

Indian economy going through a mild recession: Shankar Sharma

Indian economy is going through a mild recession, said Shankar Sharma of First Global. Sharma told ET Now that he doesn't expect the GDP growth target of 6.5% to be met. "I see the Indian economy growing at 4.8% in FY14," he said.

India's GDP grew at 4.8% in the fourth quarter of FY13. The GDP for the entire FY13 grew at 5%, which is a decade low number.

According to Sharma, the macros and interest rates are not supportive of growth right now. "RBI's policy has done a huge damage to India's growth prospects," he opined. Sharma also sees the government going in for higher spending before the general elections.

RBI in its mid-quarter monetary policy review on June 17 decided to hold on to rate cuts, citing probable inflationary pressures in the near future.

Sharma is currently bearish on emerging markets, including India and recommends retail investors to hold cash and not enter markets at present. "Indian markets can fall by 10-15% from here. I see Nifty trading between 5500-5700 levels," Sharma said.

He doesn't expect earnings growth to improve in the first quarter of FY14 and sees banking stocks suffering the biggest damage in the current financial year.

On the issue of rupee depreciation, Sharma said that he doesn't see much downside in the Indian currency. "I don't see rupee going below 60/USD. Expect it to trade between 58-60/USD," he said.

According to Sharma the government needs to take more measures to curb gold imports. "Government should raise import duty of gold to 25-30%," he said. He also thinks that oil prices are 'too high' and sees them coming down to the \$60-65 mark.

Finance Minister P Chidambaram, however has ruled out any further hike in gold import duty for now. The government has been proactively attempting to curb gold imports in order to reduce a ballooning current account deficit.

(Economic Times)