

Recent Macroeconomic Developments on GDP, Core Infra, Fiscal Deficit, Gross Bank Credit and Cabinet Approvals

India's GDP Grows at 8.4% in Q3 FY24

Robust Q3 GDP Growth at 8.4% encouraging, the effects of meaningful reforms are visible

India's economy has become more robust and resilient and growth is strengthening quarter after quarter; the Q3 growth at 8.4% indicates a strong growth trajectory to continue in the coming quarters too. Manufacturing, construction, and electricity sectors have become the major growth drivers in recent quarters. The overall real GDP growth projected at 7.6% in 2023-24 is highest among the leading economies. The manufacturing sector has grown at 11.6% in Q3 2023-24 on the back of strategic reforms and prudent policy measures by the government and efforts of industry. The consistent growth in the construction sector at 9.5% is indicating the creation of new employment as the construction sector absorbs skilled, semi-skilled, and unskilled chunks of the workforce. High growth in the electricity, gas, water supply & other utility services at 9% is inspiring as this will boost the manufacturing activities in the economy. The services sector growing at a steady pace of more than 7% is inspiring, displaying that India's growth momentum will continue. The gross fixed capital formation at 32.4% of GDP for Q3 2023-24, higher than 31.8% in 2022-23 for Q3, is indicating steady capacity expansion for more employment opportunities in the coming times.

The National Statistical Office (NSO), Ministry of Statistics and Programme Implementation released in its Press Note the estimates of Gross Domestic Product (GDP) for the October-December quarter (Q3) of 2023-24, both at Constant (2011-12) and Current Prices.

GDP Growth and its Components

India has experienced a commendable growth trajectory characterized by an expanding Gross Domestic Product (GDP). The sectors contributing significantly to this growth include Manufacturing, Construction, Electricity, Gas, Water Supply and other Utility

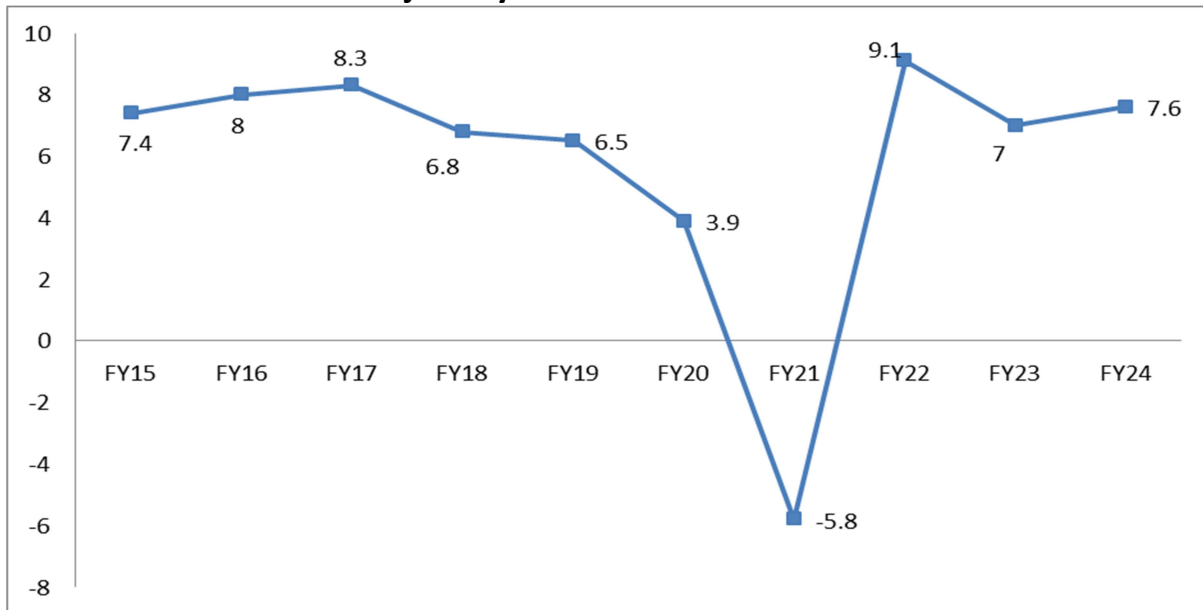
Services, Mining and quarrying, Public Administration, Defense, and other Services. These sectors have emerged as key contributors, playing pivotal roles in shaping and bolstering India's economic advancement. This observation underscores the diverse and multifaceted nature of India's economic landscape, highlighting the strategic importance of various sectors in driving the nation's overall economic growth.

Growth of GVA so far

Components	Yearly Estimates				Quarterly Estimates		
	2019-20	2020-21	2021-22	2022-23	2023-24		
					Q1	Q2	Q3
Agriculture, forestry & fishing	6.2	4.1	3.5	4.7	3.5	1.6	-0.8
Mining & quarrying	-3.0	-8.6	7.1	1.9	7.1	11.1	7.5
Manufacturing	-3.0	2.9	11.1	-2.2	5.0	14.4	11.6
Electricity, gas, water supply & other utility services	2.3	-4.3	9.9	9.4	3.2	10.5	9.0
Construction	1.6	-5.7	14.8	9.4	8.5	13.5	9.5
Trade, hotels, transport, communication & services related to broadcasting	6.0	-19.7	13.8	12.0	9.7	4.5	6.7
Financial, real estate & professional services	6.8	2.1	4.7	9.1	12.6	6.2	7.0
Public administration, defense & other services	6.6	-7.6	9.7	8.9	8.2	7.7	7.5
GVA at Basic Price	3.9	-4.2	8.8	6.7	8.2	7.7	6.5
GDP at Basic Price	3.9	-5.8	9.1	7.0	8.2	8.1	8.4

Source: PHD Research Bureau, PHDCCI compiled from MOSPI

India's Decadal Growth Trajectory



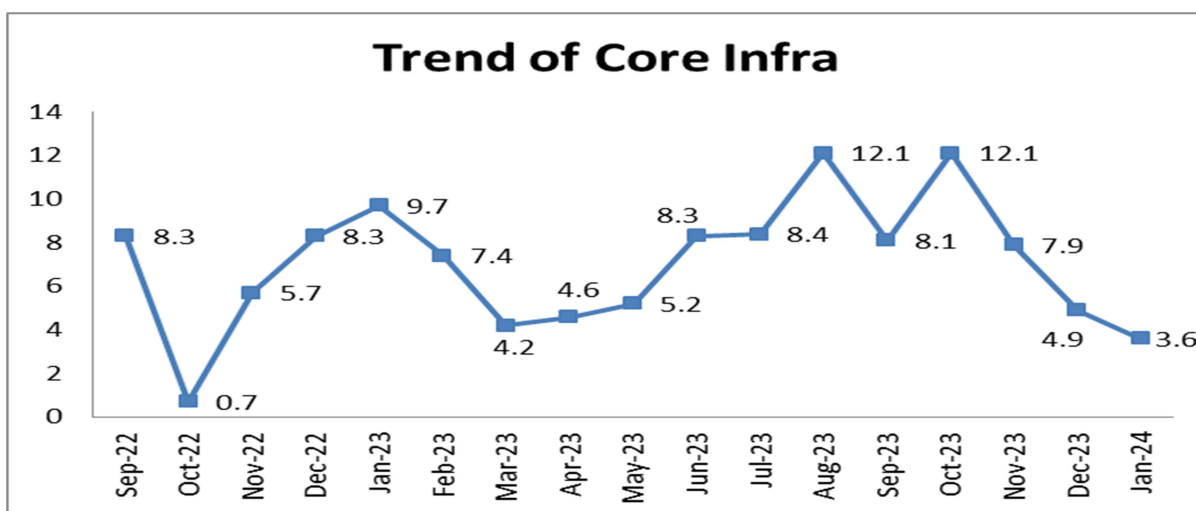
Source: PHD Research Bureau, PHDCCI compiled from CSO and MOSPI

India's economic trajectory has exhibited encouraging trends, marked by a robust growth trajectory. In the aftermath of the global pandemic, and amidst the geopolitical headwinds, India's Gross Domestic Product has consistently surpassed the 7% mark, reflecting resilience and recovery in the country's economy. These positive indicators underscore India's ability to navigate challenges and demonstrate sustained economic progress.

Core infra grows at 3.6 % in January 2024

The combined Index of Eight Core Industries (ICI) increased by 3.6 percent (provisional) in January 2024 as compared to the Index of January 2023. The production of Coal, Steel, Cement, Natural Gas, Electricity, and Crude Oil recorded positive growth in January 2024. The ICI measures the combined and individual performance of the production of eight core industries viz. Cement, Coal, Crude Oil, Electricity, Fertilizers, Natural Gas, Refinery Products and Steel. The Eight Core Industries comprise 40.27 percent of the weight of items included in the Index of Industrial Production (IIP).

The y-o-y growth rate of **Coal** Stands at 10.2%, **Crude oil** at 0.7%, **Natural Gas** at 5.5%, **Refinery Products** at -4.3%, **Fertilizers** at -0.6%, **Steel** at 7.0%, **Cement** at 5.6% and **Electricity** at 5.2% in January 2024 as the y-o-y growth rate of Coal Stands at 10.7%, Crude oil at -1.0%, Natural Gas at 6.6%, Refinery Products at 4.0%, Fertilizers at 5.8%, Steel at 7.6%, Cement at 3.8% and Electricity at 1.2% in December 2023.



Source: PHD Research Bureau, PHDCCI, compiled from the Ministry of Commerce and Industry.

Note: YoY is calculated over the corresponding month of the previous year.

*Provisional

The Fiscal Deficit stands at 63.6% of actuals to BEs of January 2024

The gross fiscal deficit of the Central Government stands at 63.6% of the actuals to budget estimates (BEs) in January 2024 as compared to 67.8% of the actuals to budget estimates in the corresponding period of the previous year. The primary deficit and revenue deficit stand at 41.3% and 49.4% respectively, of the actuals to revised estimates in January 2024 as compared to 55.5% and 61%, of the actuals to revised estimates in the corresponding period of the previous year.

GOVERNMENT OF INDIA UNION GOVERNMENT ACCOUNTS AT A GLANCE AS AT THE END OF JANUARY 2024

(Rs. in Crore)^{ee}

			Revised Estimates 2023- 2024*	Actuals@ upto January, 2024	% of Actuals to Revised Estimates

			Rs.	Rs.	Current	COPPY**
1	Revenue Receipts		2699713	2217909	82.2%	(81.7%)
2	Tax Revenue (Net)	(Details)	2323918	1879840	80.9%	(80.9%)
3	Non-Tax Revenue	(Details)	375795	338069	90.0%	(88.2%)
4	Non-Debt Capital Receipts	(Details)	56000	34219	61.1%	(68.5%)
5	Recovery of Loans		26000	21664	83.3%	(78.8%)
6	Other Receipts		30000	12555	41.9%	(64.5%)
7	Total Receipts (1+4)		2755713	2252128	81.7%	(81.3%)
8	Revenue Expenditure		3540931	2633543	74.4%	(75.1%)
9	<i>of which</i> Interest Payments		1055427	821731	77.9%	(78.5%)
10	Capital Expenditure		949555	721187	75.9%	(78.3%)
11	<i>of which</i> Loans disbursed		143194	96989	67.7%	(68.4%)

12	<u>Total Expenditure</u> (8+10)	<u>(Details)</u>	4490486	3354730	74.7%	(75.7%)
13	<u>Fiscal Deficit</u> (12-7)		1734773	1102602	63.6%	(67.8%)
14	<u>Revenue Deficit</u> (8-1)		841218	415634	49.4%	(61.0%)
15	<u>Primary Deficit</u> (13-9)		679346	280871	41.3%	(55.5%)

Note :- Fiscal deficit figure shown in monthly accounts during a financial year is not necessarily an indicator of fiscal deficit for the year as it gets impacted by temporal mismatch between flow of non-debt receipts and expenditure up to that month on account of various transitional factors both on receipt and expenditure side, which may get substantially offset by the end of the financial year.

*Financial Year runs from "April to March"

**COPPY : Corresponding Period of the Previous Year

@ Actuals are unaudited provisional figures.

@@ 1 Crore = 10 Millions

Details
AS AT THE END OF JANUARY 2024

**SOURCES OF FINANCING THE DEFICIT
AS AT THE END OF JANUARY 2024**

(Rs. in Crore) @@

	Revised Estimates 2023-2024	Actuals@ upto January, 2024	% of Actuals to Revised Estimates
--	-----------------------------------	-----------------------------------	--------------------------------------

		Rs.	Rs.	Current	COPPY**
1	External Financing	24831.63	32430.55	131%	(115%)
2	Domestic Financing	1709941.34	1070171.36	63%	(67%)
	(a) Market Borrowings	1181779.36	1006622.15	85%	(84%)
	(b) Securities against Small Savings	471316.93	238570.52	51%	(38%)
	(c) State Provident Funds	5200.00	-6579.28	-127%	(-34%)
	(d) Special Deposits	0.00	-18064.05		
	(e) National Small Saving Fund	7611.72	133957.35		
	- i- Savings Deposit and Certificates	329487.67	248399.16	75%	(65%)
	- ii- Public Provident Funds	107344.43	28557.06	27%	(32%)
	-iii- Investment In Securities	-433800.77	-213046.27	49%	(35%)
	- iv- Income/Expenditure of NSSF	4580.39	70047.40	1529%	(206%)
	(f) Others	70684.61	139509.88	197%	(73%)
	(g) Cash Balance {Decrease(+)/Increase(-)}	-26651.28	4989.79	-19%	(-154%)
	(h) Investment (-) / Redemption (+) of Surplus Cash		-380158.00		
	(i) Ways & Means Advances		-48677.00		

3	TOTAL FINANCING	1734772.97	1102601.91	64%	68%

**Financial Year runs from "April to March"*

***COPPY : Corresponding Period of the Previous Year*

@ Actuals are unaudited provisional figures.

@@ 1 Crore = 10 Millions

Details

AS AT THE END OF JANUARY 2024

MAJOR SUBSIDIES AS AT THE END OF JANUARY 2024

(Rs in Crore) @@

		Revised Estimates 2023- 2024*	Actuals@ upto January, 2024	COPPY	% of Actuals to Revised Estimates	
		Rs.	Rs.	Rs.	Current	COPPY**
1	Food Subsidy	212332.00	148139.70	191232.03	70%	(67%)

2	Nutrient Based Fertilizers Subsidy	60300.00	59561.42	65117.09	99%	(92%)
3	Urea Subsidy	128593.80	105987.42	141488.42	82%	(92%)
4	Petroleum	12240.00	1870.22	1562.00	15%	(17%)
	Total Major Subsidies	413465.80	315558.76	399399.54	76%	(77%)

**Financial Year runs from "April to March"*

***COPPY : Corresponding Period of the Previous Year*

@ Actuals are unaudited provisional figures.

@@ 1 Crore = 10 Millions

Gross Bank Credit grows at 16.1% in January 2024

Gross bank credit growth (year-on-year) stands at 16.1% in January 2024 as compared to 16.3% in January 2023. Gross bank credit y-o-y growth stood at 15.6% in December 2023. Y-o-Y credit growth in January 2024 is registered in the Agriculture and allied activities sector of the economy.

Highlights

- Credit growth to agriculture and allied activities improved to 20.1 percent (y-o-y) in January 2024 from 14.4 percent a year ago.
- Credit to industry grew by 7.8 per cent (y-o-y) in January 2024 as compared with 8.7 per cent in January 2023.
- Credit to the services sector grew by 20.7 per cent (y-o-y) in January 2024 (21.4 percent a year ago). Among major contributors, growth in credit (y-o-y) to 'trade' improved while that to 'non-banking financial companies (NBFCs)' decelerated in January 2024 compared to January 2023.
- Personal loans growth moderated to 18.4 per cent (y-o-y) in January 2024 (20.7 percent a year ago) due to decelerated growth in vehicle and other personal loans.

The document can be accessed by clicking on the following link.

<https://rbidocs.rbi.org.in/rdocs/PressRelease/PDFs/PR19688EFAD5A00295418EBBB981FCE036A870.PDF>

Recent Cabinet Approvals- February 2024

1. Cabinet approves establishment of International Big Cat Alliance (IBCA): The Union Cabinet chaired by Prime Minister Shri Narendra Modi approved the establishment of International Big Cat Alliance (IBCA) with headquarters in India with a one-time budgetary support of Rs.150 crore for a period of five years from 2023-24 to 2027-28. The Alliance ensures sustainable use of natural resources and mitigates challenges emanating from climate change. By safeguarding big cats and their habitats, the IBCA contributes to natural climate adaptation, water and food security and well-being of thousands of communities reliant on these ecosystems. IBCA would instill cooperation among countries for mutual benefit and immensely contribute in furthering the long term conservation agenda.

<https://pib.gov.in/PressReleasePage.aspx?PRID=2010122>

2. Cabinet approves creation of post of Director of National Institute of One Health, Nagpur at the level of scientist 'H' (pay level-15) to spearhead National One Health Mission for integrated disease control and pandemic preparedness: The creation of one post of Director of National Institute of One Health at the level of Scientist 'H' in the pay level 15 (Rs.1,82,000 - Rs.2,24,100) will have the annual financial implications of approx. Rs.35.59 lakhs. The National One Health Mission will help India to achieve integrated disease control and pandemic preparedness by institutionalizing the One Health approach. It will also leverage the ongoing/planned programs of different Ministries/Departments by fostering collaborations to address health of humans, animals, plants and environment holistically and in a sustainable manner.

<https://pib.gov.in/PressReleasePage.aspx?PRID=2010136>

3. Giant leap for India Semiconductor Mission: Cabinet approves three more semiconductor units: The establishment of three semiconductor units under 'Development of Semiconductors and Display Manufacturing Ecosystems in India' will start construction within next 100 days. India already has deep capabilities in chip design. With these units, our country will develop capabilities in chip fabrication. Advanced packaging technologies will be indigenously developed in India with today's announcement. These units will generate direct employment of 20 thousand advanced technology jobs and about 60 thousand indirect jobs.

<https://pib.gov.in/PressReleasePage.aspx?PRID=2010132>

4. Cabinet approves PM-Surya Ghar: Muft Bijli Yojana for installing rooftop solar in One Crore households: The Government has launched a massive campaign since the launch of the scheme for raising awareness and generating applications from interested households. Households can register themselves on <https://pmsuryaghar.gov.in> to avail benefits under the scheme. The proposed scheme is estimated that the scheme will create around 17 lakh direct jobs in manufacturing, logistics, supply chain, sales, installation, O&M and other services.

<https://pib.gov.in/PressReleasePage.aspx?PRID=2010130>

5. Cabinet approves Nutrient Based Subsidy (NBS) rates for KHARIF Season, 2024 (from 01.04.2024 to 30.09.2024) on Phosphatic and Potassic (P&K) fertilizers and Inclusion of 3 new Fertilizer grades under NBS scheme: The subsidy on P&K fertilizers will be provided based on approved rates for Kharif 2024 (applicable from 01.04.2024 to 30.09.2024) to ensure smooth availability of these fertilizers to the farmers at affordable prices. Availability of fertilizers to farmers at subsidized, affordable and reasonable prices will be ensured. Inclusion of three new grades in NBS will support in promoting balanced soil health and offer alternatives to the farmers to choose fertilizers fortified with micronutrients as per the soil requirement.

<https://pib.gov.in/PressReleasePage.aspx?PRID=2010125>

6. Cabinet approves royalty rates for mining of 12 critical and strategic minerals - Beryllium, Cadmium, Cobalt, Gallium, Indium, Rhenium, Selenium, Tantalum, Tellurium, Titanium, Tungsten, and Vanadium: The approval of the Union Cabinet for specification of rate of royalty will enable the Central Government to auction blocks for these 12 minerals for the first time in the country. Royalty rate on minerals is an important financial consideration for the bidders in auction of blocks. Further, a method for calculation of average sale price (ASP) of these minerals has also been prepared by the Ministry of Mines which will enable determination of bid parameters.

<https://pib.gov.in/PressReleasePage.aspx?PRID=2010126>

Please contact, for any query related to this mail, Dr. Mansi Vainik, Economist|Deputy Secretary, at mansi.vainik@phdcci.in, Ms Reema Jain, Research Officer at reema.jain@phdcci.in, and Ms. Nishika Chauhan, Research Associate at nishika.chauhan@phdcci.in, and Ms. Mansi Nautiyal, Research Associate at mansi.nautiyal@phdcci.in, with a cc to Dr S P Sharma, Chief Economist| DSG at spsharma@phdcci.in, PHD Chamber of Commerce & Industry.

Warm Regards,

Dr SP Sharma

Chief Economist | DSG

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

Follow us on





"Voice of Industry & Trade"



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

Connect with us:

