

Macro Insights

01 September 2022

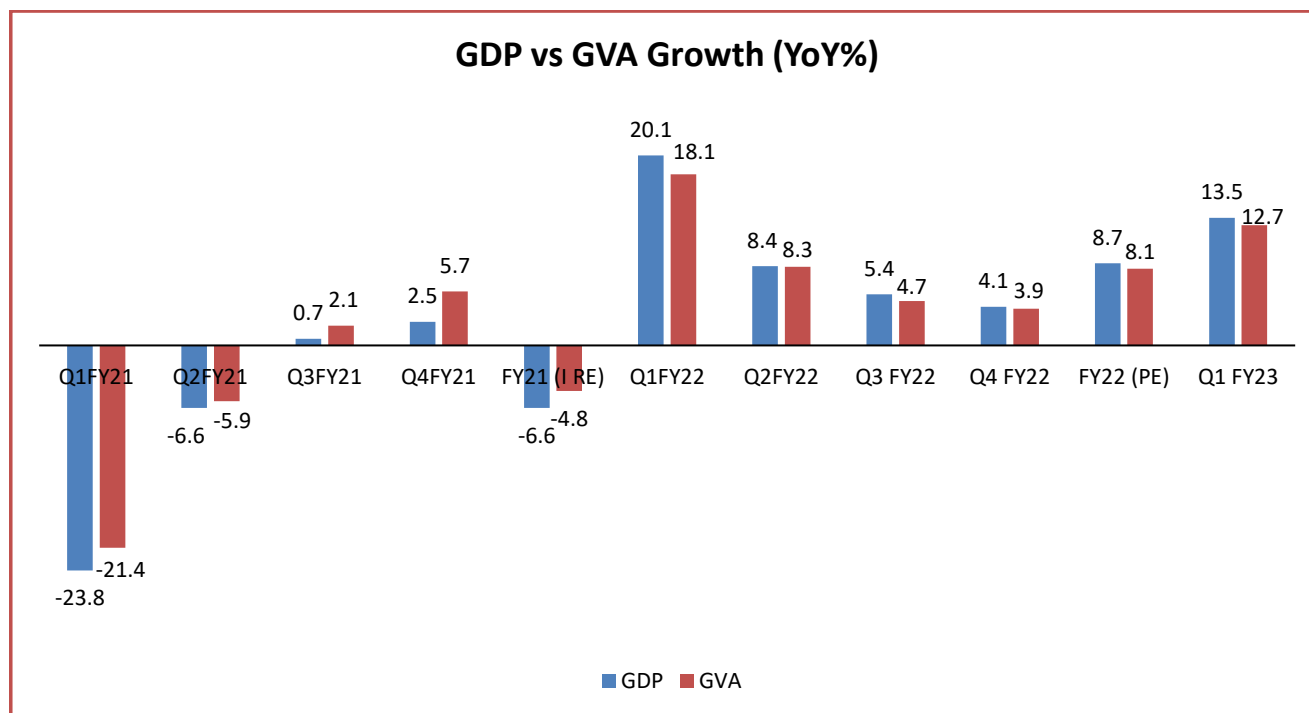
GDP Overview -

Gross Domestic Product (GDP) for Q1 FY23 grew by 13.5% as compared to a growth of 4.1% in the previous quarter (Q4 FY22) and a growth of 20.1% in Q1 FY22. Also, Real **Gross Value Added (GVA)** at basic prices (which captures what accrues to the producer/service provider before a product or service is sold) **in Q1 FY23 grew by 12.7%** in comparison to a growth of 3.9% in Q4 FY22 and a growth of 18.1% in Q1 FY22.

👉 GDP for Q1 FY'23 grew by 13.5%

👉 Q1 FY'23, GVA grew by 12.7%

👉 The economy will likely see slower growth in the coming few quarters, due to a waning of the base effect. However, the investment on the part of the government is expected to drive growth northwards in the coming months

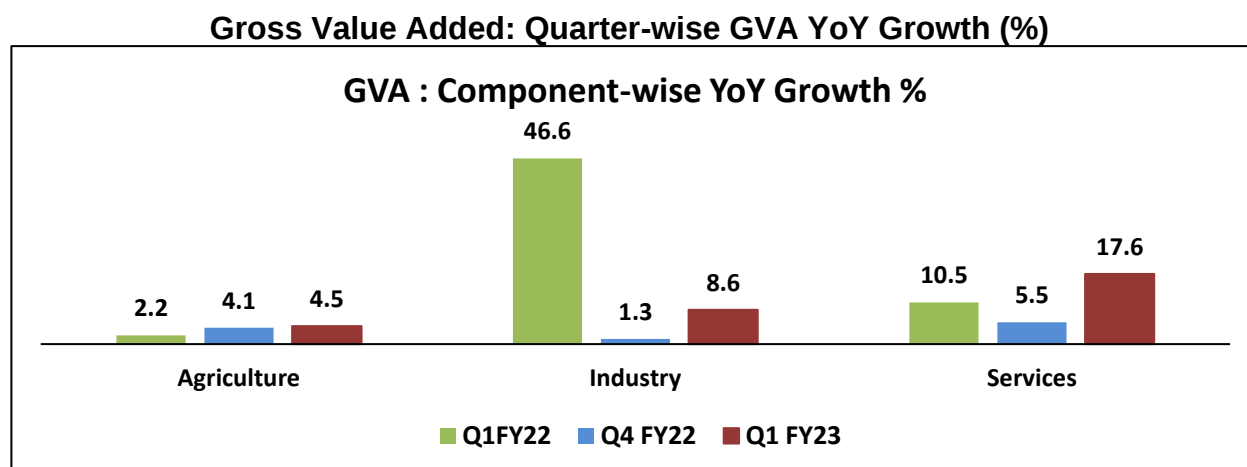


Components of GDP

- Private final consumption expenditure, denoting demand in the economy, registered a YoY growth of 25.9% in Q1 FY23 with the share in GDP increasing from 54.0% in Q1 FY22 to 59.9% in Q1 FY23.
- Government consumption showed a weak growth of 1.3% in Q1 FY23 against a contraction of 4.8% in the corresponding period of the previous fiscal.
- Expansion in the Gross fixed capital formation was only by 20.1% YoY in Q1 FY23, compared to its growth of 62.5% last year.
- YoY growth of Exports and Imports in Q1 FY23 have been less compared to the growth in Q1 FY22.

(Details in Annexure, Table 1)

Components of GVA



- The GVA growth in the farm sector was 4.5% in the first quarter of FY23 compared to 2.2% a year ago.
- The growth in the Industry sector has decelerated sharply to 8.6% in Q1 FY23 from 46.6% during the year ago period. The Manufacturing industry, a major part of the industry sector, has shown similar pattern for the mentioned period, decelerating from 49.0% to 4.8%.
- The growth in the Construction industry also contracted to 16.8% in the quarter from 71.3% last year.
- The electricity, gas, water supply and other utility services segment grew by 14.7% in the quarter compared to 13.8% a year ago.
- The services sector posted a growth of 17.6% in Q1 FY23, against a growth of 10.5% in Q1 FY22.
- Trade, hotel, transport, communication & services related to broadcasting grew by 25.7% in Q1 FY23.
- Public administration, defence and other services registered 26.3% growth against 6.2% in the first quarter of last fiscal.

(Details in Annexure, Table 2)

Key Highlights

- The Indian economy grew by 13.5 per cent in the first quarter of FY23, the fastest in the last four quarter, mainly due to the base effect.
- India remained the fastest-growing major economy as China registered a growth of 0.4 per cent in the April-June quarter.
- However, the registered growth rate is lower than the projected rate of 16.2 per cent by the Monetary Policy Committee. Given the effects of second wave and economic situation in the country during the base quarter, that is Q1 FY22, the growth rate in Q1 FY23 was expected to be much higher.
- Looking at the positive sides, the growth in gross value added (GVA) in agriculture was the sharpest in nine quarters at 4.5 per cent.
- Private consumption is improving, with urban demand getting support from contact-intensive services, even though the higher inflation levels acted as a barrier to further growth of private consumption.
- Going forward, the economy will likely see slower growth in the coming few quarters, due to a waning of the base effect. However, the investment on the part of the government is expected to drive growth northwards in the coming months. In addition to it, cooling off the prices of commodities and energy is also likely to play key role in improving the GDP numbers.
- The Reserve Bank of India (RBI) has projected to grow by 6.2 per cent in the second quarter which is to get moderate to 4.1 per cent in the October to December quarter, and 4 per cent in the period from January to March 2023.

ANNEXURE**Table-1: GDP (at Constant Prices) for Q1 FY23 (Apr - Jun)**

Item	Expenditures of Gross Domestic Product (Rs Cr)		Share in GDP (%)		% YoY Growth		
	Q1 2021-22	Q1 2022-23	Q1 2021-22	Q1 2022-23	Q1 2020-21	Q1 2021-22	Q1 2022-23
Private Final Consumption Expenditure (PFCE)	1753400	2207981	54.0	59.9	-23.7%	14.4%	25.9%
Government Final Consumption Expenditure (GFCE)	408789	414210	12.6	11.2	13.6%	-4.8%	1.3%
Gross Fixed Capital Formation (GFCF)	1063543	1277806	32.8	34.7	-45.3%	62.5%	20.1%
Change in Stocks	43907	36262	1.4	1.0	-107.4%	-2300.9%	-17.4%
Valuables	23329	34839	0.7	0.9	-91.4%	515.5%	49.3%
Exports	737146	845323	22.7	22.9	-25.5%	40.8%	14.7%
(Less) Imports	833455	1143736	25.7	31.0	-41.1%	61.1%	37.2%
Discrepancies	49775	12439	1.5	0.3	17.0%	-37.6%	-75.0%
GDP	3246434	3685124	100.0	100.0	-23.8%	20.1%	13.5%

Table-2: Real GVA at basic prices for Q1 FY23 (Apr - Jun)

SN	Industry	Gross Value Added (Rs Cr)		Growth (%)		
		Q1 2021-22	Q1 2022-23	Q1 2020-21	Q1 2021-22	Q1 2022-23
1	Agriculture, Forestry & Fishing	472258	493325	3.0%	2.2%	4.5%
	Agriculture	472258	493325	3.0%	2.2%	4.5%
2	Mining & Quarrying	80243	85423	-17.8%	18.0%	6.5%
3	Manufacturing	577249	605104	-31.5%	49.0%	4.8%
4	Electricity, Gas, Water Supply & Other Utility Services	77297	88640	-14.8%	13.8%	14.7%
5	Construction	225166	262918	-49.4%	71.3%	16.8%
	Industry	959955	1042085	-33.7%	46.6%	8.6%
6	Trade, Hotel, Transport, Communication & Services related to broadcasting	445454	559723	-49.9%	34.3%	25.7%
7	Financial, Insurance, Real Estate & Professional Services	805847	880313	-1.1%	2.3%	9.2%
8	Public Administration, Defence & Other Services	369150	466380	-11.4%	6.2%	26.3%
	Services	1620451	1906416	-20.8%	10.5%	17.6%
	GVA at Basic Price	3052664	3441826	-21.4%	18.1%	12.7%

*GVA + taxes on products - subsidies on products = GDP

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