

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:918
ANSWERED ON:10.07.2009
IMF ESTIMATES FOR GLOBAL ECONOMY
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Will the Minister of FINANCE be pleased to state:

- (a) whether the International Monetary Fund (IMF) has revised its estimates for global economy and predicted recently that in the financial year 2009-10 the global economy would contract by 1.3 per cent for the first time in 60 years;
- (b) if so, the details thereof indicating the precise macro-economic implications of this contraction on India; and
- (c) the reaction of the Union Government thereto?

Answer

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

(a) to (c) : As per the latest World Economic Outlook, April 2009 of the International Monetary Fund (IMF), world output is projected to decline by 1.3 per cent in the year 2009 on account of the global economic meltdown, as against the growth of 3.2 per cent in 2008.

The impact of the global economic crisis was transmitted to Indian economy initially through financial sector in form reversal of capital flows, and then to real sector through negative growth in exports since October 2008. This, inter alia, led to slow down of growth rate of Indian economy to 6.7 per cent during 2008-09 as against 9.0 per cent during 2007-08. The forecast growth for fiscal 2009-10 is around 7.0 +/- 0.75 per cent.

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.