

Majority of firms expect 6.5-7.5% GDP growth in FY19

65% feel private investment activity to pick up: CII survey

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About 64% of respondents feel that the GDP growth in 2018-19 will be between 6.5%-7.5% while 60% expect inflation to remain 4-5% during the year, according to a CII survey of about 200 companies.

“A majority of respondents (64%) feel that GDP growth will lie in the range of 6.5-7.5% in 2018-19,” CII’s Business Confidence Index (CII-BCI) report for the July-September 2018 quarter said. “Among them, a large proportion (36%) expect GDP growth to lie in the range of 7-7.5% while about 28% foresee GDP growth in the 6.5-7.0% range.”

The overall index reading—a composite of two sub-indices, the Current Situation Index and the Expectation Index—improved significantly to stand at 64.9, its highest level so far.

Business outlook

The reading has moved upwards for the fourth consecutive quarter and has risen 8% over the previous quarter’s reading of 60.1, which the report notes indicates a strong improvement in business sentiment.

“It is interesting to note that the recent uptick in inflationary pressures has revised inflation expectations upwards since in the previous survey nearly 40% of

the respondents anticipated inflation in the 4-5% range in 2018-19.”

“In the current survey, about 42% of the respondents felt that the RBI will engage in further interest rates hikes in 2018-19 as compared to the previous survey where a majority of the respondents anticipated a cut or no change in policy rates in 2018-19,” the report said. Significantly, the survey found that 65% of the respondents feel that private investment activity will pick-up in 2018-19. The respondents also felt that the implementation of the GST had eased taxpaying process and made the taxation system more transparent.