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# India needs \$1.5 tn to grow at 9.5% in next five yrs: CII

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The Indian economy can clock an average of 9.5 per cent growth over the next five years provided capital investment to the tune of \$1.5 trillion is made in the same period, says a study by industry body CII.

According to the study, the incremental capital output ratio (ICOR) for the 11th Plan period (2007-12) is expected to decrease to 3.8 per cent from the current level of 3.6 per cent. However, this decline will be compensated by an increase in investment to GDP ratio on an average to 36.2 per cent from the current level of about 30 per cent.

The crucial issue will be to mobilise the required investment for the purpose. At current rates and with no changes, the economy would probably manage about \$966 billion in investment over the next five years, the CII study said.

"The stage is set for the economy to move to the next level of growth trajectory in the next few years and every effort should be made by us to make it possible," R Seshasayee, president, CII, said in a statement today.

Laying down the roadmap for required investment,

the CII study has identified four broad sources of raising the revenue including public sector, private sector, household sector and FDI, which during 2004-05 had contributed in the proportion of 29.6 per cent, 27.7 per cent, 39.8 per cent and 2.9 per cent respectively.

The current inflow of FDI is in the order of 1 per cent of the GDP, and the CII believes that favourable global environment should see India targeting about 2.5 per cent of the GDP as FDI.

The CII study has also suggested that infrastructure spending by the end of the 11th five year plan should go up to at least 10 per cent of the GDP.

According to the industry body, the government has to play the lead role in coming up with public investments, as the private sector in India can potentially take care of about 25 per cent of total investments in infrastructure.