

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:1758

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ACHIEVEMENT OF GROWTH TARGETS

Bundela Shri Jeetendra Singh;Khaire Shri Chandrakant Bhaurao;Mohan Shri P. C.;Reddy Shri K. Jayasurya Prakash;Shetkar Shri Suresh Kumar;Tagore Shri Manicka

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government has not been able to achieve the country's growth rate targets fixed for the last three years;
- (b) if so, the details thereof and the reasons therefor, year-wise;
- (c) the targets fixed for growth rate for the year 2012-13 by the Government; and
- (d) the details of the policy decisions taken or likely to be taken by the Government to achieve the target?

Answer

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

(a) & (b) The targets for growth rate are not fixed on annual basis. As per the revised estimates of annual national income, 2011-12 released by the Central Statistics Office (CSO) the growth rate of the Indian economy measured in terms of Gross Domestic Product (GDP) at factor cost at constant (2004-05) prices was 8.4 per cent each in 2009-10 and 2010-11 and 6.5 per cent in 2011-12. The slowdown in the growth of the economy in 2011-12 is mainly on account of the slowdown in the industrial sector and lower growth registered in the agriculture sector. The reduction in the growth rate is attributable to both domestic and global factors. Global factors include, in particular, the crisis in the euro-zone and the near-recessionary conditions prevailing in Europe; sluggish growth in several industrialized economies including the USA; hardening international prices of crude oil etc. Among domestic factors, the tightening of monetary policy in order to control inflation resulted in the 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 projected to be 7.6 (+/-0.25) per cent.

(d) 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.