The International Monetary Fund on Monday lowered its estimates for China's economic growth this year and next, and warned of the possibility of a hard landing there in the medium term.

The IMF dropped its forecast for this year's gross domestic product growth in China to 8.0% from its previous forecast of 8.2% in April. It also lowered its estimate of next year's growth rate, to 8.5% from 8.8% previously.

China's GDP growth slowed to 7.6% from a year earlier in the second quarter, down from 8.1% growth in the first quarter.

The slowdown in China, as well as in other major developing markets like Brazil and India, is being driven both by external and internal factors, the IMF said in its latest World Economic Outlook.

"In the medium term, there are tail risks of a hard landing in China, where investment spending could slow more sharply given overcapacity in a number of sectors," the report said.

The report didn't elaborate further on those risks. Chinese leaders have repeatedly stressed in recent years that they are trying to shift the economy toward a consumption-based model and break their dependence on investment for growth.

However, Chinese Premier Wen Jiabao said last week that promoting investment is currently the main priority as the government seeks to stabilize growth, an admission that long-term reform plans are being sidelined as growth slows.

The IMF also lowered its forecast for "developing Asia," which includes China as well as India, Indonesia, Malaysia, the Philippines, Thailand and Vietnam. The IMF now expects the grouping to grow by 7.1% this year and 7.5% in 2013, down 0.3 and 0.4 percentage point respectively from its previous forecasts.