

India's Q2 GDP growth rate falls to 7.1%, but retains fastest growing economy tag
indianexpress.com, 30th Nov 2018

The Indian economy grew at 7.1 per cent in the July-September quarter of the current fiscal, down from 8.2 percent in the previous quarter (April-June), according to government data released Friday. However, it still remained ahead of China to retain the tag of the world's fastest-growing major economy.

In the last fiscal year, the Gross Domestic Product at constant prices (2011-12) had grown at 6.3 per cent in July-September quarter. The size of the GDP in the second quarter of 2018-19 is estimated at Rs 33.98 lakh crore, as against Rs 31.72 lakh crore a year ago, showing a growth rate of 7.1 per cent, according to the Central Statistics Office (CSO).

While the GDP growth was 7.7 percent in January-March quarter, it was at 7 per cent between October-December.

Reacting to the latest data, the Finance Ministry Friday said the 7.1 per cent growth in July-September quarter is "reasonable" as the economy faced the challenge of higher oil prices and weak rupee during the three month period. Economic Affairs Secretary Subhash Chandra Garg, however, said that even though the September quarter GDP growth "seems disappointing", a 7.6 per cent growth in the April-September period is "quite robust and healthy" and shows that India still has the highest growth rate in the world.

"GDP growth for second quarter 2018-19 at 7.1 per cent seems disappointing. Manufacturing growth at 7.4 per cent and agriculture growth at 3.8 per cent is steady... Mining at -2.4 per cent reflect monsoon months deceleration," Garg tweeted.

The ministry in a statement said: "The second quarter has seen a reasonable overall GDP growth of 7.1 per cent. The growth is on higher base compared to the growth of the first quarter".

It said the July-September quarter faced the challenge of higher oil prices resulting in much higher import bill and the weakening of the rupee. "The Indian Economy is on track to maintain a high growth rate in the current global environment," the ministry said.

The Chinese economy had expanded at the rate of 6.5 per cent in the July-September period this year.

Reflecting on the latest figures, the CSO said that mining and quarrying output has declined by 2.4 percent in the quarter from a growth of 6.9 per cent in year ago period.

However, the manufacturing activities expanded at the rate of 7.4 per cent in the quarter under review, up from 7.1 per cent in the year ago quarter. Similarly, the construction sector showed an improvement by recording a growth of 7.8 per cent as against 3.1 per cent earlier. The farm sector too grew at a higher rate of 3.8 per cent in the quarter as against 2.6 per cent a year ago.