

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:100
ANSWERED ON:22.02.2013
ECONOMIC POLICY
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Will the Minister of FINANCE be pleased to state:

- (a) whether the country has not been benefited much in absence of proper economic reforms policy;
- (b) if so, the reaction of the Government thereto;
- (c) whether the Government proposes to set up a Committee to review the progress of economic reforms;
- (d) if so, the details thereof and if not, the reasons therefore; and
- (e) whether the benefits of economic reforms are limited to specific class only and if so, the reaction of the Government thereto and the steps taken/ proposed to be taken to remove the anomalies?

Answer

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

(a) to (e): Economic reforms initiated in 1991 are a continuous process focused on promoting growth, enhancing investment, stabilizing prices, seeking efficiency gains through progressive liberalization of trade, financial sector, product and factor markets and providing social protection to the poor and vulnerable sections. Reforms are an ongoing process and far reaching changes have been made in the macroeconomic and sectoral policies since 1991. In recent years, the Government has taken several initiatives in this direction taking into account concerns of various stakeholders involved in the process.

Some of the recent reform measures taken by the Government to address the slowdown in growth and to strengthen the investment climate include liberalization of FDI in multi-brand retail, civil aviation and broadcasting; rationalizing diesel prices and capping subsidized LPG cylinders to consumers with Direct Benefit Transfer (DBT) through AADHAR; introducing the Competition Commission of India (Amendment) Bill 2012 in Parliament; reducing the rate of withholding tax to enable low cost foreign borrowing by Indian companies; legislative measures in the Banking Sector paving the way for granting of new bank licences by the RBI; setting up the Cabinet Committee on Investment (CCI) for fast-tracking mega projects of over Rs.1,000 crore; and approving the scheme for Financial Restructuring of State Distribution Companies (DISCOM) by the Cabinet Committee on Economic Affairs. Besides the above, other reforms are also being taken which include the following. The Financial Sector Legislative Reforms Committee is examining the laws governing the financial sector with a remit to suggest ways of modernizing them. The recommendation of Kelkar committee on roadmap for fiscal consolidation has been accepted by the Government. The Land Acquisition and Rehabilitation and Resettlement (LARR) Bill has been cleared by the Cabinet, to bring greater clarity, reduce uncertainty, and thereby aid investments. Several fiscal and administrative measures to rein in inflation and steps to reduce the fiscal and current account deficits are also being taken.