

FICCI STATEMENT ON UNION FINANCE MINISTER'S ECONOMIC POLICY STATEMENT

New Delhi, 24 October 2017: *"FICCI welcomes the economic policy statement made by Union Finance Minister Arun Jaitley earlier today. Most of the decisions announced by the Finance Minister echo the views presented by FICCI to the Union ministries of Finance, Commerce & Industry over the past month.*

FICCI welcomes the emphasis placed by the Finance Minister on increasing public spending, though FICCI believes the government can afford to ease the fiscal deficit to GDP ratio from the stated 3.2% to 3.5% without any serious negative macro-economic consequences. FICCI believes that a rate of inflation of around 4.0% would facilitate acceleration of growth with increased public spending.

FICCI has also strongly advocated public investment in roads, railways and low cost housing. Hence it welcomes the Bharat Mala project and the plan to boost public investment in affordable housing and railway modernisation.

The decision to invest in PSU bank recapitalisation should result in increased lending, especially to the MSME sector. FICCI hopes that the Reserve Bank of India will also pro-actively seek to boost investment and consumer demand through an easing of the repo rate. Bank recapitalisation should also encourage banks to pass on the benefits of a lower rate of interest to investors and consumers.

FICCI hopes that taken together these policy decisions would provide the much needed supply side and demand side boost to the economy, ensuring that national income growth will remain upwards of 7.5 per cent in the medium term", said Mr Pankaj R Patel, President, FICCI.

FICCI MEDIA DIVISION