

Economy to grow by 7-8 per cent in next five years:

Montek Singh Ahluwalia

Given the past track record, the Indian economy will grow in the range of 7-8 per cent in the next four to five years, Planning Commission Deputy Chairman Montek Singh Ahluwalia on Monday said.

"It will be reasonable to assume that the growth rate would be 7 to 8 per cent, which I would call passing grade. I am reasonably confident that over this four-five year period, that is going to be growth rate of Indian economy", Ahluwalia said addressing a panel discussion here.

According to latest Central Statistical Organisation's estimates, the economy will grow at a rate of 5 per cent in the current fiscal -- the lowest in over a decade.

Some analysts are of the view that the annual average economic growth rate in the 12th Plan (2012-17) would be 6.6 per cent against the targeted 8 per cent in the five-year policy document.

However, a section of economists have expressed concerns over slow recovery in the domestic manufacturing sector, which is expected to hit the overall economy this fiscal.

Ahluwalia said, "If you take the 10-year period, the average (economic) growth comes out to be 7.5 per cent and if you use the statistical method, it still comes out to be 7.4 per cent. So, the conservative estimates based on the past ten years, indicated that Indian economy has demonstrated a capacity to grow at 7.4 per cent".

Referring to the problem of widening Current Account Deficit (CAD), Ahluwalia said "this is a serious problem...we need to survive with CAD of over 4 per cent in next two years" and efforts were needed to contain it.

CAD -- representing the difference between exports and imports after considering cash remittances and payments -- had risen to \$ 38.7 billion or 4.6 per cent of the GDP (gross domestic product) during

the first half of the current fiscal. Of this, a major contribution was by way of gold imports, amounting to \$ 20.25 billion.

(Economic Times)