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Business

India Ratings pegs Q3 GDP growth at 7.6%

Govt data likely to be released on Monday

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The economy is likely to grow by 7.6% in the October-December quarter of the current fiscal, the fastest pace of expansion in five quarters, according to India Ratings.

India Ratings said growth may have ticked higher in the third quarter by 7.6% compared to 7.4% in the second quarter of this fiscal.

“Growth is likely to get support from favourable base effect, as GDP in the third quarter last year grew by 6.6%. Also, domestic demand witnessed during the festival season is expected to support growth even as global headwinds have had an adverse impact on manufacturing and exports”, India Ratings chief economist Devendra Pant said.

He said investment activity has been muted due to low capacity utilisation in several manufacturing sectors, highly leveraged balance sheets of infrastructure companies and stretched balance sheets of banks.

The official GDP data for the third quarter of the current fiscal is scheduled to be released on Monday.

On the other hand, estimates by the National Council of Applied Economic Research (NCAER) show that GDP will grow at 7.4% for 2015–16 and 2016–17.

The NCAER review said the prospects for agricultural sector in 2015–16 remain weak owing to poor monsoon for the second year in a row.

Agricultural growth during the first half of the current financial year reduced to 2% from 2.4% witnessed in the first half of 2014–15.

NCAER estimates, however, suggest that rabi output may perform comparable to previous year and the overall foodgrain output for this year may be marginally higher, approximately 1-2%.

The cumulative industrial growth during April-November period in the fiscal year 2015–16 stood at a decent 3.8%, outpacing the growth seen during the same period for the past three years.

The NCAER said on the fiscal front which was 68.1% of the Budget Estimate (BE) 2015-16 till September 2015 increased to 87% by November 2015 but is still well below the number (98.9%) for the comparable period last year.