

FICCI comments on Economic Survey 2016-17 Volume II

New Delhi, 11 August 2017: Reacting to the Economic Survey 2016-17 Volume II released earlier today, FICCI said *“The Survey clearly lays out the opportunities and the risk factors that could have a bearing on the near to medium term growth performance of the Indian economy. While developments such as introduction of GST, in principle decision to privatize Air India, steps taken to address the twin balance sheet problem and the continuous roll out of reforms across segments lend confidence, there is an element of anxiety on account of factor such as farm loan waivers, dip in non-cereal food prices and weakening performance of sectors such as power and telecommunications. The deflationary impulses in the economy need to be countered through all possible policy levers as identified in the Economic Survey”*.

“Our reading of the Economic Survey confirms that there is a need to substantially cut down the policy rates by the RBI and ensure its full transmission by the banks in the form of lower lending rates for consumption and investment activities. A cut in interest rates would spur demand, push up capacity utilisation rates and help reduce pressure on the corporate balance sheets thereby enabling them to plan for fresh investments. Unless the private investment cycle revives, sustaining growth and generating jobs in large numbers will be difficult”, FICCI added.

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