

Economy grows 9 per cent in 2007-08

New Delhi: Buoyancy in agriculture sector lifted India's economic growth to 9% in 2007-08 from the earlier projection of 8.7%. This will be the third year in a row, when the Indian economy grew at the rate of 9% and above. In 2005-06, the economy grew at 9.4% followed by 9.6% in 2006-07.

FM P Chidambaram, expressing satisfaction over the 9% economic growth in 2007-08, said that economy will grow at a minimum rate of 8.5% in 2008-09. "As the year (2007-08) progressed, there were some doubts whether we will be able to achieve 9% growth rate", he said. He further added, "I dare say with some degree of confidence that India will show admirable resilience and 2008-09 will also return a growth rate of not less than 8.5%, and if there is some luck I should be able to maintain my track record of 9% growth rate in 2008-09." He said that if the world economy is benign, India can grow at 10% as well in 2008-09.

However, he maintained that in 2008-09, due to uncertainties in the global economy, the downward risks were much higher than in the previous year. Despite these odds, he said, if India could sustain its agriculture growth, rejuvenate the manufacturing sector and maintain double digit growth in services sectors, its economy could very well grow at close to 9%.

The main source of confidence of the finance minister to project over 8.5% economic growth in 2008-09 is the huge investment that Indian economy is attracting presently.

In 2007-08, India attracted an investment of 37.5% of GDP - up by around 9.3 percentage point from the investment figure of 28.2% in 2003-04. With the improved productivity and rising investment, he said even if some mistakes are made, India will continue to grow at around 9%.

In its revised estimate of national income for 2007-08, the Central Statistical Organization said that the upward revision in the GDP growth rate is mainly on account of the revision made in the estimated production of agriculture crops by the Department of Agriculture and Cooperation.

The agricultural and allied sectors grew by 4.5% during 2007-08, compared to earlier estimates of 2.6%. However, the manufacturing sector witnessed some slowdown. The growth rate in the sector for 2007-08 lowered to 8.8% from the initial estimate of 9.4%.

At the same time, comparing the fourth quarter figures of 2007-08 to last fiscal, the economic growth dipped to 8.8%.

Source: The Times of India, 31/05/2008