

**GOVERNMENT OF INDIA
PLANNING
LOK SABHA**

UNSTARRED QUESTION NO:4478
ANSWERED ON:21.12.2011
COUNTRY'S ECONOMIC CONDITION
Kanubhai Patel Jayshreeben

Will the Minister of PLANNING be pleased to state:

- (a) whether the Government has taken note of the present economic condition of the country including price rise, dwindling foreign investment, declining pace of industrial production, dearer loans to Indian industrial houses, etc.;
- (b) if so, the details thereof and if not, the reasons therefor; and
- (c) the corrective action taken in this regard?

Answer

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

(a) to (c): Government is closely following the economic situation in the country. Due to a variety of reasons including the slowdown of economic growth in Europe and the USA, the economy is going through a phase with low foreign investment inflows, decline in the growth of Index of Industrial Production (IIP) since July 2011, and successive increases in the lending rates making the cost of borrowing dearer for the industrial houses. Interest rate hikes were considered advisable for reigning in inflation and as part of macro economic measures which are under constant review.

Government is pursuing prudent macroeconomic policies on an ongoing basis with a countercyclical focus in recent years to contain inflation, obviate the impact of price rise and industrial slowdown by initiating and strengthening structural measures to promote growth and investment in crucial sectors such as agriculture and infrastructure.