

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:4003

ANSWERED ON:26.08.2011

ECONOMIC RECESSION

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**Will the Minister of FINANCE be pleased to state:**

(a)whether the Government of India has assessed the situation of economic recession and debt crisis prevailing in the United States of America (USA) and also of Europe;

(b)if so, the details thereof and the likely impact of the same in the Indian economy, sector-wise; and

(c)the steps taken or proposed to be taken in this regard?

**Answer**

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA)

(a) & (b) The uncertainty in the global markets due to recent developments in United States of America (USA) and Euorzone have had some impact on capital markets in India. The Indian growth story, however, is expected to remain largely intact as its fundamentals are strong. The economy is basically domestic driven as about 85 per cent of its GDP comes from domestic economy. The calibrated approach to capital account convertibility has prevented surge and reversal of debt creating capital flows. Indian banking sector is robust and the export basket is increasingly diversified in terms of products and destinations, with developing economies emerging as the largest export market.

(c) The Government is keeping a close watch on global developments and action would depend upon how the global situation unfolds.