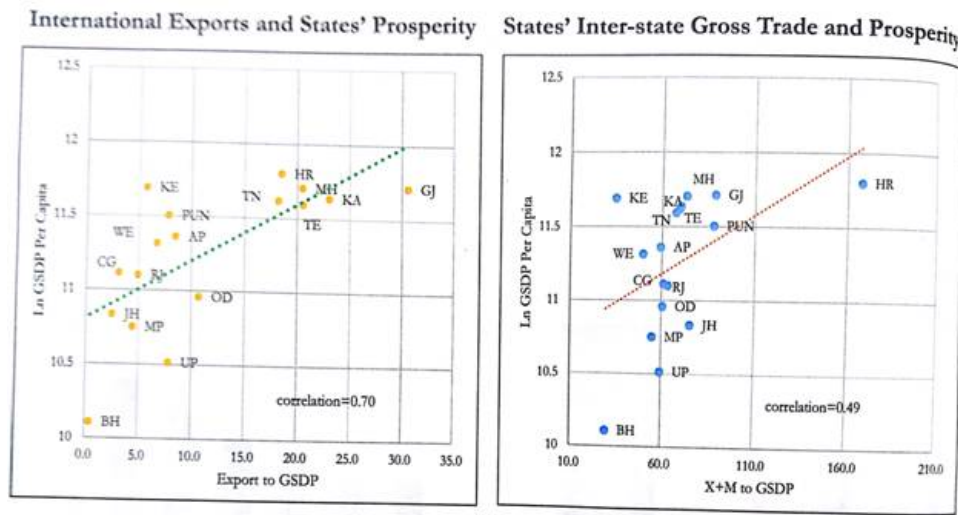


Similarly, there has been an addition of about 18 lakh in individual income tax filers since November 2016.

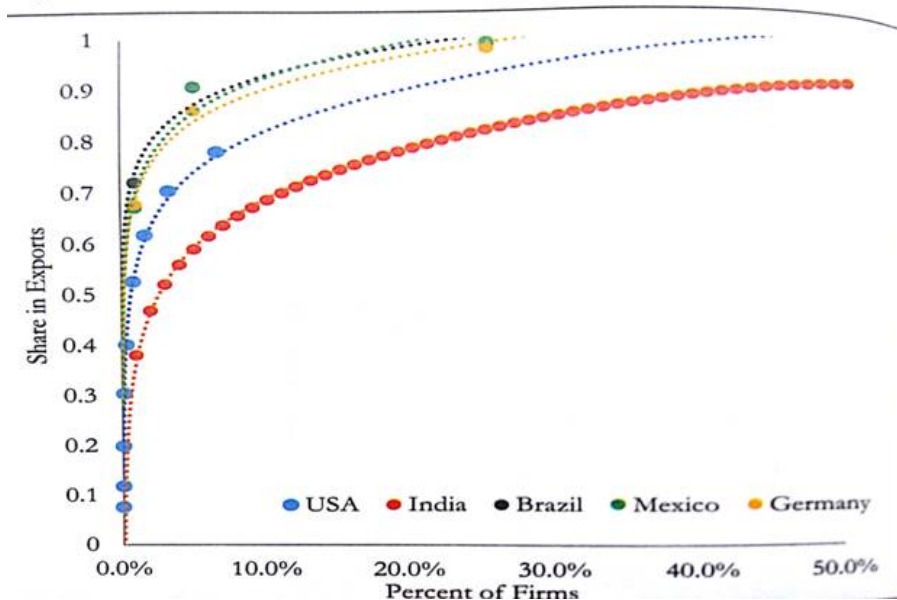
- India's formal sector, especially formal non-farm payroll, is substantially greater than what it currently is believed to be. It became evident that when "formality" was defined in terms of social security provisions like EPFO/ESIC the formal sector payroll was found to be about 31 percent of the non-agricultural work force. When "formality" was defined in terms of being part of the GST net, such formal sector payroll share was found to be 53 percent.



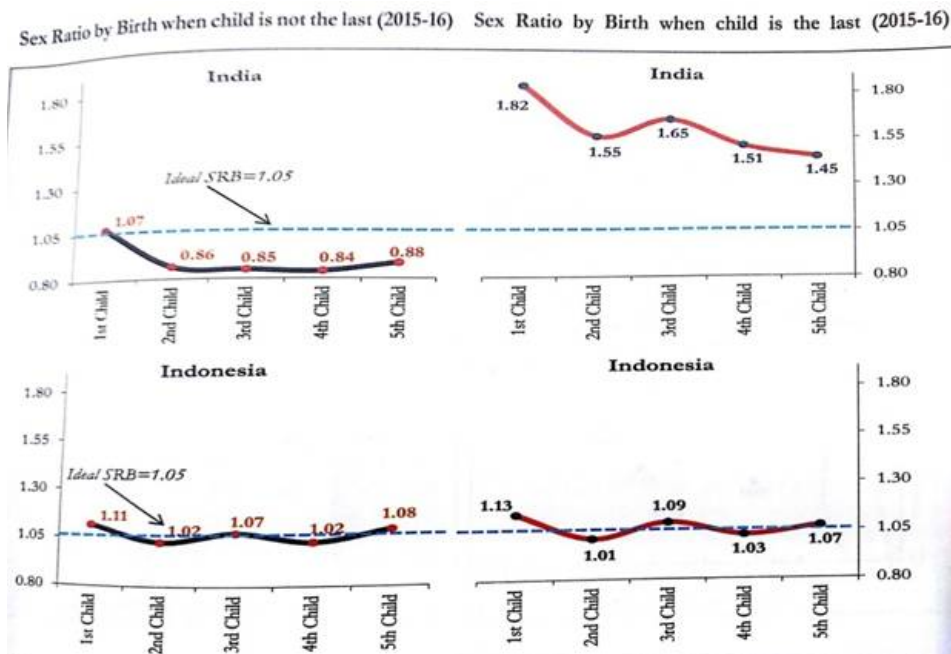
- For the first time in India's history, data on the international exports of states has been dwelt in the Economic Survey. Such data indicates a strong correlation between export performance and states' standard of living. States that export internationally and trade with other states were found to be richer. Such correlation is stronger between prosperity and international trade.



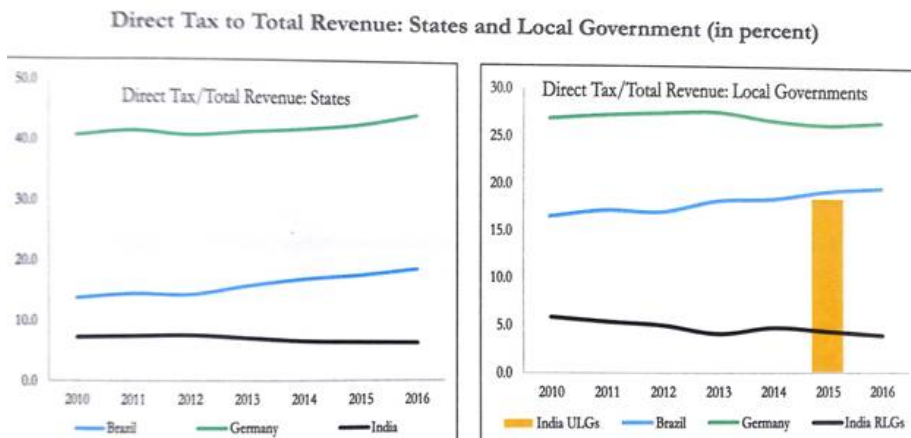
4. India's exports are unusual in that the largest firms account for a much smaller share of exports than in other comparable countries. Top one percent of Indian firms account only for 38% of exports unlike in other countries where they account for substantially greater share – (72, 68, 67 and 55 percent in Brazil, Germany, Mexico and USA respectively). Such tendencies were also found to be true for the top five or ten per cent of the Indian companies.



5. It was pointed out that the Rebate of State Levies (ROSL) has increased exports of ready-made garments (man-made fibers) by about 16 per cent but not of others.
6. The data highlighted another seemingly known fact that Indian society exhibits a strong desire for a male child. It pointed out that most parents continued to have children until they get number of sons. The survey gave details of various scenarios leading to skewed sex ratios and also gave a comparison on sex ratio by birth between India and Indonesia.

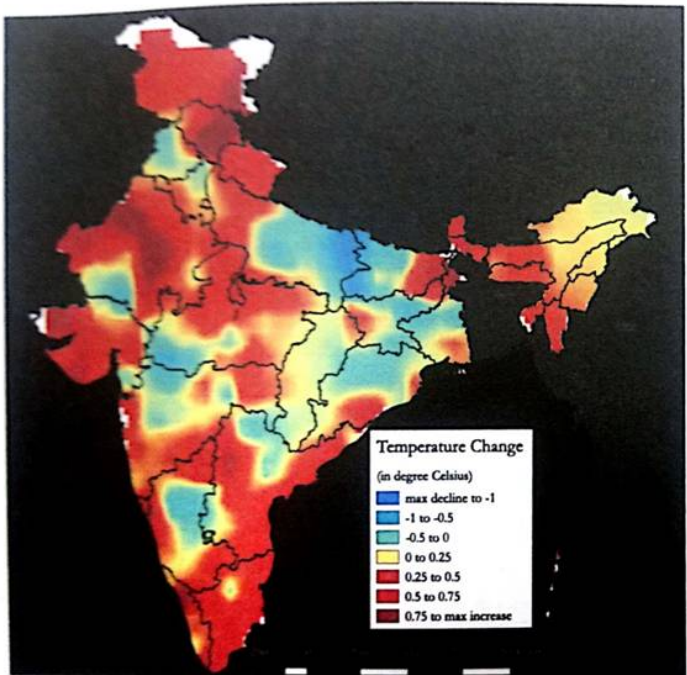


7. The survey pointed out that tax departments in India have gone in for contesting against in several tax disputes but also with a low success rate which is below 30 per cent. About 66 per cent of pending cases accounted for only 1.8 per cent of value at stake. It further stated that 0.2 per cent of cases accounted for 56 per cent of the value at stake.
8. Extrapolating the data the survey indicated that growth in savings did not bring economic growth but the growth in investment did.
9. The survey mentions that collections of direct taxes by Indian states and other local governments, where they have powers to collect them is significantly lower than their counterparts in other federal countries. A comparison has been given between ratios of direct tax to total revenues of local governments in India, Brazil and Germany.

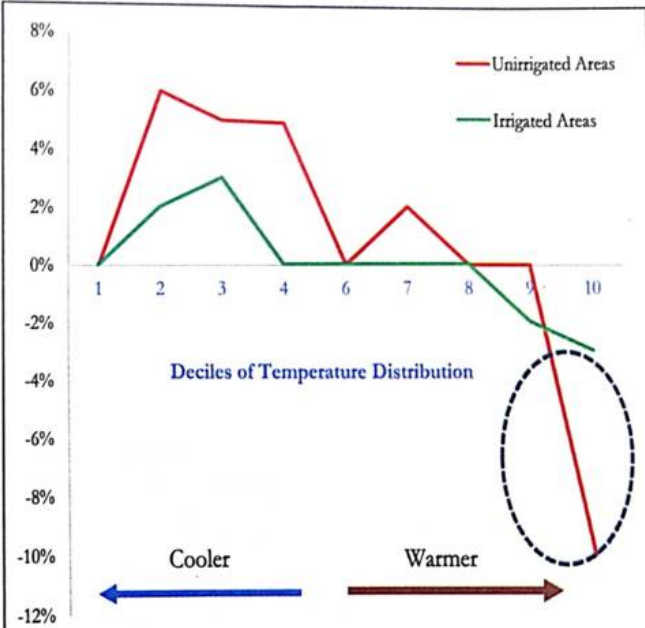


10. The survey captures the footprints of climate change on the Indian territory and consequent adverse impact on agricultural yields. Extreme temperature increases and deficiency in rainfall have been captured on the Indian map and the graphical changes in agricultural yields are brought out from such data. The impact was found to be twice as large in un-irrigated areas as in irrigated ones.

Spatial Distribution of Temperature Changes
(Degrees Celsius change between average of 2005-15 and average of 1950-80)



Impact on Agricultural Yields of Temperature Changes (Kharif, in percent) according to Temperature Deciles



DSM/OK/RM/KSP/PCS