

**PRESS INFORMATION BUREAU**

**GOVERNMENT OF INDIA**

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**Finance Ministry: Salient Features Emerging from Quarterly Estimates of GDP for Q1 of 2016-17 Released Today by CSO; Lower growth in Q1 of 2016-17, compared to Q1 of 2015-16 is attributable among others to increase in subsidies by 53 per cent which has resulted in lower growth of net indirect taxes.**

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**Bhadrapada 9, 1938 (SAKA)**

The Central Statistics Office (CSO), Ministry of Statistics and Programme Implementation today released the estimates of Gross Domestic Product (GDP) for the First Quarter (April-June) Q1, of 2016-17, both at constant (2011-12) and current prices, along with the corresponding quarterly estimates of expenditure components of the GDP. As per data released by the Central Statistics Office (CSO), GDP growth (measured in terms of constant 2011-12 market prices) for the First Quarter (Q1) of 2016-17 is estimated to be 7.1 per cent as against 7.5 per cent for Q1 of 2015-16. Growth of GDP for the full year 2015-16 was estimated to be 7.6 per cent.

The Finance Ministry states that the lower growth in Q1 of 2016-17, compared to Q1 of 2015-16 is attributable to increase in subsidies by 53 per cent which has resulted in lower growth of net indirect taxes. It is also due to the negative growth in gross fixed capital formation. GFCF growth at constant prices declined from 7.1 per cent in Q1 of 2015-16 to (-) 3.1 per cent in Q1 2016-17. The ratio of fixed capital formation (which is also called fixed investment) to GDP at current prices declined from 31.6 per cent in Q1 2015-16 to 28.3 per cent in Q1 2016-17.

On the other hand, the Finance Ministry further states the growth in governmental final consumption expenditure, in real terms, increased to 18.8 per cent in Q1 2016-17 from (-) 0.2 per cent in Q1 2015-16. The growth of private final consumption (major component of GDP) has remained more or less the same (6.7 per cent in Q1 2016-17 as against 6.9 per cent in Q1 2015-16, in real terms).

The Finance Ministry states that the GDP growth has also been helped by the improvement in the growth of export of goods and services from (-) 5.7 per cent in Q1 2015-16 to 3.2 per cent in Q1

2016-17, as well as, a reduction in the growth of imports from (-) 2.4 per cent in Q1 2015-16 to (-) 5.8 per cent in Q1 2016-17.

Growth of GVA at basic prices increased marginally from 7.2 per cent in Q1 2015-16 to 7.3 per cent in Q1 of 2016-17. GVA growth is higher than the GDP growth because the growth in net indirect taxes declined from 11.9 per cent in Q1 2015-16 to 3.6 per cent in Q1 2016-17. As already stated above, the Finance Ministry states that the increase in net indirect taxes is attributable to an increase in subsidies by 53 per cent despite a significant increase in indirect taxes.

The growth in agriculture and allied sectors is estimated at 1.8 per cent in Q1 2016-17, as against 2.6 per cent in Q1 2015-16.

The Finance Ministry states that the manufacturing has been one of the bright spots at the supply side with growth increasing from 7.3 per cent in Q1 2015-16 to 9.1 per cent in Q1 2016-17. But, on account of the slackness in mining and quarrying (contraction of 0.4 per cent in Q1 2016-17) and in construction activity (growth of only 1.5 per cent), the overall industrial growth declined from 6.7 per cent in Q1 2015-16 to 6.0 per cent in Q1 of 2016-17, the Ministry added.

The growth in services increased from 8.8 per cent in Q1 2015-16 to 9.6 per cent in Q1 2016-17. The Finance Ministry states that the major change contributing to this increase in growth is the substantial increase in the growth of public administration, defence and other services from 5.9 per cent in Q1 2015-16 to 12.3 per cent in Q1 2016-17. The growth in financial, insurance, real estate and professional services also remained strong, the Ministry added.

Going forward, the Finance Ministry states that the growth dividends of good monsoon may be reaped in the subsequent quarters. The Pay Commission pay-outs can give boost to consumption in the subsequent quarters. The impact of various structural reforms taken by the government in the last two years will also have positive impact on growth, the Ministry concluded.

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