GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF ECONOMIC AFFAIRS

LOK SABHA
UNSTARRED QUESTION NO. 221
TO BE ANSWERED ON FEBRUARY 02, 2018

PERFORMANCE OF THE ECONOMY

221. SHRI ADHIR RANJAN CHOWDHURY:

Will the Minister of FINANCE be pleased to state:

(a) the details of performance of the economy during each of the last three years along with the factors responsible for the slow down, sector-wise;
(b) the details of the growth forecast for the current and subsequent years and the changes made;
(c) whether the economic growth has benefitted all sections of the society and if so, the details thereof and if not, the reasons therefor; and
(d) the steps taken by the Government to boost the economic growth and to ensure that economic growth benefits all sections of society?

ANSWER

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

(a) As per the First Revised Estimates of National Income, Consumption Expenditure, savings and capital Formation for 2016-17released by Central Statistics Office (CSO) on January 31, 2018, the growth of Gross Domestic Product (GDP) at constant market prices was 8.2 per cent in 2015-16 and 7.1 per cent in 2016-17. As per the 1st Advance Estimates released by CSO on January 5th 2018, the growth rate of GDP at constant prices was 6.5 per cent in 2017-18. The decline in growth in 2017-18 is on account of lower growth in agriculture & allied sector and industry sector.On the other hand, growth of services sector is expected to accelerate in 2017-18 as compared to 2016-17.Economic Survey 2017-18 indicates that the lower industrial growth could be account of slow credit growth or probably due to problem of non-performing assets that might have led the banks to be more cautious on lending. However, the Economic Survey alsoindicated that certain high frequency indicators like growth of Index of Industrial Production, exports, etc.point towards recovery.

(b) Volume-I of Economic Survey 2016-17 presented in January 2017 projected a real growth of 6.75-7.5 per cent for the economy in year 2017-18. Volume 2 of Economic Survey 2016-17 released in August 2017 indicated that the balance of risks seemed to have shifted to the downside in view of some new developments like real exchange rate appreciation, increasing stress in balance sheets in power and telecommunication, transitional challenges from implementing GST, etc. Economic Survey 2017-18 brought out in January 2018 projects the real growth for year 2018-19 to be 7-7.5 per cent.

(c) The details of distribution of economic growth across different sections of the society are not available from the National Accounts Statistics. However, per capita income which reflects the income of an average person, measured as per capita Net National Income at constant prices was Rs 86660 in the year 2017-18 (as per 1st AE released by CSO), higher as compared to Rs.82229 in 2016-17 and Rs.77826 in 2015-16.

(d): 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, 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 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. 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. Budget 2018-19 included various measures to provide further push to the economy, which among others, include major push to infrastructure via higher allocation to rail & road sector, reduced corporate tax rate of 25 per cent for companies with turnover up to Rs. 250 crorewhich is expected to help 99 per cent of MSMEs, etc.

The agenda of inclusive growth has been given utmost priority by the Government by increasing budgetary allocations for poverty alleviation, social infrastructure and public employment generation schemes. This is evident from the RBI data which show that the expenditure of social services by the General Government as a proportion of GDP has moved up from 5.8 per cent in 2015-16 to 6.6 per cent 2017-18 (BE). The programmes/schemes such as Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA), Deendayal Antyodaya Yojana -National Rural and Urban Livelihoods Mission, Swachh Bharat Mission, Pradhan Mantri Awas Yojana, Skill India, Make in India, MUDRA, etc. are being implemented to provide direct and indirect employment opportunities to benefit all the sections of society. MGNREGA is one of the important schemes which ensures participation by women in the economic activity by stipulating minimum of 33 per cent participation by women. About 4.6 crore households were provided employment totaling 177.8 crore person days during 2017-18 as on 14th January, 2018. Out of this, 54 per cent were accounted for by women, 22 per cent by Schedule Castes and 17 per cent by Schedule Tribes.The Budget 2018-19 aims to particularly focus on strengthening agriculture and rural economy via emphasis on rural housing, keeping Minimum Support Prices (MSP) of kharif crops of at least one and half times of their production cost;improving the quality of education;provision of good health care to economically less privileged; taking care of senior citizens and emphasis on job creation.

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