



All this, however, is in the past. What of the current quarter and the next one, and has the economy bottomed out? If you look at the Sensex as an advance barometer, it would certainly appear so. In all probability, Q3 may not look too different from Q2 while Q4 may look a lot better; how much better will depend on whether initiatives like the National Investment Board take off and how the Aadhar-linked cash transfers add to consumption expenditure. Agriculture, which accounts for over a tenth of GDP, is likely to be negative in Q3 while industry will benefit from the dramatically lower base of last year's Q2. Services may not grow too much in Q3, because of the strong base as well as the fact that the sharp slowdown in construction—partly due to the very slow capex cycle—will take a while to reverse. The ball remains in the government's court. The sharp slowdown in Q4FY12 (growth was 5.3% versus 8% for Q1FY12) will, of course, help make Q4FY13 look better.