

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:6044

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GROWTH OF ECONOMY

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Will the Minister of FINANCE be pleased to state:

- (a) the economic growth of the country during the last three years;
- (b) the reasons for the slow growth as against the targets fixed along with the reaction of the Government thereto;
- (c) the details of measures undertaken by the Government for the growth of the economy during the last three years and the current year;
- (d) whether any assessment of the impact/likely impact of the said measures on the economy of the country has been made; and
- (e) if so, the details and the outcome thereof?

Answer

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

(a) and (b) The targets for growth rate of Gross Domestic Product (GDP) are not fixed by the Government on annual basis. As per the Advance Estimates released by the Central Statistics Office (CSO), the growth rate of India's GDP (at factor cost at constant 2004-05 prices) is estimated to be 5.0 per cent in 2012-13, as compared to 6.2 per cent in 2011-12 and 9.3 per cent in 2010-11. The slowdown is attributable to both domestic factors as well as the uncertain global economic environment. Among domestic factors, the tightening of monetary policy between March 2010 and October 2011 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 and elevated levels of global crude oil prices.

(c) to (e) Reducing impediments such as delays in obtaining project clearances, clarifying processes for land-acquisition and increasing access to infrastructure are crucial to boost investment and revive growth in the economy. Several steps including the setting up of the Cabinet Committee on Investment (CCI) to fast track large investment projects; strengthening of financial sector including banking; permitting FDI in areas including multi-brand retail, power exchanges and civil aviation, etc. have been undertaken to boost investment and growth. 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. The Reserve Bank of India has reduced policy rates in recent months to support a turnaround in GDP growth. These measures would restore market confidence and help revive growth in the economy.