

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

STARRED QUESTION NO:66
ANSWERED ON:11.07.2014
GROWTH PROJECTION
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Will the Minister of FINANCE be pleased to state:

- (a) the Gross Domestic Product (GDP) growth registered during each of the last three years;
- (b) the cumulative growth in core sector during each of the first four months of the current year, sector-wise;
- (c) whether the World Bank has lowered the growth projection of India for the year 2014-15 and if so, the details thereof;
- (d) the reasons attributed for this decline in growth and the reaction of the Government thereto; and
- (e) the suggestions given by the World Bank to achieve high growth and the corrective measures taken/being taken by the Government in this regard?

Answer

FINANCE MINISTER (SHRI ARUN JAITLEY)

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

STATEMENT REFERRED TO IN REPLY TO LOK SABHA STARRED QUESTION NO. 66 BY SHRI NISHIKANT DUBEY AND SHRIMATI SUPRIYA SULE DUE FOR ANSWER ON JULY 11, 2014

(a) The rate of growth in the Gross Domestic Product (GDP) at factor cost at constant (2004-05) prices was 6.7 per cent, 4.5 per cent and 4.7 per cent in 2011-12, 2012-13 and 2013-14 respectively.

(b) The growth in the eight core industries, consisting of coal, crude oil, natural gas, petroleum refinery products, fertilizers, steel, cement and electricity, is available only for the first two months of the current financial year, i.e. April and May 2014. The growth rates are given below.

Rate of Growth in Eight Core Industries (per cent)

Sector April 2014 May 2014 April-May (2014)

Coal 3.3 5.5 4.4

Crude Oil -0.1 -0.3 -0.2

Natural Gas -7.7 -2.2 -5.0

Petroleum -2.2 -2.3 -2.2

Refinery Products

Fertilizers 11.1 17.6 14.5

Steel 3.1 -2.0 0.3

Cement 6.7 8.7 7.7

Electricity 11.2 6.3 8.7

Overall Growth 4.2 2.3 3.3
Rate

(c)The World Bank has revised the rate of growth of India's GDP for 2014-15 downward from 5.7 per cent (April 2014) to 5.5 per cent (June 2014).

(d)The World Bank in the Global Economic Prospects (June 2014) has highlighted factors viz. prospect of weak monsoons due to El Nino phenomenon; supply-side constraints; stalling of projects in the infrastructure, steel and energy sectors and effects on slowing of investment; weak business environment and high inflation, as affecting growth in South Asia including India. Various agencies like International Monetary Fund, World Bank, Asian Development Bank, research organizations within the country and outside as well as credit rating agencies publish forecasts regarding growth rate of the economy. These forecasts, based on specific assumptions, often differ from one another. However, the Government takes into cognizance the concerns expressed by all stakeholders regarding the pace of the country's economic growth, and takes appropriate action.

(e)The suggestions of the World Bank for South Asia (including India) consist of measures like; fiscal consolidation that can create space for enhanced private investment; reforms that alleviate structural constraints and boost productivity to raise growth potential; implementation of labour market reforms and steps that create a predictable regulatory environment to revive investments; and, a credible monetary stance, along with easing of supply-side constraints, to reduce inflationary pressures.

Apart from the extension (in June 2014) of the excise duty concessions on specific items for a period of six months beyond 30th June 2014, the Union Budget 2014-15, presented on July 10, 2014, has outlined various measures to revive growth in the economy.