
Sign of recovery - Economy showing signs of recovery - CII

Monday, 07 Sep, 2009

According to a CII press report, Indian economy has emerged from the disruption created by the global financial crisis. CII said that GDP growth at 6.1% during the first quarter of 2009-10 versus growth of 5.8% in the previous quarter and 7.8% in the same period of the previous year has raised hopes that an economic recovery is on the cards.

Mr Chandrajit Banerjee director general of CII said that "The GDP numbers indicate that the economy has bottomed out." He added that when compared to countries across the world, India stands out as one of the best performing economies. Although there is a clear moderation in growth from 9% levels to 6%+, the pace still makes India the fastest growing major economy after China. He said that "Timely interventions with counter-cyclical fiscal and monetary measures are helping the economy recover from the worst global crisis since the great depression."

According to CII, the growth outlook for 2009-10 has definitely improved from what was envisaged earlier. In its State of the Economy report, CII had earlier raised its growth outlook for 2009-10 to 6.5% to 7%. However the weak 2009 monsoon has emerged as a key challenge to this outlook. Also, the government's massive borrowing program has hardened bond yields and rising interest cost could pose a challenge to sustaining the current recovery.

The RBI faces a dilemma as the risk of higher inflation caused by higher food and commodity prices poses a challenge to its current expansionary monetary stance. However, CII strongly feels that any hike in interest rates in this situation would stall the recovery process which is still at a nascent stage.

(Sourced from www.indiainfoline.com)

For more news visit at www.steelguru.com