

China's economic growth slowest in 25 years

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Beijing: China's economy grew 6.9 per cent in 2015, the slowest pace in 25 years, slipping below the seven per cent mark and sparking concerns both at home and abroad over the continued slowdown in the world's second largest economy.

The growth rate, released by China's the National Bureau of Statistics (NBS) today, moderated to 6.8 per cent for the fourth quarter, the lowest quarterly rate since the global financial crisis in 2009, and 6.9 per cent for 2015.

Chinese Premier Li Keqiang last year had said that the Chinese government targeted an annual economic growth of around seven per cent for 2015.

As per the new data, China's Gross domestic product (GDP) reached 67.67 trillion yuan (about USD 10.3 trillion) in 2015, with the service sector accounting for 50.5 per cent, the first time the ratio exceeded 50 per cent overtaking the manufacturing, the NBS said.

Today's figures put a grade on a tumultuous year that saw the slowdown's impact spill over to global markets and batter the government's reputation for competent economic management.

Analysts said if the economy slips below 6.8 per cent the government may have to opt for a stimulus package which it is trying to avoid, though investments in infrastructure, which is termed as mini stimulus measure has gone up substantially.

The slowdown has already destabilised China's stock market last year which also had negative effect in the world markets.

China had worst stock market crashes last year which wiped out about USD 3.2 trillion of capital, prompting government to initiate investigation.

Since then the market experienced severe volatility. Over 20 million small investors who lost heavily in the fluctuations deserted the market.

Since last year the government has also been vocal about the slowdown saying that the Chinese economy has entered a "new normal" in view of the transition from a state-led investment and manufacturing growth to one more dependent on services and consumption.

Today's data said China's service sector contributed 50.5 per cent to the country's GDP in 2015, up from 48.1 per cent in 2014 as manufacturing which fired China's development in the last three decades has taken back seat.

The ratio, which has continued growing over the last two decades, exceeded 50 per cent for the first time, indicating China's economic restructuring has made progress, NBS said.

Factory contribution to the GDP was 10 per cent lower than services as the Chinese government tried to shift from investment powered growth to innovation led expansion.

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