(a) whether the Reserve Bank of India (RBI) and the International Monetary Fund (IMF) have made varying assessments about the annual growth projection of India during the current financial year 2015-16;

(b) if so, the details thereof and the reasons therefor;

(c) whether the Government has assessed the estimated Growth rate to be 8% during the aforesaid fiscal year, if so, the details thereof;

(d) whether the Government proposes to achieve double figure growth rate in the coming financial years, if so, the details thereof, along with the steps taken by the Government in this regard; and

(e) the likely spill over effect of the above growth rate on Opportunities, Income and employment scenario of the rural and urban areas of the country?

ANSWER

MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI JAYANT SINHA)

(a & b): The Reserve Bank of India (RBI) in their Third Bi-monthly Monetary Policy Statement, 2015-16, released on August 4, 2015 has projected that the output growth of India in 2015-16 is expected to be 7.6 per cent. The RBI has based its projection on its assessment of factors like weaker commodity prices including that of oil, possible step-up in agricultural activity, etc. Some factors like downward revision in global growth projections for 2015 with a bearing on export contraction, continuing supply constraints despite improvement in the state of stalled projects and subdued investment demand may act as constraints for achieving higher growth rate. The International Monetary Fund, in their World Economic Outlook, April 2015, projected India's growth for 2015-16 at 7.5 per cent indicating that growth will benefit from recent policy reforms and consequent pickup in investment, and lower oil prices which will raise real disposable incomes, particularly among poorer households, and help drive down inflation. IMF's World Economic Outlook Update, July 2015, maintained the projection for India's growth for 2015-16 at 7.5 per cent.

(c) According to the Economic Survey 2014-15, the growth in the Indian economy can be expected to be in the range of 8.1 to 8.5 per cent in 2015-16. This expectation was based on the possible growth-promoting effect of recent reforms, decline in oil prices, decline in inflation and resulting monetary easing and the forecast for a normal monsoon.

(d) Accelerating the rate of economic growth in the coming financial years, from the rate of 7.3 per cent achieved in 2014-15, is high on the agenda of the Government. The Government of India has taken various initiatives to improve the growth rate of the economy which, *inter alia*, include; fillip to manufacturing and infrastructure through fiscal incentives and concrete measures for transport, power, and other urban and rural infrastructure; liberalization of foreign direct investment in selected sectors; Skill India and Digital India initiatives; measures to de-bottleneck the supply of key raw-materials like coal which would help manufacturing and infrastructure sectors; “Make in India” initiative along with the attendant facilitatory measures for a more conducive environment for investment; financial inclusion though ‘Pradhan Mantri Jan Dhan Yojana’ which also helps to strengthen banking and insurance services; boost to agricultural sector with focus on micro irrigation, watershed development, soil conservation and credit, and, various measures to improve clarity and transparency in economic policy-making. Fiscal reforms with emphasis on consolidation, expenditure reforms and rationalization of tax structure, including initiatives on Goods and Services Tax, are also expected to contribute to higher growth.

(e) The Government has taken a balanced approach, in its efforts to step up growth, giving due consideration to the requirements of urban and rural areas, so as to improve the quality of life of people. Higher growth can be expected to increase employment opportunities and incomes both in urban and rural areas.

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