

**INTERVIEW-India FinSec sees high economic growth.**

419 words

17 June 1999

19:46

Reuters News

English

(c) 1999 Reuters Limited

NEW DELHI, June 17 (Reuters) - India's Finance Secretary Vijay Kelkar said on Thursday the economy was on a high growth path and was expected to grow at over six percent in 1999/2000 (April-March).

"The economy is now on a higher growth path. In 1999/2000, we are expecting an overall growth rate of six percent plus, and a higher manufacturing growth rate," Kelkar told Reuters in an interview.

He said tax revenue collections, mainly direct and excise, increased in the first two months of the current 1999/2000 financial year and commodity prices had also bottomed out.

India's indirect tax collections in May rose to 87.11 billion rupees, showing an 18.5 percent growth over the same month a year earlier.

Kelkar said the growth rate in the manufacturing sector had already exceeded 10 percent.

"So the virtuous circle has started in my view, where each is reinforcing the other," he said.

India's industrial output rose by 6.8 percent in April compared with 4.8 percent in the same month in 1998.

Industrial output grew by 3.8 percent in 1998/99 compared with 6.6 percent in the previous year.

"The Sensex is essentially tracking all this inherent dynamism which is now coming in the economy," he added.

The bellwether 30-share Bombay Stock Exchange index soared to a 13-month closing high of 4,125.25 on Thursday.

Kelkar said the 1999/2000 federal budget made a big difference and boosted the sentiment. "The budget was the event that turned it around."

He said the introduction of dematerialisation or paperless trading of shares had ushered in dramatic changes in the domestic capital market.

Dematerialisation refers to holding shares in a depository and trade being notified through electronic entries.

Kelkar expected a pick up in non-government and commercial credit as the economy gained momentum in the coming months.

"I think as the economy picks up you will find that non-government credit, commercial credit, is going to pick up substantially in the coming months," he added.

"I think the Indian economy now is sufficiently robust and sufficiently strong in its fundamentals to keep up the momentum," he said.

India's gross domestic product grew by 5.8 percent in 1998/99 against 5.1 percent in 1997/98.

((Chaitanya Kalbag, New Delhi Newsroom +91-11-301-2024 Fax +91-11-301-4043, delhi.newsroom@reuters.com)).

(C) Reuters Limited 1999.

Document lba0000020010907dv6h065z0

