

□ Key Policy Trends identified by Economic Survey 2020-21

S. No.	Policy Ideas	Highlights	Key Takeaways
1	Saving Lives and Livelihoods	<ul style="list-style-type: none"> India's response stemmed from the humane principle that while GDP growth will recover from the temporary shock caused by an intense lockdown, human lives that are lost cannot be brought back. The strategy was also motivated by the Nobel-Prize winning research in Hansen & Sargent (2001) that recommends a policy focused on minimizing losses in a worst-case scenario when uncertainty is very high. While the lockdown resulted in a 23.9 per cent contraction in GDP in Q1, the recovery has been a V-shaped one as seen in the 7.5 per cent decline in Q2 and the recovery across all key economic indicators. Unlike previous crises, the COVID pandemic affects both demand and supply. India was the only country to announce a slew of structural reforms to expand supply in the medium to long term and avoid long-term damage to productive capacities. 	<ul style="list-style-type: none"> One of the prominent issues identified by M&M in its pre-budget suggestions. Govt thought process on Lives & Livelihood is very clear. Need to work with our stakeholders and Government at Centre and State levels to undertake livelihoods and skill development projects. Presence of our Group companies in rural areas can be leveraged.
2	Humane and Visionary Policy transformed lives vs livelihoods to saving lives and livelihood	<ul style="list-style-type: none"> Calibrated demand side policies: Push the accelerator only when the brakes are removed. Mega vaccination drive should enable recovery in services. A public investment programme centred around the National Infrastructure Pipeline is likely to accelerate the demand push and further the recovery. 	<ul style="list-style-type: none"> Govt is likely to drive major infrastructure push – stalled and new projects will be taken up in a mission mode. Clear indication on increase in Capital Expenditure by the Govt of India. Likely to positively impact the demand for Heavy

			Commercial Vehicles & Construction Equipment
3	Counter-cyclic fiscal policy to boost growth will sustain India's debt	<ul style="list-style-type: none"> ○ Situation 1: Recession (↓ GDP) Expansionary FP - ↑ Govt. Expenditure or/and ↓ Taxes ○ Situation 2: Expansion (↑ GDP) ↓ Govt. Expenditure or /and ↑ Taxes ○ Softens the recession and moderates the expansions, thereby decreasing fluctuations in the business cycle. 	<ul style="list-style-type: none"> ○ Very clear and predictable policy messaging for coming future as far as Govt expenditure is concerned. ○ More Govt expenditure likely to be allocated on various programme unless until a clear sign of recovery of GDP growth.
4	Continued focus on Growth to Eradicate Poverty	<ul style="list-style-type: none"> ○ Given India's stage of development, India must continue to focus on economic growth to lift the poor out of poverty by expanding the overall pie. ○ Economic growth has a far greater impact on poverty alleviation than inequality. ○ Redistribution is only feasible in a developing economy if the size of the economic pie grows. 	<ul style="list-style-type: none"> ○ Continued thrust on Policy framework for the betterment of the Bottom of the Pyramid. ○ Rural India likely to find more attentions in future Development Plans.
5	Healthcare takes Centre Stage, Finally!	<ul style="list-style-type: none"> ○ Healthcare policy must not become beholden to "saliency bias", where policy overweight's a recent phenomenon. ○ To enable India to respond to pandemics, the health infrastructure must be agile. ○ In conjunction to with Ayushman Bharat, the emphasis on NHM should continue. ○ An increase in public spend from 1 per cent to 2.5-3 per cent of GDP – as envisaged in the National Health Policy 2017 – can decrease the Out of Pocket Expenses (OOPE) from 65 per cent to 30 	<ul style="list-style-type: none"> ○ More focus on building Health Infrastructure. ○ Greater thrust on participation of the Private Sector in implementing inclusive Health Programme. ○ Digital Health – including telemedicine and digital record keeping will be upcoming area as far as Govt focus are concerned. ○ Opportunity for Tech- M to explore digital platform for medical record keeping, online

		<p>per cent of overall healthcare spend.</p> <ul style="list-style-type: none"> ○ A sectoral regulator to undertake regulation and supervision of the healthcare sector must be considered given the market failures stemming from information asymmetry; WHO also highlights the growing importance of the same. ○ Telemedicine needs to be harnessed to the fullest by investing in internet connectivity and health infrastructure. 	<p>consultations etc. already many start-ups are working on it.</p> <ul style="list-style-type: none"> ○ Healthcare Logistics will attract more focus. Opportunity for Mahindra Logistics & M&M-CV.
6	Process Reforms	<ul style="list-style-type: none"> ○ The evidence shows that India over-regulates the economy. This results in regulations being ineffective even with relatively good compliance with process. ○ Root cause of the problem of over-regulation is an approach that attempts to account for every possible outcome. ○ In an uncertain and complex world, it is not possible to write regulations that account for all possible outcomes. ○ The solution is to simplify regulations and invest in greater supervision which, by definition, implies willingness to allow some discretion. 	<ul style="list-style-type: none"> ○ One of the issues taken up by M&M at several platforms ○ Opportunity to work with various Govt departments. ○ GPA Policy Cell may take up collaborative projects with various Think Tanks. ○ Need to approach to Think Tanks like VIF etc.

7	Thrust on private investment in R&D to realize India's potential	<ul style="list-style-type: none"> India's gross domestic expenditure on R&D (GERD) is lowest amongst other largest economies. The government sector contributes a disproportionate large share in total GERD at three times the average of other largest economies. However, the business sector's contribution to GERD is amongst the lowest. The business sector's contribution to total R&D personnel and researchers also lags behind that in other large economies. This situation has prevailed despite the tax incentives for innovation having been more liberal than other economies. India's innovation ranking is much lower than expected for its level of access to equity capital. This points towards the need for India's business sector to significantly ramp up investments in R&D. India must focus on improving its performance on institutions and business sophistication innovation inputs. These are expected to result in higher improvement in innovation output. 	<ul style="list-style-type: none"> Very strong points made by the Government in terms of low R&D expenses by Indian companies. Undermine the efforts made by companies like M&M in undertaking R&D efforts domestically. Need to closely work with Govt to showcase M&M contributions and efforts and also to demand more supports. Apprehensions that 100% tax exemption might be cut or revokedgoing forward.
8	Continuous Focus on "The bare Necessities"	<ul style="list-style-type: none"> Five dimensions viz., access to "bare necessities" i.e. water, housing, sanitation, micro-environment, and other facilities. Access to bare necessities is the highest in the States such as Kerala, Punjab, Haryana and Gujarat while it is the lowest in Odisha, Jharkhand, West Bengal, and Tripura. Thrust should be given to reduce variation in the access to bare necessities across states, between rural 	<p>Very clear road map given by the Govt of India.</p> <p>Need to Jal Jeevan mission, SBM-G, PMAY-G</p>

		and urban and between income groups, on bare necessities. The schemes, inter alia, Jal Jeevan mission, SBM-G, PMAY-G, may design appropriate strategy to reduce these gaps.	
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☐ Government e Marketplace (GeM portal)

- Economic Survey 20-21 has attempted to show-case one sided story of **newly implemented Government e Marketplace (GeM portal)**. GeM has increased the transparency in pricing in government procurement. This has not only reduced the cost of procurement but has also made it easier for the honest government official to make decisions.
- Below table summarises the various facts presented by Economic Survey w.r.t. GeM

Government e Marketplace (GeM portal)			
Page No.	Policy Issue	Particulars	GPA Takeaway & Proposed Actions

<p>Economic Survey 2020-21 Volume 1 (Page 191-92)</p>	<p>Transparency in the decision-making process</p> <p>- Government e Marketplace (GeM portal)</p>	<ul style="list-style-type: none"> ○ Government is showcasing the benefits of transparency can be seen from the recent reform in public procurement. GeM portal has increased the transparency in pricing in government procurement. This has not only reduced the cost of procurement but has also made it easier for the honest government official to make decisions. ○ The average prices on GeM are lower by at least 15-20 per cent than previously, and in some cases even up to 56 per cent. ○ Comparison of prices of various commodities on GeM portal has been done with those of company websites and online platforms such as Amazon, Flipkart, etc. ○ The study found the prices to be in the same ballpark. On an average, the variation between the prices on GeM and other online market places is only around 3 per cent. Being an open platform alert citizens can continue to monitor it real time. 	<ul style="list-style-type: none"> ○ Need to plan a scheduled meeting with the Chief Economic Adviser to showcase the real-time big issues being faced by the OEMs. ○ E-commerce website should not only be referred for price comparison. Other features, ease of operability should also be analysed. OEMs should be allowed same kind of flexibilities @GeM vis-a-vis other e-commerce website. ○ OEMs should be allowed offering of their multiple brands to the customers simultaneously without any restrictions. ○ Other issues including delayed payment, improvement in Golden Parameter should also be looked into.
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Table: GEM Portal Prices Comparison (as on 04-01-2021)

Name and Description (specs, model, features)	Price on GEM (in Rupees)	Price at Amazon, Official Website etc. (in Rupees)	Variation in Offer Price
Parker Jotter Standard Ball Pen	MRP: 250; Offer Price (OP): 210	Amazon.in- MRP: 250; OP: 188	+ 10.5%
Rorito Greetz Gel Pen Maxtron Gold Robotic Fluid Ink System Pen -Blue	MRP: 99; OP:87.95	Amazon- MRP: 99; OP: 64	+ 27.2%
Haier 1.5 Ton / 4500 kcal/hr High wall Split AC 5 Star Model:HSU19C-TFW5B(INV)	MRP: 65,000; OP: 58,500 Warranty: 2 year (Product), 10 year (compressor)	Amazon.in-MRP: 55,000; OP: 36,990 Warranty- 1 year (product); 12 years (compressor) Haier Website-Price: 42,990	+ 36.8%
Samsung 108 cm (43 inches) 4K Ultra HD Smart LED TV, Model: QA43Q60TAKXXL Resolution: 3840x2160	MRP: 78,900, OP: 70,998 Warranty- 1 Year	Amazon.in- MRP: 78,900, OP: 62,990 Warranty: 1 year comprehensive and 1-year additional warranty on Panel by Samsung	+ 11.3%
Omron White HEM 7156 Blood Pressure Monitor	MRP: 3,860, OP: 3,100 Warranty – 2 years	1mg.com- MRP: 3,860, OP: 2,860, Warranty – 3 years	+ 7.7%
HP LaserJet ENTERPRISE M607N Black and White Print Speed: >= 51 ppm	MRP: 1,22,921 OP: 1,10,625 Warranty – 3 Years	HP Website- MRP: 1,03,661 OP: 98,440 Warranty- 1 Year	+ 11.01%
Kores Easy Cut 871 Paper Shredder	MRP: 25,490, OP: 22,900	Amazon.in- MRP: 23,990 OP: 19,589	+ 14.5%
Hero Stainless Steel Bicycle for Men Model Name: Hero Lectro C3i 26 SS	MRP: 47,999 OP: 42,997	Hero Lectro (Choose my bicycle.com) OP: 32,499 Croma: MRP: 32,999, OP:32,990	(Gem vs Croma) + 23.3%

Name and Description (specs, model, features)	Price on GEM (in Rupees)	Price at Amazon, Official Website etc. (in Rupees)	Variation in Offer Price
Milton 1500ml thermos	MRP: 1,560, OP: 1,100	Amazon: MRP: 1,454 OP: 1,199	- 9%
Nilkamal Dustbin 60 Litres	MRP: 3,100, OP: 1,175	Amazon- MRP: 1,990 OP: 1,448	- 23.2%
Nilkamal Veneto High Back Office Chair	MRP: 17,500, OP: 14,000	Nilkamal Website- MRP: 13,500, OP: 11,297.00	+ 19.3%
Bajaj Pulsar NS200 Motor Cycle	MRP: 1,15,250 OP: 1,15,250	Bajaj Auto website- MRP: 1,31,219 (Ex- showroom price in New Delhi)	- 13.9%
Godrej Interio Elite Mid Back Chair	MRP: 12,390, OP: 11,150	Godrej Interio website- MRP: 12,390	- 11.1%
Godrej Interio Steel Almirah 2400 mm (Slide N Store Compact Plus Wardrobe)	MRP: 31, 022, OP: 27,919	Godrej Interio website- MRP: 32,572	- 16.7%
Godrej Interio Orlando 2-Seater Sofa	MRP: 51,800, OP: 46,620 Warranty- 1 year	Godrej Interio Website- MRP: 51,799, Warranty- 3 years	- 9.99%
Godrej Interio blue Zephyr Leisure Chair	MRP: 21,024, OP: 18,921	Godrej Interio Website- MRP: 21,022	- 11.1%
Honda Activa 6G DLX BS-VI Vehicle Engine Capacity (cc) 109.51	MRP: 60,767 OP: 60,767	Bikewale.com MRP:68,930 (Ex Showroom price)	- 13.4%
Apple MacBook Pro 16 inches 1TB MVVM2HN/A, 16 GB RAM, 1 TB SSD, 4 GB Graphics Card	MRP: 2,73,800 OP: 2,45,679	Vijay Sales- MRP: 2,39,900, OP: 2,34,900 Tata Cliq- MRP: 2,39,900, OP: 2,27,900	(GEM vs Tata Cliq) + 7.2%
Dell Intel Core Desktop PC Monitor - E2720H Processor- i9 10900, RAM- 32 GB (DDR4) Expandable upto 128GB, HDD- 1000 GB HDD, SSD- 1024 GB, OS- Windows 10 Professional Graphics Card- 8 GB; NVIDIA GeForce RTX2070	MRP: 2,23,001 OP: 1,97,998 Warranty – 3 years	Dell Website (Desktop assembled with same specs)- 2,06,873 (Warranty: 3 year)	- 4.5%

Source: Economic Survey 2020-21 Volume 1