



## WHITE PAPER ON INDIAN ECONOMY - GS III MAINS

**Q.** The presentation of the white paper on the Indian economy underscores the government's commitment to transparency and accountability but with limitations. Critically analyse (15 marks, 250 words)

**News:** *What the white paper on economy says — and doesn't*

### What's in the news?

- The govt has come out with a white paper on the Indian economy, comparing its performance over 10 years with the UPA decade. It has attacked its predecessor for 'abandoning reforms' and 'policy paralysis'.

### White Paper:

- A white paper traditionally provides information on a specific issue, aiming to create awareness and propose solutions.
- In this instance, the document is unique as it compares the economic records of two different governments over a decade, making it more of a retrospective analysis than a conventional white paper.

### Timing and Objectives:

#### Timing of Presentation:

- The white paper is presented at the conclusion of 10 years, offering a retrospective evaluation.
- The government refrained from a negative portrayal earlier to in still confidence in investors and prioritize optimism during its initial years.

### Objectives:

#### 1. Informing about Past Challenges:

- It aims to inform stakeholders about the economic, fiscal and governance challenges inherited by the NDA government in 2014.

#### 2. Showcasing Reforms and Policies:

- The paper details the policies and measures implemented by the NDA to rejuvenate the economy since 2014.

#### 3. Encouraging Informed Debate:

- Aiming for a wider, more informed debate on national interest and fiscal responsibility over political expediency.

#### 4. Aligning with National Development Goals:

- Reflecting the commitment to national development, aligning with Prime Minister Narendra vision for the country.



## Contents and Claims:

### Pre-2014 Economic Condition:

#### 1. Fragile Economy:

- Upon taking office in 2014, the government encountered a fragile economic situation marked by mismanagement, financial indiscipline and widespread corruption.
- The economy was in crisis, necessitating substantial reforms and governance overhaul to restore its fundamentals to sound health.

#### 2. Twin Balance Sheet Problem:

- The economy faced significant challenges, including a 'twin balance sheet problem', which hindered the capacity of companies and the banking sector to invest, extend credit and generate employment.

#### 3. High Inflation and Fiscal Deficits:

- The period witnessed double-digit inflation, with fiscal and revenue deficits spiralling out of control, exacerbating the economic woes of ordinary and poorer households.

#### 4. Policy Paralysis and Infrastructure Neglect:

- A lack of decisive policy-making and investment in infrastructure further dented India's business climate and global image.

#### 5. Scams and Corruption:

- Numerous scams brought colossal revenue losses to the exchequer, with mismanagement leading to a loss of investor confidence and a slowdown in economic growth.

### Post-2014 Economic Reforms and Achievements:

#### 1. Economic Stability and Growth:

- The government implemented various reforms aimed at stabilizing the economy and promoting growth.
- This includes transitioning from a 'twin balance sheet problem' to a 'twin balance sheet advantage', significantly reducing inflation and building record foreign exchange reserves.

#### 2. Infrastructure and Digital Revolution:

- There was a focused effort on infrastructure development and digitalization, leading to the world's fastest rollout of 5G in 2023 and extensive 4G coverage.

#### 3. Transparent Governance:

- Measures were taken to ensure transparent and objective auctions for natural resources, establishing systems that boost the economy and public finances.

#### 4. Global Recognition and Investment Climate:

- The reformative measures and stable policy environment have restored confidence among investors, both domestic and foreign.
- India's transition from being among the 'fragile five' to among the 'top five' global economies underscores its significant contribution to global growth.



## Major Interventions: NDA's Gamechanger

### 1. Transformative Governance Reforms

#### A. Digital Revolution:

- Spearheading a digital revolution to streamline governance processes, ensuring transparency, and enabling ease of access to government services.

#### B. Participatory Governance:

- Engaging citizens directly in the policymaking process and implementation of policies to foster a more inclusive governance model.

### 2. Social Welfare Schemes:

#### A. Jan Dhan Yojana:

- A financial inclusion initiative that aims to provide affordable access to financial services such as bank accounts, credit, insurance, and pensions.

#### B. Swachh Bharat Abhiyan:

- A nationwide campaign to clean up the streets, roads, and infrastructure of India's cities, towns, and rural areas.

#### C. Ujjwala Scheme:

- A scheme to distribute LPG connections to women from Below Poverty Line (BPL) households to reduce health hazards associated with cooking based on fossil fuels.

#### D. Digital India:

- A campaign launched to ensure government services are made available to citizens electronically by improving online infrastructure and by increasing Internet connectivity.

#### E. Pradhan Mantri Awas Yojana (PMAY):

- Aimed at providing affordable housing to the urban poor by the year 2022.

#### F. Pradhan Mantri Fasal Bima Yojana (PMFBY):

- An insurance service for farmers for their yields. It aims to reduce the premium burden on farmers and ensure early settlement of crop assurance claims.

#### G. Pradhan Mantri Ujjwala Yojana:

- A project to provide LPG connections to women from BPL households to encourage the use of clean fuel.

#### H. Ayushman Bharat-Pradhan Mantri Jan Arogya Yojana (AB-PMJAY):

- The world's largest health insurance/assurance scheme fully financed by the government, providing a health cover of ₹5 lakhs per family per year for secondary and tertiary care hospitalization.

#### I. Pradhan Mantri Kisan Samman Nidhi (PM-KISAN):

- Providing income support to all landholding farmers' families in the country to supplement their financial needs.

#### J. National Education Policy (NEP) 2020:

- Aims to make "India a global knowledge superpower".
- The NEP 2020 emphasizes making education more holistic, flexible, multidisciplinary, aligned to the needs of the 21st century and aims for a significant overhaul of the existing education system.



## K. Mudra Yojana:

- A scheme to provide easy access to credit for MSMEs and entrepreneurs.

## Concerns of White Paper on Indian Economy:

### 1. Selective Emphasis:

- The document primarily focuses on successes under the NDA regime, overlooking persistent challenges such as unemployment and poverty.
- Data from the National Sample Survey Office (NSSO) reveals that unemployment rates remained elevated during the NDA era, averaging around 6% compared to 3.8% during the UPA period.

### 2. Lack of Comprehensive Analysis:

- Critics argue that a holistic assessment of the economy requires a nuanced understanding of diverse factors, including social indicators and long-term structural reforms.
- For instance, the white paper does not adequately address the challenges of agrarian distress and rural unemployment, which continue to affect large segments of the population.

### 3. Omissions:

- Key issues such as unemployment and poverty alleviation are conspicuously absent from the analysis, raising questions about the document's comprehensiveness.
- Moreover, the white paper does not provide a detailed assessment of the impact of recent policy initiatives such as demonetization and the implementation of the GST on economic growth and employment generation.

The presentation of the white paper on the Indian economy underscores the government's commitment to transparency and accountability. However, its selective focus and limited scope warrant cautious interpretation. Moving forward, a more inclusive and evidence-based approach to economic analysis is essential to inform policy decisions and foster sustainable development in India.