

**GOVERNMENT OF INDIA
PLANNING
LOK SABHA**

UNSTARRED QUESTION NO:1139
ANSWERED ON:07.03.2007
LOW GDP GROWTH RATE
Chinta Mohan Dr. ;Suman Shri Ramji Lal

Will the Minister of PLANNING be pleased to state:

- (a) whether inspite of the continuous economic reforms, GDP of various States like Uttar Pradesh, Madhya Pradesh, Orissa etc. continue to be low in comparison to other developing States;
- (b) if so, the reaction of the Government thereto;
- (c) whether the Government proposes to modify the rate of economic reforms programme for giving impetus to annual growth rate of these States;
- (d) if so, the details thereof; and
- (e) if not, the reasons therefor?

Answer

MINISTER OF STATE IN THE MINISTRY OF PLANNING (SHRI M.V. RAJASEKHARAN)

- (a): According to the Approach Paper to the Eleventh Five Year Plan (2007-2008 to 2011-2012), growth performances across states have been varied; the performance of poorer states with poorer infrastructure has been lagging.
- (b): Balanced regional development has been an important objective in our planning and various instruments including fiscal incentives, industrial policies and directly targeted programmes have been deployed in the past to achieve it. Some policies, such as industrial licensing, are no longer relevant in today's economic environment since investment cannot be directed to particular locations. In a competitive world, investment must be allowed to flow to locations perceived to have an attractive investment climate and better infrastructural facilities. While this has definitely generated efficiency, there is, at the same time, evidence of increasing regional divides.
- (c) to (e): According to the Approach Paper to the Eleventh Five Year Plan, the Eleventh Plan provides an opportunity for restructuring policies to achieve a new vision based on faster, more broad-based and inclusive growth. The Approach Paper to the Eleventh Five Year Plan, as approved by the National Development Council, has set the growth target for the Eleventh Five Year Plan period at 9% per year and aims at putting the economy on a sustainable growth trajectory with a growth rate of approximately 10% by the end of its period. The Approach Paper to the Eleventh Plan mentions about reducing disparities across regions by ensuring access to basic physical infrastructure as well as health and education services to all. A number of programmes for social and infrastructure sector development, including National Rural Health Mission, Sarva Shiksha Abhiyan, National Rural Employment Guarantee Programme, Bharat Nirman are in operation. The Backward Regions Grant Fund has been launched for the development of backward areas. This programme has two components, namely, (i) Districts component covering 250 districts, and (ii) Special Plans for Bihar and KBK districts of Orissa. In addition, some programmes specifically for the welfare of Scheduled Castes/Scheduled Tribes, elderly, etc. are being implemented. All these programmes are meant to raise the growth rate of the economy, as well as ensuring greater inclusiveness.