

**GOVERNMENT OF INDIA
FINANCE AND COMPANY AFFAIRS
LOK SABHA**

UNSTARRED QUESTION NO:6804
ANSWERED ON:09.05.2003
DECLINE IN SAVINGS AND CAPITAL FORMATION
PRABODH PANDA

Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

- (a) whether there is a decline in the savings and capital formation during 2001-2002 and 2002-2003;
- (b) if so, the details and reasons therefor;
- (c) the manner in which it has affected the investment; and
- (d) the steps taken by the Government to increase the savings and capital formation?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI ANANDRAO V. ADSUL)

(a) to (c): As per the latest available estimates released by the Central Statistical Organisation, Gross Domestic Savings as percent of Gross Domestic Product (GDP) at current market prices, increased from 23.4 per cent in 2000-01 to 24.0 per cent in 2001-02. Gross Domestic Capital Formation as per cent of GDP at current prices, declined marginally from 24.0 per cent in 2000-01 to 23.7 per cent in 2001-02. Gross Domestic Investment measured as Gross Domestic Capital Formation, as per cent of GDP, of the public sector declined marginally from 6.4 per cent in 2000-01 to 6.3 per cent in 2001-02 while that of the private sector at 16.1 per cent in 2001-02 remained the same as in the previous year.

(d): The Tenth Five Year Plan underlines the need for stepping up public investment in infrastructure to promote private sector investment, to be met by increased domestic saving. The Budget 2003-04 has proposed measures to promote savings and investment, infrastructure development by leveraging public money through private sector participation and measures aimed at fiscal consolidation. These initiatives are expected to have a favourable impact on savings and investment.