

## **Indian Economy to Grow 8 pct Despite Global Woes-PM**

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NEW DELHI - India's economy is expected to grow by more than 8 percent in the fiscal year to March despite being hurt by the global slowdown and soaring oil prices, Prime Minister Manmohan Singh said on Wednesday.

Singh said annual wholesale price inflation <INWPI=ECI>, which rose to 12.6 percent in early August, was showing some signs of moderation and prices were expected to moderate further due to steps taken by the government.

The government has cut import duties and banned exports of food items, while the central bank raised its key lending rate in both June and July to tame inflation. The repo rate now stands at a seven-year high of 9 percent.

A Reuters poll of analysts showed inflation was forecast at 12.09 percent for the 12 months ending Sept. 6, steady from a week earlier. [ID:nBOM132221].

Singh said India's growth prospects may be affected by the global economic slowdown, the steep rise in international prices of petroleum products and those of other primary commodities.

"Even then, the overall growth rate of the economy will still exceed 8 percent, making India the world's second-fastest growing economy."

The Indian economy grew by an average 8.8 percent in the last four years, but the analysts expect growth to slow to under 8 percent in the 2008/09 fiscal year ending next March.

Later, Finance Minister Palaniappan Chidambaram said the government wanted to lift the economy's growth rate to 10 percent by 2011/2012, but said hurdles remained.

"Our aspiration is to achieve over 9 percent GDP growth and 10 percent by 2011/12," he said.

"Sustaining 9-10 percent growth in the medium term is a challenge. There is a need to remove supply-side constraints," he added.

**Source: Reuters**