

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:1127
ANSWERED ON:23.11.2001
GROWTH RATE
CHANDRA NATH SINGH;N.T. SHANMUGAM

Will the Minister of FINANCE be pleased to state:

- (a) whether attention of the Government has been drawn to the news-item captioned `IMG scales down India`s growth estimated to 4.5%` as appearing in the Business Standard dated the September 6, 2001;
- (b) if so, the factual position of the matter reported therein;
- (c) whether the Government have fixed growth rate as 6.5%; and
- (d) if so, the steps being taken by the Government to achieve the aforesaid target of growth rate?

Answer

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

(a) Yes, Sir

(b) The said news item is based on World Economic Outlook, October 2001 published by the International Monetary Fund (IMF) wherein the projection for growth in real gross domestic product for India is placed at 4.5 per cent for the year 2001.

(c) & (d) The target growth rate of gross domestic product (GDP) for the Ninth Five Year Plan (1997-2002) is fixed at 6.5 per cent per annum on an average. With a view to promoting growth, the broad strategy enunciated in the Budget for 2001-02 has emphasized speeding up of agricultural sector reforms and better management of the food economy; intensification of infrastructure investment, continued reform in the financial sector and capital markets, and deepening of structural reforms through removal of remaining controls constraining economic activity; human development through better educational opportunities and programmes of social security; stringent expenditure control of non-productive expenditure; acceleration of the privatization process and restructuring of public enterprises and; revenue enhancement through widening of the tax base and administration of a fair and equitable tax regime. The Budget for 2001-02 has also provided enhanced central plan outlays for key infrastructure sectors. Besides, measures have been taken to stimulate domestic demand. These among others include reduction in interest rates on contractual savings, tax cuts through abolition of surcharge payable by corporates and non-corporates, further scaling down of peak customs tariff, major simplification in the excise duty regime, etc. These specific measures to stimulate demand in the backdrop of Budget strategy are expected to have a favourable impact on growth.