

New investment proposals to pick up in March quarter: CMIE

Investment proposals are expected to see a spurt in the current quarter on the back of Vibrant Gujarat Summit (VGS) that was held earlier this month, according to a report by CMIE.

"We expect new investment announcements to pick up in the January-March quarter. The Vibrant Gujarat investment fair happened recently in Gujarat is likely to contribute the most to this pick-up," Centre for Monitoring Indian Economy (CMIE) said in its monthly review.

VGS of January 2009 and January 2011 had seen Gujarat's share in total new investments go up from an average 8.7 per cent during the period April 2002-December 2008 to 37.2 per cent in the March 2009 quarter.

The average was 10.9 per cent over the period April-June 2009 to October-December 2010 to 32 per cent in the March 2011 quarter.

India's investment boom started around 2005-06. Average quarterly new investment proposals during the fiscal year 2004-05 hovered around Rs 1 lakh crore and doubled to reach Rs 2.1 lakh crore in 2005-06.

The boom was sustained in 2007-08 at Rs 5.6 lakh crore worth of quarterly investment announcements.

But the trend declined in 2009-10 when average quarterly new investment proposals slipped to Rs 4 lakh crore. It further narrowed down to Rs 3.9 lakh crore in 2010-11 and then to Rs 2.5 lakh crore in 2011-12.

However, fiscal 2012-13 started off well with new announcements worth Rs 2.29 lakh crore in the June 2012 quarter, before dropping to Rs 0.6 lakh crore during the September 2013 quarter and further to Rs 0.58 lakh crore in December 2013 quarter, CMIE report said.

Quarterly new investments in Gujarat picked up from an average Rs 5,258 crore in 2004-05 to Rs 21,588 crore in 2005-06 and then doubled to Rs 58,062 crore in 2006-07. However, it dropped to Rs 27,492 crore in 2007-08.

The sixth edition of the Vibrant Gujarat Global Summit concluded in Gandhinagar last week with BJP government in the state claiming new investments worth Rs 40 lakh crore.

The CMIE report believes that Narendra Modi's resounding hat-trick in the Gujarat Assembly elections will help Gujarat garner more investment proposals.

(Economic Times)