

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

STARRED QUESTION NO:90
ANSWERED ON:23.11.2001
IMPACT OF AFGHAN WAR ON INDIAN ECONOMY
M.H. AMBAREESH;SURESH RAMRAO JADHAV (PATIL)

Will the Minister of FINANCE be pleased to state:

- (a) Whether the Government have assessed the effect of the Afghanistan War on the Indian economy;
- (b) if so, the details thereof, sector-wise;
- (c) whether the Government have prepared any long-term and short-term plans to combat any adverse effect on our economy in case the war is prolonged;
- (d) if so, the details thereof; and
- (e) if not, the reasons therefor?

Answer

FINANCE MINISTER (SHRI YASHWANT SINHA)

(a), (b), (c), (d) & (e) : A statement is laid on the Table of the House.

Statement referred to in Reply to parts (a) to (e) of the Lok Sabha Starred Question No.90 regarding ` Impact of Afghan War on Indian Economy` for answer on 23-11-2001.

(a)&(b): The longer term economic impact of the war in Afghanistan on the Indian economy will depend upon the duration and intensity of the war and its impact on global demand and trade. There has been some effect of the war on Indian exports, stock markets, tourism, heightened risk aversion of foreign investors and the foreign exchange market. However, in its mid-term review of the monetary and credit policy for the year 2001-02, announced in October 2001, the Reserve Bank of India has projected 5-6 per cent growth for the Indian economy for the year 2001-02.

(c), (d) & (e) : External impacts are always kept in view while formulating policies. In the latest Union Budget, several measures were announced for boosting industry, infrastructure and the capital markets. The RBI has recently reduced the bank rate (from 7% to 6.5%) and the Cash Reserve Ratio. All these measures are expected to improve growth and economic activity.