

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:770

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DOWNFALL IN ECONOMY .

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Will the Minister of FINANCE be pleased to state:

(a) the sector-wise details of downfall registered in the economy along with the measures taken to improve the situation during each of the last three years and the current year;

(b) the details of deficit taking place in the banks during the same period; and

(c) the steps taken/being taken to deal with those challenges?

Answer

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

(a) The sector-wise growth rate in Gross Domestic Product (GDP) at factor cost at constant (2004-05) prices, for the period 2009-10 to 2012-13 is given in the Table below.

Table : Gross Domestic Product at constant (2004-05) prices (percentage growth)

Sectors	2009-10	2010-11@	2011-12#	2012-13AE
1. Agriculture, forestry & fishing	0.8	7.9	3.6	1.8
2. Industry	9.2	9.2	3.5	3.1
3. Services	10.5	9.8	8.2	6.6
4. Gross Domestic Product at factor cost	8.6	9.3	6.2	5.0

Source: Central Statistics Office (CSO).AE: Advance Estimates, #: First Revised Estimates, @: Second Revised Estimates, : Third Revised Estimates.

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 would revive market confidence, and restore growth momentum over the medium term.

(b) & (c) One of the major challenges faced by the Indian Banking sector at present is the growing Non-Performing Assets (NPAs) of Banks. The Gross Non- Performing Assets (GNPAs) of the Scheduled Commercial Banks (SCBs) has increased from Rs.94,121 crore as on March, 2011 (GNPA ratio 2.36%) to Rs. 1,37,102 crore as on March, 2012 (GNPA ratio 2.94%) and Rs. 1,84,193 crore as on December, 2012 (GNPA ratio 3.69%).To reduce NPAs and thereby improve the health of the financial sector, several steps have been taken to improve asset quality of banks, and to prevent slippages that, inter alia, include instructions by the Reserve Bank of India for banks to have robust mechanisms for early detection of signs of distress, loan recovery policy, monitoring of write-off/waiver cases, etc.