# GOVERNMENT OF INDIA
# FINANCE
# LOK SABHA

UNSTARRED QUESTION NO:1632
ANSWERED ON:22.08.2012
ECONOMIC GROWTH
Singh Shri Rakesh

**Will the Minister of FINANCE be pleased to state:**

(a) the contribution of foreign investment to the economic growth rate of the country;

(b) whether any target has been fixed in respect of foreign investment for achieving high growth rate;

(c) if so, the details thereof;

(d) whether other alternatives have been identified to increase growth rate; and

(e) if so, the details thereof?

## Answer

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

(a) Bulk of investment in India is financed by domestic savings. The share of domestic savings and investment in GDP averaged 33.1 per cent and 34.3 per cent respectively during the period 2003-04 and 2010-11, with foreign sources like Foreign Direct Investment (FDI) and Foreign Institutional Investor (FII) investment accounting for 1.2 per cent of GDP over this period.

(b) & (c) There are no targets fixed for Foreign Direct Investment (FDI).

(d) & (e) The action plan of the Government to revive the economy, inter alia, includes better access to finance for manufacturing sector, fast tracking of large investment projects in the areas of power, petroleum and gas, roads, coal, etc., use of buffer stocks to moderate food inflation, strengthening of financial and banking sector, reducing the volatility of exchange rate, etc. Certain specific measures taken by the Government to achieve the growth target, inter alia, include enhancing the 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 Partnerships, a number of legislative measures to develop the financial sector and introduction of a new National Manufacturing Policy, etc. The fiscal policy as enunciated in the Budget 2012-13 aims at reducing the fiscal deficit from 5.8 per cent in 2011-12 to 5.1 per cent in 2012-13, by restricting the expenditure on subsidies to under 2 per cent of GDP. This would be facilitated by the move towards nutrient based subsidy in fertilizers and the use of unique identity based 'Aadhaar' system for rationalizing subsidies. Steps have been taken to expedite the passage of Direct Tax Code Bill and evolving a consensus among stake holders in implementation of goods and services tax.