

- (b) if so, the reasons thereof; and
- (c) the steps Government is taking in this regard?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA) : (a) As per the Advance Estimates released by Central Statistics Office (CSO) on February 7, 2012, growth rate of Gross Domestic Product at factor cost at 2004-05 prices for the financial years 2009-10, 2010-11 and 2011-12 is estimated at 8.4 per cent, 8.4 per cent and 6.9 per cent respectively.

(b) The reduction in the growth rate in India in 2011-12 *vis-a-vis* last two years is attributable to both domestic and global factors. Some of the global factors that resulted in slowdown include, *inter-alia*, the crisis in the eurozone area and near-recessionary conditions prevailing in Europe; sluggish growth in many other industrialized countries, like the USA; stagnation in Japan; and hardening international prices of crude oil. Among domestic factors, the tightening of monetary policy, in order to control inflation resulted in slowing down of investment and growth, particularly in the industrial sector.

(c) The Approach Paper to the Twelfth Five Year Plan (2012-17) proposes a faster, more inclusive and sustainable growth with a target of 9 per cent annual growth rate of GDP. The key requirements for achieving the goal are better performance in agriculture (at least 4 per cent growth), faster creation of jobs in manufacturing, development of appropriate infrastructural facilities, etc. Certain specific measures taken by government, *inter-alia*, include enhancing level of investment for agriculture sector including irrigation projects, promoting Micro Small & Medium Enterprises (MSME) sector by way of higher allocation of funds, enhancing investment in the infrastructure sector focusing on Public Private Partnership and a number of legislative measures to develop the financial sector, etc.

Rising Current Account Deficit

3451. SHRIMATI MOHSINA KIDWAI :
SHRI N. K. SINGH :

Will the Minister of FINANCE be pleased to state :

- (a) whether it is a fact that India's current account deficit has been growing over the past few years;
- (b) the details of the current account deficit for the past three years, year-wise;
- (c) whether the current account deficit is being financed through short-term market borrowings; and

(d) the steps being taken by Government to reduce the growing current account deficit?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA) : (a) and (b) The current account deficit (CAD) as per cent of GDP during the last five years are given below :

Years	Current Account Deficit as per cent of GDP
2007-08	1.3
2008-09	2.3
2009-10	2.8
2010-11	2.7
2011-12 (Up to December, 2011)	4.0

(c) The CAD is financed by capital account surplus and drawdown of foreign exchange reserves in case CAD exceeds capital account balance. Capital flows include both equity and debt. Short term trade credit financed about one-tenth to one-fourth of the CAD in the recent years.

(d) The recent increase in CAD is due to widening of trade deficit on account of higher imports of POL and gold & silver. To lower the impact of gold imports on CAD under balance of payment, Government in the Union Budget 2012-13 has proposed to increase basic custom duty on standard gold bars; gold coins of purity exceeding 99.5 per cent and platinum from 2 per cent to 4 per cent and on non-standard gold from 5 per cent to 10 per cent.

Further, the Reserve Bank of India has taken certain prudential measures in respect of Non-Banking Financing Companies (NBFCs) predominantly engaged in lending against collateral of gold jewellery, to restrict the loans against gold.

Loss making branches of banks and insurance companies

3452. SHRI ANIL DESAI :

SHRI SANJAY RAUT :

Will the Minister of FINANCE be pleased to state :

(a) whether the Ministry is considering to close down loss making branches of banks and insurance companies;

(b) if so, the details thereof; and

(c) how the Ministry is going to achieve financial inclusion if it closes down the loss making branches of banks and insurance companies?