

## **Economy hits 9-year low growth in FY'12; prospects dim**

Reflecting the current economic woes, India's GDP growth rate slipped to 6.5% in 2011-12, the worst in nine years, on account of decline in almost all segments including agriculture and manufacturing.

For the quarter ended March, 2012, the economy expanded at 5.3%, again the slowest since 2002-03, prompting analysts to describe the economy as a "gasping elephant".

The Central Statistical Organisation (CSO) has revised the overall growth rate for 2011-12 to 6.5% from 6.9% estimated earlier.

The figures come against the backdrop of adverse global environment and domestic woes arising out of high interest rates and policy inaction, experts said.

The "disappointing" growth, as Finance Minister Pranab Mukherjee described it, comes after the Gross Domestic Product (GDP) registered a growth of 8.4% for two consecutive fiscal years -- 2009-10 and 2010-11.

The data has also forced Chairman of Prime Minister's Economic Advisory Council (PMEAC) C Rangarajan to lower the outlook for the current fiscal to 6.5-7% against the government projections of 7.5%.

Industry was quick to demand a revival package from the government and easing of interest rates by the Reserve Bank of India which is scheduled to review the credit policy on June 18.

Within few hours of Mukherjee promising "all necessary steps" to check the economic slide, his ministry came out with a slew of austerity measures, including restrictions on foreign travel by the government functionaries and ban on creation of new posts.

The HSBC headlined its India report as "A gasping elephant".

Throwing clear signs of slowdown continuing in the current fiscal, the growth rate of eight core infrastructure sectors like coal, cement, electricity, oil, and steel, halved to 2.2% in April against 4.2% a year ago.

*(Dnaindia.com)*