

# ANNUAL GDP

**ADVANCE  
ESTIMATES**



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**February 07, 2013**

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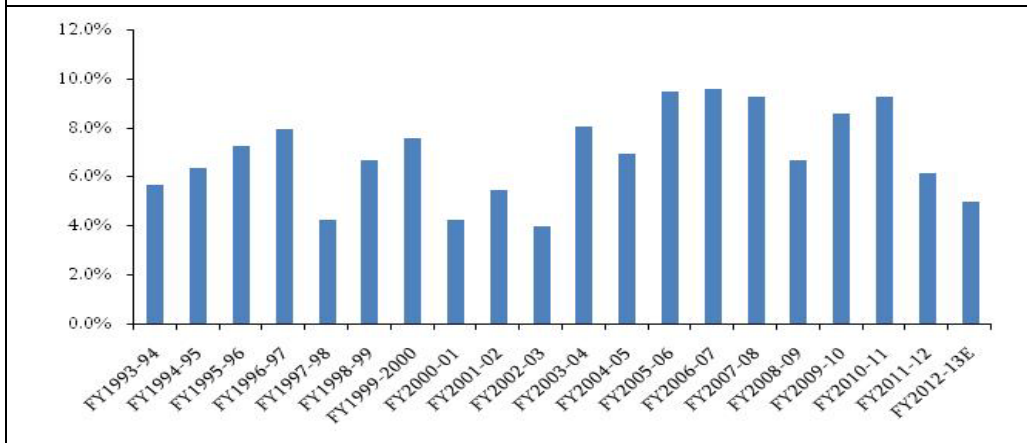
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India's GDP is expected to grow by 5.0 percent YoY in FY2012-13 against 6.2 percent YoY in FY2011-12.

During the current financial year, Indian economy is expected to grow by its slowest pace since FY2002-03. According to Central Statistical Organization's (CSO) estimates, Asia's third-largest economy is likely to grow by 5.0 percent YoY for the year ending March 31<sup>st</sup>, 2013 against 6.2 percent YoY last year. In FY2002-03, GDP had grown at 4.0 percent YoY rate. Since then the Indian economy has been expanding at over 6 percent YoY rate, the highest rate being 9.6 percent YoY in FY2006-07. In absolute terms, at constant prices, GDP for FY2012-13 is likely to attain a level of INR55,034,760 million compared with INR52,435,820 million in FY2011-12. GDP at current prices for the year FY2012-13 is likely to be at INR94,619,790 million, witnessing a growth rate of 13.3 percent over the GDP for the year FY2011-12 of INR83,534,950 million.

Today's estimate by CSO is drastically lower than what has been projected so far by the Government, Reserve Bank of India (RBI) and International Monetary Fund (IMF). In its Mid-Year Economic Review, the Government had estimated growth ranging from 5.7-5.9 percent YoY. The current estimate is also sharply lower than the 7.6 percent YoY growth projection made by the Government in Budget. RBI in its Third-Quarter Monetary Policy review, for FY2012-13, predicted 5.5 percent YoY growth for FY2012-13. The National Council for Applied Economic Research (NCAER) forecasted a GDP growth of 5.6 percent YoY for FY2012-13. IMF estimated 5.4 percent YoY growth for India for the current financial year.

**Exhibit 1: GDP Growth Trend**



Source: Bloomberg

**Outlook:** The latest estimate of 5.0 percent YoY growth for the entire fiscal means the pace of economic expansion has slowed sharply in the second half of FY2012-13 to as low as 4.7 percent YoY, given that GDP growth in the April-September period stood at 5.4 percent YoY. The main reasons for this considerable downturn in growth are slowdown in Services sector, particularly in Trade, Hotels, Transport and Communication category and also in the Construction sector which is estimated to slow sharply in the second half. Despite of that, we expect this Advance Estimate is likely to be revised upwards and end up closer to RBI's estimate of 5.5 percent YoY growth.

### *Agriculture*

The agriculture, forestry and fishing sector is likely to show a growth rate of 1.8 percent YoY in its GDP during FY2012-13 against the previous year's growth rate of 3.6 percent YoY. According to the Department of Agriculture and Cooperation (DAC), production of foodgrains is expected to decline by 2.8 percent YoY as compared to growth of 5.2 percent YoY in the previous agriculture year. The production of cotton and sugarcane is also expected to decline by 4.0 percent YoY and 6.5 percent YoY, respectively, in FY2012-13. Among the horticultural crops, production of fruits and vegetables is expected to increase by 3.5 percent YoY during FY2012-13 against 5.1 percent YoY in the previous year.

### *Industry*

The Manufacturing sector is likely to show a growth of 1.9 percent YoY in GDP during FY2012-13. The Mining sector is likely to show a growth of 0.4 percent YoY in FY2012-13 against a negative growth of 0.6 percent YoY during FY2011-12. The Construction sector is likely to show a growth rate of 5.9 percent YoY during FY2012-13 against growth of 5.6 percent YoY in the previous year. The key indicators of Construction sector, namely, cement production and steel consumption have registered growth rates of 6.1 percent YoY and 3.9 percent YoY, respectively during April-December, FY2012-13.

### *Services*

The estimated growth in GDP for the Trade, Hotels, Transport and Communication sectors during FY2012-13 is placed at 5.2 percent YoY against growth of 7.0 percent YoY in the previous year. This is mainly on account of decline of 3.4 percent YoY and 4.8 percent YoY respectively in passengers and cargo handled in civil aviation and decline of 3.1 percent YoY in cargo handled at major sea ports during April-November, FY2012-13. There has been an increase of 4.3 percent YoY in stock of telephone connections as on November 2012. The sales of commercial vehicles witnessed an increase of 0.74 percent YoY in April-December 2012. The sector, Financing, Insurance, Real Estate and Business Services, is expected to show a growth rate of 8.6 percent YoY during FY2012-13, on account of 11.1 percent YoY growth in aggregate deposits and 15.2 percent YoY growth in bank credit as on December 2012 (against the respective growth rates of 17.2 percent YoY and 16.0 percent YoY in the corresponding period of previous year). The growth rate of Community, Social and Personal Services during FY2012-13 is estimated to be at 6.8 percent YoY.

### *Per Capita Income*

The per capita income at current prices during FY2012-13 is estimated to be at INR68,747 as compared to INR61,564 during FY2011-12, showing a rise of 11.7 percent.

### **Exhibit2: Percentage Trend in GDP Growth**

Particular	FY12-13	FY11-12
<b>GDP</b>	<b>5.0</b>	<b>6.2</b>
Agriculture	1.8	3.6
Mining	0.4	-0.6
Manufacturing	1.9	2.7
Electricity	4.9	6.5
Construction	5.9	5.6
Trade,Hotels,Transport and Communication	5.2	7.0
Financing,Ins,Real Est and Bus Services	8.6	11.7
Community, Social and Personal Services	6.8	6.0

Source: Bloomberg

- Investment Banking
- Equity, Commodity & Currency Broking
- Wealth Management
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