

**GOVERNMENT OF INDIA
FINANCE AND COMPANY AFFAIRS
LOK SABHA**

UNSTARRED QUESTION NO:646

ANSWERED ON:21.02.2003

DOMESTIC SAVINGS RATE

AKBOR ALI KHANDOKER;GORDHANBHAI JAVIA;UMMAREDDY VENKATESWARLU

Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

- (a) whether domestic savings have recorded a shortfall during the last three years;
- (b) if so, the State-wise details thereof; and
- (c) the reasons for such shortfall and the steps taken to improve domestic savings?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE & COMPANY AFFAIRS (SHRI ANANDRAO V ADSUL)

(a) : Gross domestic savings as a proportion of GDP at current market prices during the last three years are as under:

Year	Rate of Savings (% of GDP)
1999-2000	24.1
2000-01	23.4
2001-02	24.0

(b) : State-wise information on gross domestic savings is not available.

(c) : The ratio of gross domestic savings to GDP has improved in 2001-02 as compared with 2000-2001 and is almost at the same level as it was in 1999-2000. The Government has taken the following important measures in the current year to encourage the growth of domestic savings:

- (i) Increase in deduction under Section 80L to Rs.15,000 comprising Rs.12,000 for income from specified investments and Rs.3000 on interest on Government securities.
- (ii) Increase in the limit in respect of dividend income up to Rs.2500 received from each company or a mutual fund for tax deduction at source for senior citizens and investors.
- (iii) Exemption of life insurance premia from service tax.
- (iv) Introduction of a new scheme of 7 per cent tax free and non-transferable Savings Bonds from October 1, 2002.