

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:3102  
ANSWERED ON:15.03.2013  
INSULATING THE ECONOMY  
Vishwanath Shri katti Ramesh

**Will the Minister of FINANCE be pleased to state:**

- (a) whether the economic problem/crisis in developed countries like Europe and America have effected the country's economy and if so, the details thereof and the reaction of the Government thereon;
- (b) whether any assessment of the situation likely to prevail in future has been made/being made and if so, the details thereof and the reaction of the Government thereto; and
- (c) the economic policy adopted/proposed to be adopted by the Government to insulate/shield it from the effects of foreign economies?

**Answer**

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

(a) to (c) The crisis in euro-zone and other advanced economies has affected the Indian economy through trade, financial and confidence channels leading to a widening of current account deficit, volatility and decline in exchange rate of rupee and lower real GDP growth. The CAD had widened to 4.2 per cent of GDP in 2011-12 from 2.8 per cent in 2010-11, which has further increased to 4.6 per cent of GDP in the first half of 2012-13. The monthly average exchange rate of rupee is in the range of Rs.51.81 to 55.56 per US dollar in current fiscal (up to February 2013) vis - a- vis Rs.44.37-52.68 per US dollar in 2011-12. The growth rate of GDP (at factor cost at constant 2004-05 prices) is estimated to decline to 5.0 per cent in 2012-13 as compared to 6.2 per cent in 2011-12.

The Government along with Reserve Bank of India (RBI) is keeping a close watch on the global developments and its likely impact on the Indian economy. The Government has taken a number of steps to boost exports, augment capital flows, lower the import of gold and create more congenial environment for investment into the country.