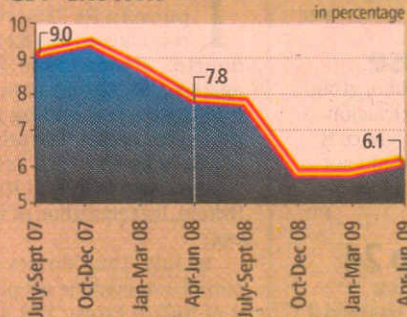


## GDP GROWTH

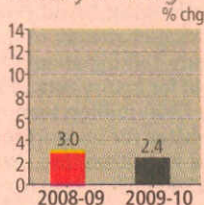


## Q1 GDP growth shows faint signs of hope...

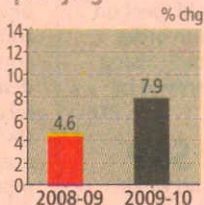
GDP growth recovers slightly over the previous quarter but still lags last year's Q1 numbers...

## Led by mining, infrastructure and services...

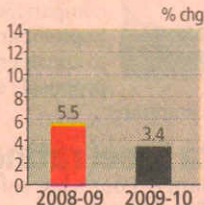
### Agriculture, forestry & fishing



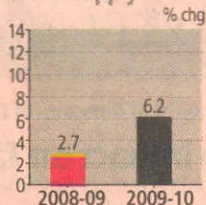
### Mining & quarrying



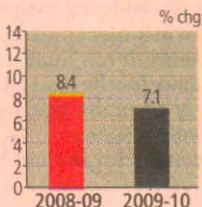
### Manufacturing



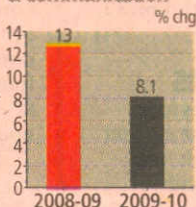
### Electricity, gas & water supply



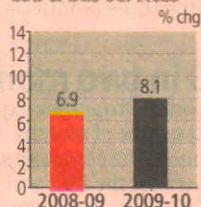
### Construction



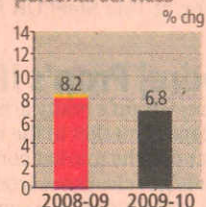
### Trade, hotels, transport & communication



### Financing, ins., real est. & bus services



### Community, social & personal services



APRIL-JUNE 2009 (Q1) over previous year Q1

Source: Central Statistical Organisation

## And the outlook is upbeat...

“The numbers show that a shift to a higher growth trajectory is well on course. I will stick to our earlier forecast of 7 per cent, plus or minus 75 basis points. But the economy will grow by over 6.5 per cent”

**ASHOK CHAWLA** Finance secretary



# GDP grows 6.1%, weak monsoon a worry

*Expansion in manufacturing, services sectors contributed to growth*

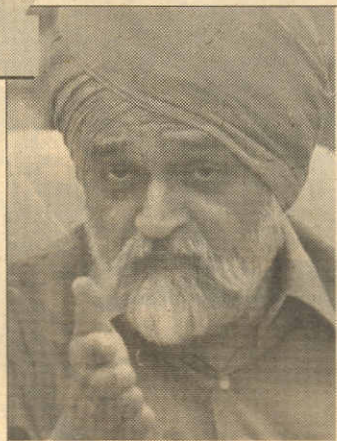
BS REPORTER  
New Delhi, 31 August

Showing signs of recovery, Indian economy grew 6.1 per cent in the first quarter (April-June) of the current financial year, the highest quarterly growth since the onset of the global economic slowdown in September 2008, primarily due to expansion in manufacturing and services sectors.

The gross domestic product (GDP) growth stood at 5.8 per cent in the previous quarter ended March 31, 2009, and at 7.8 per cent in the corresponding period in 2008. Analysts and economists maintain a conservative outlook, as they expect weak monsoons to affect growth rates in the coming quarters.

The growth in manufacturing and services sectors is primarily seen as a result of the fiscal and monetary stimulus provided by the government. "India's GDP growth is unlikely to decelerate in the second half of 2009. The previous rounds of fiscal stimulus are now trickling down, providing a notable boost to activity," said Sherman Chan, economist with Moody's Economy.com in a report.

D K Joshi, chief economist



**I am glad that the worst may be over and we expect to see improved performance in subsequent quarters. It (GDP number) is very good, it is consistent with what we were hoping for**

**MONTEK SINGH AHLUWALIA**  
Deputy Chairman,  
Planning Commission

**The growth rate makes India the second fastest growing economy among major countries after China, which recorded 7.9 per cent growth in April-June quarter**

with Crisil India said the growth figures were on expected lines "influenced by stimulus packages" but added it was not an indicator of "decisive recovery".

The government expects 2009-10 to close with a growth rate of 6-6.5 per cent. "The data is consistent with the Economic Survey forecast of a U-shaped recovery (in quar-

terly terms), with average growth for 2009-10 of 7 per cent adjusted for below normal monsoon/agriculture growth. Given the currently available information on monsoon/agricultural situation, this would imply a growth rate of 6 per cent to 6.5 per cent for 2009-10," said Arvind Virmani, the chief economic advisor to the government.

On a quarter-on-quarter basis, growth in agriculture, forestry and fishing declined marginally to 2.4 per cent after expanding by 2.7 per cent in the previous quarter ended March 2009. Manufacturing grew by 3.4 per cent in the quarter under consideration, while it had contracted by 1.4 per cent in the previous quarter.

Construction and trade, hotels, transport and communications expanded on a quarterly basis to 7.1 per cent and 8.1 per cent, respectively, from 6.8 per cent and 6.3 per cent during January-March 2009.

"I am glad that the worst may be over and we expect to see improved performance in the subsequent quarters. The (GDP) numbers are very good, it is consistent with what we are hoping for," Planning Commission Deputy Chairman Montek Singh Ahluwalia told reporters after the data were released.

The growth rate is in line with improved growth rate of major economies like China, which grew at 7.9 per cent in the first quarter, while German and French economies came out of recession to post 0.3 per cent growth each. The drought situation in the country, however, caused a word of caution.