

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:1360
ANSWERED ON:11.03.2005
LOW RATE OF INVESTMENT IN INFRASTRUCTURE
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Will the Minister of FINANCE be pleased to state:

- (a) Whether the rate of investment in infrastructure was far lower than that of China and East Asia;
- (b) If so, the details and the reasons for the same; and
- (c) The corrective steps taken by the Government in this regard?

Answer

MINISTER OF STATE (REVENUE) (SHRI S.S. PALANIMANICKAM)

(a & b): While comparable disaggregated information on infrastructure in respect of China and East Asia are not available, it is seen that the rates of investment (gross capital formation as per cent of gross domestic product at current market prices), in India are lower as compared with China and some Asian countries. The lower rate of investment in India is mainly on account of lower rate of savings.

(c) The Government has initiated various measures for increased investment in agriculture, operationalisation of Fiscal Responsibility and Budget Management Act, enhanced public investment, promotion of public-private partnership for infrastructure development and liberalisation of Foreign Direct Investment (FDI) policy. Budget 2005-06 has proposed enhanced investment for agriculture, infrastructure, providing and facilitating investment in public goods such as roads, railways, power, seaports and airports and providing a supportive policy environment and stable tax policies for investment in services sectors. These measures are expected to result in increased investment to achieve higher growth