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**Headline:** Was expecting GDP growth to be better than 4.8%: Shashanka Bhide, NCAER

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**In a chat with ET Now, Shashanka Bhide, Sr Research Counsellor and Sr Fellow, National Council of Applied Economic Research, shares his views on the latest GDP numbers. Excerpts:**

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**ET Now: I would like your opinion on the GDP numbers and the internals that you have heard so far?**

**Shashanka Bhide:** I was expecting the GDP growth to be better than 4.8%. I was expecting agriculture growth to be better. The advance estimate for the year as a whole was 5%. That came out by the time of the budget and so they actually incorporated some estimates for the quarter four also. So the information at that time on agriculture, manufacturing would have suggested somewhat more moderate growth. So it is in that context that I was expecting better growth, but 4.8% growth also has got 5% overall for the year.

**Mythili Bhusnurmath: We did hear reports that monsoons were fairly normal. So what could possibly have pull down agriculture so much?**

**Shashanka Bhide:** The advance estimates came out with the numbers in February and the fourth advance estimates for production, for example, have been better than what they were at the time of these February numbers. The overall estimates of production are sort of reasonable. When the monsoon was normal probably in aggregate terms, but it was quite bad at the first two months of the monsoon period. So I guess the catch up happened during the winter rains. So as far as agriculture is concerned, the growth estimates are actually decent.

**Mythili Bhusnurmath: There has always been this argument that as food inflation has really been the bugbear, is it possible that actually production was not so good which is what we are seeing right now?**

**Shashanka Bhide:** You should remember that the overall actual production of food grains for 2013 is now estimated at about 250 million tonnes. So it is quite large. What has also happened in the case of food inflation during the year, it was actually the rice, wheat and the cereals which were driving inflation in more recent months and that is not so much because of the production shortfall or the reduction in production, but it was essentially also because there was not enough of supplies in the market. Most of the grain was with the government and so that created the problem. It is the sort of operations of food grains in the government sector which led to this shortfall in the supplies to the market.

**Mythili Bhusnurmath: Construction seems to be relatively better compared to the other sectors. Do you think this is a silver lining that we are seeing in some kind of a recovery?**

**Shashanka Bhide:** Actually the construction sector has done better throughout the year. So it is not just in this quarter. In that sense I guess there is some investment activity that has gone on in the economy and going forward also whatever is driving this sector seems to be in the position to continue in the coming financial year also. So you are right. The construction sector has done better than manufacturing actually and going forward this will be one of the drivers for the economy.

**ET Now: So to sum it up, do you think that lower growth is more of an evil than higher inflation?**

**Shashanka Bhide:** Both lower growth and inflation are bad, but going forward actually the lower growth would mean that there are issues that are affecting growth in investment, growth in consumption, growth in trade and so on. So in that sense I think that the 5% growth in 2012-2013 has been a disappointment and the improvement in investment that we were expecting to happen in 2012-2013 did not happen and in the current financial year there have been some incentives, some support for investment particularly in the case of infrastructure and that should be one of the drivers for growth in the current financial year. As far as inflation is concerned, the international price situation suggests that there is going to be moderate sort of situation for the commodity prices globally that should have a moderating affect on the Indian prices also. So for the year going forward on the inflation front we will see some reprieve.