

**GOVERNMENT OF INDIA
PLANNING
LOK SABHA**

UNSTARRED QUESTION NO:3587
ANSWERED ON:24.08.2011
SLOWING DOWN OF ECONOMY
Satpathy Shri Tathagata

Will the Minister of PLANNING be pleased to state:

- (a) whether the Prime Minister's Economic Advisory Council has recently predicted further slowing down of Indian economy;
- (b) if so, the details thereof and the reason therefor;
- (c) the actual current position of the economic growth; and
- (d) the steps proposed to be taken by the Government to deal with the adverse impact of the world economic turmoil particularly of the USA in the country?

Answer

MINISTER OF STATE FOR PLANNING, SCIENCE & TECHNOLOGY AND EARTH SCIENCES (Dr. ASHWANI KUMAR)

(a) & (b): The PMEAC has estimated that overall economic growth in 2011/12 is unlikely to exceed 8.2 per cent, which is a significant downscaling from both the July 2010 and the February 2011 forecasts. The developments, over the course of the last one year, have resulted in an erosion of investor confidence with commensurate impact on the investment component of demand, especially in the medium-term. The higher than expected inflationary situation has necessitated tighter monetary policy which will impact demand in the short run, especially in consumer durables and in the housing sector. In the light of these developments, the Council feels that economic growth in 2011/12 will be significantly lower than forecast earlier (9 per cent) and a large part of the lower growth rate will be reflected in the manufacturing and construction sectors.

(c) & (d): Revised Estimates of National Income, 2010-11 released by Central Statistical Office (CSO) on 31st May, 2011 indicate a GDP growth rate of 8.0 percent for the year 2009-10 and 8.5 percent for the year 2010-11. The Government is closely monitoring all key indicators and will continuously assess the impact of global developments on macroeconomic stability. India will respond quickly and appropriately to the evolving situation.