

Economy to grow 7.5% in FY18: Panagariya

May return to 8% growth by FY19, says NITI Aayog's Vice-Chairman; commits to better data on jobs

SPECIAL CORRESPONDENT

NEW DELHI

A day after India lost the tag of the world's fastest growing economy to China, with GDP growth slipping to 6.1% in the last quarter of 2016-17, NITI Aayog vice chairman Arvind Panagariya said he expects 7.5% growth in the current financial year and possibly a return to the 8% growth rate by the end of the present NDA government's tenure.

Stressing that India is 'pretty much out of the woods' when it comes to the impact of demonetisation on the economy, Mr. Panagariya said, "Re-monetisation has happened... We should see a good turnaround in the first quarter (of 2017-18)."

The contraction in the construction sector in the last quarter of 2016-17 could



Turnaround coming: India is out of the woods from the impact of demonetisation, says Panagariya. ■ RAMESH SHARMA

be due to many reasons including the war on black money that was the stated goal of demonetisation, he said.

"Our main objective of demonetisation was to curb black money and prices of real estate have fallen by about 20%-25%, which in

turn may have impacted construction activity," he said.

"Going forward, I expect growth to be 7.5% in the current year and before the present term of the government ends, I expect we would hit 8% mark and probably enter another sustained growth trajectory of 8% plus

by the time government completes its term," Mr. Panagariya said, adding that the NDA had inherited a "rather fragile economy."

"I have studied the economic history of India... reforms do lead to accelerated growth but with a lag," he said. "First, we had a major reform wave under PM Narasimha Rao, which was carried forward by PM Atal Bihari Vajpayee... some acceleration happened early on, but it was in 2003-04 that we got launched into this 8% growth trajectory," he said, blaming mistakes in UPA's second innings for slowing down the economy in 2012-13.

"Now we are back in the process of reforms and I think governance is being addressed in a very intensive manner by the PM and the

full impact of that is yet to be realised... In 2015-16, we already achieved 8% growth and average of the three years is already 7% plus, so it's only 1 percentage extra we are talking about," he said.

Book of jobs

The government has begun compiling data from this April for a new annual employment survey to capture rural and urban job levels, with quarterly data on urban jobs, said Mr. Panagariya, terming all the debate about jobless growth as 'misplaced' as there is no credible aggregate data on employment.

A task force on employment data headed by him has already met twice and will come up with an assessment in a few weeks, he said.