

LOK SABHA
UNSTARRED QUESTION NO. 3165
TO BE ANSWERED ON JANUARY 5, 2018

SHARE OF INVESTMENTS IN GDP

3165. SHRI A.P. JITHENDER REDDY:

Will the Minister of FINANCE be pleased to state:

- (a) the details of the share of investments in India's Gross Domestic Product (GDP) since the year 2014;
- (b) whether share of investment in GDP has steadily declined over the years, if so, the details thereof and the reasons therefor; and
- (c) the steps taken/proposed to be taken by the Government to increase the share of investment in GDP?

ANSWER

MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI PON RADHAKRISHNAN)

(a) & (b) As per the data available from Central Statistics Office, investment rate, measured as gross capital formation as a share of GDP, declined from 34.4 per cent of GDP in 2014-15 to 33.3 per cent of GDP in 2015-16 (the latest year for which data is available). Available institution-wise details, as given in Table, show that the decline in fixed investment from 2014-15 to 2015-16 is mainly on account of household sector, which declined by almost 2 per cent of GDP, whereas the fixed investment by public sector increased. Fixed investment rate (measured as a share of gross fixed capital formation as a ratio of GDP) declined from 30.4 per cent in 2014-15 to 27.1 per cent in 2016-17.

Table: Investment Ratios as a percentage of GDP			
	2014-15	2015-16	2016-17 (PE)
Gross Capital Formation	34.4	33.3	NA
Public sector	6.8	7.5	NA
Private corporates	13.3	13.0	NA
Household sector	12.8	10.9	NA
Gross Fixed Capital Formation	30.4	29.3	27.1
<i>Note: NA- Not available; PE- Provisional Estimates Source: Based on data from Central Statistics Office</i>			

(c) Encouraging domestic investment and enterprise is one of the focus areas of the Government. The complementarities built around the flagship Make-in-India programme, including comprehensive measures for improving the ease of doing business, Skill India and Digital India initiatives; encouragement to budding entrepreneurial talent under the Start-up India and Stand-up India initiatives; and, an investor friendly ecosystem for business and investment-related clearances and compliance; comprehensive reforms in the foreign direct investment policy and concrete measures for infrastructure sector are expected to encourage domestic enterprise. Government had also announced various investment promotion measures in the budget 2017-18 which, among others, include, lower income tax for companies with annual turnover up to Rs 50 crore, allowing carry-forward of MAT credit up to a period of 15 years instead of 10 years at present, 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, which is expected to encourage banks to enhance lending. 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.