

FICCI Reaction on the Advance Estimate for GDP growth (2012-13) by CSO

New Delhi, February 7, 2013: Reacting to the advance estimate released today and which puts GDP growth at 5.0% for the year 2012-13, Ms. Naina Lal Kidwai, President, FICCI said "This is the lowest growth in almost a decade and is much below RBI's projection of 5.5% growth for the current fiscal announced in the third quarter monetary policy review. Though this was anticipated but the number is astonishingly low. Several overriding risks continue to remain dominant and it is important that we firm up steps to give a thrust to the flagging growth."

The agriculture and the manufacturing sector are expected to grow by a measly 1.8% and 1.9% respectively. What is further worrisome is the decelerating growth of the services sector which has so far been the key driver of growth. "The need to revive the investment sentiment has become indispensable", she added.

Referring to the results of a recent survey carried out amongst industry members, Ms. Kidwai said "While the reform measures taken by the government in the last few months have improved sentiments, there is a need to continue this momentum. The upcoming budget should be an opportunity for the government to take steps that would encourage growth and boost investments. Quicker implementation of the National Manufacturing Policy, speedier decision making under the aegis of the Cabinet Committee on Investments, ushering in the Goods and Services Tax regime, passage of the insurance and pension bills in the next session of the Parliament and bringing greater competition in the coal mining sector are some of the measures that should now be in focus."

"At a time when the global economic situation is uncertain and our exports are feeling the heat, we must take all possible measures to ramp up domestic demand so that our economic performance does not deteriorate any further. This is critical as overall growth has a direct bearing on employment generation and if the downward spiral in growth is not arrested fast, we could see the employment situation turning bleak. Alongside further reforms by the government, we also need to see the RBI focusing more and more now on pushing growth." she added.

It is noteworthy that the IMF too has cut down the growth projections for India for the year 2012-13 and this downward revision too is much larger than anticipated. This performance underlines the gravity of the situation and calls for policy action in a focused manner. We are losing out on our position of being amongst the fastest growing economies in the world and this would play on the minds of global investors unless some swift action is taken by the government to allay any such apprehensions.

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