

LOK SABHA
STARRED QUESTION NO. 276
TO BE ANSWERED ON JANUARY 5, 2018

GROWTH OF INDIAN ECONOMY

*276. SHRIMATI POONAMBEN MAADAM:

Will the Minister of FINANCE be pleased to state:

- (a) whether as per the report of United Nations Indian economy is likely to expand by 7.2 per cent in 2018 and go up further to 7.4 per cent in the following year and if so, the details thereof;
- (b) the manner in which large scale public investment initiated by the Government has resulted in growth of the Indian economy;
- (c) whether confidence in the Indian economy has increased substantially on account of the policy measures of the Government and of the Central bank; and
- (d) if so, the details of the policy measures undertaken for the purpose?

ANSWER

FINANCE MINISTER
(SHRI ARUN JAITLEY)

(a) to (d) A Statement is laid on the Table of the House.

**STATEMENT REFERRED TO IN REPLY TO THE LOK SABHA STARRED QUESTION NO. 276
BY SHRIMATI POONAMBEN MAADAM DUE FOR ANSWER ON JANUARY 5, 2018**

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(a) As per the World Economic Situation and Prospects 2018 report of the United Nations, the Indian economy is projected to grow at 7.2 per cent in 2018-19 and 7.4 per cent in 2019-20. The report indicates that the outlook for India remains largely positive, underpinned by robust private consumption and public investment as well as ongoing structural reforms.

(b) Share of public sector (including public financial and non-financial corporations and general government) in total Gross Fixed Capital Formation (GFCF) increased from 21.4 per cent in 2011-12 to 22.0 per cent in 2014-15 and further to 25.2 per cent in 2015-16 (the latest year for which data is available). The share of public GFCF in GDP at current prices increased from 6.7 per cent in 2014-15 to 7.4 per cent in 2015-16. From the demand side, the contribution of Public sector GFCF to GDP growth was about 20 per cent in 2015-16.

(c) The confidence in the Indian economy has increased on account of policy measures taken up by the government and Reserve Bank of India. Recently, Moody's rating agency upgraded India's local and foreign currency issuer rating to Baa2 with a stable outlook from Baa3 on the expectation that continued progress in India's economic reforms will enhance India's growth potential over time. According to World Bank's Ease of Doing Business 2018 Report, India's ranking improved by 30 positions to 100th rank in 2018. As per the World Economic Forum, India's rank in Global Competitiveness Index is 40 out of 137 countries in 2017-18, improvement over 71 out of 144 countries in 2014-15 and 55 out of 140 countries in 2015-16. The gross FDI flows to India in 2016-17 amounted to US\$ 60.2 billion, as compared to US\$ 55.6 billion in 2015-16 and US\$ 45.1 billion in 2014-15. During first half of 2017-18, the gross FDI inflow in the economy was US\$ 33.7 billion, higher as compared to the corresponding period of last year.

(d) The Government of India has taken various initiatives to improve the confidence in the Indian economy and boost the growth of the economy and which, inter-alia, include; fillip to manufacturing, concrete measures for transport and power sectors as well as other urban and rural infrastructure and comprehensive reforms in the foreign direct investment policy. Government had also announced various measures in the budget 2017-18 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 announced a phased program for bank recapitalization to the tune of about Rs 2.11 lakh crore over the next two years. This is expected to encourage banks to enhance lending. The Insolvency and Bankruptcy Code was enacted to achieve insolvency resolution in a time bound manner. The other measures include: lower income tax for companies with annual turnover up to Rs 50 crore and, a major push to digital economy. The introduction of the Goods and Services Tax has provided a significant opportunity to improve growth momentum by reducing barriers to trade, business and related economic activities. Reserve Bank of India (RBI) reduced the repo rate by 200 basis points in 3 years (2015 to 2017). RBI undertook many steps to address the vulnerabilities in the banking system, that inter-alia include, issuing the framework to revitalise the distressed assets in the economy and establishment of Central Repository of Information on Large Credits to reduce information asymmetry.
