

**PRESS INFORMATION BUREAU
GOVERNMENT OF INDIA**

THE GOVERNMENT STATES THAT AS GDP GROWTH IS TURNING, IT IS LIKELY THAT THE ADVANCE ESTIMATES OF 5 PERCENT WILL BE REVISED AND THE FINAL ESTIMATE WILL BE CLOSER TO THE GOVERNMENT'S ESTIMATE OF A GROWTH RATE OF 5.5 PERCENT OR SLIGHTLY MORE

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The Ministry of Finance states that the advance estimate of the CSO for 2012-13 for GDP growth of 5 percent is indeed disappointing. However, in the past years, the Ministry states that advance estimates had been revised more than once as more data is available to the CSO. This would be clear from the following table:

Year	Advance Estimates	Revised Estimates	Quick Estimates	Final
2005-06	8.1*	8.4*	9.5	9.5
2006-07	9.2*	9.4*	9.7	9.6
2007-08	8.7*	9.0*	9.2	9.3
2008-09	7.1*	6.7*	6.7	6.8
2009-10	7.2	7.4	8	8.6
2010-11	8.6	8.5	8.4	9.3
2011-12	6.9	6.5	6.2	-
* At 1999-2000 Prices				

CSO bases its advance estimates on the data till November or December, depending on availability. The Ministry further states that this makes its estimates accurate when GDP growth is following a trend, but not when it is turning. So, for example, growth was overestimated as the economy slowed in 2008-09 and 2011-12, while it is probably underestimated now.

It is, therefore, likely that the advance estimates of 5 percent will be revised and the final estimate will be closer to the Government's estimate of a growth rate of 5.5 percent or slightly more.

The Government would also like to draw attention to the following indicators which point to early sign of an upturn in the economy:

- (i) The Purchasing Manager's Index (manufacturing) started moving up since October 2012. This is accompanied by a seasonally adjusted stabilisation of the IIP since October 2012.
- (ii) The year on year growth in Union Excise Duty of 16 percent and of 33 percent in service tax in April-December 2012.
- (iii) The moderation in inflation to 7.2 percent, particularly core inflation to 4.2 percent in December 2012 and the RBI's decisions to reduce policy rates by 25 basis points. Lower rates will help support growth.
