HIGHLIGHTS OF ECONOMIC SURVEY 2011-12

Following are the highlights of Economic Survey 2011-12 :

- Rate of growth estimated to be 6.9%. Outlook for growth and stability is promising with real GDP growth expected to pick up to 7.6% in 2012-13 and 8.6% in 2013-14.
- Agriculture and Services sectors continue to perform well. 2.5 % growth in Agro sector forecast. Services sector grows by 9.4 %, its share in GDP goes up to 59%.
- Industrial growth pegged at 4-5 percent, expected to improve as economic recovery resumes.
- Inflation on WPI was high but showed clear slow down by the year-end; this is likely to spur investment activities leading to positive impact on growth.
- WPI food inflation dropped from 20.2% in February 2010 to 1.6% in January 2012; calibrated steps initiated to rein-in inflation on top priority.
- India remains among the fastest growing economies of the world. Country's sovereign credit rating rose by a substantial 2.98 percent in 2007-12.
- Fiscal consolidation on track - savings & capital formation expected to rise.
- Exports grew @ 40.5% in the first half of this fiscal and imports grew by 30.4%. Foreign trade performance to remain a key driver of growth. Forex reserves enhanced - covering nearly the entire external debt stock.
- Central spending on social services goes up to 18.5% this fiscal from 13.4% in 2006-07.
- MNREGA coverage increases to 5.49 crore households in 2010-11.
- Sustainable development and climate change concerns on high priority.

SUMMARY OF ECONOMIC SURVEY

SURVEY PEGS GDP GROWTH AT 6.9% IN 2011-12

OUTLOOK BRIGHTER FOR NEXT FISCALS

Indian economy is estimated to grow by 6.9% in 2011-12 mainly due to weakening industrial growth. This indicates a slowdown compared not just to the previous two years, when the economy grew by 8.4%, but also from 2003 to 2011, except 2008-9 economic downturn, when the growth rate was 6.7 percent. The Economic Survey 2011-12, presented by the Finance Minister, Sh Pranab Mukherjee in the Lok Sabha, however predicts 7.6% GDP growth in 2012-13 and 8.6% in 2013-14. With agriculture and services continuing to perform well, the slowdown can be attributed almost entirely to weakening industrial growth. The services sector continues to be a star performer as its share in GDP has climbed from 58% in 2010-11 to 59% in 2011-12 with a growth rate of 9.4%. Similarly, agriculture and allied sectors are estimated to achieve a growth rate of 2.5% in 2011-12 with foodgrains production likely to cross 250.42 million tonnes owing to increase in the production of rice in some States. The industrial sector has performed poorly, retreating to a 27% share of the GDP. Overall growth during April-December 2011 reached 3.6% compared to 8.3% in the corresponding period of the previous year.

The Survey points out that inflation as measured by the wholesale price index (WPI) was high during most of the current fiscal year, though by year end there has been a clear slowdown in price rise. Food inflation, in particular, has come down significantly, with most of the remaining WPI inflation being driven by non-food manufacturing products. Monetary policy was tightened by the Reserve Bank of India (RBI) to control inflation and curb inflationary expectations. The growth rate of investment in the economy is estimated to have registered a significant decline during the current year. The year witnessed a sharp increase in interest rates that resulted in higher costs of borrowings; and other rising costs affecting profitability and, thereby, internal accruals that could be used to finance investment.

But despite the low growth figure of 6.9%, India remains one of the fastest growing economies of the world as all major countries including the fast growing emerging economies are seeing a significant slowdown. The global economic environment which was tenuous at best throughout the year, turned sharply adverse in September, 2011, owing to the turmoil in the euro-zone countries and questions about others, reflected in sharp ratings downgrades of sovereign debt in most major advanced countries. While a large part of the reason for the slowing of the Indian economy can be attributed to global factors, domestic factors also played role. Among these are the tightening of monetary policy owing to high and persistent headline inflation and slowing investment and industrial activity. However, for the Indian economy, the outlook for growth and price stability at this juncture looks more promising. There are signs from some high frequency indicators that the weakness in economic activity has bottomed out and a gradual upswing is imminent. The Economic Survey expects the growth rate of real GDP to pick up to 7.6% in 2012-13 and faster beyond that. The main

reason for a gradual recovery is the decline in overall investment rate. Gross capital formation during the third quarter of 2011-12 as a ratio of GDP was at 30%, down from 32% one year ago. As fiscal consolidation gets back to track, savings and capital formation should begin to rise; moreover, with the easing of inflationary pressures in the months to come, there could be a reduction in policy rates by RBI, which should encourage investment activity and have a positive impact on growth. Preliminary calculations suggest that the growth rate of GDP in 2013-14 will be 8.6%. These projections are based on assumptions regarding factors like normal monsoons, reasonably stable international prices, particularly oil prices, and global growth somewhere between where it now stands and 0.5% higher .The Global economy remains quite fragile and concerted efforts will be needed through G-20 and other forums to restore stability and renewed growth, including addressing the sovereign debt crisis, financial regulation, growth and job creation efforts and energy security.

The Economic Survey suggests that the progressive deregulation of interest rates on savings accounts will help raise financial savings and improve transmission of monetary policy. Other key areas include the deepening of domestic financial markets, especially corporate bond market and attracting longer-term inflows from abroad. Efforts at attracting dedicated infrastructure funds have begun. India's foreign trade performance will remain a key driver of growth. During the first half of 2011-12, India's export growth was a high 40.5%, but has been decelerating since. Imports have growth rapidly, by 30.4% during 2011-12 (April-December). Similarly, country's Balance of Payments has widened to $ 32.8 billion in the first half of 2011-12, compared to $29.6 billion during the corresponding period of 2010-11. The foreign exchange reserves increased from US $ 279 billion at end March 2010 to US $ 305 billion at end March 2011. Reserves varied from an all-time peak of US$ 322.2 billion at end August, 2011 and a low of US $ 292.8 billion at end-January, 2012.

The Survey recognizes that sustainable development and climate change are becoming central areas of global concern and India too is equally concerned and engaged constructively in global negotiations. Climate change challenges ahead are large and India is doing more than its fair share in reducing its energy-intensity of growth. India is now much more closely integrated with the world economy as its share of trade to GDP of goods and services has tripled between 1990-2010. At the same time, the extent of financial integration, measured by flows of capital as a share of GDP, has also increased dramatically and the role of India in the world economy has commensurately expanded, along with the other major members of emerging markets.

Economic Survey 2011-12

INFLATION TO MODERATE FURTHER IN 2012

RENEWED FOCUS ON SUPPLY SIDE MEASURES ESSENTIAL FOR PRICE STABILITY – ECONOMIC SURVEY

Wholesale Price Index (WPI) which remained persistently high throughout 2011 due to increasing global commodity prices and high crude prices has started showing signs of moderation and it is expected to touch 6.5 to 7 percent by March 2012. It may further moderate during 2012-13 due to tightening of monetary policy and other measures put in place by the Government. Taking stock of the price situation, Economic Survey 2011-12 has observed that in the current financial year the gap between WPI and CPI inflation has significantly narrowed due to drastic fall in food inflation. CPI-IW inflation, after remaining in single digit from August 2010 to August 2011, briefly touched double digits at 10.1 percent in September 2011 but came down to 6.5 percent in December 2011.

The Survey says that the major drivers of food inflation during the current financial year were milk, eggs/meat/fish, gram and edible oils. WPI food inflation (weight 24.31 percent) has significantly dropped from 20.2 percent in February 2010 to 1.6 percent in January 2012 mainly on the back of seasonal fall in fruits & vegetables prices and good harvest leading to lower inflation in cereals

The Survey comments that the objective of monetary policy during 2011-12 has been to rein in inflation and contain inflationary expectations. With supply side factors feeding into food inflation and an uncertain economic scenario in advanced countries, the task of monetary policy calibration has been particularly challenging.

Liquidity conditions have generally remained in deficit during 2011-12. However, the RBI has addressed liquidity concerns via the use of its standard tools. The monetary market has, in general, remained orderly during 2011-12 with the rates in collateralised segments moving in tandem with the call rate, but generally remaining below it.

The Survey suggests that there is a need to examine the linkages and trade-offs between policy rate changes and inflation in the Indian context, for better calibration of monetary policy. There is also scope to further sharpen monetary policy and macro prudential tools to deal with asset price bubbles in the real estate and stock markets and the risks associated with these, which carry implications for the real economy.

Commenting on the outlook in the area of price management the Survey says that Monetary policy remained focussed on controlling inflation and anchoring inflationary expectations, which has slowed growth. These effects, coupled with a favourable base effect in prices and continued global slowdown, are expected to moderate inflation to around 6.5 to 7.0 percent by March and further moderate in the months ahead, barring unexpected shocks, such as oil prices in international markets.

The Survey observes “Looking at, vigilance is called for in getting back to a low inflation/sustained high growth path in India, by renewed focus on supply side measures and include fiscal consolidation, including stepped up regular adjustments in domestic energy prices.” It says that high level of food stocks and producers responses to higher protein and other food prices should help to maintain overall price stability in the country.

Economic Survey 2011-12

ECONOMIC SURVEY FORECASTS 2.5 PERCENT GROWTH FOR AGRO SECTOR

SURVEY SUGGESTS FDI IN MULTI BRAND RETAIL TO ADDRESS INFRASTRUCTURE GAPS

The higher levels of agricultural output and ample food stocks as on date and the levels of reservoir storage this year augur well for bringing down headline inflation in the next fiscal. It has been observed by the Economic Survey 2011-12 presented today by the Union Finance Minister Shri Pranab Mukherjee in the Parliament. However, the Survey expresses concern over the growth rate in agriculture sector which has fallen short of planned target inspite of record food grain production. During the current Five Year Plan it is estimated at 3.28 percent against the target of 4 percent. According to Survey, agriculture and allied sectors are estimated to achieve a growth rate of 2.5 percent during 2011-12. Agriculture including allied activities accounted for 13.9 percent of Gross Domestic Products (GDP) in 2011-12.

The successive high production levels boosted the stock position of foodgrains in the central pool and as on February 1, 2012 it was 55.2 million tonnes comprising 31.8 million tonnes of rice and 23.4 million tonnes of wheat. This is adequate for meeting the requirements under the targeted public distribution system (TPSD) and welfare schemes during the current financial year. The Survey says that as per the Second Advance Estimates, production of foodgrains during 2011-12 has been estimated at 250.42 million tonnes.

Expressing concern over decline in the area under food grains cultivation the Survey calls for speedy improvement in yield through adequate investment in research and development. Pooling of many land holdings may yield better results for which land laws for leasing with sufficient safeguards in place should be considered. Addressing infrastructure requirements in the agriculture sector, especially storage, communication, roads and market should be priority.

According to the Survey, the outlook for the next fiscal remains bright but given the rapidly rising levels of demand for food there is a need to consider some policy options to ensure brighter medium term outlook. These options could, inter alia, be regular imports of agricultural commodities in relatively smaller quantities with an upper ceiling on quantity should to be decided annually, relatively well in advance, after assessing the likely domestic situation in terms of production and consumption requirements. According to Survey, "improving mandi governance, promoting inter-state trade by eliminating multiple levies, taking perishables out of the ambit of the APMC Act, developing a 'farm-to-fork' retail supply system, and addressing the investment gaps related to post harvest infrastructure for agricultural produce including through FDI in multi-brand retail" may help in improving agriculture commodities management in the country.

OPTIONS TO ENSURE PRICE STABILITY IN FOOD ITEMS – ECONOMIC SURVEY

According to Economic Survey 2011-12, compositional shift in food basket of common household has increased demand of some food items. There are some constraints also in supply side which have been exposed during the recent episode of inflation in vegetables and fruits The Economic Survey has suggested following options to address these constraints.

- Extension programmes and guidance to farmers regarding fertiliser and insecticide uses an alternate cropping pattern based on soil analysis could be undertaken and intensified.
- As a strategy, regular imports of agriculture commodities in relatively smaller quantities with an upper ceiling on total quantity could be considered. The upper ceiling can be decided annually, relatively well in advance, after assessing the likely domestic situation in terms of production and consumption requirements.
- Setting up special markets for special crops in states/regions/areas producing those crops would facilitate supply of superior commodities to the consumers.
- Improved Mandi governance is an area of concern. A greater number of traders must be allowed as agents in mandis. Anyone who gets better prices and terms outside the Agricultural Produce Marketing Committee (APMC) or its farmgate should be allowed to do so.
- For promoting interstate trade, a commodity for which market fee has been paid once must not be subjected to subsequent market fee in other markets including that for transaction in other states. Only user charges linked to services provided may be levied for subsequent transactions.
- Perishable food items could be taken out of ambit of the APMC Act. The Government regulatory mandis sometimes prevent retailers from integrating their enterprises with those of farmers. In view of this perishable may have to be exempted from this regulation.
- Considering significant investment gaps in post harvest infrastructure of agriculture produce, organised trade and agriculture should be encouraged and the FDI in multi brand retain once implemented could be effectively leveraged towards this end.
- The Government should step up creation of modern stories facilities for food grains.

Economic Survey 2011-12

GOVERNMENT TAKES CALIBRATED STEPS TO REIN IN INFLATION

SURVEY EMPHASISES THE NEED FOR RAPID FISCAL CONSOLIDATION

GROWTH RATE EXPECTED TO PICK UP IN 2012-13

INDIA'S CRIS RATING IMPROVES BY NEARLY THREE PERCENT

The Economic Survey 2011-12 suggests policies to put India on a surer footing for sustained, inclusive growth and all-round development. The Survey takes note of the Government fighting malaise of inflation with numerous calibrated steps which constituted a combination of policies to improve supply, especially of food and basic agricultural products and curb fiscal and revenue deficits. Independently, the Reserve Bank of India tightened the monetary policy. While the battle against inflation had some slowing down effect on growth, there were no signs of major long-tem damage or rise in unemployment. The Government thus is in a position to turn its attention more exclusively to inclusive growth, notes the Survey. The Survey recommends that Government's primary concern now has to be to advance the economy's productivity and improve income distribution.

The fiscal year 2011-12 saw several initiatives to improve agricultural productivity and management of supply chains which have yielded results and contributed to containment of food price inflation. Deregulation of savings bank interest rates since October 2011 have contributed to control the Wholesale Price Index (WPI) inflation rate. The Survey suggests that rapid fiscal consolidation is the only way out to keep inflation down and aim for robust growth. "The principle way in which this has to be achieved is by raising our tax-GDP ratio and cutting down wasteful expenditures", says the Survey. The centre's gross tax-GDP ratio (BE 2011-12) stood at 10.5 per cent. "Our aim must be to cross 13 per cent by 2016-17" adds the Survey. The Economic Survey 2011-12 also notes that critical task of inclusion cannot be left to the free market. For Government the role has to be that of enabler, the Survey reiterates

According to the Economic Survey 2011-12 the growth rate is expected to pick up from the second quarter of 2012-13. "We expect growth in 2012-13 to be 7.6 (+/-0.25) per cent" says the Survey. The Survey also projects " in 2013-14 it is expected that there will be further recovery for India and the nation will virtually be on the growth path it was on before the global recession of 2008". The major drivers of growth – the savings and investment rates as percentage of GDP – after showing a down turn in 2011-12 will rebound quickly as India consolidates fiscally and continues to rise slowly thereafter as the ratio of India's working age population to overall population rises because of the demographic dividend.

On the issue of 'comparative rating index for sovereigns' (CRIS), the Economic Survey 2011-12 notes that India's CRIS has seen a rise from 23.81 in 2007 to 24.52 in 2012.

Since the CRIS is a comparative rating score, it means that vis-à-vis the rest of the world, India's rating has risen by 2.8 per cent says the Survey. The changing profile of CRIS score across the world tells a major story about the changing map of the world economy in which emerging economies are moving into centre stage and becoming drivers of the global economy, notes the Survey.

With respect to investment in infrastructure sector, the Survey points out that Planning Commission has talked about a target of one trillion dollars of infrastructural investment during the Twelfth Five-Year Plan with about half of this being raised from the private sector.

The Economic Survey 2011-12 recommends contracts as central driver of modern economy. It also sees benefits of transparent pricing formula over price control. The Survey also says that land acquisition issues are vital for India's manufacturing and industrial sector. "Keeping in mind the incentive structure in markets, the government's aim must be to create a level playing field, provide the essential infrastructural facilities and a non-interfering bureaucracy and then enable the industrial sector to flourish on its own" recommends the Survey.

ECONOMIC SURVEY 2011-12

INDIAN ECONOMY HOLDS OUT DESPITE GLOBAL UNCERTAINTY

The big story of the last decade for India has been its arrival on the global scene and there was no looking back from the first years of the first decade of the 21st Century. The Economic Survey 2011-12 tabled by the Finance Minister, Shri Pranab Mukherjee in the Lok Sabha today outlined the state of global economy and India's position therein. The Survey has charted out not only the new opportunities but also the new challenges and responsibilities that India faces in the current global economic scenario.

The Survey observes that, as per the IMF, at a growth rate of 7 per cent, India is projected to be the second fastest growing major economy after China. The share of India in global merchandise exports has increased from about 0.5 per cent in 1990 to 1.5 per cent in 2010. Moreover, the extent of financial integration, measured by flows of capital as a share of GDP has also increased dramatically and the role of India in the World Economy has commensurately expanded along with the other major members of emerging markets, which as a whole now account for one-half of world output.

The Economic Survey states that after the opening of the economy in the early 1990s, India has begun to appear as a player of significance in the global economy. The country's exports have begun to climb, its foreign exchange reserves, which for decades had hovered around 5 billion dollars, have gone up exponentially after the economic reforms and in little more than a decade have risen to 300 billion dollars. Indian corporations that rarely ventured out of India are suddenly investing all over the world and some even in the industrialized countries.

Given its size and its profile in the global economy, India will inevitably need to play an active role at global level, not just in the efforts towards resolving the current crisis but also in influencing the goals for the global economy on overarching macroeconomic issues such as trade, capital flows, financial regulation, climate change and governance of global financial institutions. India, the Survey points out, is already too much a part of global economy and polity and the developments in the world will affect India deeply and what India does will affect the world. Therefore, the Survey advises, there is a need for India to engage with the world in terms of action and ideas.

Reflecting upon the state of global economy, the Economy Survey states that there is an apprehension that the process of global economic recovery that began after the financial crisis of 2008 is beginning to stall and the sovereign debt crisis in the Euro zone area may persist for a while. The lower global growth forecast by the IMF for most countries in 2012 reflects the repeated bouts of uncertainty. In the medium term, challenges for the global economy continue to emanate from the way the Euro zone crisis is addressed. The high deficits and debts in Japan and the US and slow growth in high income countries in general, have not been resolved. The looming risk to the global outlook is also on account of the geo-

political tensions centered on Iran that could disrupt oil supply and result in a sharp increase in oil prices and even disrupt supply routes.

Volatility in capital flows resulting from the spillover affects of monetary policy choices and other uncertainties in the advanced financial markets further impacted exchange rates and made the task of macro-economic management difficult in many emerging economies. This has brought out a new dimension of globalization in the post-financial crisis world, where easy monetary policy in one set of countries may result in inflation elsewhere due to cross-border capital flows.

The changes in composition of the global economy suggest a perceptible shift in the global balance of output of goods, especially manufacturing. While services, in particular financial services, continue to be largely concentrated in advanced economies, a large share in world population, coupled with higher growth, implies that the EMEs (Emerging Market Economies) and developing countries will increasingly account for incremental growth in the global market for goods and services. Even if the emerging economies, including India, witnessed a slow growth in 2011, growth prospects of most of these economies remain robust in the medium to long run due to various factors such as demographics and size of the domestic market, apart from high rates of investment and savings.

While stating that India has begun to be a more open economy over the years and has moved up the ranks, the Economic Survey observes that it is still poorest among the G-20. While the country has an advantageous demographic dividend, its low spend on Research and Development and innovation, low energy intensity of GDP, 80 per cent dependence on imports for petroleum products, dependence on global markets for food security and a need for sustained investment are some of the areas which will have to be addressed for the country to emerge as a Strong Global Player.

ECONOMIC SURVEY 2011-12

INDIA'S CUMULATIVE EXPORT GROWTH UP 23.5 PER CENT DURING APRIL 2011–JAN 2012; TOTAL EXPORTS US $ 242.8 BILLION

EXPORTS FROM SEZs UP 14.5 PER CENT AT RS. 2,60,973 CRORE UPTO DEC 2011

The Economic Survey 2011-12 was tabled by the Finance Minister, Shri Pranab Mukherjee in the Lok Sabha, here today. The Economic Survey states that during the period April 2011 - Jan 2012, India's cumulative exports grew at a rate of 23.5 per cent reaching US $ 242.8 billion. The growth in exports, which was moving robustly at 40.6 per cent during the first half of this fiscal, began to decelerate during the months of October and November owing to the Euro zone crisis before recovering back to 6.7 per cent and 10.1 per cent in Dec 2011 and Jan 2012 respectively.

During April- Dec 2011, the export sectors that have done well were petroleum and oil products registering a growth of 55 per cent; gems and jewellery 38.5 per cent; engineering 21.6 per cent; cotton fabrics made ups etc. 13 per cent; electronics 21.1 per cent; readymade garments 23.7 per cent and drugs 21.5 per cent.

The Economic Survey observes that the great changes in the sectoral composition of the country's export basket seen in the 2000's decade have accelerated in the beginning of this decade. While the share of petroleum crude and products increased by 11.8 percentage points during the ten-year period from 2000 - 01 to 2009 -10, it further increased by 4.8 percentage points from 2009-10 to the first half of 2011-12. The share of the other two sectors, i.e. manufactures and primary products fell almost proportionately by 11.6 and 1.1 percentage points respectively during the first decade.

Imports during April - Jan 2011-12 were valued at US $ 391.5 billion, which was 29.4 per cent higher than the level of US $ 302.5 billion during the same period last year. During this period, POL (petroleum, oil and lubricant) imports at US $ 118 billion grew by 38.8 per cent while non-POL imports at US $ 273.5 billion grew by 25.7 per cent. Gold and silver imports of US $ 50 billion grew by 46.2 per cent. Trade deficit during April-Jan 2011-12 was US $ 148.7 billion as against US $ 105.9 billion during the same period in the last fiscal.

In the case of imports, there are no major compositional changes other than the sudden rise in share of gold and silver imports from 9.3 per cent in 2000-01 to 13.3 per cent in the first half of 2011-12. However, a fall in the share of pearls, precious and semi-precious stones has been observed during this period.

As regards the country's direction of trade, the Economic Survey observes that India is a success story in terms of diversification of export and import markets. The share of Asia and ASEAN in the total trade increased from 33.3 per cent in 2000-01 to 57.3 per cent in the first half of 2011-12, while that of Europe and America fell from 42.5 per cent to 30.8 per cent. This has helped India weather the global crisis emanating from Europe and America. An interesting development in the direction of India's trade is that USA, which was in the first position in 2007-08 has been relegated to the third spot in the following years, with the UAE becoming India's largest trading partner, followed by China.

India's services exports, which had recorded a contraction of 9.4 per cent in 2009-10 due to the global financial crisis bounced back to grow by 38.4 per cent to US $ 132.9 billion in 2010-11. However, growth in export of services moderated during the first half of 2011-12 to 17.1 per cent compared to 32.7 per cent during the first half of 2010-11.

Giving an outlook of the prospects for India's trade sector which has had to bear the brunt of deepening Euro zone crisis during the second half of the current fiscal, the Survey observes that while India has successfully diversified its markets with reduced dependence on the EU and the US, Europe still has a 19.5 per cent share in India's exports. Besides, some of India's trading partners are dependent on Europe, thus affecting the country's trade indirectly. The software exports too may show some sluggishness as the Euro zone accounts for 30 per cent of the total tourist arrivals in India. Travel exports may also suffer, says the Economic Survey.

The Economic Survey points out that while some of the challenges for India on the trade front are due to the current emerging global situation, the others are systemic and long-term in nature. If the global situation worsens, the pressure for stimulus measures could again resurface and protectionist measures from trading partners could increase. The Survey advises that a lot more needs to be done on diversification of India's export basket as its export presence is limited in the top items of world trade.

It also points out that greater trade facilitation by removing the delays and high costs due to procedural and documentation factors, besides infrastructural bottlenecks is another major challenge. The Economic Survey also observes that India's push towards regional and bi-lateral agreements should result in meaningful and result-oriented Free Trade Agreements (FTAs) and Comprehensive Economic Cooperation Agreements (CECAs). The challenges for India on the trade front are daunting but need to be addressed with speed and dexterity as the opportunities are equally great and untapped.

As regards the Special Economic Zones (SEZs), the Economic Survey states that as on 31 Dec 2011 i.e. during the first three quarters of the current financial year, the total physical exports have been to the tune of Rs. 2,60,972.90 crore, registering a growth of 14.5 per cent over the exports of corresponding period of the previous year. The total investment in SEZs till 31 Dec 2011 is Rs. 2,49,630.80 crore, including Rs. 2,31,160 crore in the newly notified zones. In a short span of about five years since the SEZs Act and Rules were notified in Feb 2006, formal approvals have been granted for setting up of 583 SEZs out of which 380 have been notified. Out of the total employment provided to 8,15,308 persons in SEZs as a whole, incremental employment generated after Feb 2006 i.e. when the SEZ Act came into force is 6,80,609 persons.

ECONOMIC SURVEY 2011-12

FOREX RESERVE AT US $ 293 BILLION; EXTERNAL DEBT STOCK AT US $ 326 BILLION

RUPEE DECLINES BY 12.4 PER CENT AGAINST DOLLAR ON MONTH-TO-MONTH BASIS

OIL, GOLD AND SILVER PRICES CONTRIBUTE TO MODEST RISE IN CURRENT ACCOUNT DEFICIT

As India integrates into a seamless world, it cannot remain impervious to developments abroad. The unfolding of the Euro zone crisis and uncertainty surrounding the global economy have impacted the Indian economy causing drop in growth, higher current account deficit and declining capital inflows. Export growth has slowed in the third quarter of fiscal 2011-12, while imports remained high, partly because of continued high international oil prices. At the same time, foreign institutional investment flows have declined, straining the capital account and the rupee exchange rate. These and other details emerged in the Economic Survey 2011-12, presented by the Finance Minister, Shri Pranab Mukherjee in Lok Sabha today.

In the current fiscal 2011-12, on month-to-month basis the rupee depreciated by 12.4 per cent from 44.97 per US dollar in March 2011 to 51.34 per US dollar in January 2012. Rupee reached a peak of 43.94 on July 27, 2011, and lowest at 54.23 per US dollar on December 15, 2011 indicating a depreciation of 19 per cent.

During fiscal 2011-12, forex reserves reached all time high level of US $ 322.2 billion at end August 2011. However, it declined to US $ 292.8 billion at end January 2012 indicating a fall of US $ 12.0 billion from US $ 304.8 billion at end-March,2011. The decline in reserves is partly due to intervention by the Reserve Bank of India to stem the slide of Rupee against US dollar.

India's external debt stock increased by US $ 20.2 billion (6.6 per cent) to US $ 326.6 billion at end-September 2011 vis-à-vis US $ 306.4 billion at end-March 2011, primarily on account of higher commercial borrowings and short-term debt. The long-term external debt at US $ 255.1 billion accounted for 78.1 per cent of the total external debt while the short-term debt was at 21.9 per cent. Government (sovereign) external debt stood at US $ 79.3 billion, while non-Government debt amounted to US $ 247.3 billion at end-September 2011.

The current account deficit was US $ 32.8 billion (3.6 per cent of GDP) in H1 of 2011-12, as compared to US $ 29.6 billion (k3.8 per cent of GDP) during the corresponding period of 2010-11. This was mainly on account of the trade deficit of US $ 85.8 billion (9.4 per cent of GDP) due mainly to increase in international prices of imported commodities viz oil and gold and silver. As per the latest data, export growth has slowed down in recent months while imports remained at elevated level, resulting in higher trade deficit.

The momentum gained in exports and imports during 2010-11 continued during the first half (H1-April-September 2011) of the current fiscal with exports recording 40.6 per cent and imports 34.3 per cent increase during H1 of 2011-12 over the corresponding period last year. Supportive government policy, diversification in terms of higher value-added products in engineering and petroleum sectors and destinations across developing economies were responsible for resilient export performance.

Net capital flows at US $ 41.1 billion (4.5 per cent of GDP) in the first half of 2011-12 remained higher as compared with US $ 38.9 billion (5 per cent of GDP) in the first half of 2010-11. FDI (US $ 12.3 billion) and external commercial borrowing (US $ 10.6 billion) have shown increasing trend during H1 of 2011-12 over the corresponding period of 2010-11. Portfolio investment, however, witnessed large decrease in inflow to US $ 1.3 billion in H1 of 2011-12 vis-a-vis US $ 23.8 billion in H1 of 2010-11.

According to the Economic Survey, a trade deficit of more than 8 per cent of GDP and current account deficit of more than 3 per cent is a sign of growing imbalance in the country's BOP. High share of volatile FFI flows is an added external shock. The rupee's high volatility impairs investor confidence, necessitating a more aggressive stand to check its volatility.

ECONOMIC SURVEY 2011-12

VOLATALITY IN GLOBAL FINANCIAL MARKETS LIKELY TO TIGHTEN AVAILABILITY AND COST OF FOREIGN FUNDING

INDIAN BANKS MAINTAIN ROBUSTNESS AMIDST EURO ZONE CRISIS

GOVERNMENT MEASURES MITIGATE LIQUIDITY STRESS

Given the weak global economic prospects and continuing uncertainties in the international financial markets, the availability and cost of foreign funding for banks and corporate is likely to be negatively impacted. Indian financial markets, especially currency and equity, performed under pressure during the year. Global market turmoil resulted in rising risk aversion and moderation in capital inflows that resulted in currency stress during August-December 2011. Although liquidity situation tightened, but countervailing steps helped mitigate the strains. Apart from global economic developments, rising trade imbalance, pace of reform initiatives to boost capital flows, and domestic growth concerns are likely to influence the movements in the Indian financial markets. These are some of the significant high points in the ***Financial Intermediation and Markets*** sector of the Economic Survey-2011-12, presented by the Finance Minister, Shri Pranab Mukherjee in Lok Sabha today.

While pointing out that sovereign risk concerns, particularly in the Euro countries, have affected financial markets for the greater part of the year, the Survey points at Greece's sovereign debt problem spreading to India and other economies by way of higher- than-normal levels of volatility. Emphasising that in a financial system which is bank dominated, the ability of this institution to withstand stress is critical to overall financial stability, the Survey says that Indian banks however remained robust and the financial infrastructure continues to function without any major disruption. However, the Survey cautions that with further globalization, consolidations, deregulation and diversification of the financial system, the banking business may become more complex and riskier. Issues like risk and liquidity management coupled with skill enhancement, therefore, assumes greater significance.

An important reason India emerged largely unscathed from the global crisis of 2008 is the strict external commercial borrowings (ECB) policy that places all-in-cost, end-use and maturity restrictions on foreign borrowings by the corporate. The corporate, were therefore not exposed to balance sheet recession that could have happened due to excessive foreign borrowings. The liberalization of ECB policy, however has to keep in view the need to maintain sustainable levels of external debt. Other challenges include: innovative steps to bring corporate bond market at the centre stage of infrastructure financing and to meet financing requirements, particularly of the unorganized sector/self-employed in the micro/small business sector.

ECONOMIC SURVEY 2011-12

PUBLIC SECTOR BANKS SHOW 19 PER CENT GROWTH IN PRIORITY SECTOR LENDING

CREDIT DISBURSEMENT TO AGRI SECTOR EXCEED TARGET BY 19 PER CENT; OVER 127 LAKH NEW FARMERS BENEFITTED

98 PER CENT PUBLIC SECTOR BANK BRANCHES FULLY COMPUTERISED

Despite the demanding operational environment, the Indian banking sector demonstrated continued revival from the peripheral spill over effects of the recent global financial turmoil. The banking sector—both public and private—showed impressive increase in priority sector lending during 2010-11. The flow of agricultural credit headed north, with close to 12.5 million new farmers brought under the banking system. As of today, save 2 per cent, the rest of the Public Sector Bank branches stand fully computerized. The Self Help Group- bank linkage programme has emerged as the major micro finance programme in the country. These are some of the highlights of the Economic Survey 2011-12 presented by the Finance Minister, Shri Pranab Mukherjee in Lok Sabha today.

Capital is a key measure of bank's capacity for generating loan assets and is essential for balance sheet expansion. The Economic Survey says Rs 12,000 crore has been provided in the Revised Estimates 2011-12, under Plan, for capital infusion in Public Sector Banks (PSBs) to enable them to maintain a minimum Tier 1 CRAR at 8 per cent on 31st March 2012, and also to increase shareholding of the Government of India in the PSBs to 58 per cent. During Financial Year 2011-12 growth in bank credit extended by Scheduled Commercial Banks (SCBs) stood at 8.2 per cent as on 16 December 2011, with year-on-year growth at 17.1 per cent. The outstanding priority sector advances of PSBs rose by almost 19 per cent between March 2010 to March 2011. The increase was from Rs 8,63,777 crore to Rs 10,28,614 crore. The advances of Private Sector Banks showed a growth of 15.9 per cent during the same period.

The Economic Survey 2011-12 underlines the fact that flow of agricultural credit has been impressive. The Indian banking system disbursed credit of Rs 4,46,779 crore to the agricultural sector as against a target of Rs 3,75,000 crore in-2010-11, thereby exceeding the target by around 19 per cent. The extension of credit has taken the total number of new farmers brought under the banking system to 127.26 lakhs.

The Self Help Group-bank linkage programme is being implemented by Commercial Banks, Regional Rural Banks (RRBs) and Cooperative Banks. Under this, as on 31 March 2011, over 74 lakh SHGs held bank accounts with total savings of nearly Rs.7,000 crores as against 69.5 lakh SHGs with savings of Rs 6,200 crores as on 31 March 2010.

Thanks to computerization and adoption of core banking solutions, 98 per cent of Public Sector Bank branches are today fully computerized. In 2010-11, the number of ATMs witnessed a growth of 24 per cent over the previous year.

According to the Survey, to facilitate flow of funds into infrastructure projects, broad guidelines were issued on September 23, 2011 for setting up of Infrastructure Debt Funds. Further, guidelines on credit default swaps for corporate bonds were also issued on May 23, 2011. The agenda of Financial Inclusion has been actively pursued by the Government. Detailed strategy and guidelines on Financial Inclusion have been issued on 21 October 2011.

The Survey notes that resource mobilization through the primary market witnessed a sharp decline over the year 2010-11, with equity public issue mobilization standing at Rs 9,683 crore as compared to Rs 48,654 crore. Upto 31 December 2011, 30 new companies (IPOs) were listed at the National Stock Exchange and Bombay Stock Exchange.

The development of the financial sector is critically dependent on financial inclusion, which is seen as an important determinant of economic growth. Banks need to take into account various behavioural and motivational attributes of potential consumers for a financial inclusion strategy to succeed. Besides, access to financial products is constrained by lack of awareness, unaffordable products, high transaction costs, and products which are not customized and are of low quality. A major challenge in the times ahead would be to meet financing requirements, particularly of the unorganized sector and the self-employed in the micro and small business sector.

Economic Survey 2011-12

SERVICES SECTOR PROVES SAVIOUR OF INDIAN ECONOMY DURING THE GLOBAL CRISIS; GROWS BY 9.4% DESPITE SLOWING GDP GROWTH

The global recession only partially succeeded in slowing the Indian economy thanks to the continual offsetting growth of service sector to nearly 10% in the year 2010-11. The Economic Survey 2011-12 presented in the Lok Sabha today, suggests that the Services Sector continues to remain growth engine for Indian Economy. The Economic Survey points out that the Services Sector grew by 9.4% which was little higher than 9.3% in the previous year. The dampening effect of international investment into industry sector slowed the GDP growth rate to 6.9% unleashing a flurry of worries for the Government. The industry sector contributes nearly 26% to the GDP. However, maintaining the growth momentum the Service Sector recorded expected growth rate to bottom out the industrial slow down across the globe. The Sector along with the agricultural sector, placed India in the top fastest growing economies of the world despite Euro zone crisis and North American economic instabilities.

The Survey clearly says that the economy has successfully navigated the turbulent years of the recent global economic crisis because of the vitality of this Sector in the domestic economy and its prominent role in India's external economic interactions. The Survey reveals that the share of services in India's GDP at factor cost (at current prices) increased from 33.5 per cent in 1950-1 to 55.1 per cent in 2010-11 and to 56.3 per cent in 2011-12 as per Advance Estimates (AE). If construction is also included, the Service Sector's share increased to 63.3 per cent in 2010-11 and 64.4 per cent in 2011-12. Projecting the employment figures the Survey says that while agriculture continues to be the primary employment-providing sector, the Services Sector (including construction) is in second place. As per the National Sample Survey Organisation's (NSSO) report on Employment and Unemployment Situation in India 2009-10, on the basis of usually working persons in the principal status and subsidiary status, for every 1000 people employed in rural and urban India, 679 and 75 people are employed in the agriculture sector, 241 and 683 in services sector (including construction) and 80 and 242 in the industrial sector, respectively.

The combined FDI share of financial and non-financial services, computer hardware and software, telecommunications and housing and real estate is 41.9 per cent of the cumulative FDI equity inflows during the period April 2000-December 2011. With the inclusion of the construction sector (6.5 per cent), the share of services in FDI inflows increases to 48.4 per cent. Following the general trend in FDI inflows, FDI inflows to the

Services Sector (top five sectors including construction) have also slowed down in 2009-10 and 2010-11, with negative growths of -7.5 per cent and -42.5 per cent respectively in rupee terms. In 2011-12 (April to December), again following the trend of overall FDI inflows, which increased by 50.8 per cent to reach US$ 24.19 billion, FDI inflows to the top five Service Sectors (including construction) also increased by 36.8 per cent to US$ 9.3 billion to the Services Sector in 2011-12 (April-December).

Analysing the States' performance in the Service Sector the Economic Survey 2011-12 notes that the highest growth rates of the Services Sector are in the north-eastern States of Arunachal Pradesh (34.9 per cent) and Sikkim (30.1 per cent). Among the other States, Goa with 20.1 per cent and Bihar with 16.6 per cent growth top the list. This is over and above their very high growth rates in 2008-09. Other States with higher than national average growth in the sector are Kerala, Tamil Nadu, Maharashtra and Mizoram.

The Survey, while outlining the performance of major services like Tourism including hotels and restaurants, Shipping, IT and ITeS and Construction Services expresses no cause for worry despite a slight moderation in services growth to 9.4 per cent (as also in 2010-11). It says this moderation is due to the steep fall in growth of public administration and defence services reflecting fiscal consolidation. In fact growth in trade, hotels and restaurants is more robust at 11.2 per cent and retail-sector growth is expected to be more robust in 2012-13. With hardening of interest rates, the real worry would be with the real estate ownership of dwellings and business services segment, the growth of which has started decelerating and construction services with growth falling by nearly half. The outlook of the Services Sector in the domestic economy is linked to the prospects of the sector externally. While software service exports have continued to be steady, the unfolding events in the euro area could lead to some sluggishness in this sector. The fair-weather business services exports which have already shown signs of declaration may not get better, observes the Economic Survey.

Economic Survey 2011-12

LOWER CARBON SUSTAINABLE GROWTH TO BE CENTRAL ELEMENT OF 12TH PLAN; ECONOMIC SURVEY SEEKS MORE SENSITIVITY FROM DEVELOPED COUNTRIES TO CARBON EMISSIONS

The Economic Survey 2011-12, presented in Parliament today, suggests to make lower carbon sustainable growth a central element of our Twelfth Five Year Plan commencing in April 2012. The Survey points out that India's per capita CO_2 emissions are much lower (1.52 CO_2 tons) than those of the developed countries even if historical emissions are excluded. Nevertheless, India has already taken a number of actions on voluntary basis with own resources in pursuance of a sustainable development strategy. Like adoption of the National Action Plan on Climate Change (NAPCC) in 2008 which has both mitigation and adaptation measures an announcement of a domestic goal of reducing the emission intensity of its GDP by 20-25 per cent of the 2005 level by 2020 is a noteworthy measure.

A Chapter on Sustainable Development and Climate Change has been first time introduced in the annual Economic Survey. This new chapter reflects the growing challenges of sustainable development and climate change. Pressures on land, air, water, forests and loss of plant and animal habitant are growing. The Survey cautions that a warming planet is already causing adverse effects, such as more frequent extreme weather events. It comments that the science and evidence of climate change are compelling. Citing the Durban meeting in December 2011 which has set some directions for appropriate responses to climate change, the Survey hopes that the Earth Summit in Rio in June 2012 will take stock of sustainable development priorities globally. Taking an optimist view, the Survey hopes that the Twelfth Five Year Plan will be setting out India's priorities for a sustainable and inclusive, lower carbon development path. It says, as a responsible and enlightened member of the international community, India showed flexibility along with other developing countries toward the success of the Durban Conference. Developed countries are expected to reciprocate the flexibility shown by G-77 countries and India at Durban.

Commending further India's sensitivity to global concerns, the Survey says that India has done well on all such counts of stewardship over the past decades. It has followed a conscious path in response to the key environmental issues. Sustainable development in terms of environmental concerns has been a recurring theme in Indian policy and planning. Economic reforms since 1980s have accelerated growth and incomes. Social well-being has improved broadly, as measured by gains in life-expectancy. India has stepped up protection of its natural environment, such as its forests.

Outlining the challenges ahead, the Survey comments that the 2009 State of the Environment Report by the Ministry of Environment and Forests (MoEF) clubs the issues under five key main challenges faced by India, which are climate change, food security, water security, energy security and managing urbanization. Broad-based economic and social development is ultimately the answer for greater environmental sustainability. Economic pricing of energy and other resources will be a key to switching to more sustainable development path. New technologies will be crucial, mostly in the private sector. But social justice will also require stepped-up public spending on energy access and other elements, the Survey suggests.

Economic Survey 2011-12

LABOUR BUREAU SURVEY INDICATES UPWARD TREND IN EMPLOYMENT SINCE JULY 2009 MAINTAINED

On the employment front, the country has been able to withstand the adverse impact of the global crisis and generate employment since July, 2009. The Labour Bureau conducted twelve quarterly quick employment surveys to assess the impact of the economic slowdown on employment in India. These surveys indicate that the upward trend in employment since July 2009 has been maintained. This is stated in Economic Survey 2011-12, presented by the Finance Minister, Sh. Pranab Mukherjee, in the Lok Sabha today. The results for selected sectors i.e. textiles including apparel, leather, metals, automobiles, gems and jewellery, transport information technology (IT)/business process outsourcing (BPO) and handloom/powerloom are as follows:

1. Overall employment in September, 2011 over September, 2010 has increased by 9.11 lakh, with the highest increase recorded in IT/BPO (7.96 lakh) sector followed by 1.07 lakh in Metals, 0.71 lakh in Automobiles, 0.08 lakh in Gems & jewellery and 0.07 lakh in Leather industries during the period.
2. An upward trend in employment has been continuously observed since July 2009. During the quarter July to September 2011, employment has increased in respect of all sectors except Leather and Transport where there was a marginal fall. The overall employment has increased by 3.15 lakh during the quarter. At the sectoral level, the maximum increase of 2.04 lakh in employment during the period September, 2011 over June, 2011 was in IT/BPO sector, followed by increase of 0.42 lakh in Textiles including Apparels, 0.38 lakh in Metals, 0.22 lakh in Automobiles, 0.09 lakh in Handloom/Powerloom, 0.07 lakh in Gems & Jewellery.
3. In the export oriented units, the employment at the overall level has increased by 1.96 lakh whereas in the non-exporting units, it has increased by 1.16 lakh during the period September, 2011 over June, 2011.
4. Overall estimated employment in all selected sectors has experienced a net addition of 23.58 lakh during the period October, 2008 (first survey) to September, 2011 (twelfth survey).

The Economic Survey observes that employment growth in the organized sector, public and private combined, has increased by 1.9 % in 2010, which is lower than the annual growth for the previous year. The annual growth rate for the private sector was much higher than that for the public sector. However, in respect of both sectors,

annual increase in employment had slowed down in 2010 vis-à-vis 2009. The share of women in organized-sector employment was 20.4 per cent in 2010 March end and has remained nearly constant in recent years.

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Economic Survey 2011-12

EDUCATION: REFORM PROCESS CONTINUES IN 2011-12

AAKASH, LOW COST COMPUTING DEVICE LAUNCHED

In the primary education sector, the reforms initiated in 2010-11, continued during the year 2011-12. This is stated in Economic Survey 2011-12, presented by the Finance Minister, Sh. Pranab Mukherjee, in the Lok Sabha today. The expenditure on education as a proportion of GDP by General government has increased from 2.72 per cent in 2006-07 to 3.11 per cent in 2011-12 (BE).

As per the Survey, the Sarva Shiksha Abhiyan (SSA) norms have been revised to correspond with the provisions of the RTE Act including norms for sanctioning additional teacher posts, classrooms, teaching-learning equipment to enable states to move to an eight-year elementary education cycle, enhancement of academic support for better school supervision, and expansion of Kasturba Gandhi Balika Vidhyalaya (KGBVs). The National Council for Teacher Education (NCTE) has been notified as the academic authority for teacher qualifications. Also, a country wide campaign has been launched for raising public awareness about Right to Education (RTE) and to ensure all schools become RTE compliant. The number of out-of-school children has come down from 134.6 lakh in 2005 to 81.5 lakh in 2009 as per an independent study conducted by the SRI-IMRB.

The Survey states that as part of the National Mission in Education through ICT, content generation and connectivity along with provision for access devices for institutions and learners are the major components of the Mission. A major development during the year has been the launch of Aakash, the low cost access-cum-computing device that was launched on 5 October, 2011. Besides so far nearly 400 universities have been provided 1 Gbps connectivity or have been configured under the scheme and more than 14,000 colleges have also been provided VPN connectivity. Creation of e-content for 996 courses in Phase II in engineering, sciences, technology, humanities, and management has been undertaken by IIT Madras. The Consortium for Educational Communication (CEC) has been tasked with creation of e-content for 87 undergraduate subjects. More than 2000 e-journals and 55,000e-books from 297 publishers have been made available online under this programme.

The Survey points out some institutions like the IITs have, in order to promote innovation, created technology business incubation facilities in their campuses. These are providing to be focal points amongst students and faculty for working towards taking some of their applied research to the market through the creation of business models for the same. These efforts need to be expanded greatly (a) by scaling up the previously successful centres of such innovations, and (b) by creating many such centres across the higher technical institutions in the country.

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Economic Survey 2011-12

MGNREGA:COVERAGE INCREASES TO 5.49 CRORE HOUSEHOLDS DURING 2010-11

GOVERNMENT SETS UP COMMITTEE FOR DEVELOPING INDEX FOR FIXING MGNREGA WAGE RATES

13 CRORE AADHAR NUMBERS GENERATED

The coverage under the MGNREGA has consistently increased from 4.51 crore households during 2008-09 to 5.49 crore households during 2010-11 with averaged employment of 47 persondays per household. Average wage has consistently increased from Rs 65 in 2006-07 to Rs. 100 in 2010-11. Women person days have been 48 percent during the last three years against the stipulation of 1/3 as per the Act. This is stated in Economic Survey 2011-12, presented by the Finance Minister, Sh. Pranab Mukherjee in the Lok Sabha today.

The Survey states that to strengthen transparency and accountability in the implementation of the MGNREGA, the Government has initiated a service delivery project for Information and Communication Technology (ICT) and biometrics related works of the MGNREGA on PPP basis. In pursuance of the announcement in Budget 2009-10 to provide a real wage of Rs 100 per day as an entitlement under the MGNREGA, the Government has set up a committee for developing an index for fixing MGNREGA wage rates and their periodic revision. Its report is awaited. Till such time a satisfactory index is proposed by the committee and accepted by the Government, a decision has been taken to index wage rates notified under MGNREGA to the Consumer Price Index for agricultural labour. Accordingly, the revised wage rates of MGNREGA 2005 were notified on 14th January, 2011.

The Survey points out that for the Swarnajayanti Gram Swarozgar Yojana, which has been reshaped as National Rural Livelihood Mission, about 42.05 lakh SHGs have been formed since its inception. Under SwarnaJayanti Shahari Rozgar Yojana, a total of 3.64 lakh beneficiaries have been assisted during 2011-12. Under PMGSY, over 19,443 km of all-weather roads have been completed during 2011-12 (up to December). Under Indira AwasYojana, unit cost norms have been revised w.e.f. 1st April 2010 from Rs. 35,000 to Rs. 45,000 for plain areas and from Rs. 38,500 to Rs. 48,500 for hilly/difficult areas. During 2010-11, 27.15 lakh houses were constructed against the target of 29.09 lakh. About 72 percent of rural habitations are fully covered with safe drinking water. About 13 crore Aadhaar numbers have already been generated.

Economic Survey 2011-12

PUBLIC HEALTH INVESTMENT INCREASES SUBSTANTIALLY

There has been an increase in public health investment in the country. The combined revenue and capital expenditure of the Centre and states on medical and public health, water supply and sanitation and family welfare has increased from Rs.53,057.80 crore in 2006-07 to Rs. 96,672.79 crore in 2010-11 (BE). In addition to increasing resource allocation for the Health Sector the Government is also playing a critical role in facilitating access to health care delivery channels, public and private through subsidized health, insurance schemes like the RSBY for providing basic health care to poor and marginal workers. The Rasthriya Swasthaya Bima Yojana (RSBY) is being extended to cover MGNREGA beneficiaries and beedi workers. This has been stated in Economic Survey 2011-12, presented by the Finance Minister, Sh. Pranab Mukherjee in the Lok Sabha today.

The Survey highlights that the Janani Shishu Suraksha Karyakram (JSSK) was launched on 1st June, 2011 to give free entitlements to pregnant women and sick newborns for cashless delivery, C-Section, drugs and consumables, diagnostics, diet during stay in the health institutions, provision of blood, exemption from user charges, transport from home to health institutions, transport between facilities in case of referral, and drop back from Institutions to home. A sum of Rs. 1437 crore has been allocated to the states during 2011-12 under the JSSK. In order to reach out to difficult, inaccessible, backward and under-served areas with poor health indicators, 264 high focus districts in 21 states have been identified based on concentration of SC/ST population and presence of left wing extremism for focused attention. A Mother and Child Tracking system has been introduced, which provides complete data of the mothers with their addresses, telephone numbers, etc. for effective monitoring of ante-natal and post-natal check-up of mothers and immunization services.

The Survey also points out that the Janani Suraksha Yojana (JSY), which targets lowering of Maternal Mortality Ratio by ensuring that deliveries are conducted by skilled birth attendants, has shown rapid growth in last three years, with number of beneficiaries rising to 106.96 lakh in 2010-11 from 90.37 lakh in 2008-09. The issue of governance, transparency, and grievance redressal mechanisms are now the thrust areas for the JSY.

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Economic Survey 2011-12

EMPOWERMENT OF WOMEN:MAJOR ADVANCEMENTS OVER THE YEARS

The Finance Minister Sh. Pranab Mukherjee, in the Economic Survey 2011-12, tabled in the Lok Sabha today has outlined some major advancement in the empowerment of women over the years. They are outlined below:

Women & Education: The Sarva Shiksha Abhiyan (SSA) has had positive outcomes for girl child education leading to an increase in the gender parity index(GPI) in primary (0.94) as well as upper primary (0.92) education, Enrolment of girls at primary level and upper primary level increased over the years. Data also shows that the number of girls in schools in the age group of 5-14 years has increased from 79.6 per cent in 2004-05 to 87.7 per cent in 2009-10. Similarly, the number of girls in the educational system in 15-19 years age group increased from 40.3 per cent to 54.6 per cent over the same period. The challenge is to translate the high enrolment into high attendance rates.

The National Literacy Mission or Saakshar Bharat targeted female literacy as a critical instrument of women's empowerment. This has led to an increase in literacy amongst women from 53.67 per cent (Census 2001) to 65.46 per cent (Census 2011). For the first time, out of the total of 217.70 million literates added during the decade, women (110.07 million) out numbered men.

Women & Health: Implementation of the National Rural Health Mission (NRHM) has resulted in an improvement in many development indicators for women. As per the India Human Development Report, fertility rates have come down and have reached replacement levels in a number of states; Maternal Mortality Ratio (MMR) has come down to 212 per 1,00,000 live births in 2009 from 301 in 2003. Infant Mortality Rate (IMR), though still high, has fallen to 50 per 1000 in 2009. Institutional deliveries have risen from 39 per cent in 2006 to 78 per cent in 2009.

Women & Economy: An important strategy for financial inclusion of women, which is crucial for their integration into the economy, has been micro-finance. The model encourages access of SHGs to banks both as a means of savings and as providers of loan services. By March 2010, 69.53 lakh Self Help Group (SHGs) including those formed under the SGSY had been covered under the National Bank for Agricultural and Rural Development's (NABARD) SHG-bank linkage programme. Of these 76 per cent are exclusively women SHGs, accounting for 72.5 per cent of savings and 82 per cent of outstanding loans.

Promoting Gender Mainstreaming Through Gender Budgeting (GB): Recognizing that women, constituting 48 per cent of India's population, lag behind men on many social indicators like health, education, and economic opportunities and warrant special attention due to their vulnerability and lack of access to resources, GB, as a tool for achieving gender mainstreaming, has been adopted by the government in 2005. The magnitude of GB allocations as a percentage of total budget has also gone up from 2.79 per cent in 2005-06 to 6.22 per cent in 2011-12.

National Mission for Empowerment of Women (NMEW): The NMEW, an umbrella mission to strengthen inter-sectoral convergence and facilitate the process of coordination of all the women's welfare and socio-economic development programmes across ministries and departments, was launched on 8 March 2010 to ensure economic and social empowerment of women. The NMEW is piloting the 'convergence model' across the country in 32 select districts with the aim of bridging the gap between demand and supply of women-related services by undertaking realistic estimates of the demand, creating greater awareness about women-bsed schemes and programmes of the Government, augmenting the demand for various services/schemes for women, and connecting them with the service providers. The model includes introduction of convergence-cum-facilitation centres for women at district, tehsil/block and village levels. The first such pilot convergence project was launched in Pali district in Rajasthan on 16 September 2011 with the opening of 150 village-level centres.

Economic Survey 2011-12

ACHIEVEMENTS IN SOME INFRASTRUCUTRE SECTOR 'REMARKABLE'

NEED TO ATTRACT LARGE SCALE INVESTMENT INTO INFRASTRUCTURE

The Economic Survey 2011-12 tabled in Lok Sabha today by the Finance Minister Shri Pranab Mukherjee, says that the overall performance in creation of infrastructure in physical terms, in some sectors, during Eleventh Five Year Plan, have been remarkable as compared to the previous Five Year Plan, though there have been slippages in some sectors. The success in garnering private sector investment in infrastructure through the public-private partnership (PPP) route during the Plan has laid solid foundation for a substantial step in private-sector funding in coming years. PPPs are expected to augment resource availability as well as improve the efficiency of infrastructure service delivery. The Planning Commission has projected an investment requirement of over Rs. 45 lakh crore (about US $ 1 trillion) during the Twelfth Plan (2012-12). It is projected that at least 50% of this investment will come from the private sector as against the 36% anticipated in the Eleventh Plan and public sector investment will need to increase to over Rs.22.5 lakh crore as against an expenditure of Rs. 13.1 lakh crore during the Eleventh Plan. Financing infrastructure will, therefore, be a big challenge in the coming year and will require some innovative ideas and new models of financing, says the Survey.

The Survey has pointed out that the performance of broad sectors and sub sectors in key infrastructure areas in the current year presents a mixed picture. There was improvement in growth in power, petroleum refinery, cement, railway freight traffic, passenger handled at domestic terminals and upgradation of NHAI. Coal, Natural Gas, Fertilizers, handling of Export Cargo at airports and number of cell phone connections show negative growth. Steel sector witnessed moderation in growth.

According to the Survey, the performance in core and infrastructure sector is still to a large extent dependent in public sector projects the flash report for the month of October 2011 tracks the progress report of 583 projects in different sectors of which-only 7 are a head of schedule, 166 are on schedule, 235 are delayed and remaining 175 projects have been sanctioned without specifying any commissioning schedule. This has implied of cost over run of 15.3%. The Survey says that such delays increase project risk and cost, and could be minimized.

As per to the Survey, credit growth to the infrastructure sector turned negative in the current financial year. The incremental credit flow to the infrastructure sector during April-December 2011 was nearly 61% of the credit to this sector during April-December 2010. A significant reduction in credit flow was observed for the power and telecom sectors. The total FDI inflows into

majors infrastructure sectors during April-December 2011 however, registered a growth of 23.6% as compared to the FDI inflows during April-December 2010. Power (43.6%), Non Conventional Energy (338 %) and Telecommunications (499%) were the preferred sectors for foreign investors. Other sectors, however, failed to share the buoyancy in FDI inflows.

The Survey has commented that in the coming years, financing of infrastructure also need to consider the plateauing of the domestic savings and macro availability of resources. There is need for introducing more innovative schemes to attract large-scale investment into infrastructure. In view of the massive requirements of funds, all efforts need to be made to attract big ticket long-term investors such as strategic investor, private equity funds, pension funds, and sovereign funds. Strengthening domestic financial institutions and development of a long-term bonds market may be critical. Besides financing, the infrastructure sector has also suffered due to a time lag in physical capacity creation and time over-run. These not only delay availability, but also raise pricing and affordability issues. Infrastructure costs as these are often non-tradable may also affect competitiveness of economy in long run. The Survey has stated that a harmonized list of main sectors and sub-sectors of infrastructure approved by the Government to serve as a guide for all agencies responsible for supporting infrastructure, is a welcome move.

ECONOMIC SURVEY PEGS INDUSTRIAL GROWTH AT 4-5% IN THE CURRENT FINANCIAL YEAR

SURVEY CALLS FOR BOOSTING OF BUSINESS SENTIMENTS, ENCOURAGING INVESTMENT AND IDENTIFYING BOTTLENECKS

INDUSTRIAL SECTOR EXPECTED TO REBOUND DURING NEXT FINANCIAL YEAR

The Economic Survey 2011-12 tabled in the Lok Sabha here today by the Finance Minister, Shri Pranab Mukherjee has projected the industrial-sector growth during the current financial year to be between 4 to 5%. At this rate, says the Survey the annual growth rate will be less than the annual growth rates achieved in the recent past and far below the potential growth rate.

The Survey has said that the challenge for the sector in the short term would be to shore up of business sentiments, spur investment in productive activities and identify bottlenecks that can be removed in a reasonably short period of time. With the easing of headline inflation, moderation in commodities prices in the international market, and revival of manufacturing performance in recent months in the major economies, India's industrial sector is expected to rebound during the next financial year.

According to the Survey, the long term average annual growth of industries comprising mining, manufacturing and electricity has in general remained aligned with the overall GDP growth rate during the post reform period between 1991-92 and 2011-12, averaging 6.7% as against GDP growth of 6.9%. The share of industry (including construction) and manufacturing in GDP remained generally stable at 28% and in the 14-16% range respectively during this period. The share of industry in total employment, however, increase from 16.2% in 1999-2000 to 21.9% in 2009-10 largely on account of expansion of employment opportunity in the construction sector from 17.5 million in 1999-2000 to 44.2 million in 2009-10.

The Survey has highlighted that the industrial growth, measures in terms of Index of Industrial Production (IIP) during April-December 2011 reached 3.6% compared to a growth of 8.3% in the corresponding period of previous year. There was a contraction in production in the mining sector, particularly in the coal and natural gas segments. The electricity sector witnessed and improvement in its growth in the current year. Growth also moderated in the manufacturing sector from 9.0% in April-December 2010 to 3.9% in April-December 2011. The Survey also points out that the basic goods and non-durables goods had a relatively better growth at 6.1% compared to the growth in the corresponding period of previous year. There was a moderation in growth in other segments of IIP and negative growth was observed in capital goods and intermediates segments.

As per the Economic Survey 2011-12, the share of Gross Capital Formation (GCF) in industry as percent to the overall GCF, after peaking to a level of 54.9% in 2007-08, moderated to 48.3% in 2010-11 the manufacturing GCF growth rate declined to 7% in 2010-11 from 42% in 2009-10. In the current year, the rate of growth of banking sector credit flow to industries moderated significantly. On year-on-year basis, credit growth to industry decelerated to 19.8% in December 2011 from 31.6% in December 2010. Moderation in rate of growth of credit was particularly large for the infrastructure and manufacturing sectors.

The Survey has stated that in medium to long term several challenges remains for the sector. The Planning Commission has projected growth rates of 9.8% and 11.5% in manufacturing sector required to achieve 9 % and 9.5% economy growth respectively. Commenting on the National Manufacturing Policy (NMP) which has envisaged even higher growth of 14% per annum so as to take the share of manufacturing in GDP to 25% and increase the absorption of labour in this sector from 50 million as of today to more than 150 million by 2022. The Survey notes that to achieve this policy objectives, several policy measures will have to be pursued simultaneously such as resolving issues of land availability and infrastructure for the proposed national investment and manufacturing zones (NIMZs); strengthening backward and forward linkages of manufacturing sector with agriculture and services sectors respectively; acquiring depth in manufacturing sector by focusing on high value addition industries; and prompting FDI to fill the saving-investment gap etc.