

**GOVERNMENT OF INDIA  
PLANNING  
LOK SABHA**

STARRED QUESTION NO:221

ANSWERED ON:13.03.2013

SLOWDOWN IN GROWTH

Hussain Shri Syed Shahnawaz;Sinh Dr. Sanjay

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

- (a) the current Gross Domestic Product (GDP) status in the country and the projections about growth in the coming year;
- (b) the reasons behind the decline in growth;
- (c) the efforts made by the Government to revive the economy, enhance growth and control inflation; and
- (d) the status of the slowdown in the economy vis-a-vis other developed and developing economies in the world?

**Answer**

MINISTER OF STATE FOR PARLIAMENTARY AFFAIRS & PLANNING (SHRI RAJEEV SHUKLA)

(a) to (d) A Statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (d) OF LOK SABHA STARRED QUESTION NO. 221 RAISED BY SHRI SYED SHAHNAWAZ HUSSAIN AND DR. SANJAY SINH REGARDING "SLOWDOWN IN GROWTH" FOR ANSWER ON 13th MARCH, 2013.

(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. The slowdown in growth is attributable to both domestic factors as well as the uncertain economic environment. Among domestic factors, the tightening of monetary policy between March 2010 and October 2011 in order to control inflation resulted in the slowing down of investment and growth, particularly in the industrial sector. Infrastructure bottlenecks, especially with large projects also contributed to the slowdown. Global factors include, in particular, the crisis in the Euro-zone and sluggish growth in several industrialized economies in 2012. The Economic Survey 2012-13 has projected India's GDP growth to be in range of 6.1 to 6.7 per cent in 2013-14.

(c) Several steps have been undertaken to address the slowdown in GDP growth, including the setting up of the Cabinet Committee on Investment (CCI) to fast track large investment projects; strengthening of financial and banking sector; steps to increase infrastructure financing; permitting FDI in areas such as multi-brand retail, power exchanges and aviation. The Union Budget 2013-14 has outlined several initiatives to boost investment in infrastructure and industry, that inter alia include encouraging Infrastructure Debt Funds, credit enhancement to infrastructure companies, raising the corpus of Rural Infrastructure Development Fund, introduction of investment allowance for new high value investments, etc. It is expected that these measures would help revive market confidence. The Government and the Reserve Bank of India have undertaken several measures, including tightening of monetary policy, reduction in fiscal deficit, reduction in import duties and measures to improve supply of food, etc. in order to control inflation.

(d) The details of the growth rate of Gross Domestic Product (GDP) for major advanced, emerging market and developing economies, including India, as per the World Economic Outlook Update released by the International Monetary Fund (IMF) in January 2013, for the year 2011 & 2012 and the projections for the years 2013 & 2014 are given at Annexure I.