

FICCI Reaction on the PMEAC's Review of the Economy -2012/13

New Delhi, 23 April, 2013: Ms Naina Lal Kidwai, President, FICCI while welcoming the growth numbers as announced by Dr. C. Rangarajan, Chairman, PMEAC in the report of Review of the Economy 2012-13, said that, "FICCI has been repeatedly stating the need for the government to remain focused on growth and thus the need for a slew of reform measures that could help revive growth sentiments". The ICOR has deteriorated from 4 to 5 -we need to improve productivity of capital and inputs. The investment rate which had peaked to 38.1% in 2007-08 has come down to 35.0% in 2011-12. The report does highlight and acknowledge the dismal state of investments and need for improvement.

"FICCI has been urging the need for timely execution of projects as this can help showcase the positive intention of the government to encourage investments, said Mrs Kidwai". "Mrs Kidwai added that, it was very heartening to note several clearances of investment by the CCI, in the power sector with special emphasis on the oil & gas sector which will bring in an additional investment of US\$ 2.5 billion over the next 3-5 years in exploration activities. Such measures help proving the positive intention of the government"

The inflation numbers placed at 6% in 2013-14 are also comforting and indicate a possible relaxation in the monetary stance by RBI which could help in reducing interest rates which would help industry. "FICCI has been reiterating that in the long-run it is important to target food inflation by addressing supply side bottlenecks", said Mrs Kidwai. A strong resolution expressed to streamline procedures to attract capital flows is indeed encouraging. Hopefully with the decline in Gold Prices and oil combined with apparent improvement in export numbers, CAD could possibly be contained. The twin deficits have been the most worrying factors that continue to need containment.

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