

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:3289

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ECONOMIC GROWTH

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

- (a) the details of performance of the economy during each of the last three years along with the factors responsible for the slow down, sector-wise;
- (b) the details of consolidation exercise made thereon and the results achieved therefrom;
- (c) the details of the growth forecast for the current and subsequent years and details of changes made;
- (d) whether the Government has ensured that the benefits of the economic growth are enjoyed by all the people of the country not by a specific class only, if so, the details thereof; and
- (e) the steps taken by the Government to manage and further boost the economic growth and to ensure equal benefits of such growth to all classes of society and all sections of the economy?

**Answer**

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRIMATI NIRMALA SITHARAMAN)

(a) and (b): The rate of growth in the Gross Domestic Product (GDP) at factor cost at constant (2004-05) prices and the major sectors of the economy in the last three years is given in the following table.

Table 1: Growth (in per cent) of GDP at factor cost (at 2004-05 prices)

Sector	2011-12 (2R)	2012-13 (1R)	2013-14 (P)
1. Agriculture, forestry & fishing	5.0	1.4	4.7
2. Industry	7.8	1.0	0.4
3. Services	6.6	7.0	6.8
4. GDP at factor cost	6.7	4.5	4.7

2R: 2nd Revised Estimates; 1R: 1st Revised Estimates; P: Provisional Estimates. Source: CSO.

Factors that led to the recent slowdown in growth in the Indian economy, inter alia, include; bottlenecks in implementation of projects, subdued business sentiments, elevated levels of inflation and the resultant tight monetary policy and an unsupportive/uncertain global economic milieu. In addition to the slowdown in fixed investment, other factors such as higher rate of interest, infrastructure bottlenecks, inflationary pressures leading to rising input costs and slowdown in domestic and external demand in some sectors have together contributed to the slowdown in the industrial sector, especially manufacturing. The loss of momentum in the commodity-producing sectors has affected the performance of some segments of the services sector.

The industrial sector is recovering from the slowdown, with the Index of Industrial Production recording a growth rate of 4.0 per cent during April-May 2014, compared to a contraction of 0.5 per cent in the corresponding period of the previous year.

(c) According to the Economic Survey 2013-14, the growth in the Indian economy can be expected to be in the range of 5.4 to 5.9 per cent in 2014-15.

(d) and (e): Several measures have been outlined in the Union Budget 2014-15 to improve growth in the economy that, inter-alia, include:

(i) fiscal consolidation with emphasis on expenditure reforms; (ii) initiatives for skill development including in rural areas; (iii) proposals to boost agriculture via emphasis on irrigation and long-term credit; (iv) impetus to rural roads; (v) fillip to industry and infrastructure, inter-alia, via incentives viz. extension of the ten-year tax holiday to undertakings that begin generation, distribution and transmission of power by 31.03.2017; (vi) measures to augment low cost long-term foreign borrowings by Indian companies; (vii) proposal for promotion of Foreign Direct Investment in selected sectors; (viii) reduction in excise duty on specified food processing and packaging machinery, etc. along with proposed rationalization of duties relating to different types of coal, scrap and diamond items; (ix) scheme

for development of new airports in tier I and tier II cities; (x) measures to boost savings; and, (xi) emphasis on development of smart cities.

Ensuring greater inclusion in the economic growth process is a priority of Government policy. To this end, the Government has been implementing many social sector programmes. Specific steps proposed in the Union Budget 2014-15 that are expected to lead to greater inclusion in growth, inter alia, include; (i) Start Up Village Entrepreneurship Programme for encouraging rural youth to take up local entrepreneurship programs, (ii) setting up of a Mission on low cost affordable housing, (iii) comprehensive strategy including detailed methodology, costing, time lines and monitorable targets (to be put in place within six months) to tackle malnutrition, and, (iv) specific measures targeting the welfare of minorities and disadvantaged sections of society.