

PMEAC projects 8.6% GDP for FY11, March-end inflation at 7%

NEW DELHI: Pegging growth at more or less similar lines, the Prime Minister's Economic Advisory Council on Monday projected the economic growth in the country at 8.6 per cent for the current fiscal on the back of rebound in farm output. It also projected inflation to come down to 7 per cent by March-end due to declining food prices.

The PMEAC, in its 'Review of the Economy 2010-11' report released on Monday, also said the country's GDP is likely to grow by 9 per cent in 2011-12, back to the high rate it had witnessed before onset of the global economic recession.

PMEAC's projection of 8.6 per cent growth is in line with government estimates released earlier this month.

According to PMEAC, the agriculture sector is expected to grow at 5.4 per cent this fiscal.

This is higher than the 0.4 per cent rate of growth registered by the farm sector in 2009-10.

"Agriculture will do very well this year. We might have record harvest of wheat,"



PMEAC Chairman C Rangarajan said here.

The council also said the services and industry sectors would maintain the high growth rate of last few years.

While services is expected to register a growth rate of 9.6 per cent, industry is projected to grow by 8.1 per cent.

During the last fiscal, services sector had witnessed a growth of 9.1 per cent, while manufacturing had grown by 8.8 per cent.

The PMEAC further said the overall inflation is expected to be at 7 per cent by March-end and that the rate of price rise in the case of manufactured goods has been low.

"The declining trend in food prices, particularly that of the vegetables, will result in lower food inflation... considerable care from the policy side has to be taken to ensure that the manufactured goods inflation remains below 5 per cent in 2011-12," it said. The overall inflation for January has been at 8.23 per cent, while food inflation was at 11.05 per cent in the first week of February. **PNS**

- Economy expected to grow at 8.6 per cent in 2010-11
- Agriculture at 5.4%, Industry at 8.1% and Services at 9.6%
- Investment rate expected to be 37% in 2010-11 & domestic savings rate over 34%
- Current Account deficit estimated at 3% of GDP
- Capital inflows projected to be \$64.6 bn for 2010-11 with net FDI at \$9.3 bn
- Inflation rate projected at 7% by March 2011
- Exports expected to touch \$230 billion in 2010-11 and trade deficit at \$132 billion, or 7.7 per cent of GDP
- Fiscal deficit expected to fall to 5.2 per cent of the GDP during 2010-11 from 5.5 per cent estimated earlier