

**GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF ECONOMIC AFFAIRS
LOK SABHA
UNSTARRED QUESTION NO. 3140
TO BE ANSWERED ON 5TH JANUARY, 2018/15TH PAUSHA SAKA, 1939
Strengthening of the Economy**

3140. PROF. RAVINDRA VISHWANATH GAIKWAD:

QUESTION

Will the Minister of FINANCE be pleased to state:

- (a) whether Indian economy has been strengthened due to demonetisation and Goods and Services Tax (GST) implemented by the Government;
- (b) if so, the details thereof;
- (c) whether the Government has formulated any action plan to strengthen the economy of the country and if so, the details thereof; and
- (d) the time by which the economy of the country is likely to be strengthened?

ANSWER

**MINISTER OF STATE IN MINISTRY OF FINANCE
(SHRI PON. RADHAKRISHNAN)**

(a) & (b): The overall economic growth of the Indian economy is dependent on many factors that, inter-alia, include the rate of capital formation and savings, utilization of technology, availability of infrastructure, efficiency of resource allocation, quality of institutions, governance and the policy framework in place, money supply and degree of financial development. It is difficult to pin-point the impact of demonetization and GST on the economy via its impact on the aforesaid factors.

(c) & (d): Government of India has taken various initiatives to boost the growth of the economy inter-alia, including; fillip to manufacturing, concrete measures for transport and power sectors as well as other urban and rural infrastructure and comprehensive reforms in the foreign direct investment policy. Other initiatives taken by government include the flagship Make-in-India programme including comprehensive measures for improving the ease of doing business, encouragement to budding entrepreneurial talent under the Start-up India and Stand-up India Initiatives. Government had also announced various measures in the budget 2017-18 which, among others, include lower income tax for companies with annual turnover up to Rs 50 crore; 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, which 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 introduction of the Goods and Services Tax has provided a significant opportunity to improve growth momentum by reducing barriers to trade, business and related economic activities.
