

India GDP growth weaker than expected, says IMF

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India's economic growth is "much weaker" than expected, according to the International Monetary Fund (IMF), which attributed it to the corporate and environmental regulatory uncertainty and lingering weaknesses in some non-bank financial companies.

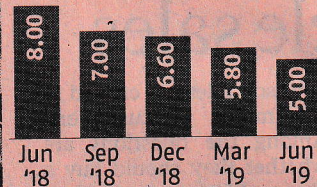
India's GDP growth rate slipped to 5 per cent in the first quarter of 2019-20, the lowest in over six years, according to latest official data.

The IMF in July projected a slower growth rate for India in 2019 and 2020, a downward revision of 0.3 per cent for both the years, saying its gross domestic product (GDP) will now grow respectively at the rate of 7 per cent and 7.2 per cent, reflecting a weaker-than-expected outlook for domestic demand.

However, India will still be the fastest growing major economy of the world and much ahead of China, the



DISMAL PERFORMANCE
Real GDP India (%YoY)



Compiled by BS Research Bureau
Source: Bloomberg

Washington-based global financial institution had said.

"We will have a fresh set of numbers coming up but the recent economic growth in India is much weaker than expected, mainly due to corporate and environmental regulatory uncertainty and lingering weakness in some non-bank financial companies," IMF spokesman Gerry Rice told reporters at a news conference here on Thursday.

The risks to the outlook are tilted to the downside, he said.

Responding to a question on the recent GDP figures of

India, Rice said the IMF will monitor the economic situation in the country.

Sharp deceleration in manufacturing output and subdued farm sector activity pulled down India's GDP growth to over six-year low of 5 per cent in the April-June quarter of 2019-20, according to official data released last month.

The previous low in GDP growth was recorded at 4.3 per cent in January-March quarter of 2012-13. India's economic growth stood at 8 per cent in the same quarter of 2018-19.