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TRENDS & TIDES

FY24 GDP advance estimates post a robust 7.3% YoY growth

Manufacturing and financial services+ drive growth in FY24

Weak kharif production affects agriculture, while trade+ growth normalises from a high level in FY23

Sector	Share FY24	Real Growth YoY%				
		FY20	FY21	FY22	FY23	FY24
Agriculture	**14%**	6.2%	4.1%	3.5%	4.0%	1.8%
Industry	**22%**	(2.5%)	0.9%	10.5%	2.4%	6.9%
Mining	2%	(3.0%)	(8.6%)	7.1%	4.6%	8.1%
Manufacturing	18%	(3.0%)	2.9%	11.1%	1.3%	6.5%
Electricity	2%	2.3%	(4.3%)	9.9%	9.0%	8.3%
Services	**63%**	5.8%	(7.9%)	9.6%	9.5%	8.1%
Construction	9%	1.6%	(5.7%)	14.8%	10.0%	10.7%
Trade, Hotels, Transport, Communication	19%	6.0%	(19.7%)	13.8%	14.0%	6.3%
Financial services, Real estate, Professional Services	23%	6.8%	2.1%	4.7%	7.1%	8.9%
Public Admin, Defence & Other Services	13%	6.6%	(7.6%)	9.7%	7.2%	7.7%
Real GVA	**100%**	**3.9%**	**(4.2%)**	**8.8%**	**7.0%**	**6.9%**
Real GDP		**3.9%**	**(5.8%)**	**9.1%**	**7.2%**	**7.3%**

Poor kharif production, caused by an uneven and erratic monsoon, hampers agricultural growth

Strong manufacturing sector performance driven by improvement in operating margins as raw material costs fall

Construction sector growth is robust as indicated by steel consumption and cement production

Financial sector growth driven by strong credit and deposit growth

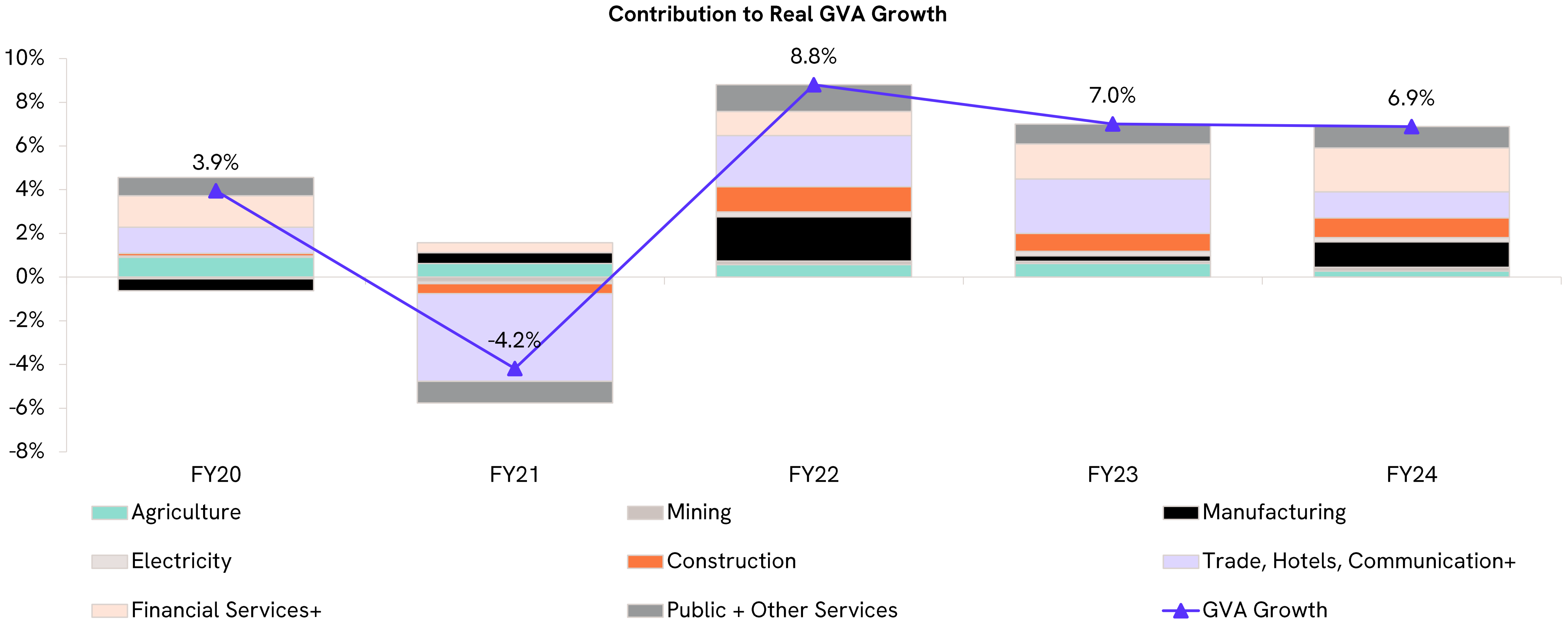
GDP based on the first advance estimates. Figures are subject to revision

Source: MOSPI, 360 ONE Asset Research

Note: GDP = GVA + taxes – subsidies

Financial services+ is the largest contributor to growth in FY24

Significant improvement in the contribution from the manufacturing sector offsets the fall in Trade+ contribution



Note: Financial Services+ include real estate and professional services as well

Source: MOSPI, 360 ONE Asset Research

Private consumption weakens while investments record robust growth

Government consumption rebounds in FY24 and imports grow much faster than exports

	Share	Real Growth YoY%				
	FY24	FY20	FY21	FY22	FY23	FY24
Consumption Expenditure	**66%**	**5.0%**	**-4.6%**	**10.5%**	**6.4%**	**4.4%**
Private Consumption	57%	5.2%	-5.2%	11.2%	7.5%	4.4%
Government Consumption	10%	3.9%	-0.9%	6.6%	0.1%	4.1%
Gross Capital Formation	**37%**	**-6.0%**	**-11.6%**	**22.2%**	**9.1%**	**9.3%**
Fixed Investments	35%	1.1%	-7.3%	14.6%	11.4%	10.3%
Changes in Stocks	1%	-58.7%	-85.5%	687.8%	2.7%	4.6%
Valuables	1%	-14.2%	26.4%	34.0%	-18.9%	-12.5%
Exports	**22%**	**-3.4%**	**-9.1%**	**29.3%**	**13.6%**	**1.4%**
Less Imports	**27%**	**-0.8%**	**-13.7%**	**21.8%**	**17.1%**	**13.2%**
Real GDP	**100%**	**3.9%**	**-5.8%**	**9.1%**	**7.2%**	**7.3%**

Private consumption underwhelms, recording only 4.4% YoY growth in FY24

Government consumption recovers in FY24

Fixed investment growth continues to remain robust on recovery in private sector capex and strong growth in government capex

Net exports (exports minus imports) continue to be a drag on GDP growth as import growth outpaces exports in real terms

Source: MOSPI, 360 ONE Asset Research

GCF: Gross Capital Formation = Fixed Investment + Change in stocks + Valuables

Gross Capital Formation (GCF) is the largest contributor to GDP growth

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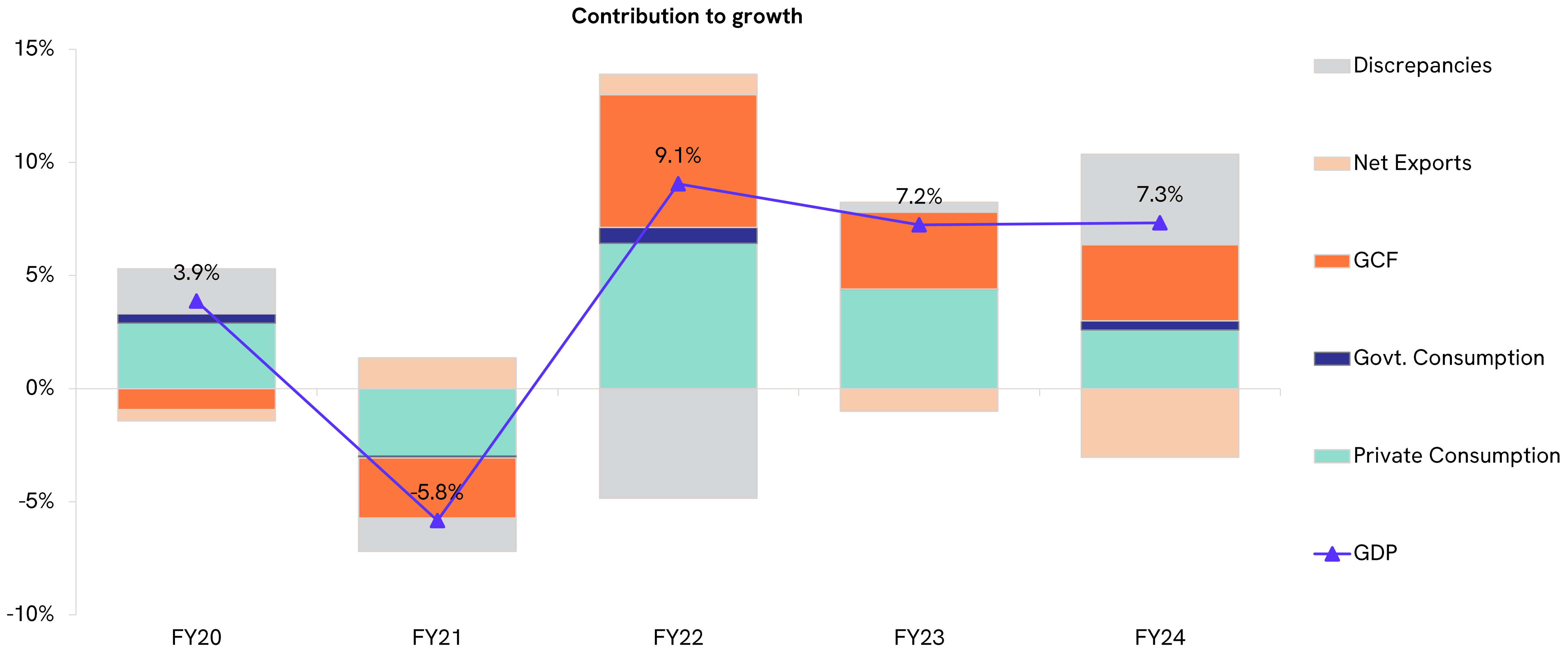
There is a steep fall in the contribution from private consumption, and the drag from net exports also increases



Source: MOSPI, 360 ONE Asset Research

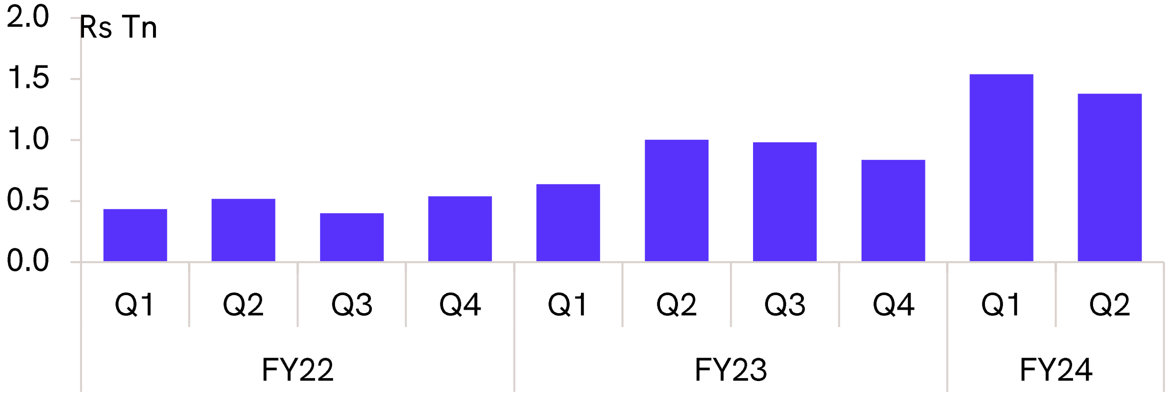
GCF: Gross Capital Formation = Fixed Investment + Change in stocks + Valuables

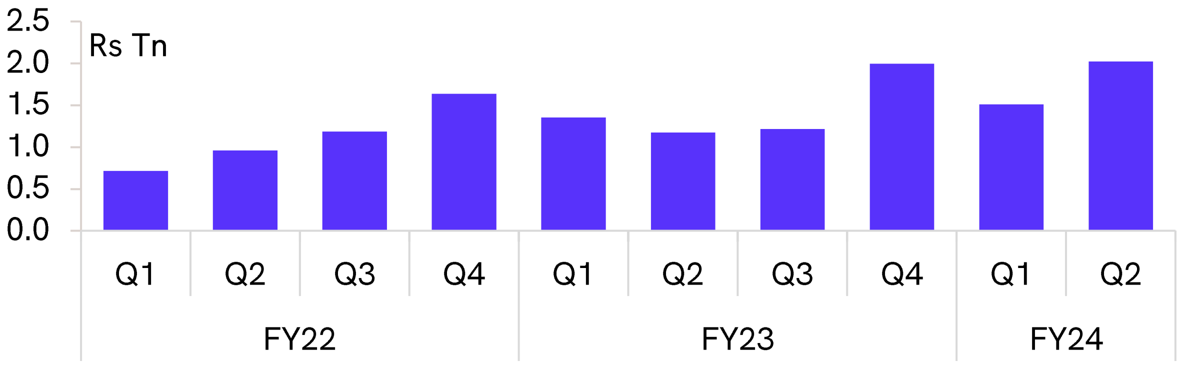
Outlook: FY25 GDP growth is expected to be around 6.5% YoY

Weak rural recovery, subdued consumption, and tepid global growth pose risks to the outlook

Strong investment pipeline to support growth in FY25

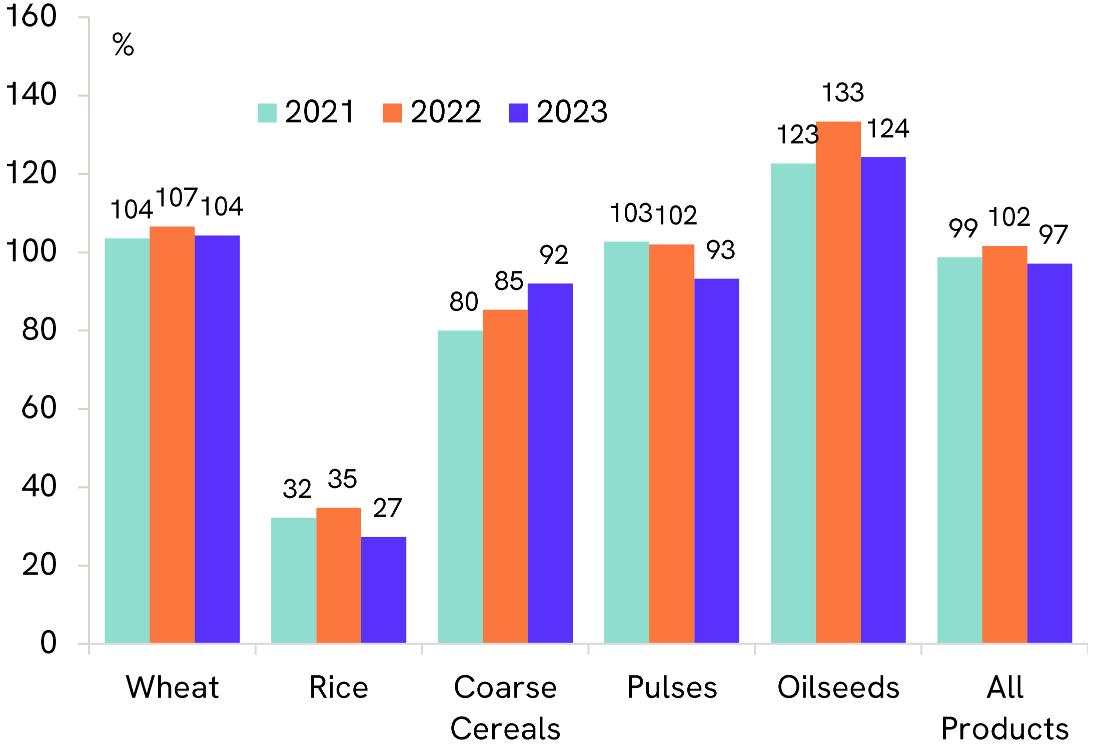
Visible signs of revival in private capital expenditure





Weak Rabi production could hinder rural recovery

Rabi sowing weak in the current season thus far



Source: MOSPI, CMIE, RBI, Investec, 360 ONE Asset Research

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