

Highlights of Economic Survey 2009-10

Economic recovery provides opportunity for a gradual withdrawal of stimulus

India's GDP growth is expected **at 7.2% in FY10**, according to the Economic Survey. This matches the advance estimate of FY10 GDP announced by the CSO recently, but is short of the RBI's 7.5% growth projection for the current fiscal year. **Industrial growth is seen at 8.2% in FY10.**

The Economic Survey said that **GDP growth in FY11 is seen at 8.5% (+/-0.25%). On full recovery, India's GDP growth will exceed 9% in FY12, it added.**

Need to watch the progress of the economic recovery before unwinding the fiscal stimulus, the Economic Survey stated, adding that the **recovery does provide an opportunity for a gradual withdrawal of the stimulus.**

Concerns on high inflation will remain over the next few months, the Economic Survey said. High food prices are a risk for general inflation, it said, adding that any hike in fuel prices will impact headline inflation.

Supply side pressure on inflation will prevail for the near term, the Survey said, adding that **India is not immune to global price movements.**

The following are the key takeaways from the Economic Survey:

- GDP growth expected at 7.2% in FY10
- GDP growth in FY11 seen at 8.5% (+/-0.25%)
- On full recovery, GDP growth to exceed 9%, in FY12.
- Industry growth at 8.2%
- **Need to watch the progress of recovery before unwinding fiscal stimulus**
- **Economic recovery provides opportunity for a gradual withdrawal of stimulus**
- Concerns on high inflation over the next few months
- **Increased capital inflows a challenge in policy formation**
- Higher inflows have policy implications on capital account
- Major decline in consumption expenditure growth in FY10
- Growth in GFCF seen at 5.2% in FY20, up from 4%
- **Exports may turn negative again as demand for imports increases**
- **Possible for India to emerge as the fastest growing economy in four years**
- Large decline in customs and excise duty expected
- India not immune to global price situation
- **High food prices a risk for general inflation**
- Hike in fuel prices will impact inflation
- Supply side pressure to prevail for near term
- **Lower peak customs duty to 7.5% from 10% now**

- Govt must release foodgrain stocks when food prices accelerate
- **Need to quicken efforts to remove hurdles in infrastructure development**
- Need to liberalise foreign investment in health insurance, higher education
- Economic Survey favours cuts in excise duty to make exports, industry more competitive
- **Advanced economies' double-dip recession risk has direct implication for India**
- Panel recommends cap on Central Govt debt at 45% of GDP by 2014-15, for States it is under 25%
- **Panel recommends cap on consolidated govt debt at 68% of GDP by 2014-15**
- Refining capacity to rise to 240.96mn tons by 2012
- Cairn Rajasthan oil output to reach 2.4 MN tons by March-end
- Crude oil output to rise to 36.7mn tons in 2009-10
- Crude oil output to rise 11% in 2009-10
- Govt has allotted 61.61 mmscmd of Reliance gas
- Natural gas output to rise to 50.2 bn cubic meters
- Natural gas output to rise 52.8% in 2009-10
- Reliance gas output to rise to 80 mmscmd by March
- **Growth depends on absorption of agricultural labor**
- **Labor intensive sectors in India didn't revive**
- Contribution of food prices to manufacturing inflation falling
- Slowdown in Indian agriculture sector affecting industry
- Food, leather, textile, paper sectors failed to revive
- Tax waiver on edible oil imports to stay until Sept.30
- **High capital inflows may lead to overheating**
- Govt conducts one-time audit of Air India, Jet, Kingfisher Airlines
- Tighten FRBM clauses for future relaxations
- Services sector growth rate at 8.7%
- Virtually every second Indian has access to phone
- Wants credit available at reasonable rates on time for private sector to invest in agriculture
- Investment growth still below GDP growth rate
- Auction for 3G spectrum to provide existing and foreign players to bring in new technology and innovations
- India world's 2nd largest wireless network with 525.1 million mobile users
- Slowdown in infrastructure that began in 2007, arrested