

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:1114

ANSWERED ON:24.11.2000

ECONOMIC SLOW DOWN

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Will the Minister of FINANCE be pleased to state:

- (a) whether the Reserve Bank of India had declared a slow down on GDP growth rate at 5.8 per cent;
- (b) whether the Centre for Monitoring Indian Economy (CMIE) had also commented that it could still be lower;
- (c) if so, the main causes for the same;
- (d) whether the inflation is expected to rise to 8% in terms of wholesale Price Index and that agricultural and industrial growth also likely to slow down; and
- (e) the steps the Government proposes to take to effect a turn- around in the economy?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL)

(a),(b),(c),(d) & (e): The Reserve Bank of India (RBI) in their Mid-term Review of Monetary and Credit Policy for the year 2000-2001 had placed the growth in real gross domestic product

(GDP) in the range of 6.0 to 6.5 per cent for 2000-2001 as against a projected growth of 5.8 per cent for 2000-2001 made by the Centre for Monitoring Indian Economy (CMIE)As per the latest Quarterly Estimate of GDP released by the Central Statistical Organisation for the first quarter (April-June) of 2000-01, overall GDP growth is estimated at 5.8 per cent with GDP originating from agriculture (including forestry & fishing) and manufacturing showing an increase of 2.5 per cent and 5.0 per cent respectively. As on November 4, 2000 the inflation rate measured in terms of Wholesale Price Index on a point-to-point basis was 7.3 per cent. About three fourths of the current inflation is due to rise in prices of fuel, power, light and lubricants. Otherwise, prices of most of the primary and manufactured products are stable and do not show any significant uptrend. The trends in the economy are closely monitored and under constant review and appropriate measures taken in the light of emerging trends as and when necessary. The various economic reform measures undertaken by the Government are expected to have a favourable impact on the economy.