

25th February, 2010

**To : All Members
All Members of the General Committee
Members of the Industry & Manufacturing Committee**

Dear All,

Highlights of Economic Survey 2009-10

The Hon'ble Union Finance Minister Shri. Pranab Kumar Mukherjee tabled the Economic Survey 2009 – 10 in the Parliament on February 25, 2010. While presenting the Survey, the Minister predicted 9% growth in the year 2011 – 2012 on the way to become the World's fastest growing economy in the next 4 years. He also advocated a "Gradual Roll Back" of stimulus measures after assessing the impact on each Sector.

He expressed his concern over the rising food prices and the economic survey criticised the Food Management Policies that have led to exorbitant prices especially items such as Food Grains, pulses, Sugar, etc.,

We are pleased to enclose herewith the Highlights of Economic Survey 2009-10 for your information.

With kind regards

T.S. Sampath Kumar
Secretary General

Highlights

Economic Survey 2009-10

- Economy posted a remarkable recovery expected to grow at 7.2 per cent in 2009-10 against 6.7 per cent in 2008-09. Survey hopes the Indian GDP can be expected to grow around 8.5+/- 0.25 per cent, with a full recovery, breaching the 9 per cent mark in 2011-12.
- Manufacturing growth more than doubled to 8.9 per cent in 2009-10 from 3.2 per cent in 2008-09.
- Survey recognizes food inflation as major concern.
- Per capita income increased to 5.3 per cent in 2009-10 from 3.7 per cent in 2008-09.
- Gross Fiscal deficit stands at 6.5 per cent of GDP.
- Liquidity condition remained comfortable during 2009-10.

- Bank credit grows by 13.9 per cent on year-on-year basis. Non-food bank credit recorded an increase of 8.7 per cent on financial year basis till January 15, 2010 as per the latest available data.
- Agricultural credit disbursal exceeds target. At sectoral level, there has been a rebound in the growth rate of investment in the agricultural sector, which grew at 16.5 per cent and 26.0 per cent in 2007-08 and 2008-09 respectively against 1.4 per cent recorded in 2006-07.
- Investment Deposit Ratio increases to 32.52 per cent.
- Balance of Payment situation improves due to surge in capital flows and rise in foreign exchange reserves, which have been accompanied by rupee appreciation.
- Net capital flows to India at US\$ 29.6 billion in April-September 2009 remained higher as compared to US\$ 12.0 billion in April-September 2008.
- During fiscal 2009-10, foreign exchange reserves increased by US\$ 31.5 billion from US\$ 252.0 billion in end March 2009 to US\$ 283.5 billion in end December 2009.
- Recommendations of the Thirteen Finance Commission needs to be taken on board in shaping the fiscal policy for 2010-11 and in the medium term.
- Momentum in telecommunication sector continues with monthly additions exceeding 17.6 million connections.

Share of central government expenditure on social services including rural development, in total expenditure, plan and non-plan gone up to 19.46 per cent in 2009-10 which was only 10.46 per cent in 2003-04.