

LOK SABHA
UNSTARRED QUESTION NO. 3209
TO BE ANSWERED ON JANUARY 5, 2018

GDP GROWTH/ECONOMIC GROWTH

3209. SHRI B. SENGUTTUVAN:
SHRI DUSHYANT CHAUTALA:
SHRI K. PARASURAMAN:

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government has constituted an expert Committee to identify the reasons for declining GDP growth/economic growth;
- (b) if so, the details and the outcome thereof;
- (c) whether the principal decline in GDP growth is on account of decline in industry, if so, the details thereof along with the action taken thereon;
- (d) whether the Government is considering the offer of Rs. 40,000 crore fiscal stimulus to the economy to boost exports, support MSMEs and expand bank credit etc., if so, the details thereof; and
- (e) whether the move whilst arresting the slowdown widen the fiscal deficit, if so, the details thereof along with other proactive steps taken by the Government to provide a stimulus to the slow economic growth?

ANSWER

MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI PON RADHAKRISHNAN)

(a) & (b) The Government has not constituted any expert Committee to identify reasons for declining GDP growth/economic growth.

(c) The growth rate of industry sector declined from 8.8 per cent in 2015-16 to 5.6 per cent in 2016-17, and declined further in first quarter (Q1) of 2017-18. However, the growth rate picked up to 5.8 per cent in second quarter (Q2) of 2017-18. The annual growth rate of GDP and GVA of industry sector is given in the table below:

Growth of GDP and GVA of Industry Sector at constant (2011-12) prices							
	2012-13	2013-14	2014-15	2015-16	2016-17 (PE)	2017-18 Q1	2017-18 Q2
GDP at market prices	5.5	6.4	7.5	8.0	7.1	5.7	6.3
Industry	3.3	3.8	7.5	8.8	5.6	1.6	5.8

Note: PE: Provisional Estimates
Industry sector comprises of Mining & Quarrying, Manufacturing, Electricity, gas, water supply & other utility services and Construction
Source: Central Statistics Office

The contribution of industry sector to GVA growth averaged 26.5 per cent between 2012-13 and 2015-16. It was 26.6 per cent in 2016-17. It declined to 9.3 per cent in Q1 of 2017-18 and improved to 29.3 per cent in Q2 of 2017-18.

The Government of India has taken various initiatives to boost manufacturing and industrial activity in the economy, inter-alia, including; fillip to manufacturing via initiatives like Make-in-India programme containing comprehensive measures for improving the ease of doing business; encouragement to budding entrepreneurial talent under the Start-up India and Stand-up India initiatives; comprehensive reforms in the foreign direct investment policy and concrete measures for infrastructure sector. Government had also announced various investment promotion measures in the budget 2017-18 which, among others, include, 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, 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 which entails infusion of capital to the public sector banks, which is expected to encourage banks to enhance lending. 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.

(d): There is no such proposal, presently.

(e): Does not arise.
