

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

STARRED QUESTION NO:510
ANSWERED ON:11.05.2012
ECONOMIC REFORMS
Rajendran Shri C.;Saroj Smt. Sushila

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government is satisfied with the various steps taken for ushering economic reforms in the country during the last three years;
- (b) if so, the details thereof;
- (c) whether laxity and slackening have dented the pace of economic reforms; and
- (d) the details of the factors neutralizing previous efforts at economic reforms and the reaction of Government thereto?

Answer

FINANCE MINISTER (SHRI PRANAB MUKHERJEE)

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

Statement referred to in reply to Lok Sabha Starred Question No.510 by Smt. Sushila Saroj and Shri.C.Rajendran for answer on May 11,2012 regarding ECONOMIC REFORMS

(a) to (d): Economic reforms, which began in 1991 in the wake of a crisis in Balance of payments was focused on macroeconomic stabilization and structural adjustment. Reforms are an ongoing process and far reaching changes have been made in the macroeconomic and sectoral policies since then. In the last three years, Government has taken several initiatives. In fiscal policy, which seeks to resume mandated fiscal consolidation, to obviate the main risk of overshooting of subsidies, the Budget for 2012-13 has announced the endeavor to restrict expenditure thereon to under 2 per cent of GDP. This would be facilitated by the move towards nutrient based subsidy in fertilizers and the use of unique identity based 'Aadhaar' system for rationalizing subsidies. Steps have been taken for expediting the passage of Direct Tax Code Bill and evolving a consensus among stake holders in implementation of Goods and Services Tax. A National Manufacturing Policy with the objective of raising, within a decade, the share of manufacturing in GDP to 25 per cent and creation of 10 crore jobs has been announced. A number of legislative measures/amendments are being taken up in this session of Parliament as part of financial sector reforms.

With a federal structure and vibrant multi-party democratic polity, reforms in India have been made possible through the process of dialogue and consensus with the different stakeholders. While some stake holders might be desirous of a fast paced reform process, reforms are possible only with broad based agreement after dialogue and discussions. Irrespective of political differences, the Central and State governments have worked together for furthering reforms. Thus while reforms in India may be gradual, it is sure and has larger democratic sanction.