

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

STARRED QUESTION NO:692
ANSWERED ON:13.05.2005
WORLD BANK REPORT
Mane Smt. Nivedita;Singh Shri Kirti Vardhan

Will the Minister of FINANCE be pleased to state:

(a) whether World Bank has projected a downward trend in economic growth rate for 2005 as reported in the Business Standard dated the April 13, 2005;

(b) if so, whether the Government has examined this issue; and

(c) if so, the details thereof and the corrective action taken by the Government in this regard?

Answer

FINANCE MINISTER (P. CHIDAMBARAM)

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

STATEMENT FOR LOK SABHA STARRED QUESTION NO. 692 FOR 13TH MAY 2005 REGARDING WORLD BANK REPORT TABLED BY SHRIMATI NIVEDITA MANE AND SHRI KIRTI VARDHAN SINGH

(a): The World Bank's report titled 'Global Development Finance, 2005' predicts a slow down in global growth from 3.8% in 2004 (calendar) to 3.1% in 2005. South Asian growth is forecast to slow from 6.6% to 6.2% over the same period.

(b): Forecasts by different organizations relating to real Gross Domestic Product growth rate for India are as below:

Organization Over all Real GDP growth (per cent)

CSO Advance Estimates 6.9 for 2004-05
IMF (for calendar year) 7.3 for 2004
 6.7 for 2005
(World Economic Outlook, April, 2005)

ADB 6.5 for 2004-05
 6.9 for 2005-06

RBI Around 7.0 for 2005-06

Planning Commission 8 (10th Plan period 2002-07 estimation)

As per the above forecasts, the economic growth in India, in particular, is expected to be healthy.

(c): The Union Budget for 2005-06 provides for a number of initiatives such as emphasis on enhanced public investment, diversifying agriculture, promotion of public-private partnership for infrastructure development, liberalization of Foreign Direct Investment and facilitating growth in industries and services sector through an enabling policy environment. These measures are expected to have a favourable impact on the growth of the Indian economy.