

India clocked double-digit economic growth only once — in 1988-89 — but that does not stop the political class from making the claim that the country can repeat the feat.

The fact that the [World Bank projects](#) the economy will grow 7.3 per cent in the current fiscal year against 6.7 per cent in 2017-18 and then 7.5 per cent each in the next two years speaks volumes for the difficulties in meeting the target.

The [International Monetary Fund](#) (IMF), on the other hand, has projected the economy will grow 7.4 per cent in the current fiscal year and 7.8 per cent in 2019-20.

Bolstered by a seven-quarter high [GDP growth](#) rate of 7.7 per cent in the fourth quarter of 2017-18, Prime Minister Narendra Modi has rekindled hopes of double-digit growth. However, he acknowledged it would be a challenge.

“The challenge now is to take this growth rate to double digits, for which many more important steps have to be taken,” he had said at the governing council meeting of the [NITI Aayog](#).

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Supported by three consecutive years of more than 9 per cent growth (see chart) in three years of the first UPA government, the original document of the 11th Five-Year Plan (2007-08 to 2011-12) did talk of an average of 9 per cent growth, with the concluding year touching double digits. However, growth in the concluding year stood at 6.7 per cent. But growth in some intervening years was very close to 9 per cent — 8.6 per cent in 2009-10 and 8.9 per cent in 2010-11.

Instead of 9 per cent, the country recorded an average annual economic growth rate of 8 per cent during the 11th Five-Year Plan, then government had told Parliament.

Finance Minister [Piyush Goyal](#) on Monday said the economy might grow in double digits by the fourth quarter of the current fiscal year.

Illustration by Ajay Mohanty

## **Will it be sustainable?**

Economists say double-digit growth should be a long-term goal, and the immediate aim should be to propel manufacturing to at least 10 per cent expansion.

When the economy grew 10.2 per cent in 1988-89, it came on a low base of 3.5 per cent growth in the previous year. None of the sectors except the primary sector (agriculture, allied, mining and quarrying), which rose by 15.7 per cent, grew in double digits. The situation has changed drastically now.

“Our immediate aim should be to catapult manufacturing to double-digit growth. If that is not done, achieving 10 per cent will remain a challenge,” said Madan Sabnavis, chief economist with Care Ratings.



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Manufacturing grew by 5.7 per cent in 2017-18 against 7.9 per cent in the previous year. However, it rose 9.1 per cent in the fourth quarter of 2017-18 from 8.5 per cent in the third quarter.

He said the economy is likely to recover gradually from the four-year low growth of 6.7 per cent in 2017-18. The growth may recover to 7.5-8 per cent in the fifth year onwards down the line, he said.

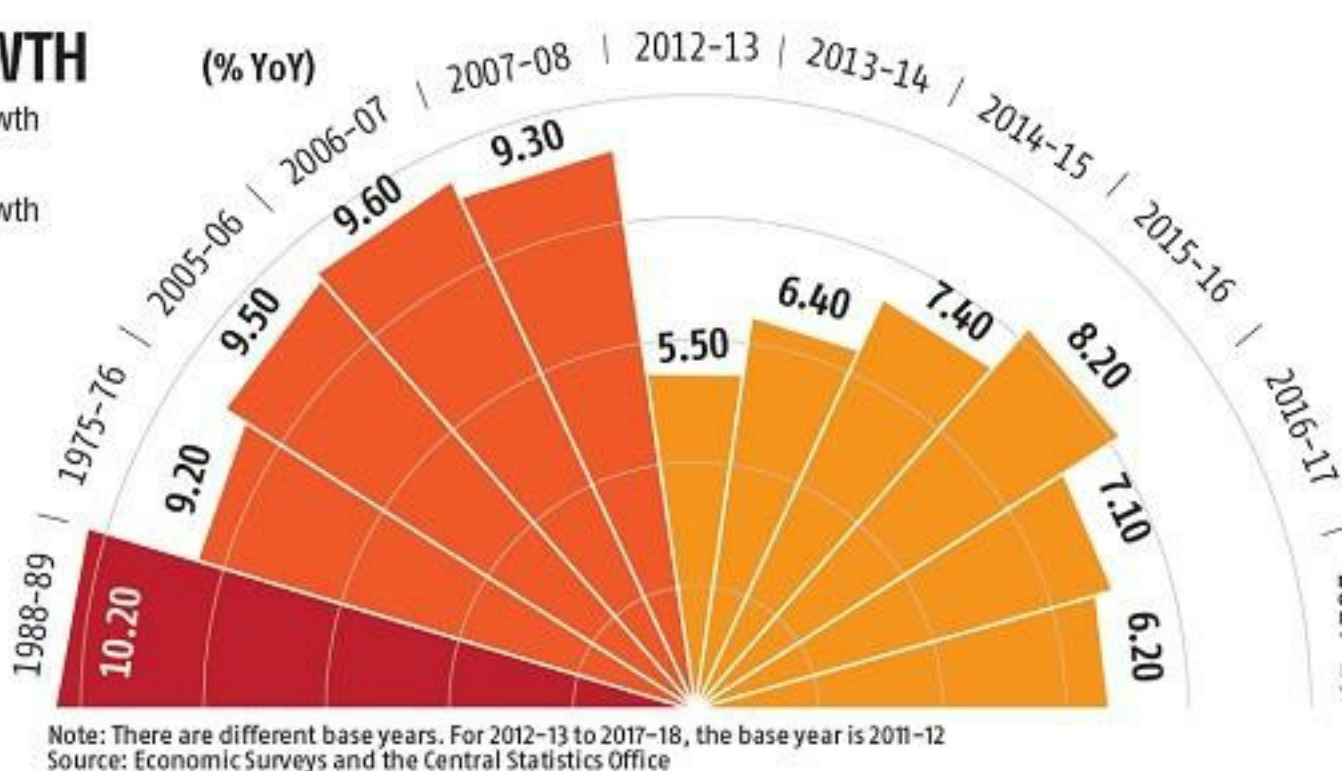
Devendra Pant, chief economist at India Ratings, said double digit growth on a sustainable basis will require investment to grow by double digits. However, investment is lacklustre due to the health of the banking sector and bond markets not being deep.

He said double digit growth on private consumption expenditure and government final consumption expenditure would not be sustainable.

Pant expected the first half of the current financial year to register higher [GDP growth](#) than the second half.

# GDP GROWTH

- Double-digit growth
- Over 9%
- Recent years' growth



Aditi Nayar, principal economist at ICRA, said she expected [GDP growth](#) to record a shallow recovery to 7.1 per cent in 2018-19. "To achieve a sustained double digit GDP growth would require a significant ramping up of India's share in global exports and the pace of execution of infrastructure projects as well as availability of funding for the latter," she said.