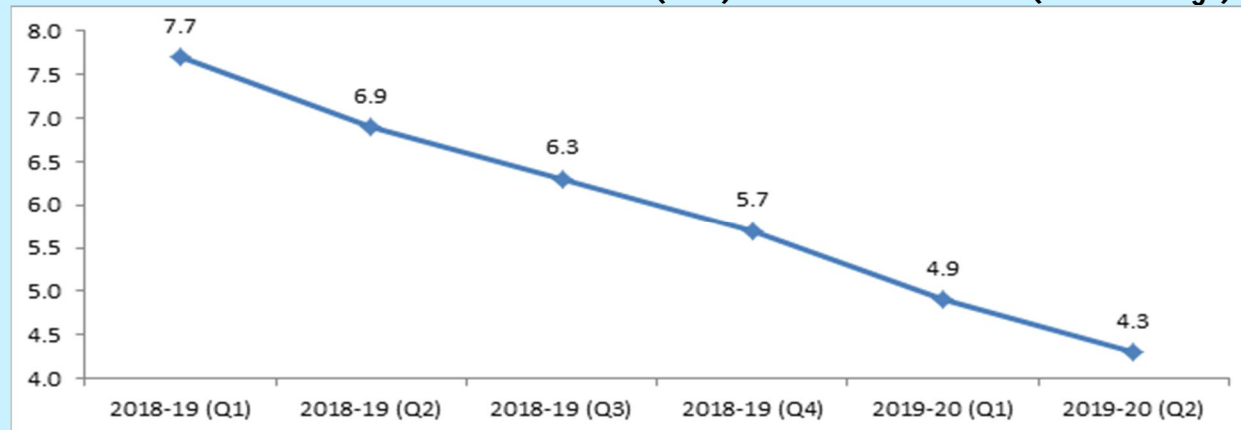


India's GDP growth stands 4.5% in Q2 FY2019-20

India's GDP growth stands at 4.5% in Q2 FY2019-20. The agriculture sector growth stands at 2.1%; Mining & Quarrying at 0.1%; Manufacturing sector at (-)1.0%; Electricity, Gas, Water & Other Utility Services growth stands at 3.6%; Construction at 3.3%; Growth of Trade, Hotel, Transport, Communication at 4.8%; Financial, Real Estate & Professional Services registered a growth of 5.8% and Public Administration, Defence & Other Services at 11.6% in Q2 FY2019-20.

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 to September) Q2 of 2019-20, both at Constant (2011-12) and Current Prices.

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



Source: PHD Research Bureau, PHDCCI compiled from CSO and MOSPI

According to the Quarterly Estimates of Gross Value Added (GVA) for the second quarter (July to September) Q2 of 2019-20, registered a growth of 4.3% as compared to 6.9% in the Q2 of 2018-19.

Quarterly Estimates of GVA at Basic Price

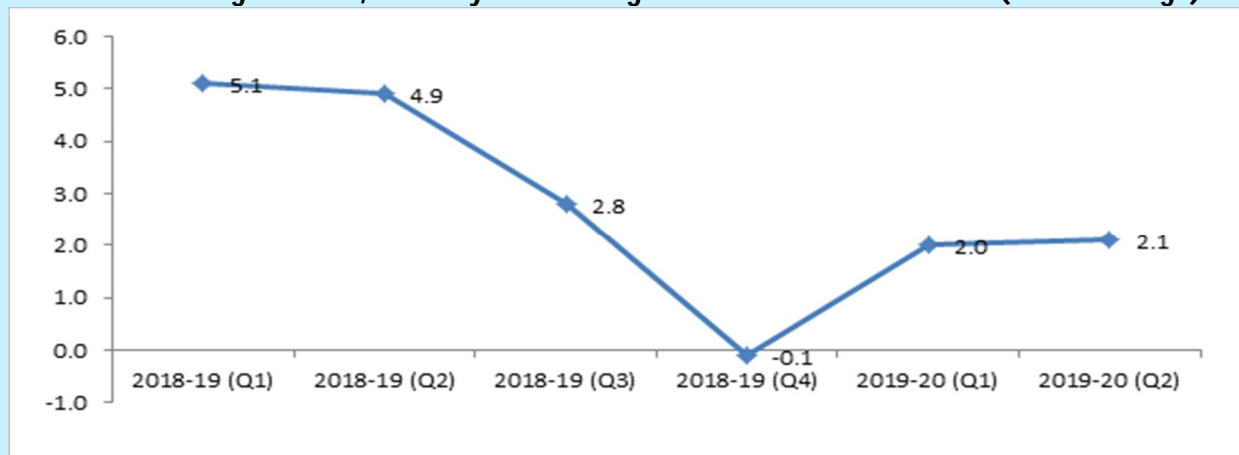
	Gross Value Added Q2 (in Rs Crore)		Percentage Change Over Previous Year Q2	
	2018-19	2019-20	2018-19	2019-20
Agriculture, forestry & fishing	357,728	365,161	4.9	2.1
Mining & quarrying	72,681	72,776	(-)2.2	0.1
Manufacturing	582,672	576,560	6.9	(-)1.0
Electricity, gas, water supply & other utility services	73,955	76,625	8.7	3.6
Construction	253,699	262,149	8.5	3.3
Trade, hotels, transport, communication & services related to broadcasting	583,123	611,149	6.9	4.8
Financial, real estate & professional services	836,097	884,523	7.0	5.8
Public administration, defence & other services	418,792	467,434	8.6	11.6
GVA at Basic Price	3,178,747	3,316,377	6.9	4.3

Source: PHD Research Bureau, PHDCCI compiled from CSO and MOSPI

Agriculture, Forestry and Fishing

Quarterly GVA at Basic Prices for Q2 2019-20 from 'Agriculture, Forestry and Fishing' sector grew by 2.1% as compared to growth of 4.9% in Q2 2018-19.

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

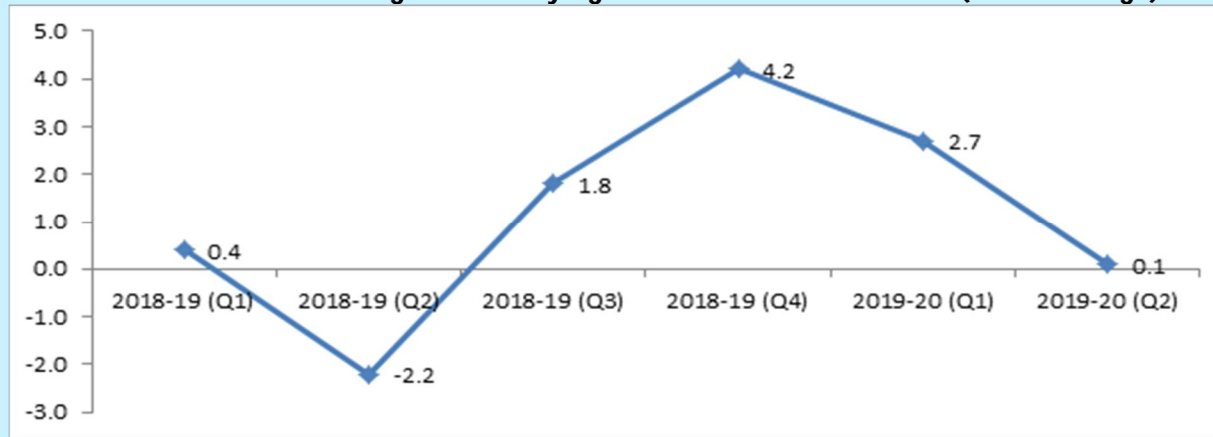


Source: PHD Research Bureau, PHDCCI compiled from CSO and MOSPI

Mining and Quarrying

Quarterly GVA at Basic Prices for Q2 2019-20 from 'Mining and Quarrying' sector grew by 0.1% as compared to growth of -2.2% in Q2 2018-19. The key indicators of Mining sector, namely, production of Coal, Crude Oil and Natural Gas and IIP Mining registered growth rates of (-) 10.3%, (-) 5.1%, (-) 2.6% and (-) 1.2%, during Q2 of 2019-20 as compared to 6.2%, (-) 4.4%, (-) 2.0% and 0.9% respectively, during Q2 of 2018-19.

Mining and Quarrying GVA Growth Rates (in Percentage)

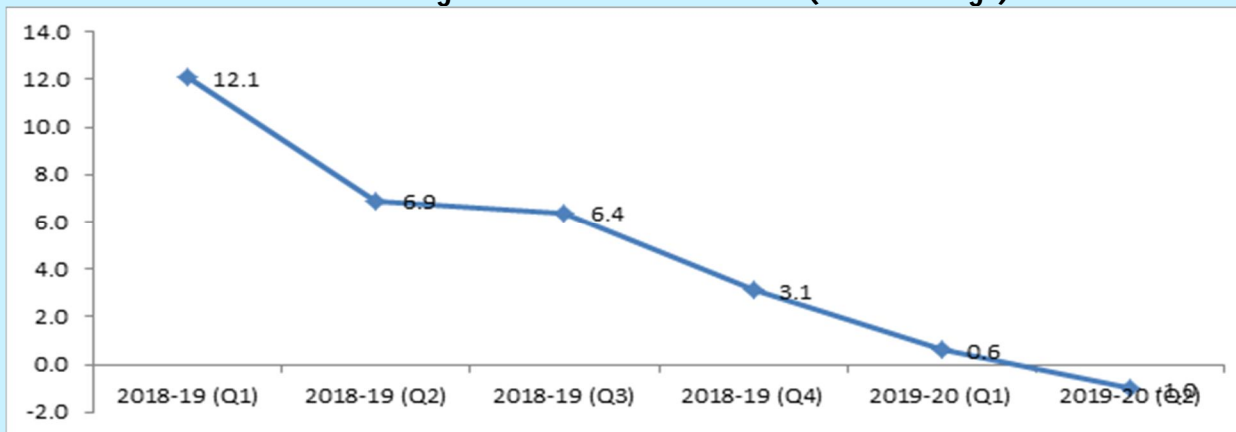


Source: PHD Research Bureau, PHDCCI compiled from CSO and MOSPI

Manufacturing

Quarterly GVA at Basic Prices for Q2 2019-20 from 'Manufacturing' sector grew by (-)1.0% as compared to growth of 6.9% in Q2 2018-19.

Manufacturing GVA Growth Rates (in Percentage)

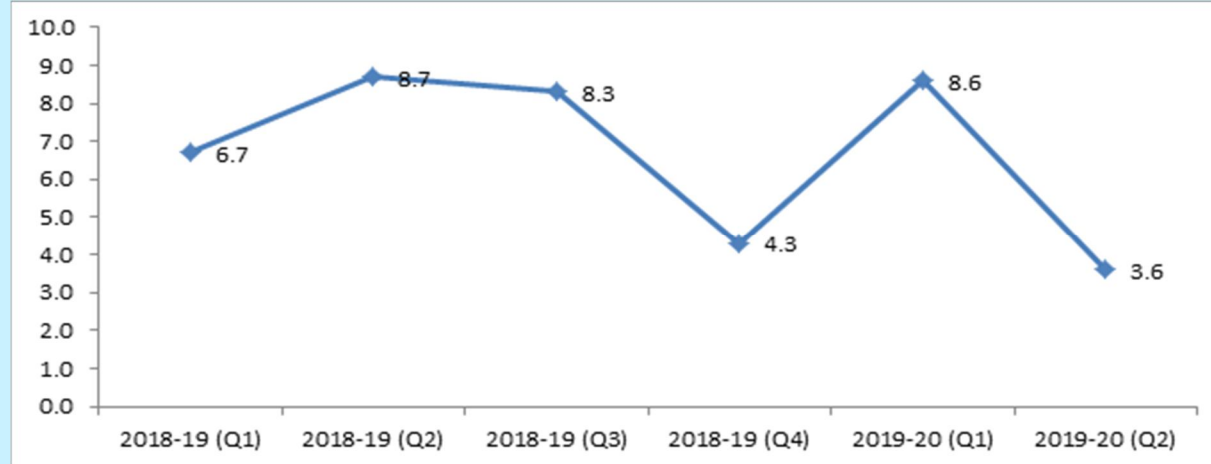


Source: PHD Research Bureau, PHDCCI compiled from CSO and MOSPI

Electricity, Gas, Water Supply and Other Utility Services

Quarterly GVA at Basic Prices for Q2 2019-20 from 'Electricity, Gas, Water Supply and Other Utility Services' sector grew by 3.6% as compared to growth of 8.7% in Q2 2018-19. The key indicator of this sector, namely, IIP of Electricity registered growth rate of 0.4% during Q2 of 2019-20 as compared to 7.5% in Q2 of 2018-19.

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

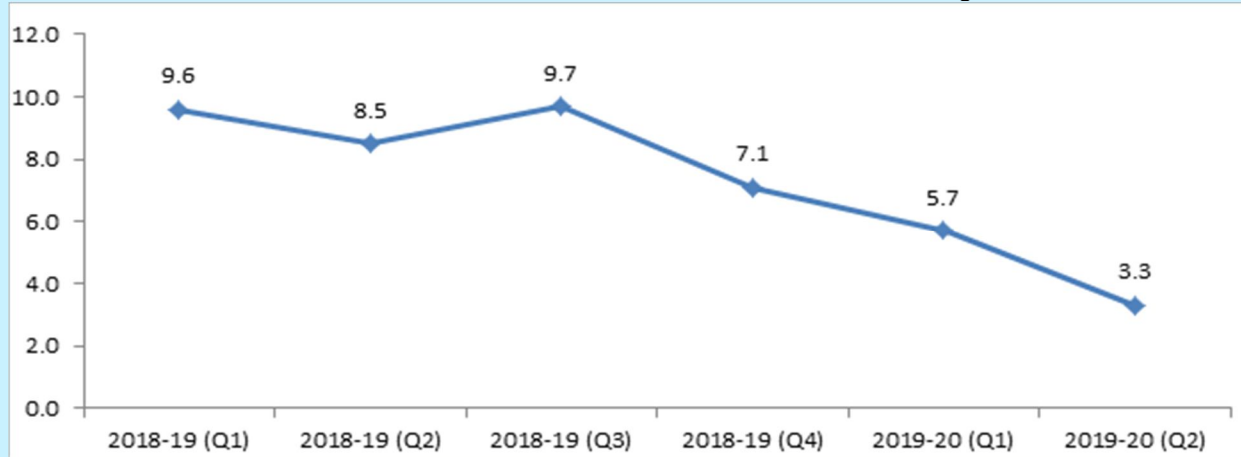


Source: PHD Research Bureau, PHDCCI compiled from CSO and MOSPI

Construction

Quarterly GVA at Basic Prices for Q2 2019-20 from 'Construction' sector grew by 3.3% as compared to growth of 8.5% in Q2 2018-19. Key indicators of Construction sector, namely, production of Cement and Consumption of finished Steel registered growth rates of 0.3% and 3.3% respectively, during Q2 of 2019-20 as compared to 12.5%, 9.9% respectively, in Q2 of 2018-19.

Construction GVA Growth Rates (in Percentage)

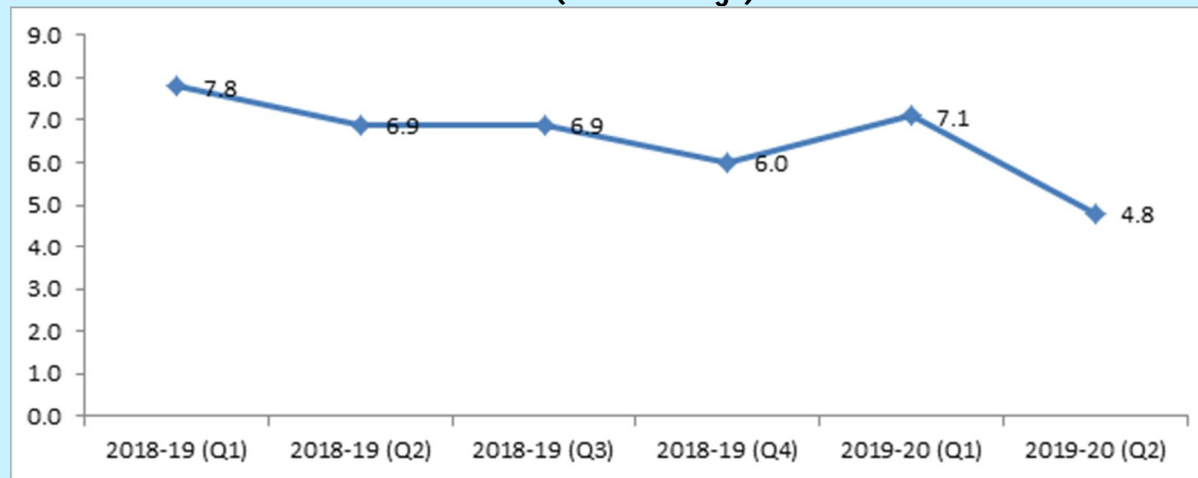


Source: PHD Research Bureau, PHDCCI compiled from CSO and MOSPI

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

Quarterly GVA at Basic Prices for Q2 2019-20 from this sector grew by 4.8% as compared to growth of 6.9% in Q2 2018-19. Key indicator used for estimating GVA from Trade sector is the Sales Tax growth.

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

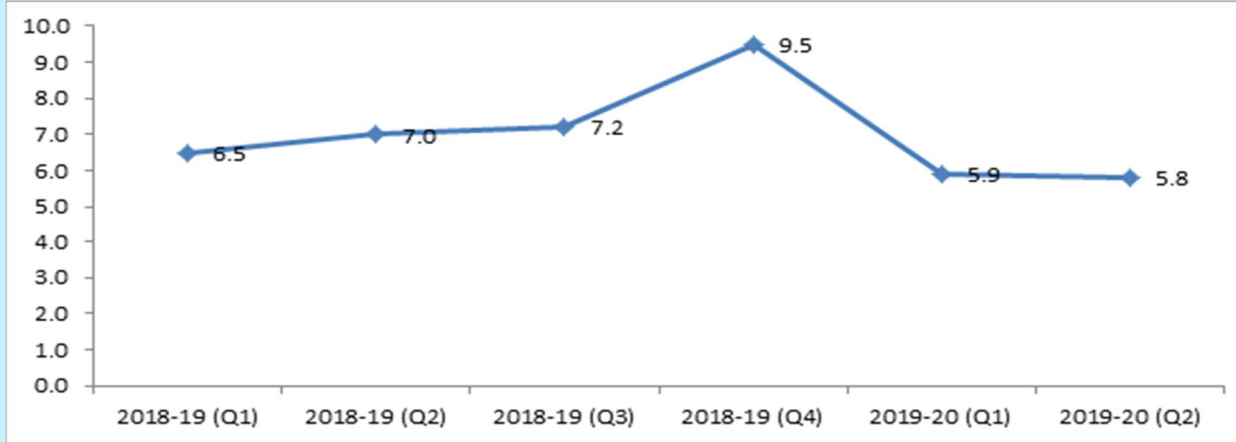


Source: PHD Research Bureau, PHDCCI compiled from CSO and MOSPI

Financial, Real Estate and Professional Services

Quarterly GVA at Basic Prices for Q2 2019-20 from this sector grew by 5.8% as compared to growth of 7.0% in Q2 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)

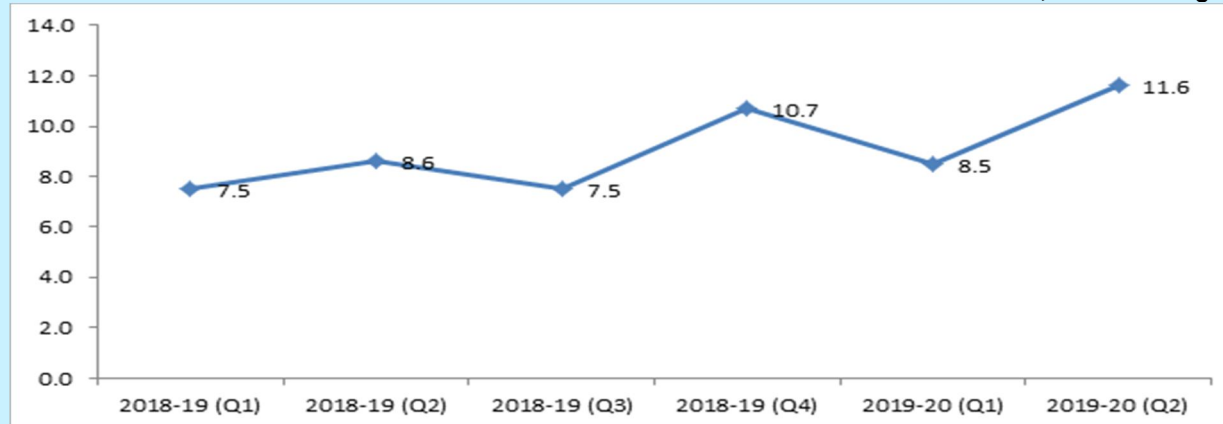


Source: PHD Research Bureau, PHDCCI compiled from CSO and MOSPI

Public Administration, Defence and Other Services

Quarterly GVA at Basic Prices for Q2 2019-20 from this sector grew by 11.6% as compared to growth of 8.6% in Q2 2018-19. The key indicator of this sector namely, Union Government Revenue Expenditure net of Interest Payments excluding Subsidies, grew by 33.9% during Q2 of 2019-20 as compared to 22.2% in Q2 of 2018-19.

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



Source: PHD Research Bureau, PHDCCI compiled from CSO and MOSPI

Private Final Consumption Expenditure

Private Final Consumption Expenditure (PFCE) at Current Prices is estimated at Rs 29.42 lakh crore in Q2 of 2019-20 as against Rs 27.28 lakh crore in Q2 of 2018-19. At Constant (2011-12) Prices, the PFCE is estimated at Rs 20.27 lakh crore in Q2 of 2019-20 as against Rs 19.30 lakh crore in Q2 of 2018-19. In terms of GDP, the rates of PFCE at Current and Constant (2011-2012) Prices during Q2 of 2019-20 are estimated at 59.3% and 56.3%, respectively, as against the corresponding rates of 58.3% and 56.1% respectively in Q2 of 2018-19. Growth rates of PFCE at Current and Constant Prices are estimated at 7.8% and 5.1% during Q2 of 2019-20 as compared to 14.4% and 9.8% respectively during Q2 of 2018-19.

Government Final Consumption Expenditure

Government Final Consumption Expenditure (GFCE) at Current Prices is estimated at Rs 6.92 lakh crore in Q2 of 2019-20 as against Rs 5.82 lakh crore in Q2 of 2018-19. At Constant (2011-12) Prices, the GFCE is estimated at Rs 4.73 lakh crore in Q2 of 2019-20 as against Rs 4.09 lakh crore in Q2 of 2018-19. In terms of GDP, the rates of GFCE at Current and Constant (2011-2012) Prices during Q2 of 2019-20 are estimated at 13.9% and 13.1%, respectively, as against the corresponding rate of 12.4% and 11.9% respectively in Q2 of 2018-19. Growth rates of GFCE at Current and Constant Prices are estimated at 18.9% and 15.6% respectively during Q2 of 2019-20 as compared to 15.4% and 10.9% respectively during Q2 of 2018-19.

Gross Fixed Capital Formation

Gross Fixed Capital Formation (GFCF) at Current Prices is estimated at Rs 13.56 lakh crore in Q2 of 2019-20 as against Rs 13.68 lakh crore in Q2 of 2018-19. At Constant (2011-2012) Prices, the GFCF is estimated at Rs 10.83 lakh crore in Q2 of 2019-20 as against Rs 11.16 lakh crore in Q2 of 2018-19. In terms of GDP, the rates of GFCF at Current and Constant (2011-2012) Prices during Q2 of 2019-20 are estimated at 27.3% and 30.1%, respectively, as against the corresponding rates of 29.2% and 32.4%, respectively in Q2 of 2018-19. Growth rates of GFCF at Current and Constant Prices are estimated at (-) 0.9% and (-) 3.0% during Q2 of 2019-20 as compared to 16.2% and 11.8% during Q2 of 2018-19.

October 2019 Fiscal Deficit stands at 102.4% of actuals to BEs

The gross fiscal deficit of the Central government stands at 102.4% of the actuals to budget estimates (BEs) at the end of October 2019 as compared to 103.9% of the actuals to budget estimates in the corresponding period of the previous year. The primary deficit was registered at 995.4% of the actuals to budget estimates at the end of October 2019 as compared to

735.3% of the actuals to budget estimates during corresponding period of the previous year. The revenue receipts at the end of October 2019 of the central government stands at 46.2% of the actuals to budget estimates, as compared with 45.7% of the actuals to budget estimates at the end of October 2018.

Our Viewpoint

Worst is behind us, looking forward to a rebound in the coming quarter: PHD Chamber

Though the growth of GDP has decelerated sharply in the last quarter to 4.5%, string of reforms undertaken during the last few months will refuel the growth trajectory of the country and we are very much hopeful that growth will rebound in the next quarter. The recent reforms such as reduction in corporate tax rates, 2-year moratorium on spectrum-related dues, cabinet approval to Industrial Relations Code and special fund for stuck housing projects would enhance production possibility frontiers and generate employment opportunities in the economy in the coming quarter. Going ahead, we urge the government to focus more on the demand boosting measures particularly in the rural areas such as boosting the income of the farmers, promoting rural based industries and more handholding to the MSMEs. At this juncture, transmission of the cut in RBI's policy repo rate by the banking sector becomes crucial to boost the credit growth and to bring down the cost of doing business particularly for the MSMEs. Reforms in the direct taxation are required for individuals to boost their personal disposable income so that saving-investment rates are enhanced.

Please contact for any query related to this mail to Ms. Kritika Bhasin, Research Officer at kritika.bhasin@phdcci.in with a cc to Dr. S P Sharma, Chief Economist at spsharma@phdcci.in and Ms Megha Kaul, Economist at megha@phdcci.in, PHD Chamber of Commerce & Industry.

Regards,

Dr S P Sharma

Chief Economist

PHD Chamber of Commerce and Industry

PHD House, 4/2 Siri Institutional Area

August Kranti Marg, New Delhi-110016, India

Tel: +91 49545454

Fax: +91 11 26855450

Email: spsharma@phdcci.in

Website: www.phdcci.in



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PHD House, 4/2 Siri Institutional Area, August Kranti Marg, New Delhi - 110 016 (India) • Tel. : +91-11-2686 3801-04, 49545454, 49545400
Fax : +91-11-2685 5450, 49545451 • E-mail : phdcci@phdcci.in • Website : www.phdcci.in. CIN: U74899DL1951GAP001947

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