

Business Standard

Indian economy likely to grow at 7.4 pc in FY16: NCAER

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Indian economy is expected to grow at 7.4 per cent in the current fiscal despite weak performance of agriculture sector due to poor monsoon, NCAER said.

The GDP growth rate forecast is 7.4 per cent for 2015-2016 and 2016-17, the economic policy think-tank said in a report.

According to the National Council of Applied Economic Research (NCAER) report, prospects for agriculture sector in 2015-16 remain weak owing to poor monsoon rainfall for the second year in a row.

Agricultural growth during the first half of the current financial year fell to 2.0 per cent from 2.4 per cent in the first half of 2014-15.

However, rabi output may be comparable to the previous year and the overall foodgrain output for this year may be marginally higher by approximately 1-2 per cent, it said.

With regard to factory output, it said the Index of Industrial Production (IIP) contracted sharply in November 2015, with the index declining 3.2 per cent, down from a five-year high of 9.8 per cent in October 2015 and a growth of 3.8 per cent in the comparable period last year.

Manufacturing sector, accounting for 75 per cent of the total industry, was the biggest contributor to the fall in industrial growth, with manufacturing IIP witnessing a steep fall of (-) 4.4 per cent in November 2015.

Nonetheless, the cumulative industrial growth during April-November period in fiscal year 2015-16 stood at a decent 3.8 per cent, comfortably outpacing the growth seen during the same period for the last three years, it said.

As far as services sector is concerned, the report said leading indicators present mixed signals in the first three quarters of current fiscal.

The growth of banking indicators have been mixed, with lower growth in aggregate deposits and higher growth in bank credit to the commercial sector.