

Economy to grow at 5.6% in 2014-15: Ficci survey

NEW DELHI: Indian economy will expand by 5.6 per cent during 2014-15 even as the Reserve Bank is not likely to cut interest rates this year, according to Ficci's latest [Economic Outlook Survey](#).

"The new government guided by the objective of restoring growth and governance has given very positive policy signals in its first 100 days. We see the confidence amongst investors slowly returning and hope that going ahead the momentum on implementation front will build up," said the survey.

The economists who participated in the survey also felt that [RBI](#) will consider a cut in policy rates only in the first quarter next year, as household inflationary expectations remain high.

The central bank will wait and watch until there are definite signs of inflationary pressure abating, they said.

Retail inflation is expected at 7.8 per cent this fiscal, in sync with RBI's indication earlier this year.

The minimum and maximum range for [GDP](#) growth in the current fiscal is indicated at 5.3 per cent and 6 per cent respectively, as against 5.3 per cent estimated in the previous round of the [Ficci survey](#).

This reflects a clear return in optimism and the economic activity is expected to continue with this momentum in the second half of the current fiscal year as well, Ficci said.

While agricultural growth is expected to remain steady despite weak monsoon, outlook for the industrial sector seems to have improved considerably. It is expected to grow by 4.7 per cent in FY15, which is 1.6 percentage points more than the growth estimate in the previous survey round in June.

The growth in the services sector is expected to remain pretty much at similar levels as was reported last time. The sector is likely to grow by 6.9 per cent in FY15.

The prognosis made by the economists with regard to exports and current account deficit reflected no imminent risks. The CAD to GDP ratio for FY 15 was projected at 1.9 per cent. They also felt that the macro-economic fundamentals are gradually strengthening and the overall health of the economy is set to improve going ahead.

The economists also identified priority areas for the government: developing a world class infrastructure; provision of uninterrupted power supply; resolving labour issues; reducing cost and duration of land acquisition; minimising procedural hassles and fast tracking

approvals and development of innovation hubs with world class amenities including lab and testing facilities.

Besides, the economists said, government should enhance credit to small and medium enterprises; simplify taxation policies to bring down the time and cost involved in filing returns and introduce Goods & Services Tax at the earliest.