

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF ECONOMIC AFFAIRS

LOK SABHA
UNSTARRED QUESTION NO. 3542
TO BE ANSWERED ON 16TH MARCH 2018

RBI SURVEY

3542. SHRI RAM CHRITRA NISHAD:

Will the Minister of FINANCE be pleased to state:

- (a) whether as per the series of surveys undertaken by the Reserve Bank of India (RBI) have indicated that Consumer confidence is declining, business sentiment in manufacturing dipping, inflation on the rise and growth sliding and if so, the details thereof;
- (b) whether the findings are in sync with the RBI's position in its monetary policy review on 04 October, 2017 Which slashed growth forecast from 7.3 per cent to 6.7 per cent for fiscal year 2017-18; and
- (c) if so, the details thereof?

ANSWER

THE MINISTER OF STATE FOR FINANCE
(PON. RADHAKRISHNAN)

(a) As per the results of the latest round of Consumer Confidence released by the RBI, consumer confidence improved in December 2017 as the current situation index (CSI) recorded a significant rise after more than a year. CSI witnessed a sharp increase from 91.1 in November 2017 to 96.9 in December 2017.

The RBI released the results of the 80th round of the Industrial Outlook Survey (IOS) conducted in October-December 2017 which captures qualitative assessments of the business situation by companies in the Indian manufacturing sector for Q3:2017-18 and their expectations for Q4:2017-18. As per the results, business sentiment in the Indian manufacturing sector improved, as reflected in the Business Expectations Index (BEI) rising from 103.7 in Q2:2017-18 to 109.8 in Q3:2017-18.

As per the latest data released by the CSO, CPI inflation declined from 5.07% in January 2018 to 4.44% in February 2018. CPI food inflation also declined from 4.70% to 3.26% for the same period. Inflation forecast for 2018-19 as per RBI's February 2018 bi-monthly monetary policy statement is expected to be 5.1-5.6 per cent in H1 and 4.5-4.6 per cent in H2.

As per the Second Advance Estimate of National Income 2017-18 released by the CSO, growth of GVA at 2011-12 prices accelerated from 6.2% in Q2 to 6.7% in Q3. Similarly, real GDP growth accelerated from 6.5% in Q2 to 7.2% in Q3.

(b) & (c) RBI, in its latest Monetary Policy Statement of February 2018, took note of the global economic activity and global trade that has gathered pace since October 2017. On domestic front, it observed that the manufacturing purchasing managers' index (PMI) expanded for the sixth consecutive month in January 2018 led by new orders. Assessment of overall business sentiment in the Indian manufacturing sector improved in Q3 as reflected in its Industrial Outlook Survey. The RBI further observed that the GST implementation is stabilising and there are early signs of revival in investment activity as reflected in improving credit offtake, large resource mobilisation from the primary capital market, and improving capital goods production and imports. Export growth is also expected to improve further on account of improving global demand. Taking into consideration the above factors, GVA growth is projected to accelerate from 6.6% in 2017-18 to 7.2 % in 2018-19.
