

**LOK SABHA**  
**STARRED QUESTION NO. 162**  
TO BE ANSWERED ON DECEMBER 29, 2017

**ECONOMIC GROWTH**

\*162. SHRI P.V. MIDHUN REDDY:

Will the Minister of FINANCE be pleased to state:

- whether it is a fact that the economic growth has hit a three year low;
- if so, the details thereof and the reasons therefor; and
- the steps taken or proposed to be taken by the Government to boost the growth of the economy?

**ANSWER**

FINANCE MINISTER  
(SHRI ARUN JAITLEY)

(a) to (c) A Statement is laid on the Table of the House.

**STATEMENT REFERRED TO IN REPLY TO THE LOK SABHA STARRED QUESTION NO. 162  
BY SHRI P.V. MIDHUN REDDY DUE FOR ANSWER ON DECEMBER 29, 2017.**

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(a) & (b) As per the latest estimates from Central Statistics Office, the growth rate of Gross Domestic Product (GDP) at constant prices was 7.5 per cent, 8.0 per cent and 7.1 per cent respectively in 2014-15, 2015-16 and 2016-17. The growth in GDP at constant market prices was 5.7 per cent and 6.3 per cent in Quarter 1 (Q1) and Quarter 2 (Q2) of 2017-18 respectively. The details are given in the following table.

<b>Table : Real Growth of GDP and Gross Value added (GVA) at constant (2011-12) prices</b>					
<b>Sector</b>	<b>2014-15</b>	<b>2015-16</b>	<b>2016-17 (PE)</b>	<b>2017-18 Q1</b>	<b>2017-18 Q2</b>
GDP at market prices	7.5	8.0	7.1	5.7	6.3
GVA at basic prices	7.2	7.9	6.6	5.6	6.1
Agriculture & allied	-0.2	0.7	4.9	2.3	1.7
Industry	7.5	8.8	5.6	1.6	5.8
Manufacturing	8.3	10.8	7.9	1.2	7.0
Services	9.7	9.7	7.7	8.7	7.1

*Source: Central Statistics Office (CSO). PE: Provisional estimates*

Slower growth in 2016-17 reflects lower growth in industry and services sector. Economic growth of a country depends on a number of factors including structural, external, fiscal and monetary factors. Lower rate of global economy in 2016, along with a reduction in gross fixed investment to

GDP ratio, stressed balance sheets of the corporate sector, lower credit growth to industry sector, etc. are some of the reasons for somewhat lower growth in 2016-17. It may however be mentioned that despite the slowdown in 2016-17, as per the IMF, India was the fastest growing major economy in 2016 and second fastest growing major economy in 2017 in the world.

(c) The Government of India has taken various initiatives to boost the growth of the economy which, *inter-alia*, include; fillip to manufacturing, concrete measures for transport and power sectors as well as other urban and rural infrastructure, comprehensive reforms in the foreign direct investment policy and special package for textile industry. Government had also announced various measures in the budget 2017-18 to promote growth in the economy which, among others, include push to infrastructure development by giving infrastructure status to affordable housing, higher allocation to highway construction, and focus on coastal connectivity. For highways development the Bharatmala Pariyojana has been launched. The government has launched a phased program for bank recapitalization. This entails infusion of capital to the public sector banks, that is expected to encourage banks to enhance lending. The Insolvency and Bankruptcy Code was enacted to achieve insolvency resolution in a time bound manner. To implement the Code, the National Company Law Tribunal was established. The other growth promotion measures include: lower income tax for companies with annual turnover up to Rs.50 crore; further measures to improve the ease of doing business; and, a major push to digital economy. As per information available from Reserve Bank of India, the gross bank credit (outstanding) for agriculture and allied sectors was Rs.9923.87 billion as on 2016-17 as against Rs. 8829.42 billion as on 2015-16. The introduction of the Goods and Services Tax (GST) has provided a significant opportunity to improve growth momentum by reducing barriers to trade, business and related economic activities.

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