

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:108

ANSWERED ON:22.02.2013

GDP GROWTH

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Will the Minister of FINANCE be pleased to state:

(a) whether the projected growth rate of Indian economy measured in terms of Gross Domestic Product (GDP) will reportedly be the lowest in the decade;

(b) if so, the details thereof and the reasons for such low projection; and

(c) the corrective measures taken/being taken by the Government in this regard?

Answer

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

(a) & (b) As per the Advance Estimates released by the Central Statistics Office (CSO), the growth rate of GDP (at factor cost at constant 2004-05 prices) is estimated to be 5.0 per cent in 2012-13. This growth rate is the lowest during the period 2003-04 to 2012-13. The slowdown in growth in 2012-13 is on account of lower growth in agriculture, industry and the services sector. The slowdown is attributable to both domestic factors as well as the uncertain global economic environment. Among domestic factors, the tightening of monetary policy during most of 2011-12 in order to control inflation, inter alia, resulted in the slowing down of investment and growth, particularly in the industrial sector. Global factors include, in particular, the crisis in the Euro-zone and sluggish growth in several industrialized economies in 2012.

(c) The steps 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 infrastructure, use of buffer stocks to moderate food inflation, strengthening of financial and banking sector, reducing the volatility of exchange rate, etc. The measures recently announced by the Government also include disinvestment in certain Public Sector Undertakings; liberalization of FDI in multi-brand retail, aviation, broadcasting; reduction in the subsidy of diesel; the roadmap for fiscal consolidation, etc. These measures are expected to revive market confidence, and restore growth momentum over the medium term.