GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:1051
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GROWTH PROJECTION
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Will the Minister of FINANCE be pleased to state:

(a) the details of Gross Domestic Project (GDP) obtained during each of the last three years;

(b) whether the economic growth projected by the think tank in July, 2014 for the year 2014-15 was 5.7 per cent;

(c) if so, the economic growth recorded in the first quarter of the current year 2014-15;

(d) whether the National Council of Applied Economic Research (NCAER) lowered its 2014-15 growth forecast for India, if so, the details thereof and the reasons for differences; and

(e) the steps taken/proposed to be taken by the Government to reach the estimated growth?

Answer

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

(a) As per the estimates published by Central Statistics Office (CSO), the Gross Domestic Product (GDP) at factor cost, at constant (2004-05) prices, was Rs. 5247530 crore, 5482111 crore and 5741791 crore during the years, 2011-12, 2012-13 and 2013-14 respectively, with corresponding rates of growth of 6.7 per cent, 4.5 per cent and 4.7 per cent.

(b) The National Council of Applied Economic Research (NCAER) projected the rate of growth of GDP, at constant prices, for 2014-15 at 5.7 per cent in July 2014.

(c) The rate of growth of GDP, at factor cost at constant (2004-05) prices, for the first quarter (April-June) of 2014-15, was estimated to be 5.7 per cent over the corresponding quarter of the previous year.

(d) The NCAER, in its mid-year review of the economy, lowered the forecast for the rate of growth of GDP, at constant prices, for the year 2014-15 to 5.0 per cent. The NCAERs revision of forecast for growth is largely due to the downward revision of the projected growth in industrial and agricultural sectors.

(e) Several measures were outlined in the Union Budget 2014-15 to revive growth in the economy that, inter-alia, included: fiscal consolidation with emphasis on expenditure reforms via constitution of the Expenditure Management Commission; continuation of fiscal reforms with rationalization of tax structure; measures to boost agriculture via emphasis on irrigation and long-term credit; 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; steps to augment low cost long-term foreign borrowings by Indian companies; and boost to savings. Fiscal reforms have been bolstered further by the recent deregulation of diesel prices. The Make in India initiative, launched in September 2014, along with the attendant facilitatory measures, are expected to create a more conducive environment for investment in India. These steps, along with the labour reforms announced recently, are expected to boost business confidence and restart the investment cycle in the economy.