

TRENDS & TIDES

**Q3FY24 GDP soars to 8.4%
YoY, FY24 estimate revised
higher to 7.6% YoY**



FY24 GDP growth revised up to 7.6% YoY from 7.3% earlier

Q3 GDP prints at 8.4% on account of strong growth in indirect taxes net of subsidies; GVA growth slows down from Q2

Real Growth YoY	Share FY24	FY23	FY24	FY24		
Sector				Q1	Q2	Q3
Agriculture	14%	4.7%	0.7%	3.5%	1.6%	(0.8%)
Industry	22%	(0.6%)	8.3%	5.0%	13.6%	10.9%
Mining	2%	1.9%	8.1%	7.1%	11.1%	7.5%
Manufacturing	17%	(2.2%)	8.5%	5.0%	14.4%	11.6%
Electricity	2%	9.4%	7.5%	3.2%	10.5%	9.0%
Services	64%	9.9%	7.9%	10.4%	6.9%	7.4%
Construction	9%	9.4%	10.7%	8.5%	13.5%	9.5%
Trade, Hotels, Transport, Communication	19%	12.0%	6.5%	9.7%	4.5%	6.7%
Financial services, Real estate, Professional Services	23%	9.1%	8.2%	12.6%	6.2%	7.0%
Public Admin, Defence & Other Services	13%	8.9%	7.7%	8.2%	7.7%	7.5%
Real GVA	100%	6.7%	6.9%	8.2%	7.7%	6.5%
Real GDP		7.0%	7.6%	8.2%	8.1%	8.4%

← Agricultural growth contracts in Q3 due to lower rabi sowing for rice and pulses compared to last year

← Manufacturing sector growth moderates in Q3 as operating profit growth for listed manufacturing companies slows down

← Construction sector growth slows down in line with the moderation in cement production and steel consumption

← The financial sector is supported by strong credit and deposit growth, but IT sector continues to disappoint

GDP = GVA + (indirect taxes – subsidies)

In Q3, GDP was boosted by strong growth of 32% YoY in indirect taxes net of subsidies. The growth was mainly led by a 53.6% YoY contraction in subsidy outgo in Q3

Private consumption remains subdued in Q3; Investments remain robust

Government consumption contracts on weaker revenue expenditure; Net exports remain a drag on GDP growth

Real Growth YoY%	Share FY24	FY23	FY24	FY24		
				Q1	Q2	Q3
Consumption Expenditure	65%	7.1%	3.0%	4.4%	3.9%	2.7%
Private Consumption	56%	6.8%	3.0%	5.3%	2.4%	3.5%
Government Consumption	10%	9.0%	3.0%	-0.1%	13.8%	-3.2%
Gross Capital Formation	37%	8.6%	10.2%	7.5%	10.6%	12.2%
Fixed Investments	34%	6.6%	10.2%	8.5%	11.6%	10.6%
Changes in Stocks	1%	14.5%	5.0%	1.6%	10.7%	7.9%
Valuables	2%	-19.1%	13.8%	-21.2%	-1.1%	61.8%
Exports	23%	13.4%	1.5%	-6.5%	5.3%	3.4%
Less Imports	25%	10.6%	10.9%	15.3%	11.9%	8.3%
Real GDP	100%	7.0%	7.6%	8.2%	8.1%	8.4%

← Private consumption again underwhelms in Q3FY24

← Government consumption contracts in Q3 FY24 in line with the contraction in Centre's revenue expenditure

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

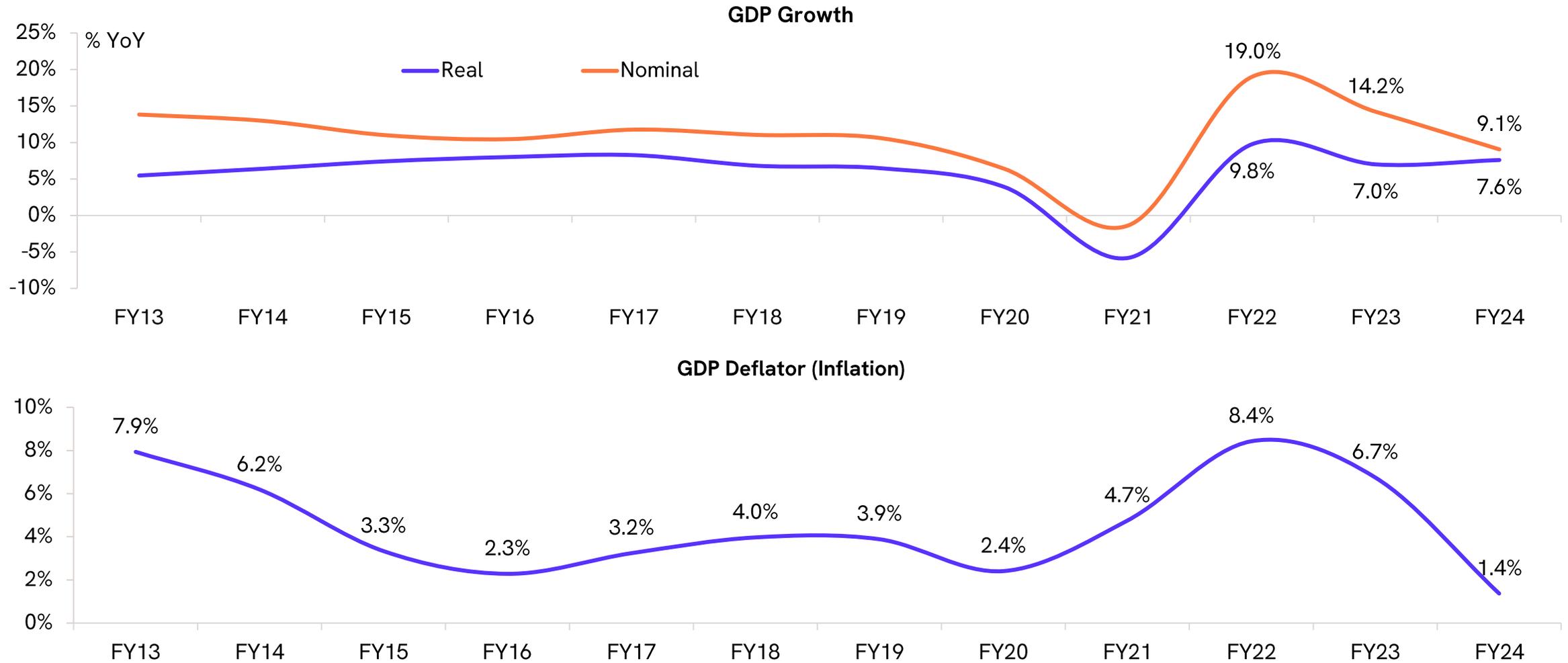
← Net exports (exports minus imports) continue to be a drag on GDP growth as import growth outpaces exports in real terms

Source: MOSPI, 360 ONE Asset Research

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

Nominal GDP growth declines in FY24 as inflation corrects significantly

The GDP deflator, a measure of inflation, drops in FY24 due to a correction in commodity prices

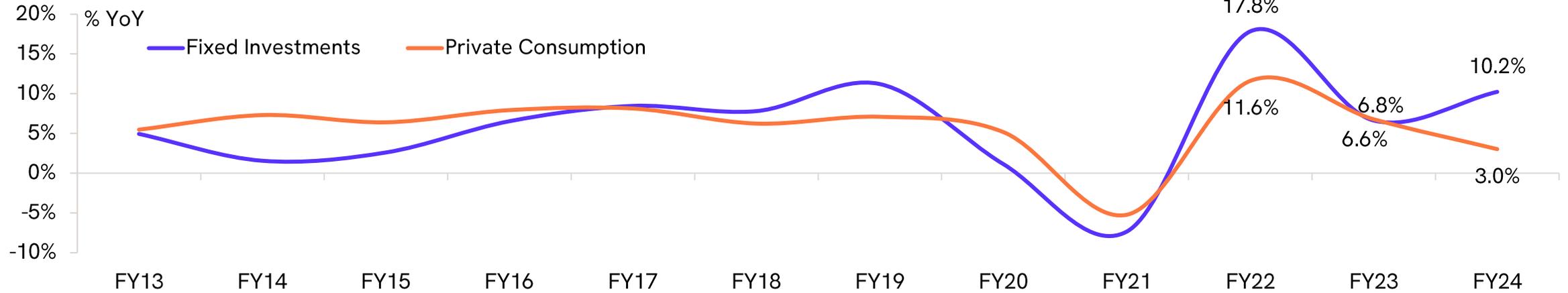


Source: MOSPI, 360 ONE Asset Research

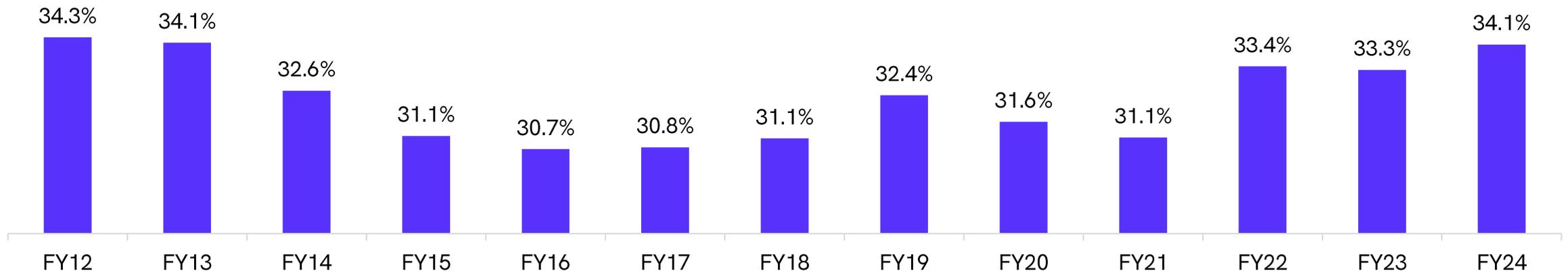
Investment growth significantly outpaces consumption in FY24

The investment share in real GDP increases to 34.1% from a low of 30.7% in FY16

Real Investment and Consumption Growth



Investment Share in Real GDP



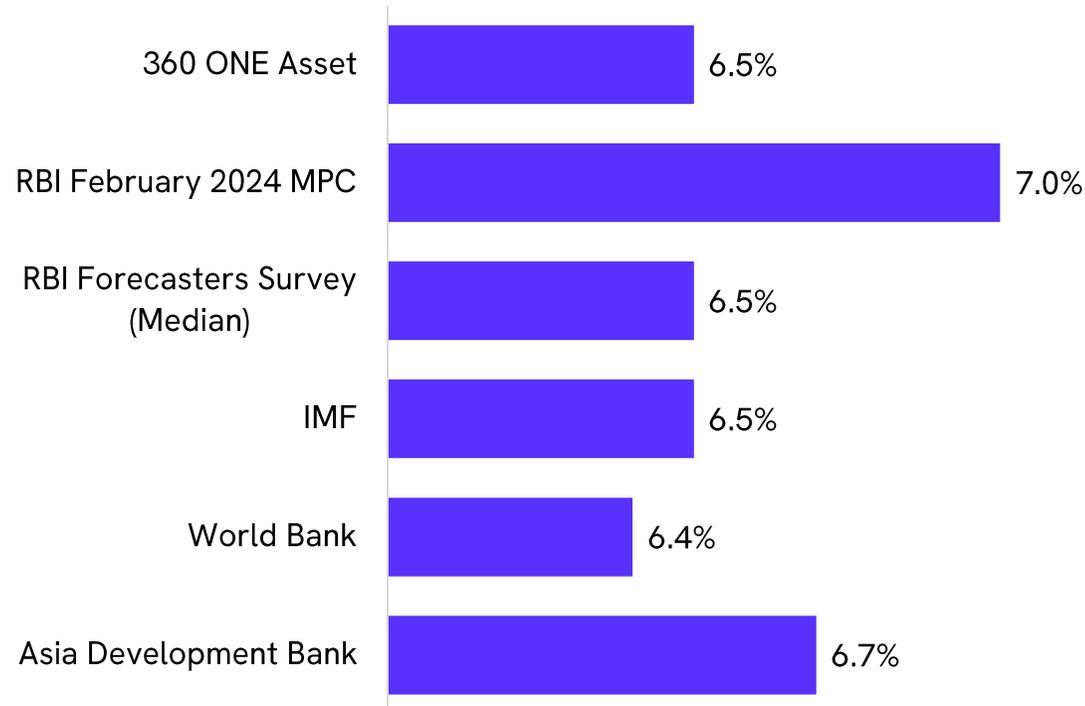
Source: MOSPI, 360 ONE Asset Research

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

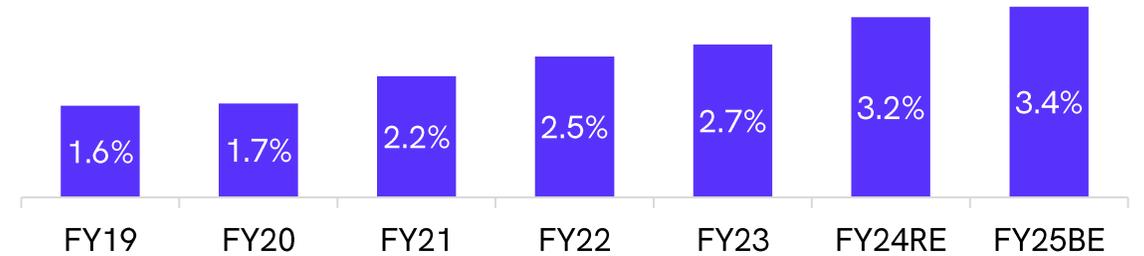
RBI projects FY25 real GDP growth at 7% YoY, while other forecasts are mostly around 6.5%

FY25 GDP Forecast



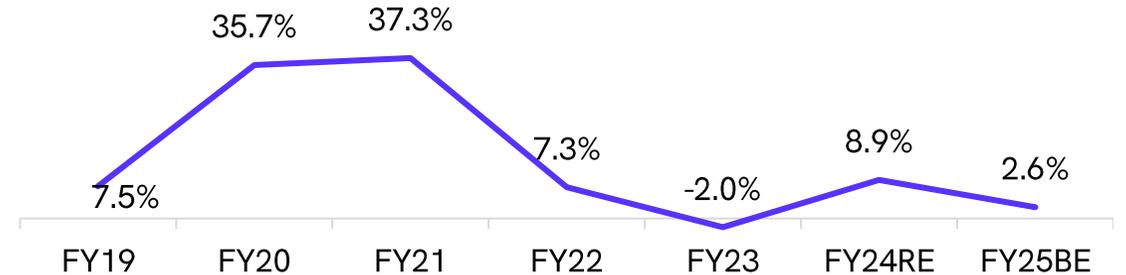
The government's continued thrust on capital expenditure to support growth in FY25

Capital Expenditure (% of GDP)



Rural spending (excluding food or fertiliser subsidy-related expenses) witnesses muted growth in the FY25 interim budget

Rural Centric Spending Growth YoY%



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

Note - RE: Revised Estimates, BE: Budget Estimates

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