

FICCI Reaction on GDP Growth at 4.8% in Q4 2012-13 and 5.0% in FY13

May 31, 2013, New Delhi: The GDP data released today indicated a growth of 4.8% in Q4 of 2012-13 and 5.0% for FY 13. This is in sync with the advance estimates reported earlier this year. Nonetheless, low growth though anticipated brings in some disappointment and is the least in almost ten years.

“But there are several positive signals on the horizon”. The slew of macro data released recently does indicate a silver lining. Gradual signs of turnaround are visible and a growth in the range of 6.0-6.5% seems attainable this fiscal. Further, the monsoons are expected to be normal and this is definitely a positive signal to begin with”, said **Dr. A Didar Singh, Secretary General, FICCI.**

“The price levels have seen considerable softening, IIP numbers are somewhat better and all efforts are being made to spur the investment activity. We are hopeful that if we continue to tread on this path keeping in sight the commitment to reform agenda, we shall soon be out of the woods”, added Dr Singh.

The RBI has already cut the repo rate by 75 bps this year and declining inflation has given some additional space to consider further cuts in the policy rates. Also, the Cabinet Committee Investments is doing a commendable job and we hope this will help bring down the ICOR from its current level of 5.

Sector wise growth indicated a slowdown in all the three broad sub segments. The agriculture sector posted a growth of 1.9% in 2012-13, marginally above than the advance estimate of 1.8%. Going ahead, the numbers are expected to improve as monsoons are predicted to be normal.

The overall industry sector posted a growth of 2.1% in FY13, the corresponding figure last year was 3.5%. The services sector growth was reported at 7.1% in FY13 (vis-à-vis 8.2% growth last year) led by a discernible moderation in financing, insurance and real estate and business services and trade, hotels, transport and communication. The financing, insurance, real estate and business services growth declined from 11.7% in 2011-12 to 8.6% in 2012-13. The trade hotel transport and communication sub segment growth witnessed a fall from 7.0% in FY12 to 6.4% in FY13.

FICCI MEDIA DIVISION