

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:4740
ANSWERED ON:04.05.2012
SLOWING OF GROWTH RATE
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Will the Minister of FINANCE be pleased to state:

- (a) the place of India in the world in terms of economic development;
- (b) the details of estimates and growth actually achieved sector-wise and also the Gross Domestic Product during the financial years 2009-10 and 2011-12 alongwith the reasons for variation in the estimates and actuals as also fall in such growth rates;
- (c) the projected growth of economy during the financial year 2012-13; and
- (d) the steps taken/proposed to be taken to improve the pace of development/growth in future?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA)

(a) As per the Economic Survey 2011-12, India's rank in per capita GDP (measured in term of constant 2005 PPP international dollars) improved from 117 in 1990 to 94 in 2009, out of 131 countries for which comparable data is available. As per latest information available from the world Economic Outlook published by International Monetary Fund, the growth rate of GDP at market prices of some selected countries are as under:

Country Growth Rate (2011)

United States	1.7
Euro Area	1.4
Germany	3.1
France	1.7
Italy	0.4
Spain	0.7
Japan (-)	0.7
United Kingdom	0.7
China	9.2
India	7.2
World Output	3.9

Source: World Economic Outlook (WEO) April 2012, IMF.

As per the Human Development Report 2011, brought out by the United Nations Development Programme (UNDP) the value of human development index India's (HDI) was 0.547 in 2011 with a rank of 134 out of 187 countries for which the HDI is available.

(b) As per information available from Central Statistics Office (CSO) the GDP at factor cost (at 2004-05 prices) in 2009-10 was Rs. 4507637 crore and is estimated to be Rs. 5222027 crore for 2011-12. The growth rate of GDP in these two years works out to 8.4 per cent and 6.9 per cent respectively. The sectoral growth rates for the years 2009-10 and 2011-12 is given in the table below:

Growth Rate of sectors (per cent per annum at 2004-05 prices)

2009-10 2011-12

Agriculture	1.0	2.5
Industry	8.4	3.9
Services	10.5	9.4

Source: Calculated from information available from CSO.

The reduction in the growth rate in India in 2011-12 vis-a-vis 2009-10 is attributable to both domestic and global factors. Some of the global factors that resulted in slowdown include, inter-alia, the crisis in the eurozone area and near-recessionary conditions prevailing in Europe; sluggish growth in many other industrialized countries, like the USA; stagnation in Japan; and hardening international

prices of crude oil. Among domestic factors, the tightening of monetary policy, in order to control inflation resulted in slowing down of investment and growth, particularly in the industrial sector.

(c) As per the Economic Survey 2011-12, the growth rate of real GDP for 2012-13 is expected to be 7.6 (+/-0.25) per cent.

(d): The Approach Paper to the Twelfth Five Year Plan (2012-17) proposes a faster, more inclusive and sustainable growth with a target of 9 per cent annual growth rate of GDP. The key requirements for achieving the goal are better performance in agriculture (at least 4 per cent growth), faster creation of jobs in manufacturing, development of appropriate infrastructural facilities, etc.. Certain specific measures taken by government, inter alia, include enhancing level of investment for agriculture sector including irrigation projects, promoting Micro Small & Medium Enterprises (MSME) sector by way of higher allocation of funds, enhancing investment in the infrastructure sector focusing on Public Private Partnership and a number of legislative measures to develop the financial sector, etc..