

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:788
ANSWERED ON:25.07.2003
RECESSION IN GLOBAL ECONOMY
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Will the Minister of FINANCE be pleased to state:

- (a): whether the impact of indications of recession in global economy would also affect the Indian economy;
- (b): if so, the expected percentage of growth rate of Indian economy during the current financial year; (
- (c): the reasons which would affect the Indian economy; and
- (d): the steps being taken to achieve the targets of the economic growth rate fixed by the Government?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI ANANDRAO V. ADSUL)

(a): The latest World Economic Outlook (April 2003) of the International Monetary Fund (IMF) projects a growth of 5.1% for the Indian economy in 2003. This projected growth rate is higher than that of the overall world output (3.2%), the advanced economies (1.9%), as well as that of the developing economies (5.0%). India, therefore, is expected to be a major performer in the world economy during the current year despite global recessionary trends.

(b), (c) & (d) : The Reserve Bank of India has projected a growth rate of 6% for the Indian economy in 2002-03 on the assumption of a normal monsoon. However, growth targets for the economy are not fixed annually. The Tenth Five-Year Plan aims at an annual average growth rate of 8% for the Tenth Five-Year Plan period (2002-2007). The Union Budget for 2003-04 has proposed a number of initiatives like promoting infrastructure development by leveraging public money through private sector participation, promoting private investment and measures aimed at fiscal consolidation. These initiatives are expected to have a positive influence on the growth of the economy.