

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF ECONOMIC AFFAIRS

LOK SABHA
UNSTARRED QUESTION NO. 986
TO BE ANSWERED ON FEBRUARY 08, 2019

BENEFITS OF ECONOMIC GROWTH

986. SHRI SHIVKUMAR UDASI:

Will the Minister of FINANCE be pleased to state:

- the details of performance of the economy during each of the last four years, sector-wise along with the factors responsible for the slow down;
- the details of the growth forecast for the current and subsequent years along with the changes made;
- whether the benefits of the economic growth are enjoyed by all the people and not by a specific class only, if so, the details thereof; and
- the steps taken by the Government to boost the economic growth and to ensure equal benefits of such growth to all classes of society?

ANSWER

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

(a) The growth rates of Gross Domestic Product (GDP) at constant prices and sector-wise growth rates of Gross Value Added (GVA) at constant prices during last four years are given in the table below.

Table : Growth of GDP and GVA at Constant (2011-12) prices (per cent)				
	2014-15	2015-16 (3rd RE)	2016-17 (2nd RE)	2017-18 (1st RE)
GDP	7.4	8.0	8.2	7.2
GVA	7.2	8.0	7.9	6.9
Agriculture, forestry & fishing	-0.2	0.6	6.3	5.0
Industry	7.0	9.6	7.7	5.9
(of which) Manufacturing	7.9	13.1	7.9	5.9
Services	9.8	9.4	8.4	8.1

Source: Based on data released by CSO on 31st January 2019;
Note: 3rd RE: Third Revised Estimate; 2nd RE: Second Revised Estimate; 1st RE: First Revised Estimate.

Despite a decline in GDP growth rate in 2017-18 over 2016-17, the economy grew by an average of 7.7 per cent in last four years (2014-15 to 2017-18), which is highest among the major economies in the world. The decline in growth in 2017-18 is mainly on account of lower growth in agriculture & allied; manufacturing; and financial, real estate & professional services sector.

(b) Economic Survey 2017-18 had projected real GDP growth for 2018-19 to be in the range of 7 to 7.5 per cent. As per the first advance estimates released by Central Statics Office (CSO), the growth

of GDP at constant prices is estimated to be 7.2 per cent in 2018-19. The nominal GDP estimate used for Interim Budget 2019-2020 considered a nominal growth of 11.5 per cent for the year 2019-20 over the estimated GDP for 2018-19. There are no subsequent projections made by the Government.

(c) There is no indicator available to measure the benefits of economic growth for different sections of population.

(d) Government has taken various steps to boost economic growth. These, among others, include; fillip to manufacturing sector via schemes like Make in India; concrete measures for transport, railways, renewable energy sectors, urban and rural infrastructure; and comprehensive reforms in the foreign direct investment policy. 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. There has been an increase in the Minimum Support Prices (MSPs) for all 22 crops at minimum 50 per cent more than the cost, in order to provide major boost to farmer's income. The Government launched a support and outreach program for helping the growth, expansion and facilitation Micro, Small and Medium Enterprises (MSME) sector. The government initiated a phased program for bank recapitalization entailing infusion of capital to the public sector banks, to the tune of about Rs. 2.6 lakh crore. The Insolvency and Bankruptcy Code was enacted to achieve insolvency resolution in a time bound manner. Interim Budget 2019-20 also included various measures to provide a push to the economy. These measures include, providing affordable loans to farmers, direct income support to farmers, promotion of renewable energy to reduce the dependence on crude oil and natural gas, reduction in GST rate from 18 per cent to 6 per cent for small service providers (with turnover upto Rs. 50 Lakhs) and reduction of the tax burden on middle class by giving full tax rebate to individual taxpayers having taxable annual income up to Rs. 5 lakhs.

The utmost priority of the Government is to ensure the proper distribution of the benefits of higher economic growth to all sections of population. The Government has implemented several programmes/schemes for strengthening social infrastructure creating better employment opportunities, and providing basic amenities like water, electricity, roads, sanitation and housing for covering all sections of population. Various schemes initiated by the Government, *inter-alia*, include Mahatma Gandhi National Rural Employment Guarantee Act for wage employment; Deendayal Antyodaya Yojana-National Rural Livelihoods Mission for livelihoods promotion through self-employment; Pradhan Mantri Awaas Yojana for rural housing; Pradhan Mantri Gram Sadak Yojana for rural roads; Ayushman Bharat - Pradhan Mantri Jan Aarogya Yojana for access to secondary and tertiary quality health services; PM-KISAN Yojana for direct income support of small and marginal farmers; Pradhan Mantri Shram Yogi Maandhan scheme to ensure fixed monthly pension to 10 crore unorganized sector workers; Pradhan Mantri Jan Dhan Yojana for financial inclusion; Swachh Bharat Mission; National Rurban Mission to stimulate local economic development; and enhance basic services.
