

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:321
ANSWERED ON:23.11.2012
CHECKING INFLATION
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Will the Minister of FINANCE be pleased to state:

- (a) whether the Government has worked out any policy to increase industrial output growth and to check increasing inflation;
- (a) if so, the details thereof; and
- (b) the other measures likely to be taken by the Government to revive sliding economy of the country?

Answer

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

(a) to (c): Several initiatives have been taken by the Government to improve industrial growth and contain inflation. The announcement of the National Manufacturing Policy (NMP) is the key policy action to strengthen the manufacturing sector. The measures being undertaken by the Government to revive the industrial growth, inter alia, includes better access to finance for manufacturing sector, fast tracking of large investment projects, promoting Micro Small & Medium Enterprises (MSME) sector by way of higher allocation of funds, enhancing investment in the infrastructure sector by focusing on Public Private Partnerships, etc. Administrative, fiscal and monetary measures have been taken to contain inflation. Reserve Bank of India (RBI) raised the policy rates by 375 basis points from March 2010 to October 2011 for containing inflation. However, with some moderation in inflation, particularly core inflation, RBI began softening its monetary policy stance gradually to improve growth which is reflected in terms of reduction in cash reserve ratio (CRR), Statutory Liquidity Ratio (SLR) and repo rate. The Government is monitoring the economic situation on continuous basis and has been taking appropriate steps from time to time to boost business sentiment and investment. Certain measures taken by the Government recently to achieve higher growth, inter alia, include liberalization of FDI policy in sectors like multi-brand retail, aviation, power and broadcasting sectors to attract foreign investment, announcing a road map to achieve fiscal consolidation, reduction in the subsidy on diesel etc.