

NCAER lowers GDP forecast to 7.4 per cent for next fiscal

- PTI

Economic think tank NCAER on Saturday marginally lowered GDP forecast at 7.4 per cent because of slowdown in agriculture due to deficient monsoon.

“This marginal fall is due to the anticipated slowdown in the agriculture sector. Industrial growth continues to gather strength while the outlook for the services remains mixed,” National Council of Applied Economic Research (NCAER) said in a statement.

In August, it had projected economic growth at 7.5 per cent for the current fiscal.

The Finance Ministry has pegged the growth rate for the financial year 2015-16 at around 8.1-8.5 per cent, which now looks difficult to achieve as the growth in the first quarter worked out to be only 7 per cent.

It further said, the overall demand remains sluggish because of weak external demand and dampened rural demand, while investment shows weak signs of revival.

The industrial sector performed better with 4 per cent growth in the first half of the FY16 against 2.9 per cent in the comparable period of the last fiscal, it said.

The improvement is mainly driven by the manufacturing sector with 4.2 per cent growth in the first half of the 2015-16 compared to 2.2 per cent in the corresponding period of the last fiscal.

“While the mining sector showed no growth, electricity has recorded slower growth in the first half of FY16 versus FY15.

Capital goods and consumer durables also show improved y-o-y growth signalling improved investment and consumption,” it said.

However, it said, annual growth in consumer non-durables continues to be in negative territory.

With regard to agriculture sector, it said, the actual rainfall received during June-September period of 2015-16 was below normal.

Despite deficit rainfall, it estimates overall food grain output during this year’s kharif season likely to be marginally higher compared to last year due to better rainfall conditions in areas where coarse cereals and pulses are grown, it said.

On inflation, NCAER said, it has declined over the period of the last one and half years.

“Retail inflation declined by an average of 1.4 percentage points between 2014-15:H1 and 2015-16:H1. Wholesale Price Index (WPI) inflation fell sharply, averaging 4.1 per cent (y-o-y) in the same period,” it said.

Printable version | Nov 16, 2015 5:14:13 PM | <http://www.thehindu.com/business/Economy/ncaer-lowers-gdp-forecast-to-74-per-cent-for-next-fiscal/article7878324.ece>

© The Hindu