

## NCAER revises GDP growth upwards to 7%

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The economic think-tank National Council for Applied Economic Research (NCAER) has pegged the country's economic growth for the current fiscal at 7 per cent, a notch above its earlier forecast of 6.9 per cent but still lower than the expectations of the Reserve Bank of India (RBI) and the government.

"The overall GDP growth for the year is pegged at 7 per cent, somewhat above our previous forecast of 6.9 per cent provided in October 2009," the NCAER said here today, while releasing its quarterly review of the economy.

The economy grew by 7 per cent in the first half of this fiscal, belying pessimism that the economy would grow at a lower pace due to the global downturn.

The NCAER also pointed out that there is increasing evidence of economic revival, particularly in the industrial sector, which bore the brunt of the global crisis.

It has also pegged down the ballooning fiscal deficit to 6.3 per cent against 6.8 per cent projected by the government.

Lower revenue collection, which is adding to the deficit, NCAER said is due to the stimulus measures given by the Government to help industry tide over the slowdown. The withdrawal of stimulus, it said would depend on the sustained recovery of growth.

"The return to fiscal consolidation is dependent on sustained recovery of economic growth. Therefore, it is important to gain confidence that tax collections are on track before fiscal stimulus is entirely withdrawn," the agency said.

On the growth of agricultural sector, the agency has projected it to decrease by 1.5 per cent, the same as in the previous forecast.

It has also slightly revised upwards the average inflation at 3.9 per cent for the current fiscal, a little higher than 3.8 per cent expected in its October forecast.