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Indian economy to grow 6.5-6.9 pct in FY10 - NCAER

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NEW DELHI (Reuters) - Indian economy is expected to grow by 6.5-6.9 percent in the 2009/10 financial year with revival of investment and consumption demand but inflation may rise, an economic think-tank said on Wednesday.

The National Council for Applied Economic Research (NCAER) said though external environment for the economy has deteriorated, continuing lower petroleum prices and revival of investment and consumption demand could boost economic growth.

For 2008/09, it retained its earlier forecast of GDP growth at 6.5 percent.

NCAER said with fiscal stimulus, the economy could grow at 6.9 percent in the current fiscal while industry could grow by 6.3 percent and service sector at 8.5 percent.

It expects agricultural growth at 2.5 percent in 2008/09, it said adding the additional stimulus package could lead to rise in fiscal deficit to 4.5 percent of GDP.

Despite "weak external demand and dropping supply of investment funds", the Delhi-based economic think-tank expected exports to grow at 9.1 percent and imports at 10 percent in the current fiscal.

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