

GOVERNMENT OF INDIA  
MINISTRY OF FINANCE  
DEPARTMENT OF ECONOMIC AFFAIRS

**LOK SABHA**  
**UNSTARRED QUESTION NO. 778**  
TO BE ANSWERED ON DECEMBER 14, 2018

SLOW GDP GROWTH

778. SHRI BHAGWANTH KHUBA:

Will the Minister of FINANCE be pleased to state:

- (a) whether Quarter 2 GDP growth is very slow due to higher fuel prices and weaker rupee;
- (b) if so, the details thereof;
- (c) whether the Government has taken serious measure on this particular issue; and
- (d) if so, the steps taken by the Government in this regard?

**ANSWER**

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

(a) & (b) The growth rate of Gross Domestic Product (GDP) at constant (2011-12) prices for India in second quarter (July-September) of 2018-19 was 7.1 percent, higher as compared to the growth of 6.3 percent recorded in the second quarter of the previous year. The growth rate of GDP in the first quarter (April-June) of 2018-19 was 8.2 percent. Attaining and sustaining high economic growth depends on number of factors viz. structural, external, fiscal and monetary factors. However, there is no strict one to one correspondence of economic growth to each one of these factors. The higher international crude oil prices and weaker rupee in the second quarter of 2018-19 may have affected the performance of the external sector of the economy. Despite higher crude oil prices and weaker rupee, the economy grew at a robust rate of 7.6 percent in the first half of 2018-19.

(c) & (d) The crude oil price of the Indian Basket is determined by the international crude oil prices. To cushion the impact of rising international crude oil prices for domestic consumers, the government reduced the central excise duty on petrol and diesel in October 2018. The exchange rate of Rupee is market determined. The Reserve Bank of India (RBI), however, intervenes in the domestic foreign exchange market to manage excess volatility and maintain orderly conditions without having any fixed target or band for the exchange rate. In November 2018, crude oil price (Indian basket) declined by around US\$ 15 per barrel, as compared to that of in October 2018. In addition, the exchange rate appreciated from Rs. 73.99 per US\$ in October 2018 to Rs. 69.66 per US\$ in November 2018. With the recent decline in oil prices and stability in the exchange rate, the prospects of the Indian economy look bright.

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