

**GOVERNMENT OF INDIA
PLANNING
LOK SABHA**

UNSTARRED QUESTION NO:1542

ANSWERED ON:15.07.2009

SLOWING DOWN OF GROWTH RATE

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Will the Minister of PLANNING be pleased to state:

- (a) whether the growth rate of the country has slowed down due to global economic recession;
- (b) if so, the details thereof;
- (c) whether the Government proposes to focus on sectors that have been adversely affected by global economic recession;
- (d) if so, the details thereof; and
- (e) the steps taken or being contemplated by the Government in this regard?

Answer

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

(a)&(b): The rate of growth of Indian economy (measured in terms of GDP at factor cost at 1999-2000 prices) declined from 9 percent in 2007-08 to 6.7 percent in 2008-09 on account of global financial meltdown and consequent economic recession in developed economies.

(c)&(d): The Government proposes to increase investment in infrastructure, telecommunications, power generation, airports, roads, railways and address the slow down in manufacturing and export sectors.

(e): Government and Reserve Bank of India (RBI) have taken both fiscal and monetary measures in order to restore the growth momentum, including measures for providing impetus to manufacturing sector as well as export sectors. The fiscal measures, inter-alia, include increasing plan expenditure, reduction in indirect taxes etc. The monetary and credit related measures taken by the RBI relate to provisioning of adequate liquidity and credit delivery, reduction in cash reserve and statutory liquidity ratios (CRR & SLR) for banks, etc. These measures have been supplemented with sector specific credit measures for exports, housing, micro and small enterprises and infrastructure.