GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:3385
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GROSS DOMESTIC PRODUCT
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Will the Minister of FINANCE be pleased to state:

(a) the target set and actual achievement of the Gross Domestic Product (GDP) of the country for each of the last three years and the current year, till date;

(b) whether the IMF has revised and reduced its forecast for global economic growth and if so, the details thereof including the case of India; and

(c) the measures being taken to boost growth through structural growth and the manner in which the same has affected Indian economy?

Answer

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

(a) Government does not set any targets for Gross Domestic Product (GDP). As per the estimates published by Central Statistics Office, the 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. The GDP at factor cost at constant (2004-05) prices for the first half (H1) of 2014-15, estimated at Rs. 2877722 crore, grew by 5.5 per cent over H1 2013-14.

(b) IMF revised its growth forecast for the global economy for the year 2014 from 3.4 per cent in the World Economic Outlook (WEO) Update released in July 2014 to 3.3 per cent in the WEO published during October 2014. For India, the corresponding revision in the forecast of IMF for the year 2014-15 was from 5.4 per cent to 5.6 per cent.

(c) 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. The growth in the GDP at factor cost at constant prices increased from 4.7 per cent in 2013-14 to 5.5 per cent in the first half of 2014-15, reflecting that economic growth is picking up.