

### India estimate for the FY2017-18 Vs FY 2016-17

	2017-18*	2016-17
GDP growth	6.7%	7.1%
GVA growth	6.4%	9.0%
Farm growth	3%	9.0%
Manufacturing growth	5.1%	9.3%
Power and Gas growth	7.3%	6.5%
Mining growth	3%	1.9%
Construction growth	4.3%	3.5%
Trade, hotel, transport, telecom growth	8.3%	9.8%
Financials, realty growth	7.2%	9.8%
Public, admin, defence growth	10.1%	16.6%
Per capita income growth	8.3%	9.7%

\*Estimated

(Source: <http://pib.nic.in/newsite/PrintRelease.aspx?relid=163287>)

## Key government initiatives

World Economic Forum's Global Competitiveness Report 2017 ranked India at an impressive 23 in the Global Competitiveness Index from 39 in 2016. Demonetisation dampened short-term growth, but could prove beneficial over the long-term. Some government initiatives comprised:

- **Bank recapitalisation scheme:** The Central Government announced capital infusion of ₹2.1 lac crore in public sector banks.
- **Expanding road network:** The Government of India announced a ₹6.9 lac crore investment to construct 83,677 kilometres of roads across five years.
- **Improving ecosystem:** The country was ranked at the hundredth position, an improvement of 30 places in the World Bank's Ease of Doing Business 2017 report, a result of the Central Government's pro-reform agenda, comprising measures like the passing

of Insolvency and Bankruptcy Code, simplifying tax computation and merging applications for PAN and TAN. In addition, Aadhaar-based identification approach could streamline the regulatory regime. (Source: KPMG)

- **Goods and Services Tax:** The Government of India launched GST in July 2017, with the vision of creating a unified market. Under this regime, various goods and services are taxed as per five slabs (28%, 18%, 12%, 5% and zero tax).
- **Foreign Direct Investment:** Foreign direct investment increased from approximately USD 24 billion in FY2012 to approximately USD 60 billion in FY2017, an all-time high.
- **Coal mining opened for private sector:** Ending state monopoly, the government opened coal mining to private sector firms for commercial use, the most ambitious sectoral

reform since nationalisation in 1973. (Source: The Hindu, Business Today)

- **Doubling farm incomes:** The government initiated a seven-point action plan to double farm incomes by 2022.

### Outlook

World Bank projected India's economic growth to accelerate to 7.3% in 2018-19 and 7.5% in 2019-20. Strong private consumption and services are expected to continue to support economic activity. Private investment is expected to revive as soon as the corporate sector adjusts to GST. The recapitalisation package for public sector banks announced by the Government of India is expected to strengthen banking sector Balance Sheets, enhance credit availability and spur investment. (Source: IMF, World Bank)

## Indian agricultural sector overview

Agriculture is the primary source of livelihood for about 58% of India's population and the sector accounts for 16% of the overall economy. At 157.35 million hectares, India holds the second-largest agricultural land

in the world. Ministry of Agriculture is targeting to achieve 274.55 million tonnes production of food grains, during 2017-18 as compared to 275.68 million tonnes in FY17. India's agriculture sector is pegged to grow at

2.1% in 2017-18. India is among the top-15 exporters of agricultural products in the world.

The Central Government has made doubling farm incomes as one of its priorities. To this end, it has taken a