

**GOVERNMENT OF INDIA
PLANNING
LOK SABHA**

UNSTARRED QUESTION NO:1025
ANSWERED ON:03.03.2010
ECONOMIC GROWTH
Sule Supriya

Will the Minister of PLANNING be pleased to state:

- (a) whether high public expenditure during 2008-09 had contributed to the Gross Domestic Product (GDP) expanding by 6.7% despite global economic recession;
- (b) if so, the details thereof;
- (c) whether enhanced expenditure on infrastructure projects is likely to push further growth even after keeping in view the large number of the centrally sponsored ventures were running behind schedule;
- (d) if so, the details thereof; and
- (e) the extent to which these projects will help to improve the economic growth of the country?

Answer

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

(a) & (b): Yes. As per the national accounts data, in 2008-09, the growth in Government consumption expenditure (over 2007-08) resulted in increasing the overall economic growth rate to 6.7% to counter the negative fallout of the global slowdown. The fiscal measures taken by the government in this regard led to rise in fiscal deficit from 2.6% of GDP in 2007- 08 to 5.9% of GDP in 2008-09.

(c) to (e): The Government has acknowledged the importance of infrastructure development in driving the economic growth of the country and significantly raised the allocation for the infrastructure sector. This included a significant increase by 87 % in the allocation under the Jawaharlal Nehru National Urban Renewal Mission (JNNURM), a 23% hike in the allocation under the National Highway Development Programme (NHDP), increase in allocation for the Railways from Rs10, 800 crore to Rs15, 800 crore; and increase of 144% in the allocation under the National Rural Employment Guarantee Scheme (NREGS) taking the outlay to a level of Rs 39,100 crore. As a result of such combined measures, it is expected that the GDP growth rate during 2009-10 would be 7.2% and more than 8% during 2010-11.