

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

STARRED QUESTION NO:39
ANSWERED ON:03.07.2009
GLOBAL ECONOMIC RECESSION
Kodikunnil Shri Suresh;Singh Dr. Raghuvansh Prasad

Will the Minister of FINANCE be pleased to state:

- (a) whether India has been affected by the global economic recession;
- (b) if so, the details thereof and the extent to which the country has suffered losses; and
- (c) the action proposed to be taken by the Government to overcome the economic recession?

Answer

MINISTER OF FINANCE (SHRI PRANAB MUKERJEE)

(a) to (c) A Statement is laid on the Table of the House.

Statement referred to in reply to Lok Sabha Starred Question No 39 due for answer on July 3, 2009 by Dr Raghuvansh Prasad Singh & Shri Kodikkunnil Suresh

(a) to (c) Yes Sir. The global economic crisis affected the Indian economy initially through reversal of portfolio capital flows, which had knock-on effect on the stock market and the exchange rates through creating supply demand imbalances. Exports were adversely affected and witnessed negative growth rate since October 2008, on account of global recessionary conditions. The growth rate of Indian economy, as a result, slowed down to 6.7 per cent during 2008-09 as against 9.0 per cent during 2007-08.

The effect of global economic recession, however, has been minimal on the Indian economy vis-à-vis most other countries. An unimpaired financial system, large domestic market and fiscal and monetary stimulus packages have been responsible for the resilience exhibited by the Indian economy against the adverse impact of global economic slowdown.