

**GOVERNMENT OF INDIA  
PLANNING  
LOK SABHA**

UNSTARRED QUESTION NO:3397  
ANSWERED ON:16.04.2008  
ECONOMIC GROWTH  
Saradgi Shri Iqbal Ahmed

**Will the Minister of PLANNING be pleased to state:**

- (a) whether there has been a sign of moderation in growth during the current year as per the latest estimates released by the Prime Minister's Advisory Council;
- (b) if so, whether the economy is estimated to grow at 8.8% during the year 2008-09 as compared to 9.4% during 2006-07; and
- (c) if so, the reasons attributed for the slow down of economic growth and the steps taken/ being taken to improve the growth?

**Answer**

MINISTER OF STATE IN THE MINISTRY OF PLANNING AND MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS(SHRI V. NARAYANASAMY)

(a) : Yes, Sir. According to the 'Review of the Economy 2007/08' by the Economic Advisory Council (EAC) to the Prime Minister released in January 2008, the estimated rate of growth of the Indian economy is likely to be 8.9% in the current year 2007-08, as compared to 9.4% in 2006-07.

(b) While taking a preliminary view of the prospects for the economy in 2008-09, the EAC states that the Indian economy is likely to grow by about 8.5% in 2008-09 as compared to 9.4% during 2006-07.

(c) The EAC has attributed the following reasons for likely slowdown in the growth rate in 2008-09 :

- (i) slowdown in growth in developed economies;
- (ii) slower growth in the demand for consumer goods;
- (iii) slightly slower growth in trade, hotels, transport & communications sector;
- (iv) farm sector growth closer to the trend of 2.5%, than to the stronger performance evident in 2007-08. The Central Budget for 2008-09 contains a slew of measures to spur consumption in the economy. These include adjustments in personal income tax slabs, reduction in excise duty rates on a range of consumer goods, waiver of farm loans. The extension of the National Rural Employment Guarantee Scheme to all rural districts of the country is likely to contribute to increase in consumption demand and, hence, growth of the economy. The Government has increased the allocation for infrastructure programmes like National Highway Development Project, Accelerated Irrigation Benefit Programme, Jawaharlal Nehru National Urban Renewal Mission, as well as on education, health, and training and skill upgradation. These are expected to address some of the supply side constraints on sustaining the high growth rate and in improving the level of productivity of the economy. During the Eleventh Five Year Plan period, the investment in physical infrastructure is envisaged to increase from around 5 per cent GDP in 2006-07 to 9 per cent of GDP by the end of the Plan period (2011-12).