

PRESS INFORMATION BUREAU
GOVERNMENT OF INDIA

**FINANCE MINISTER'S STATEMENT ON REVISION IN GDP GROWTH FOR 2011-12
AND FOURTH QUARTER GDP ESTIMATES**

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Following is the text of the statement made by Finance Minister, Shri Pranab Mukherjee on 'Revision in GDP Growth for 2011-12' and fourth quarter GDP estimates:

“The, Ministry of Statistics and Programme Implementation has released the revised estimates of national income for the financial year 2011-12 and the quarterly estimates of Gross Domestic Product (GDP) for the fourth quarter (January-March) of 2011-12.

The GDP growth at constant prices for 2011-12 has been revised downwards to 6.5 per cent as against the Advance Estimate of 6.9 per cent released in February 2012. This mirrors the quarterly trend in growth. The 2011-12 fourth quarter growth has been estimated at 5.3 per cent. These are disappointing figures in the context of our recent performance but have to be seen in the light of overall global developments.

Among the factors that have contributed to the slowdown are the tight monetary policy that led to a significant rise in the interest costs and the weak global sentiments that affected growth in domestic private investment. The domestic investment sentiments may have been also affected by the environmental policy bottlenecks in the mining sector.

Most of these factors have bottomed out. The rate cycle has been reversed; mining sector growth has turned around, progress has been made on fuel linkage for coal based power projects; there is a turnaround in the investment (Gross Fixed Capital Formation) growth rate in the fourth quarter, which had been negative in the preceding quarters of 2011-12; and a normal south west monsoon has been predicted for 2012-13. There are no major adverse results on corporate performance in the last quarter of 2011-12. All these factors should help in the recovery of growth momentum.

The Government would take all necessary steps to address the imbalance on the fiscal front and on the current account. It would help in checking inflationary expectations and inspire confidence for improved capital flows as well as recovery in domestic investment growth.”

SS/GN