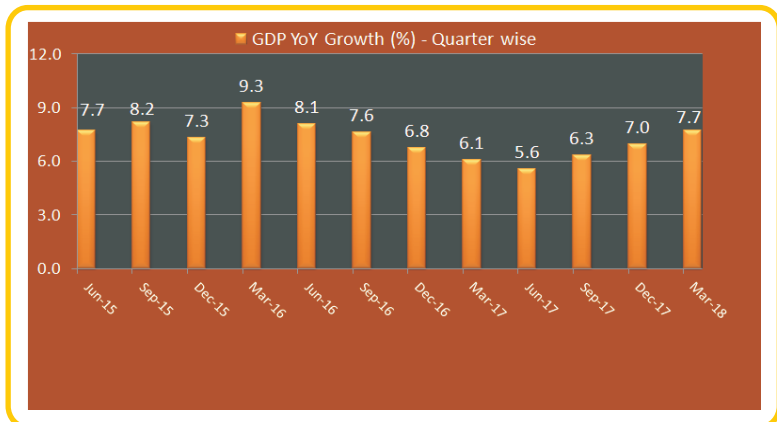




INDIA'S GDP GROWS 7.7% IN Q4, RETAINS FASTEST GROWING ECONOMY TAG

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- On the quarterly basis, the GDP for Q4 FY18 grew by substantial 7.7% compared with 6.1% growth in the comparable quarter in the previous year and higher than 7% growth in Q3 FY18. GVA grew by 7.6% as against 6.6% growth in Q3 FY18 and 6% growth in Q4 FY17. During the quarter, the GDP was supported by growth in public admin, defence, and other services (13.3%), agriculture (4.5%), manufacturing (9.1%) and construction sector (11.5%) while the growth has been capped by subdued performance of services.
- As per the provisional estimates for Gross Domestic Product (GDP) growth of FY18 released by CSO, the Indian economy is expected to grow at 6.7%. It is higher than the second advance estimate of 6.6%. In FY18, the growth was driven by services sector, construction and pick up in the manufacturing sector.



Economic Performance

- In FY18, the agricultural sector grew at 3.4% lower than 6.3% growth recorded in FY17. The agriculture sector did not see much improvement due to 5% deficient monsoon along with uneven spread across regions.
- The growth in mining and quarrying sector declined substantially from 13% in FY17 to 2.9% in FY18.
- The manufacturing sector grew at 5.7% than 7.9% growth in the previous year. The sector was affected due to lackluster performance in the first quarter of FY18 when the producers undertook de-stocking activities with the implementation of the GST. However, the sector witnessed improvement in the last 3 quarters after the restocking activities were undertaken following waning of disruptions post implementation of the GST.
- The growth of construction sector stood at 5.7% for the fiscal year FY18 as against 1.3% growth in the previous year.
- During the year, the growth was mainly led by the services sector. Trade, hotels, transportation, communication and services grew at 8% during the fiscal compared to 7.2% growth in FY17.
- Financial services grew by 6.6%, higher than 6% growth in the previous year. Its growth was led by pick up in credit off take.
- Public administration, defense and other services grew at 10% on the annual basis, marginally lower than 10.7% growth in the previous year.

Expenditure

- Pick up in investment is yet to materialise. Gross fixed capital formation (GFCF) as a % of GDP is stagnant at 28.5% for the last 3 years since FY16. It has declined from 33.4% in FY13. However there has been an improvement in the Q3 (28.2%) and Q4 (29.1%) in the investment rate.
- The private final consumption expenditure increased marginally from 59% in FY17 to 59.1% of GDP in FY18.
- The government expenditure has increased from 10.9% of GDP in FY17 to 11.4% in FY18.

Outlook

- The growth is likely to realize from pick up in consumption especially rural consumption with the forecast of normal monsoon, increased public sector spending and the uptick in the performance of the manufacturing sector in the upcoming quarters.
- The manufacturing sector, which witnessed improvement in the last 3 quarters, is expected to benefit in the Q1 of FY19 due to favourable base effect. In addition, the investment rate has seen some improvement on the quarterly basis and is expected to maintain the momentum going ahead.

**YoY Growth in GVA (%)
At Constant Prices (2011-12)**

| Industry | 2016-17 | | | | 2017-18 | | | |
|--|------------|------------|------------|------------|------------|------------|------------|------------|
| | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 |
| Agriculture, forestry & fishing | 4.3 | 5.5 | 7.5 | 7.1 | 3.0 | 2.6 | 3.1 | 4.5 |
| Mining & quarrying | 10.5 | 9.1 | 12.1 | 18.8 | 1.7 | 6.9 | 1.4 | 2.7 |
| Manufacturing | 9.9 | 7.7 | 8.1 | 6.1 | -1.8 | 7.1 | 8.5 | 9.1 |
| Electricity, gas, water supply & other utility services | 12.4 | 7.1 | 9.5 | 8.1 | 7.1 | 7.7 | 6.1 | 7.7 |
| Construction | 3.0 | 3.8 | 2.8 | -3.9 | 1.8 | 3.1 | 6.6 | 11.5 |
| Trade, hotels, transport, communication and services related tbroadcasting | 8.9 | 7.2 | 7.5 | 5.5 | 8.4 | 8.5 | 8.5 | 6.8 |
| Financial, insurance, real estate & professional services | 10.5 | 8.3 | 2.8 | 1.0 | 8.4 | 6.1 | 6.9 | 5.0 |
| Public administration, defence and other services | 7.7 | 8.0 | 10.6 | 16.4 | 13.5 | 6.1 | 7.7 | 13.3 |
| GVA | 8.3 | 7.2 | 6.9 | 6.0 | 5.6 | 6.1 | 6.6 | 7.6 |

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