

Government of India  
Ministry of Finance  
Department of Economic Affairs

**LOK SABHA**  
**UNSTARRED QUESTION NO. 1269**  
TO BE ANSWERED ON FEBRUARY 9, 2018

**DOMESTIC SAVINGS**

1269. SHRI BHOLA SINGH:

Will the Minister of FINANCE be pleased to state:

- whether any annual target has been set with regard to the domestic savings by the Government, if so, the details thereof;
- the proportion of growth in domestic savings in comparison to Gross Domestic Product (GDP) during each of the last three years; and
- the steps taken or being taken by the Government to encourage domestic savings and to promote the economy?

**ANSWER**

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

- No specific annual targets for domestic savings are set by the Government.
- The growth in Gross Domestic Savings and Gross Domestic Product during the last three years is given in the table below:

<b>Table: Growth of Gross Domestic Saving and Gross Domestic Product (GDP)</b>			
<b>(per cent)</b>			
	2014-15	2015-16	2016-17
Gross Domestic Savings at current prices	11.4	7.0	6.3
GDP at constant market prices	7.4	8.2	7.1

Source: Central Statistics Office  
Note: Growth rates are based on first revised estimates of national income, consumption expenditure, savings and capital formation for 2016-17 released by CSO on January 31, 2018.

- Savings are realized from three broad categories of savers, viz. households, private corporate sector and public sector. Various measures have been taken by the Government to improve household financial savings, which, *inter alia*, include: launch of Sukanya Samridhi Yojana that can contribute significantly to the financial security to the girl child; and, Pradhan Mantri Jan-Dhan Yojana (PMJDY) which has been a landmark initiative of financial inclusion. Under PMJDY, about 31.01 crore bank accounts have been created -- of which about 59 per

cent are in the rural areas – and deposits amounting to about Rs.73,589 crore have been mobilized as on 24<sup>th</sup> January 2018. The other initiatives like increase in the personal income tax exemption limit, increase in the limit of deduction under the Income Tax Act for contribution to specific pension funds and contribution by the employees to National Pension Scheme; and, increasing the access to formal financial system by utilizing the postal network; also have the potential to boost household savings. Budget 2018-19 also announced certain measures to boost domestic savings in the economy which, among others, include, increase in exemption of interest income from Rs. 10,000 to Rs. 50,000 for the senior citizens on deposits with banks and post offices; higher limit of deduction for health insurance premium for senior citizens. Greater public saving is sought to be achieved through efforts at fiscal consolidation, including rationalization of subsidies and promotion of direct benefit transfer. The initiative to reduce corporate tax in a phased manner and various initiatives to encourage industry and enterprise are expected to improve corporate saving.

The Government of India has taken various initiatives to boost the growth of the economy which, inter-alia, include; fillip to manufacturing, measures to improve the ease of doing business, 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. 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. The Insolvency and Bankruptcy Code was enacted to achieve insolvency resolution in a time bound manner. 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. For highways development the Bharatmala Pariyojana has been launched.

The Budget 2018-19 also included various measures to provide impetus to the economic growth which, among others, include major push to infrastructure via higher allocation to rail & road sector, expansion of airport capacity, reduced corporate tax rate of 25 per cent for companies with turnover up to Rs. 250 crore which is expected to help 99 per cent of Micro, Small and Medium Enterprises (MSMEs) filing their returns, etc. The Budget particularly focused on strengthening agriculture and rural economy via emphasis on rural housing, rural infrastructure, keeping Minimum Support Prices (MSP) of unannounced kharif crops at least one and half times of their production cost; improving the quality of education; provision of good health care to economically less privileged and emphasis on job creation. Government had also announced various measures in the Budget 2017-18 to promote growth in the economy which, among others, includes push to infrastructure development by giving infrastructure status to affordable housing, higher allocation to highway construction, and focus on coastal connectivity.

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