

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:446

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ECONOMIC GROWTH

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Will the Minister of FINANCE be pleased to state:

- (a) the agency-wise ranking and growth projection for the current year about the economy of the country along with the growth actually obtained till date;
- (b) the reasons for the slipping down in ranking over the years and the shortfall in achievement of any; and
- (c) the steps taken/being taken by the Union Government to boost the economic growth of the country?

Answer

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

(a) The growth rate of the Indian economy measured in terms of Gross Domestic Product (GDP) at factor cost at constant (2004-05) prices has been 6.5 per cent in 2011-12. As per the information available from the Central Statistics Office (CSO), the growth rate measured in terms of Gross Domestic Product (GDP) at factor cost at constant (2004-05) prices, stood at 5.5 per cent in the first quarter of 2012-13. The latest agency-wise projections of growth of India's real Gross Domestic Product (GDP) for 2012-13 is given in the Table below:

Table : Projections of India's Real GDP Growth for 2012-13 (Per cent)

Agency Projection

Reserve Bank of India	5.8
Economic Advisory Council to the PM	6.0
IMF	4.9
World Bank	6.0
Asian Development Bank	5.6

GDP at Market Prices for calendar year 2012. Source; Economic Advisory Council to the PM & RBI,

(b) The slowdown in the growth of the economy is mainly on account of the slowdown in the industrial sector and lower growth registered in the agriculture sector. This 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; hardening of international prices of crude oil, etc. Among domestic factors, the tightening of monetary policy in order to control inflation, inter alia, resulted in the slowing down of investment and growth, particularly in the industrial sector.

(c) The measures being undertaken by the Government to revive the economy, inter alia, include 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 higher growth, 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. Measures are being undertaken to facilitate fiscal consolidation. The steps recently outlined include reduction in the subsidy on diesel, announcement of disinvestment in certain PSUs, along with measures to strengthen the investment climate (liberalization of FDI in multi-brand retail, aviation, broadcasting) and are expected to revive market confidence and restore growth momentum.