

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:633

ANSWERED ON:03.12.2004

GDP PROJECTION

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Will the Minister of FINANCE be pleased to state:

- (a) whether the RBI has recently scale down its GDP projection to 6-6.5 percent for 2004-05 from its earlier estimate of 6.5-7 percent;
- (b) if so, the reasons therefor; and
- (c) the corrective steps taken by the Government in this regard?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (S.S. PALANIMANICKAM)

(a) & (b) The Reserve Bank of India in its Mid-Term Review of Annual Policy Statement for 2004-05 (October 26, 2004) has placed the overall Gross Domestic Product (GDP) growth for 2004-05 in the range of 6.0 to 6.5 percent compared with its May 2004 projection of 6.5 to 7.0 percent. The revision is on account of deficient rainfall in some parts of the country and its likely adverse impact on kharif crop output and the adverse impact of higher oil prices on GDP growth.

(c) The Government has taken a number of measures to improve the growth prospects of the economy. These, inter alia, include a comprehensive policy on credit aimed at doubling the flow of agricultural credit in three years, higher allocations under Accelerated Irrigation Benefit Programme, revival of Rural Infrastructure Development Fund, launching a scheme for repair, renovation and restoration of all water bodies, promotion of public private partnership for infrastructure development, decision to set up an Investment Commission and additional provision of Rs.10,000 crore of gross budgetary support to the 2004-05 Annual Plan.