GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:850
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BOOSTING GROWTH RATE
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Will the Minister of FINANCE be pleased to state:

(a)the growth rate of the economy during the last three years and the current year;

(b)whether Government has taken note of the slow down in the world economy affecting foreign trade of the country, if so, the reaction of the Government thereon;

(c)whether India is lagging behind China in economic endeavours, if so, the details thereof and the reasons therefor;

(d)whether as per the estimates of the World Bank the Indian economy will overtake Chinese economy by the year 2017;

(e)if so, the reformative steps taken/ being taken by the Government to achieve higher growth rate; and

(f)the outcome/likely outcome of the steps taken/being initiated by the Government on various sectors of the Indian economy?

Answer

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

(a)As per the revised series (with base, 2011-12) of national income released by the Central Statistics Office (CSO), the growth rate of the economy, measured by the growth of the GDP at constant market prices, is available only from 2012-13. The growth rate of the GDP at constant (2011-12) market prices was 5.1 per cent and 6.9 per cent respectively in 2012-13 and 2013-14. As per the Advance Estimates released by CSO, the growth rate of the GDP at constant market prices is estimated at 7.4 per cent for 2014-15.

(b)In view of the slowdown in world economy affecting Indias foreign trade, the Government announced various measures in Union Budget 2014-15 to promote exports, which, inter alia, include: the initiative for Export Promotion Mission to bring all stakeholders under one umbrella; increase in the duty free entitlement for import of trimmings, embellishments and other specified items in order to encourage exports of readymade garments; and, proposal for full exemption from basic customs duty for pre-forms of precious and semi- precious stones.

(c)As per the IMF World Economic Outlook (WEO) database, the per capita GDP of India was US$ 1509 as against Chinese per capita GDP of US$ 6959 in 2013. The main reason for this difference in the per capita GDP is the faster growth rate of GDP and lower population growth in China during the period from 1990 to 2013.

(d)As per Global Economic Prospects 2015, released by World Bank in January 2015, the growth rate of China for the year 2017 is projected at 6.9 per cent while the growth rate of India is projected to be 7.0 per cent (in terms of real GDP at factor cost for 2017-18).

(e)Several reform measures were outlined in the Union Budget 2014-15 that aimed at reviving growth of GDP that, inter-alia, included: fiscal consolidation with emphasis on expenditure reforms and continuation of fiscal reforms with rationalization of tax structure; fillip to industry and infrastructure, inter-alia, through fiscal incentives and concrete measures for transport, power, and other urban and rural infrastructure; measures for promotion of Foreign Direct Investment (FDI) in selected sectors, including defence manufacturing and insurance; and, steps to augment low cost long-term foreign borrowings by Indian companies. Subsequently, steps have been taken to revive industrial activity and GDP growth that, among others, include: deregulation of diesel prices and finalization of natural gas pricing policy; Make in India initiative, launched in September 2014, along with the attendant investment facilitatory measures; labour reforms mainly related to inspection and apprenticeship; measures towards rationalization of subsidies including direct benefit transfer; amendments in the Land Acquisition, Rehabilitation and Resettlement Act 2013, and, Coal Mines Ordinance 2014; financial inclusion and boost to saving through Pradhan Mantri Jan-Dhan Yojana; and Digital India and Skill India initiatives.

(f)As per the Advance Estimates released by CSO, growth rate of GDP at constant market prices is estimated to increase from 6.9 per cent in 2013-14 to 7.4 per cent in 2014-15. The growth rate of Gross Value Added (GVA) at constant (2011-12) basic prices is estimated to increase from 4.5 per cent in 2013-14 to 5.9 per cent in 2014-15 for the industrial sector and from 9.1 per cent in 2013-14 to 10.6 per cent in 2014-15 for the services sector.