

AFP

India growth skids

MUMBAI: India's economic growth slowed for the fifth straight quarter in the April-to-June period to 5.0 per cent, the government figures showed on Friday in a fresh blow to Prime Minister Narendra Modi.

But in an effort to ease the liquidity crunch that has dogged Asia's third-largest economy, the government at the same time announced the merger of 10 public sector banks into four new lenders.

The Indian economy has been suffering from weak consumer demand that saw car sales fall for the ninth month running in July, leading to calls from industry for Modi to stimulate growth.

Having already this year lost to China its status as the fastest-growing major economy, the latest growth figure for India's first fiscal quarter fell well short of market expectations of 5.7pc.

This is despite India's central bank, reportedly under government pressure, cutting interest rates four times this year to a nine-year low in an effort to boost activity.

"The growth figures are lower than our projections and reflect major economic slowdown," Sameer Narang, chief economist at the Bank of Baroda told AFP.

Sujan Hajra, an economist at Anand Rathi securities, said it "reflects structural problems with the Indian economy that need long-term solutions".