

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2099
ANSWERED ON:05.12.2014
GROSS DOMESTIC SAVING RATE
Mahajan Smt. Poonam

Will the Minister of FINANCE be pleased to state:

- (a) whether the gross domestic saving rate declined significantly during the last three years;
- (b) if so, the details thereof and the reasons therefor; and
- (c) the remedial measures taken/ proposed to be taken by the Government to increase the gross domestic saving rate particularly for the household sector?

Answer

Minister FINANCE MINISTER (SHRI ARUN JAITLEY)

(a) & (b): The gross domestic savings rate declined from 33.7 per cent in 2010-11 to 31.3 per cent in 2011-12 and to 30.1 per cent in 2012-13 (the latest year for which data is available). The major reasons for the decline in the rate of gross domestic savings include; moderation in the profit of the private corporate sector, greater dissaving of public authorities in 2011-12 and decline in household savings, in particular, financial savings, largely on account of persistent inflation.

(c): The Union Budget 2014-15 proposed measures to revitalize savings, especially of the households that, inter alia, included; raising the investment limit under Section 80C of the Income Tax Act from Rs.1 lakh to Rs.1.5 lakh and raising the income tax exemption limit by Rs. 50000 for individual taxpayers. Kisan Vikas Patra has been re-launched to mobilize small savings. The launch of Pradhan Mantri Jan Dhan Yojana would contribute to greater financial inclusion and better mobilization of household financial savings. Greater public saving is sought to be achieved, inter alia, through efforts at fiscal consolidation.