

GDP growth dips to over 6-yr low of 4.5%

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India's GDP growth hit an over six-year low of 4.5 per cent in the quarter of July-September 2019. This GDP growth data for the September 2019 quarter is the lowest since January-March of 2012-13, when it was registered at 4.3 per cent. The drastic dip in the growth rate is mainly attributed to deceleration in manufacturing output and subdued farm sector activity.

Key Highlights

- As per the data released by National Statistical Office (NSO), the Gross Value Added (GVA) growth in the manufacturing sector contracted by 1 per cent from 6.9 per cent in the second quarter of this fiscal expansion a year ago.
- The farm sector GVA growth remained subdued at 2.1 per cent, down from 4.9 per cent in the corresponding period of the previous fiscal.
- Construction sector GVA growth too slowed to 3.3 per cent from 8.5 per cent earlier. Mining sector growth was recorded at 0.1 per cent as against 2.2 per cent contraction a year ago.
- Electricity, gas, water supply and other utility services growth also slowed to 3.6 per cent from 8.7 per cent a year ago.
- Similarly, trade, hotel, transport, communication and services related to broadcasting growth were also down to 4.8 per cent in the second quarter from 6.9 per cent a year ago.
- Financial, real estate and professional services growth slowed to 5.8 per cent in the Q2 FY2019-20 from 7 per cent a year ago.
- Public administration, defence and other services reported improvement with an 11.6 per cent rise during the quarter under review from 8.6 per cent a year earlier.
- On a half-yearly basis (April-September 2019), GDP growth came in at 4.8 per cent as compared to 7.5 per cent in the same period a year ago.

As said by an NSO statement, "GDP at constant (2011-12) prices in Q2 of 2019-20 is estimated at Rs 35.99 lakh crore, as against Rs 34.43 lakh crore in Q2 of 2018-19, showing a growth rate of 4.5 percent."

The Reserve Bank had lowered the GDP growth projection for 2019-20 to 6.1 per cent from earlier forecast of 6.9 per cent. Earlier, the government data had shown that output of eight core infrastructure industries contracted by 5.8 per cent in October, indicating the severity of economic slowdown As many as six of eight core industries saw a contraction in output in October.