

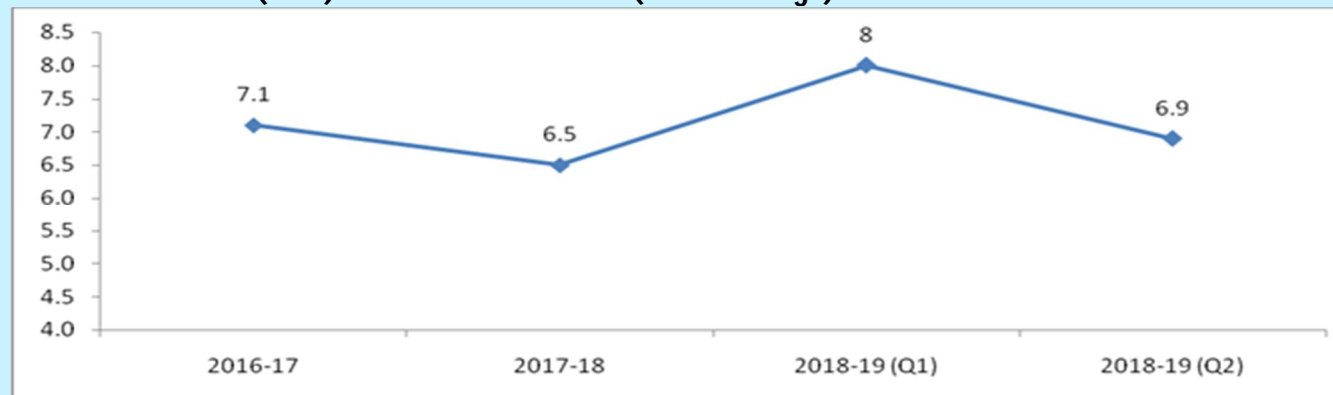
India's GDP stands at 7.1% in Q2 FY2019

GDP stands at 7.1% in Q2 FY2019 as compared to 8.2% in Q1 FY2019 and 6.3% in Q2 FY2018. The agriculture sector growth stands at 3.8% in Q2 FY2019 from 5.3% in Q1 FY2019. Manufacturing sector registered a growth of 7.4% in Q2 FY2019 as compared to 13.5% in Q1 FY2019. Construction registered a growth of 7.8% in Q2 FY2019 as compared to 8.7% in Q1 FY2019. Growth of Trade, Hotel, Transport, Communication has been registered at 6.8% in Q2 FY2019 from 6.7% in Q1 FY2019. Financial, Real Estate & Professional Services registered a growth of 6.3% in Q2 FY2019 as compared to 6.5% in Q1 FY2019. Public Administration, Defence & Other Services registered a growth of 10.9% in Q2 FY2019 from 9.9% in Q1 FY2019.

The Central Statistics Office (CSO), Ministry of Statistics and Programme Implementation has released the estimates of Gross Domestic Product (GDP) for the second quarter (July-September) Q2 of 2018-19, both at Constant (2011-12) and Current Prices, along with the corresponding quarterly estimates of expenditure components of the GDP.

According to the Provisional Estimates of Gross Value Added (GVA) for the second quarter (July-September) Q2 of 2018-19, GVA at basic (2011-12) prices in Q2 of 2018-19 registered a growth of 6.9% as compared to 8.0% in the Q1 of 2018-19.

Gross Value Added (GVA) Growth Rates (in Percentage)



Source: PHD Research Bureau compiled from CSO and MOSPI

Quarterly Estimates of GVA at Basic Price

Industry	July – September (Q2)						
	Gross Value Added at Basic Prices in Q2 (in crore)			Percentage change over previous year			
	2016-17	2017-18	2018-19	2017-18		2018-19	
				Q1	Q2	Q1	Q2
Agriculture, forestry & fishing	324733	333334	346102	3.0	2.6	5.3	3.8
Mining & quarrying	71728	76704	74841	1.7	6.9	0.1	-2.4
Manufacturing	507701	543682	584164	-1.8	7.1	13.5	7.4
Electricity, gas, water supply & other utility services	61945	66717	72858	7.1	7.7	7.3	9.2
Construction	213851	220536	237836	1.8	3.1	8.7	7.8
Trade, hotels, transport, communication & services related to broadcasting	501747	544404	581418	8.4	8.5	6.7	6.8
Financial, real estate & professional services	727192	771317	820009	8.4	6.1	6.5	6.3
Public administration, defence & other services	359272	381131	422770	13.5	6.1	9.9	10.9
GVA at Basic Price	2768167	2937824	3139997	5.6	6.1	8.0	6.9

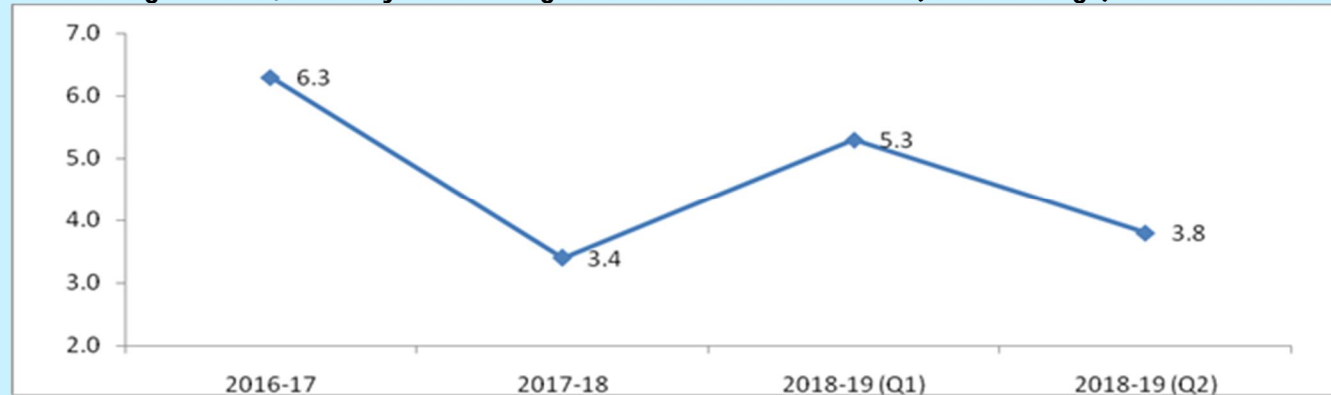
Source: PHD Research Bureau compiled from CSO and MOSPI

Agriculture, Forestry and Fishing

Quarterly GVA at Basic Prices for Q2 2018-19 from 'Agriculture, Forestry and Fishing' sector grew by 3.8%

as compared to growth of 5.3% in Q1 2018-19. In Q2 of 2018-19, the production of Food Grains during the Kharif season of agriculture year 2018-19 grew by 0.6%. Around 55% of GVA of this sector is based on the Livestock products, Forestry and Fisheries, which registered a combined growth of about 6.7% in Q2 of 2018-19.

Agriculture, Forestry and Fishing GVA Growth Rates (in Percentage)

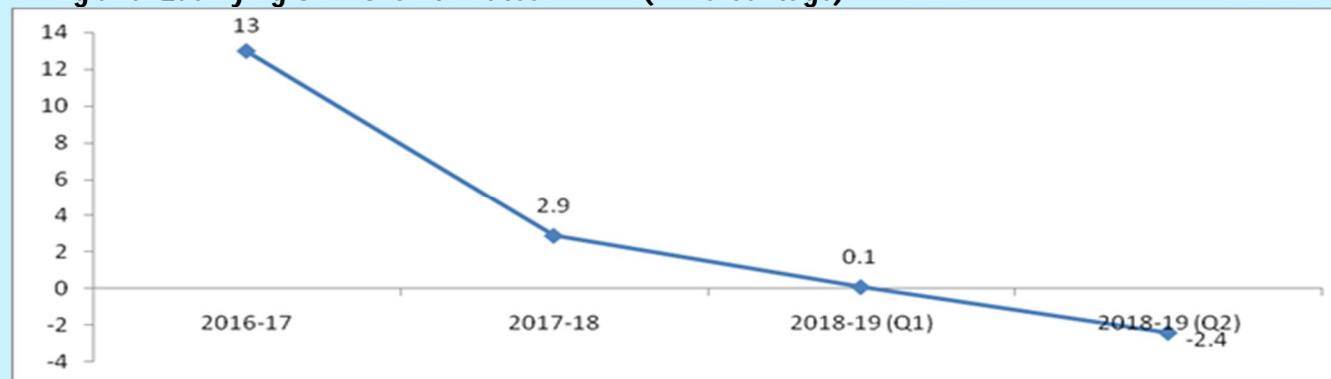


Source: PHD Research Bureau compiled from CSO and MOSPI

Mining and Quarrying

Quarterly GVA at Basic Prices for Q2 2018-19 from 'Mining and Quarrying' sector contracted by 2.4% as compared to growth of 0.1% in Q1 2018-19. The key indicators of Mining sector, namely, production of Coal, Crude Oil and Natural Gas and IIP Mining registered growth rates of 6.2%, (-) 4.4%,(-) 2.0% and 1.0%, during Q2 of 2018-19.

Mining and Quarrying GVA Growth Rates (in Percentage)



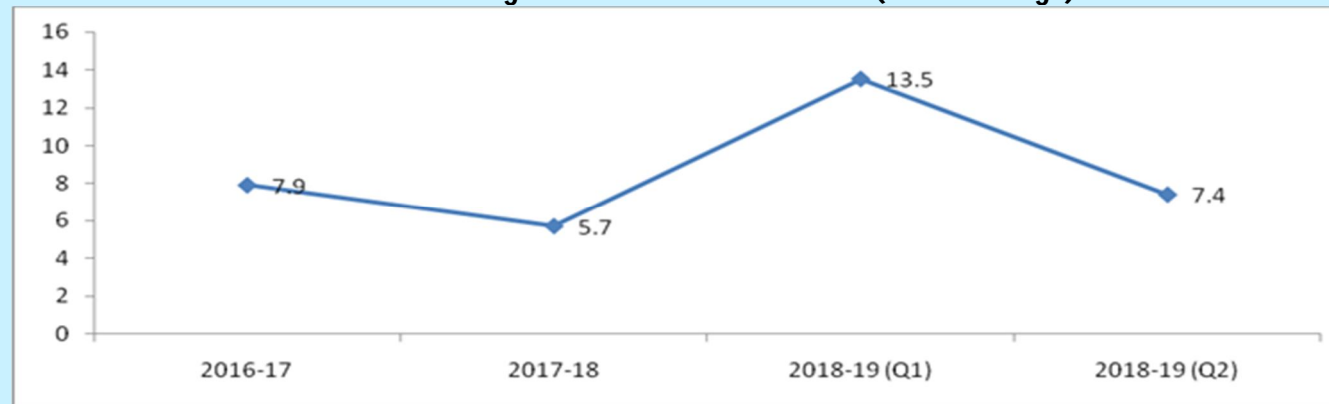
Source: PHD Research Bureau compiled from CSO and MOSPI

Manufacturing

Quarterly GVA at Basic Prices for Q2 2018-19 from 'Manufacturing' sector grew by 7.4% as compared to

growth of 13.5% in Q1 2018-19. IIP Manufacturing registered growth rate of 5.5% during Q2 of 2018-19.

Manufacturing GVA Growth Rates (in Percentage)

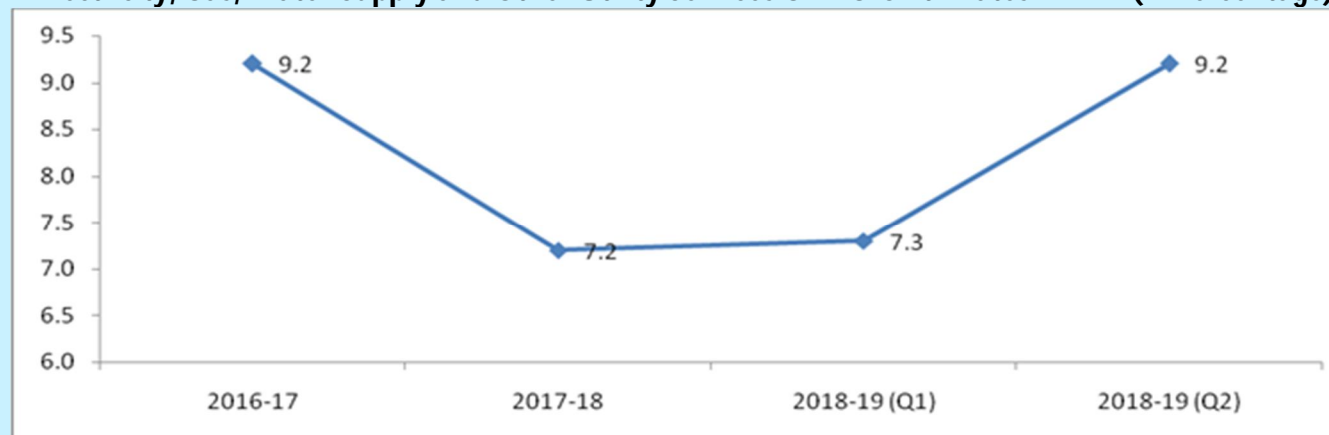


Source: PHD Research Bureau compiled from CSO and MOSPI

Electricity, Gas, Water Supply and Other Utility Services

Quarterly GVA at Basic Prices for Q2 2018-19 from 'Electricity, Gas, Water Supply and Other Utility Services' sector grew by 9.2% as compared to growth of 7.3% in Q1 2018-19. The key indicator of this sector, namely, IIP of Electricity registered growth rate of 7.5% during Q2 of 2018-19 as compared to 6.1% in Q2 of 2017-18.

Electricity, Gas, Water Supply and Other Utility Services GVA Growth Rates (in Percentage)

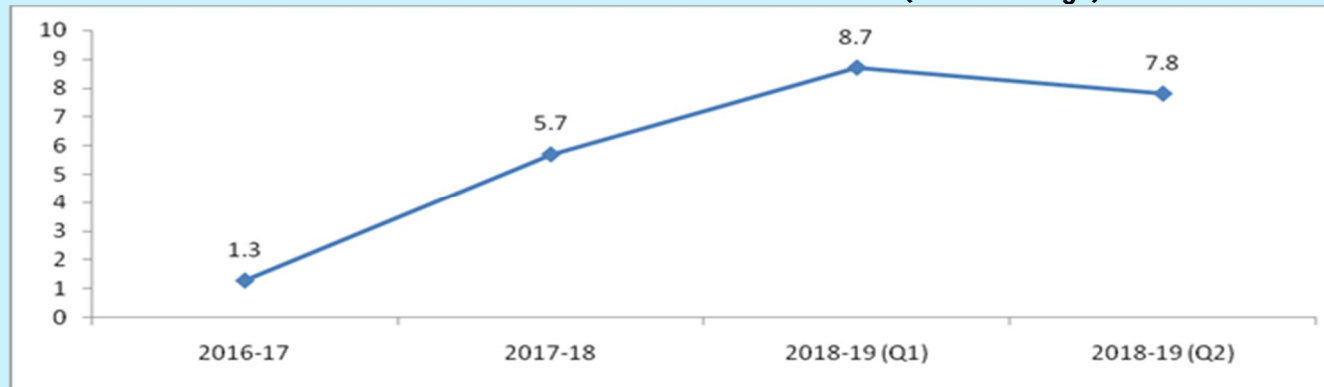


Source: PHD Research Bureau compiled from CSO and MOSPI

Construction

Quarterly GVA at Basic Prices for Q2 2018-19 from 'Construction' sector grew by 7.8% as compared to growth of 8.7% in Q1 2018-19. Key indicators of Construction sector, namely, production of Cement and Consumption of finished Steel registered growth rates of 12.5% and 7.2%, respectively, during Q2 of 2018-19.

Construction GVA Growth Rates (in Percentage)

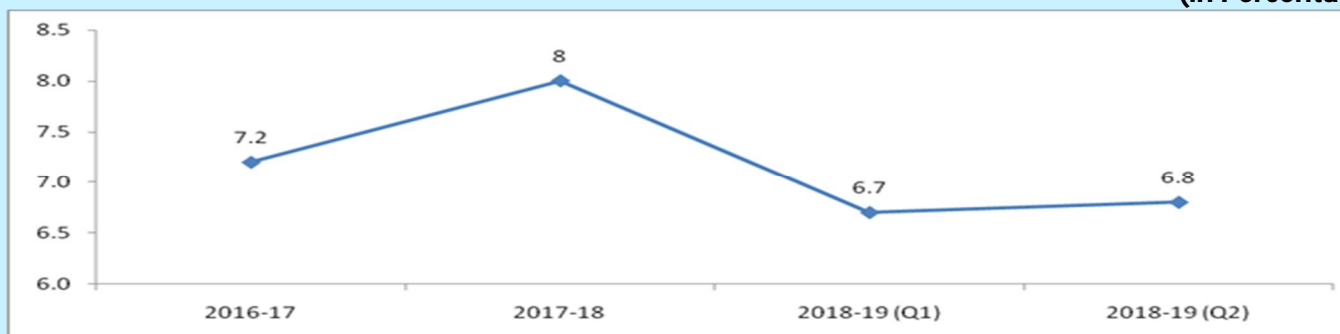


Source: PHD Research Bureau compiled from CSO and MOSPI

Trade, Hotels, Transport, Communication and Services related to Broadcasting

Quarterly GVA at Basic Prices for Q2 2018-19 from 'Trade, Hotels, Transport, Communication and Services related to Broadcasting' sector grew by 6.8% as compared to growth of 6.7% in Q1 2018-19. Indicator used for measuring GVA from Hotels and Restaurant sector is the Private Corporate growth in this sector. Among the Other Services sectors, Cargo handled at Major Sea Ports, Cargo handled by the Civil Aviation and passengers handled by the Civil Aviation registered growth rates of 6.4%, 5.5% and 16.2% respectively, during July-September, 2018-19.

Trade, Hotels, Transport, Communication and Services related to Broadcasting GVA Growth Rates (in Percentage)

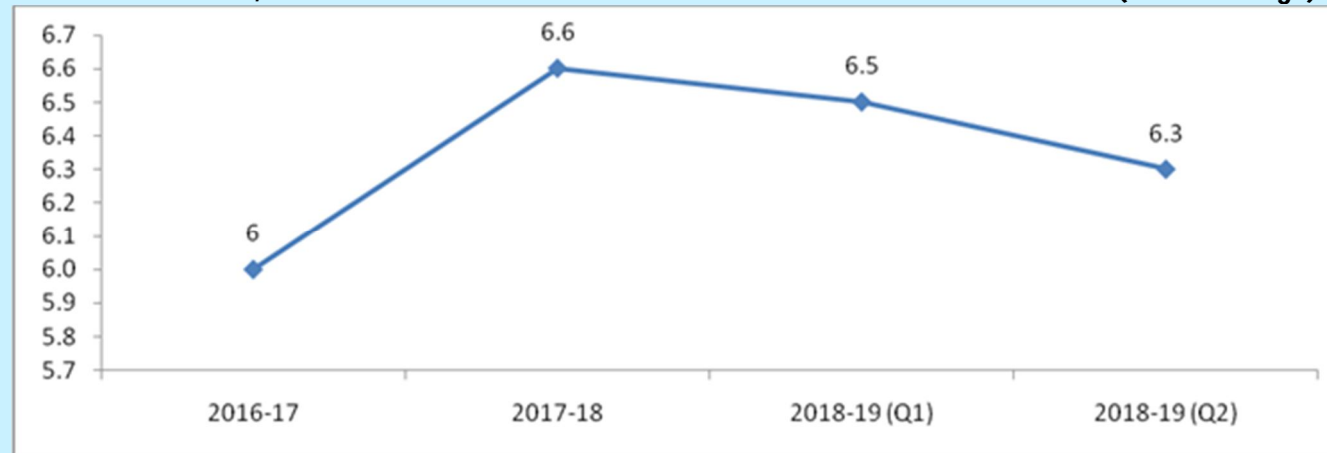


Source: PHD Research Bureau compiled from CSO and MOSPI

Financial, Real Estate and Professional Services

Quarterly GVA at Basic Prices for Q2 2018-19 from 'Financial, Real Estate and Professional Services' sector grew by 6.3% as compared to growth of 6.5% in Q1 2018-19. Major component of this industry is the Real Estate and Professional Services which has a share of over 75%.

Financial, Real Estate and Professional Services GVA Growth Rates (in Percentage)

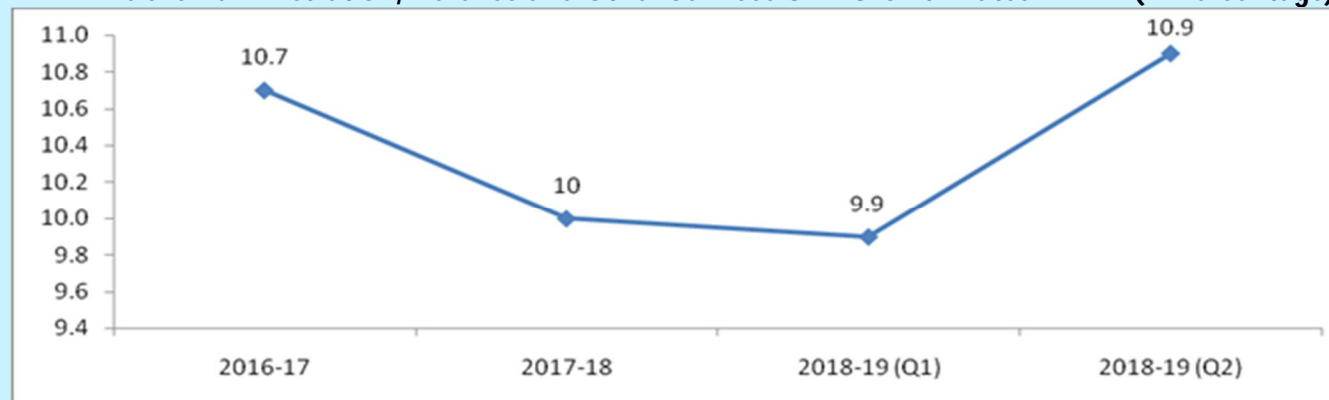


Source: PHD Research Bureau compiled from CSO and MOSPI

Public Administration, Defence and Other Services

Quarterly GVA at Basic Prices for Q2 2018-19 from 'Public Administration, Defence and Other Services' sector grew by 10.9% as compared to growth of 9.9% in Q1 2018-19. The key indicator of this sector namely, Union Government Revenue Expenditure net of Interest Payments excluding Subsidies, grew by 22.% during Q2 of 2018-19 as compared to 0.8% in Q2 of 2017-18.

Public Administration, Defence and Other Services GVA Growth Rates (in Percentage)



Source: PHD Research Bureau compiled from CSO and MOSPI

Private Final Consumption Expenditure

Private Final Consumption Expenditure (PFCE) at Current Prices is estimated at Rs.26.31 lakh crore in Q2 of 2018-19 as against Rs.23.58 lakh crore in Q2 of 2017-18. At Constant (2011-12) Prices, the PFCE is estimated at Rs.18.52 lakh crore in Q2 of 2018-19 as against Rs.17.30 lakh crore in Q2 of 2017-18. In terms of GDP, the rates of PFCE at Current and Constant (2011- 2012) Prices during Q2 of 2018-19 are estimated at 57.8 percent and 54.5 percent, respectively, as against the corresponding rates of 58.0 per cent and 54.5 per cent respectively in Q2 of 2017- 18. Growth rates of PFCE at Current and Constant Prices are estimated at 11.6 percent and 7.0 percent during Q2 of 2018-19 as compared to 9.9 percent and 6.8 percent respectively during Q2 of 2017-18.

Government Final Consumption Expenditure

Government Final Consumption Expenditure (GFCE) at Current Prices is estimated at Rs.5.99 lakh crore in Q2 of 2018-19 as against Rs.5.10 lakh crore in Q2 of 2017-18. At Constant (2011-2012) Prices, the GFCE is estimated at Rs.4.22 lakh crore in Q2 of 2018-19 as against Rs.3.74 lakh crore in Q2 of 2017-18. In terms of GDP, the rates of GFCE at Current and Constant (2011-2012) Prices during Q2 of 2018-19 are estimated at 13.1 percent and 12.4 percent, respectively, as against the corresponding rate of 12.5 percent and 11.8 percent respectively in Q2 of 2017-18. Growth rates of GFCE at Current and Constant Prices are estimated at 17.3 percent and 12.7 percent respectively during Q2 of 2018-19 as compared to 6.9 percent and 3.8 percent respectively during Q2 of 2017-18.

Gross Fixed Capital Formation

Growth rates of GFCF at Current and Constant Prices are estimated at 16.8 percent and 12.5 percent during Q2 of 2018-19 as compared to 8.4 percent and 6.1 percent during Q2 of 2017-18.

Our View

GDP growth at 7.6% in the first half of FY2018-19 is impressive and expected to pick up in the coming quarters. With the improvement in India's ranking on Ease of Doing Business and announcement of major reforms for the MSMEs, we expect the growth of manufacturing sector to improve in subsequent quarters. Reforms in the agriculture sector would be critical to strengthen the growth of the sector and create employment opportunities in the food processing sector, going forward. Growth of the private final consumption expenditure at 7% at constant prices is an indication of revival in demand and so will be the industrial activity in the coming times. Going ahead, we expect higher GDP growth of 7.5% in FY2019 as compared to 6.7% in FY2018.

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Warm regards,

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