

**GOVERNMENT OF INDIA
PLANNING
LOK SABHA**

STARRED QUESTION NO:94

ANSWERED ON:03.03.2010

REVIEW OF ECONOMIC GROWTH RATE

Singh Dr. Raghuvansh Prasad;Singh Shri Rajiv Ranjan (Lalan)

Will the Minister of PLANNING be pleased to state:

- (a) whether the Government has reviewed the projected economic growth of the country;
- (b) if so, the outcome thereof;
- (c) the existing growth rate and the targeted growth rate fixed by the Government during the 11th Five Year Plan in different sectors of the economy, including agricultural sector, sector-wise;
- (d) whether the growth rate of the economy is as per the Plan;
- (e) if so, the details thereof and if not, the reasons therefor; and
- (f) the effective steps taken by the Government to achieve the targeted growth rate in different sectors of the economy?

Answer

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

(a) to (f): A Statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (f) OF LOK SABHA STARRED QUESTION NO. 94 REGARDING "REVIEW OF ECONOMIC GROWTH RATE" BY DR. RAGHUVANSH PRASAD SINGH AND SHRI RAJIV RANJAN SINGH ALIAS LALAN SINGH DUE FOR ANSWER ON 3rd MARCH, 2010

(a) to (e): Government reviews the projected economic growth of the country constantly and initiates policy measures to attain the desired growth rate. In 2008-09, we faced growth deceleration due to the international financial crisis. India responded by embarking on a path of fiscal expansion through the three fiscal stimulus packages coupled with a liberal monetary policy. The latest estimates of Gross Domestic Product (GDP) growth rate indicate that the economy stabilized in the first quarter of 2009-10 itself when it grew at 6.1% as against 5.8% in the last quarter of 2008-09. In the second quarter, the economy recorded a much higher growth rate of 7.9%.

The Eleventh Five Year Plan (2007-12) aims at achieving an average growth rate of 9 %, with target growth rate of 4% per year in agriculture, 10-11% per year in the industry sector and 9-11% per year in services. During the first year of the Eleventh Plan (2007-08) the growth rate of GDP was estimated at 9.2% with 4.7% growth in agriculture, 8.2% in industry and 10.6% in services. The growth rate of 2007-08 has been well on the mark as expected. However, there has been a drop in the growth rate in the Indian Economy on account of the global slowdown and negative growth rate in the agriculture sector due to erratic rainfall and drought like situation during 2009. The details of the targetted and achieved growth rate of the economy across sectors are given at Annex-I.

(f): The quick recovery of the economy from 6.7% in 2008-09 to a projected 7.2% for the year 2009-10, indicates the effectiveness of the policy response of the Government in the wake of the prevailing financial crisis. Government has been taking several measures to improve the growth rate across the country and sectors in a balanced manner. The policy instruments in this regard include increase in borrowing limits of State Governments by 100 basis points, tax relief to boost demand and increase in expenditure on public projects to create employment opportunities and public assets, debt relief measures to farmers and increased public expenditure on programmes such as Mahatma Gandhi National Rural Employment Guarantee Scheme and rural infrastructure. The monetary policy also supported the early recovery of growth momentum.

Annexure-I

Growth Rates of GDP: Sector-wise (in %, at Factor Cost, 2004-05 prices)

	Target	Achievements
Year	Eleventh Plan 2007-08	2008-09 (QE) 2009-10 (AE)

Agriculture	4	4.7	1.6	-0.2
Industry	10-11	8.2	3.7	8.1
Services	9-11	10.6	10.5	8.8
GDP		9.0	9.2	6.7 7.2

QE= Quick Estimates AE = Advance Estimates

Source: Central Statistical Organisation (CSO).