

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF ECONOMIC AFFAIRS

LOK SABHA
UNSTARRED QUESTION NO. 257
TO BE ANSWERED ON JUNE 24, 2019

GDP GROWTH

257. SHRI ABHISHEK BANERJEE:
SHRI T.N. PRATHAPAN:
SHRI H. VASANTHAKUMAR:
SHRI ANTO ANTONY:
SHRI KODIKUNNIL SURESH:

Will the Minister of FINANCE be pleased to state:

- whether the Gross Domestic Product (GDP) estimates for the January- March quarter of financial year 2018-19 has been recorded at 5.6 percent which is the lowest growth rate in the past five financial years;
- if so, the details thereof along with the details of GDP during the last five years, year and sector-wise;
- whether the Government has identified the reasons for this and if so, the details thereof;
- whether India has lost its fastest growing economy tag to China after two years and if so, the details thereof and the reasons therefor;
- the details of actions which have been taken by the Government to tackle the constant decline of GDP growth rate and boost the same; and
- the details of reasons for major slowdown in sectors like manufacturing, construction and service sectors?

ANSWER

FINANCE MINISTER
(Ms. NIRMALA SITHARAMAN)

(a) As per the estimates available from Central Statistics Office (CSO), the growth of Gross Domestic Product (GDP) at constant market prices was 5.8 percent in the January to March quarter of 2018-19.

(b) The details of sector-wise growth rates of Gross Value Added (GVA) at basic prices and GDP at constant market prices during last five years are given in the table below.

Sector-wise Growth of GVA at constant basic prices and GDP at constant market prices (percent)					
	2014-15	2015-16	2016-17 (2nd RE)	2017-18 (1st RE)	2018-19(PE)
Agriculture & allied	-0.2	0.6	6.3	5.0	2.9
Industry	7.0	9.6	7.7	5.9	6.9
<i>of which</i> Manufacturing	7.9	13.1	7.9	5.9	6.9
Services	9.8	9.4	8.4	8.1	7.5
GVA at basic prices	7.2	8.0	7.9	6.9	6.6
GDP at market prices	7.4	8.0	8.2	7.2	6.8

Source: CSO Notes: 2nd RE: Second Revised Estimates, 1st RE: First Revised Estimates, PE: Provisional Estimates.

(c) The decline in growth rate in fourth (January-March) quarter of 2018-19 was mainly on account of 'Agriculture & allied' and 'Industry' sectors, whose growth rates declined in the fourth quarter, as compared to the preceding quarters in 2018-19.

(d) India retained the fastest growing economy among major economies tag in last two years. As per estimates of CSO, growth of Indian economy was 7.2 percent in 2017-18 and 6.8 percent in 2018-19. It was higher as compared to the growth of Chinese economy which stood at 6.8 percent in 2017 and 6.6 percent in 2018 (as per the World Economic Outlook, April 2019).

(e) Various steps have been taken to boost the GDP growth which, *inter-alia*, include; fillip to manufacturing via Make in India programme, measures to improve ease of doing business, measures for regional connectivity and power sector via schemes like Ujjwal DISCOM Assurance Yojana (UDAY), and starting of Multi Modal Terminal on River Ganga to promote inland waterways. Other measures include comprehensive reforms in the foreign direct investment policy and special package for leather & footwear sector, textile & apparel industry. 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. Various other reforms being undertaken by the government in many spheres to improve GDP growth, which among others, include cash transfer scheme "PM-Kisan" to provide an income support of Rs.6000/- per year to small and marginal farmer, historic support and outreach programme for the Micro, Small and Medium Enterprises (MSME) sector to help the growth, expansion and facilitation of MSMEs across the country.

(f) Growth of manufacturing sector in fourth quarter (Q4) of 2018-19 may have been affected by lower production and sales in the auto sector. Construction sector growth in Q4 of 2018-19 may have been affected by lower growth in production of cement. Service sector growth in Q4 of 2018-19 was 8.4 percent, higher as compared to all other quarters of 2018-19 and the corresponding quarter of previous year.
