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**Experts anticipate moderate economic revival**

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Bureau

India's gross domestic product (GDP) growth rate is expected to bottom out when the Central Statistics Office (CSO) announces it on Friday for the second quarter of the current fiscal (Q2FY13). While economic growth would remain weak in Q2, it may still hover in the range of 5.1-5.5 per cent. From here, experts believe that the growth rate will pick up even though at a moderate pace.

Analysts retain optimism while reckoning the overall impact of slowdown on the economy. Commenting on the expected GDP numbers, DR Dogra, managing director and CEO, CARE Ratings, averred, "According to our estimates, GDP Growth in the second quarter would be around 5.1 per cent. I do expect growth to be slower this quarter relative to last quarter (5.5 per cent).

This will be mainly due to stagnation in manufacturing and lower growth in areas such as construction (partly due to slow down in infrastructure spending as well as seasonal factor) and certain other service sectors such as finance and social services. I think that we would have reached the lowest level this quarter and that the way forward will be only an improvement."

Festive demand, possible rate cut in coming quarter and lower base effect may lead to revival in the manufacturing segment. "I do see a slight revival in manufacturing in the next two quarters for three reasons. First, the festival season will add to some demand. Second, interest rates will probably be lowered in January which will aid investment. Last, the base effect of low growth in Q3 and Q4 of last year will help to prop up numbers," added Dogra.

Backing the revival sentiment, DK Joshi, chief economist at CRISIL, reiterates, "We expect GDP to grow by 5.4 per cent in Q2. The GDP growth rate is expected to be tepid due to weakness in the industrial sector and services segment growth also seems to taper down in the quarter under review. However, we expect to see a revival in the manufacturing segment in the coming quarters. I think that the coming GDP growth print would be around the trough and a moderate pick up in the growth is expected going forward."

Expected recovery in agricultural segment may widen the comfort zone. Joshi's thought got an endorsement from Soumya Kanti Ghosh, director at FICCI, who asserted, "We are expecting growth figures to be in the range of 5.3 – 5.5 per cent. The good thing about the second quarter is that agriculture segment growth rate won't be negative due to revival of rains. There are no signs of recovery in manufacturing segment as confirmed by the latest IIP numbers. Even picture on the services side doesn't look promising as can be inferred from the latest trade data figures. In my opinion, growth rate may be bottoming out and a slow recovery is expected in second half of this fiscal."

Another school of thought came from Brinda Jagirdar, chief economist at SBI, who opined, "Our GDP growth forecast for Q2 is 5.5 percent. The weakness will persist in the second quarter as there was no momentum on the policy side in Q2 and all the activities seem to be frozen. The major policy initiatives were announced only in the later part of September. Furthermore, I think that GDP growth has already bottomed out in Q4FY12 at 5.3 per cent. From here on, it would stabilize and traction in growth can be witnessed in the second half of this fiscal (Q3, Q4). Owing to the policy initiatives started in September, we expect GDP growth rate will improve to 6.1 per cent and 6.3 per cent in third and fourth quarter respectively. Thereby, forecasting 5.8 per cent GDP growth rate for FY13."

But not everyone is as optimistic about revival prospects. Sajjid Chinoy, India economist, JP Morgan, cautioned, "GDP growth rate in Q2 is expected to be close to that of the previous two quarters, printing in the 5.3-5.5 range. However, growth could decelerate further in Q3 as the drag on agricultural production from the sub-par monsoon will show up more sharply in the third quarter. Furthermore, the slowdown in government spending to stay close to this year's fiscal deficit target –important from a medium term perspective – will be a drag on growth this year. Growth is likely to pick-up in 2013 but any acceleration is likely to be modest unless the investment cycle picks up."