FICCI Comments on CAD Numbers

New Delhi, 30 September 2013: The current account deficit numbers for the first quarter of FY 2014 are on expected lines. With exports seeing a moderation in growth and imports continuing to remain firm, we were not expecting a quick turnaround in the external situation in the first quarter. In fact in FICCI's Economic Outlook Survey, we had projected a figure of 5 per cent of GDP and this is close to the actual 4.9 per cent seen today", **said Mr Sidharth Birla, Sr. Vice President, FICCI.**

"However, what is important to note is the likely trend going ahead. In the months of July and August, exports have registered double digit growth and there has been a sizable contraction in the import demand for gold. With global economic situation on the mend, our exports should continue to march ahead in the coming months. Further, with the oil ministry coming out with a comprehensive oil conservation plan, we could see a dip in oil imports in the subsequent quarters. The focus on curbing gold imports could be sharpened by promoting schemes that encourage citizens to bring idle gold into the market and monetize the same. Such measures would have a salutary impact on CAD", he added.

"Interestingly, media reports show that with a higher than expected growth in exports and compression in imports later this year, the Finance Ministry feels that CAD could be restricted to less than US$ 50 billion. If this happens, then we would be in a comfortable situation as inflows on the capital account side would be able to balance the deficit on the current account", **said Mr. Birla.**

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