GOVERNMENT OF INDIA
PLANNING
LOK SABHA

UNSTARRED QUESTION NO:3387
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GDP GROWTH
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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) whether the current GDP level is sufficient to ensure economic growth in the country;

(c) if so, the details thereof and if not, the reasons behind the decline in growth;

(d) the efforts made by the Government to revive the economy, enhance growth and control inflation; and

(e) 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 AND PLANNING (SHRI RAJEEV SHUKLA)

(a) to (c): The growth rate of Gross Domestic Product (GDP) at factor cost (at constant 2004- 05 prices) during 2010-11 was 8.9 per cent which declined to 6.7 per cent in 2011-12 and further to 4.5 per cent in 2012-13. As per Advance Estimates released by Central Statistics Office (CSO) on 7th February, 2014, the growth rate of GDP is estimated as 4.9 per cent in 2013-14.

This slowdown in growth can be attributed to a number of global as well as domestic factors viz., uncertainty in the global economy, exacerbation of the Euro Zone crisis, hardening of crude oil prices in the international market, tight monetary policy and supply side bottlenecks etc. The Twelfth Five Year Plan has targeted an average annual growth rate of 8 per cent of GDP.

(d): 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.

(e): As per the World Economic Outlook Update released by the International Monetary Fund (IMF) in January 2014, the growth in the Euro Area has improved from (-) 0.7 per cent in 2012 to (-) 0.4 per cent in 2013 with the economies of France, Italy, Spain, Japan and UK improving during 2013. The growth rate of the Emerging Market and Developing Economies declined from 4.9 per cent in 2012 to 4.7 per cent in 2013. The growth in China has been constant at 7.7 per cent during 2012 and 2013. The growth in India has improved from 3.2 per cent in 2012 to 4.4 per cent in 2013.