(a) whether there has been a fall in Gross Domestic Product (GDP) during the quarter of October-December, 2016 and is likely to further dip during the following quarter of January-March, 2017 due to recessionary trends triggered by demonetization drive, if so, the details thereof;
(b) whether International Monetary Fund (IMF) has estimated a fall in India's GDP growth, if so, the details thereof;
(c) the negative effects of fall in growth rate on various sectors of the economy particularly Manufacturing, Service and already declining agriculture sector;
(d) the corrective steps taken by the Government to boost the above sectors of the economy particularly the above said sectors to achieve high growth rate; and
(e) whether Reserve Bank of India (RBI) proposes to reduce the repo rate by 0.25%, if so, the details thereof and the extent to which it is likely to accelerate growth and benefit the economy?

ANSWER

MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI ARJUN RAM MEGHWAL)

(a) As per the First Advance Estimates released by the Central Statistics Office (CSO), the economy is estimated to grow at 7.1 per cent in 2016-17, as compared to the growth of 7.9 per cent achieved in 2015-16. Data on Gross Domestic Product (GDP) for the quarter October-December, 2016 and January-March, 2017 is yet to be released by the CSO.

(b) The International Monetary Fund, in its World Economic Outlook Update, released in January 2017, has estimated that India’s growth in 2016-17 would be 6.6 per cent, as compared to 7.6 per cent in the previous year.

(c) As per the first advance estimates released by the CSO, the growth rate in agriculture and allied sectors, manufacturing sector, services sector has been estimated to be 4.1 per cent, 7.4 per cent and 8.8 per cent respectively in 2016-17, as compared to the corresponding figures of 0.8 per cent, 10.6 per cent and 9.8 per cent as per the first revised estimates for 2015-16.

(d) Apart from the interest waiver announced on 31stDecember 2016, the agricultural sector is expected to receive a boost from the measures announced in the Budget 2017-18 including higher target for agriculture credit, increased coverage under Fasal BimaYojana scheme and augmentation of the Long Term Irrigation Fund set up in NABARD. The rural economy is also expected to be supported by the emphasis given by the Budget on employment generation. The manufacturing sector is likely to benefit from measures announced in the Budget 2017-18 like lower income tax for companies with annual turnover up to Rs 50 crore; allowing carry-forward of MAT credit up to a period of 15 years instead of 10 years at present; further measures to improve the ease of doing business; and the scheme for creating employment in the leather and footwear industries. Apart from the measures listed above to encourage business and enterprise, the services sector will also be boosted by the major push to digital economy and the focus on infrastructure like construction and affordable housing.

(e) The decision on the Repo rate is taken by the Monetary Policy Committee of the Reserve Bank of India, taking into account various factors including the inflation and the state of the economy.

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