

NCAER lowers GDP growth projection to 6.9% for FY10

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Economic think tank National Council of Applied Economic Research (NCAER) today lowered the economic growth projection to 6.9 per cent for the current fiscal from earlier estimate of 7.2 per cent, mainly on account of lower farm output.

Even the revised projection is much more optimistic than what has been projected by the Prime Minister, his advisory panel, RBI, IMF and many others.

"The decline in the growth is a result of decline in the estimated agricultural output," National Council of Applied Economic Research (NCAER) said in its latest quarterly review of the economy.

While agricultural Gross Domestic Product (GDP) is projected to decrease by 1.5 per cent, industrial GDP (inclusive of construction) is projected to increase by 6.9 per cent, it said.

Prime Minister Manmohan Singh had projected GDP to grow at 6-6.5 per cent during the current fiscal.

Last week, the Reserve Bank in its second quarterly review of the monetary policy, retained its economic growth outlook at 6 per cent with an upward bias in FY10.

The review said, the significant below normal rainfall in the current monsoon has meant that the Kharif output would be lower than in the previous year.

While some of this decline may be offset by the rabi crop, as a result of rainfall received in October, it is unlikely to fully mitigate the decline in Kharif output, it added.