

# **FICCI'S Economic Outlook Survey forecasts a GDP Growth of 6.7%**

**New Delhi, 25 January 2013:** The latest round of FICCI's Economic Outlook Survey forecasts a GDP growth of 6.7% in FY14, which is marginally higher than the estimate of 6.5% in the previous survey round for the same year. This improvement is largely based on the expectation of a possible cut in the policy rates which is expected to have positive impact on industrial growth and consumption.

"The revival in sentiment reflects cautious optimism and is an indication of improved sentiment post Sept 2012 mainly due to Government's renewed thrust to the reforms agenda", said Ms. Naina Lal Kidwai, President, FICCI.

Further, the FICCI survey respondents expect a repo rate cut of 25-50 bps in the forthcoming review of the monetary policy scheduled on 29 January, 2013. Along with this a quarter of total respondents expect a CRR rate cut of 25-50bps. A majority also felt that a reduction of 75bps to 100bps in repo rate through FY14 is more likely. This is critical for revival of growth.

"The possibility of RBI cutting rates will provide industry a fresh dose of oxygen and along with the expected US recovery, will breathe some life back into industry " , opines Ms Kidwai. "With inflation risk receding (core inflation at a 36 month low in Dec 2012), there is indeed some scope for easing in the forthcoming monetary policy", added FICCI President.

"With fiscal deficit projections for FY14 at 5.1%, the process of fiscal consolidation should be pursued in right earnest," said Mrs Kidwai. If the recommendations regarding the roadmap on fiscal consolidation made in the Kelkar report are carried forward we would soon be moving on the right track", said Ms. Naina Lal Kidwai, President, FICCI.

Further, about the current account deficit most of the respondents expected it to be not less than 4 % of GDP for FY14. "The wide current account deficit remains a constraint on monetary policy easing", believes Mrs Kidwai.

"With exports witnessing a decline for eight consecutive months and global demand likely to remain flat in the near term, it will be vital to extend support to the labour intensive export oriented units. Though the government recently announced some measures like extending the interest subvention by another year for an extended list of sectors, it will be important to keep track of the situation and take adequate steps wherever necessary", said Ms. Naina Lal Kidwai, President, FICCI.

The participating economists indicated that among the varying objectives on the

immediate government reform agenda, implementation of GST should be the highest priority which is indeed FICCI's agenda.

.....

**FICCI Economic Outlook Survey Link:**

<http://ficci.com/SEDocument/20221/FICCI-Economic-Outlook-Survey-jan2013.pdf>