

FICCI comments on GDP at 7.3% in 2014-15

New Delhi, 29 May 2015: “GDP growth of 7.3% in 2014-15 is encouraging and is in line with broad expectations. The Government’s progressive stance on economic reforms and on improving ease of doing business has helped in creating a positive sentiment over the past one year. With this holistic approach on reforms, we expect GDP growth to improve further in the next 6-12 months. In fact, results of FICCI’s latest Economic Outlook Survey peg GDP growth at 7.8% in the current fiscal year”, said **Dr. A Didar Singh, Secretary General, FICCI.**

While economic conditions have been mostly benign since the beginning of 2015, some downside risks continue to pervade. Agriculture output may be impacted with a sub-normal monsoon forecast this year, weak demand remains a persisting concern and a firm turnaround in the domestic capex cycle is awaited.

Further, results of FICCI’s Business Confidence Surveys indicate that companies are still apprehensive about undertaking fresh investments and high cost of credit remains a major constraining factor for them. Also, the survey results indicate strain on parameters like profits and exports, which is also reaffirmed by the actual quarterly corporate results.

“Inflation, which was a major concern factor has been on downward trajectory. We hope that Reserve Bank will cut the repo rate by 50 bps in the monetary policy review to be announced next week. Also, a cut in the CRR by 50 bps can be looked at to allow for effective monetary transmission by banks in the form of lower lending rates for industry and consumers. This will give an immediate respite to the manufacturing sector and help in stepping up investments”, added **Dr. Singh.**

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