



# Slowdown signals

Posted at: 03/12/2018

## **Slowdown signals-Growth estimates for the second quarter show the challenge of shoring up rural demand**

- The growth estimates for the July-September quarter from the Central Statistics Office show that the economy's expansion predictably slowed.
- GDP growth weakened to 7.1%, from the robust 8.2% in April-June, as rising oil prices combined with a weakening rupee to dampen demand.
- Gross value added (GVA) data show five of the eight sectors reflecting the slowdown from the first quarter, with only utility services, public administration, defence and other services, and trade, hotel, transport, communication and broadcasting services bucking the trend.
- Worryingly, GVA growth in agriculture, forestry and fishing eased to 3.8%, from 5.3% three months earlier, as foodgrain output in the kharif season inched up a mere 0.6% (production had expanded by 1.7% in the previous year).
- To be sure, not all data paint a less-than-encouraging picture.
- Gross fixed capital formation (GFCF), a key metric for investment demand, expanded by a robust 12.5%, building on the first quarter's 10% increase, and constituted 32.3% of GDP.
- With non-food bank credit also showing signs of a recovery, there is the discernible prospect of an investment revival.
- With multiple uncertainties looming on the global trade and growth horizon and elections approaching, India's economic managers will need to be at their best to keep the momentum from sliding.

The Hindu