

# GDP | QUARTERLY



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November 30, 2012

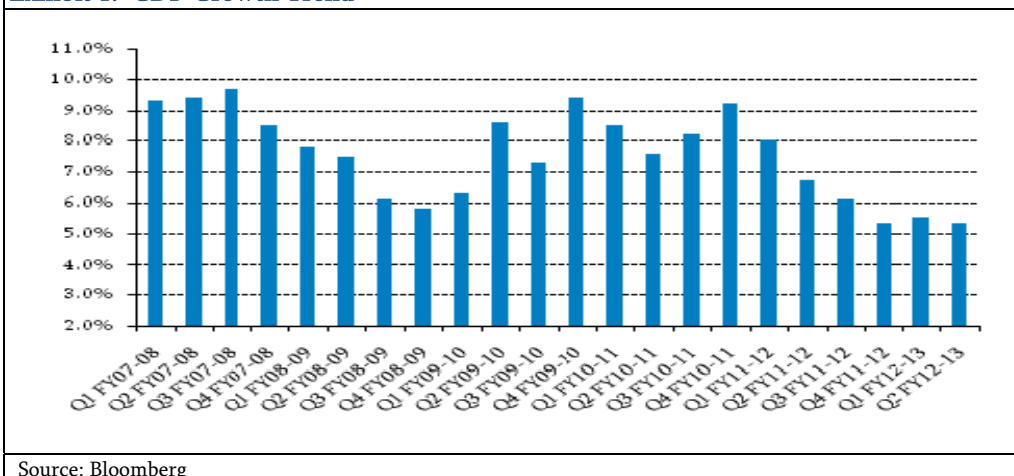
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India's GDP grew at the rate of 5.3 percent in Q2 of FY2012-13 from a year earlier, after expanding by 5.5 percent YoY in Q1 of FY2012-13.

India's Gross Domestic Product (GDP) grew by 5.3 percent in Q2 (July-September) of FY2012-13 from a year earlier against 5.5 percent last quarter. GDP growth was 6.7 percent YoY during the same quarter of last year. The decline in GDP was blamed on lower Manufacturing and Agriculture sectors. Manufacturing in Q2 of FY2012-13 grew 0.8 percent YoY compared to 2.9 percent YoY in the same period of the previous year. Agriculture grew 1.2 percent YoY against 3.1 percent YoY in the same period of the previous year. In absolute terms, at constant (2004-2005) prices, GDP for Q2 of FY2012-13 stood at INR12,93,922 crore vis-à-vis INR12,28,982 crore during the same quarter of FY2011-12. In current prices, GDP was calculated at 21,83,794 crore against INR19,23,173 crore in Q2 of FY2011-12, showing a growth of 13.6 percent. Growth number on the expenditure side looks even more dismal and stood at 2.8 percent. Growth in the first six months of this fiscal year stood at 5.4 percent YoY, down from 7.3 percent in the year-ago period.

**Exhibit 1: GDP Growth Trend**

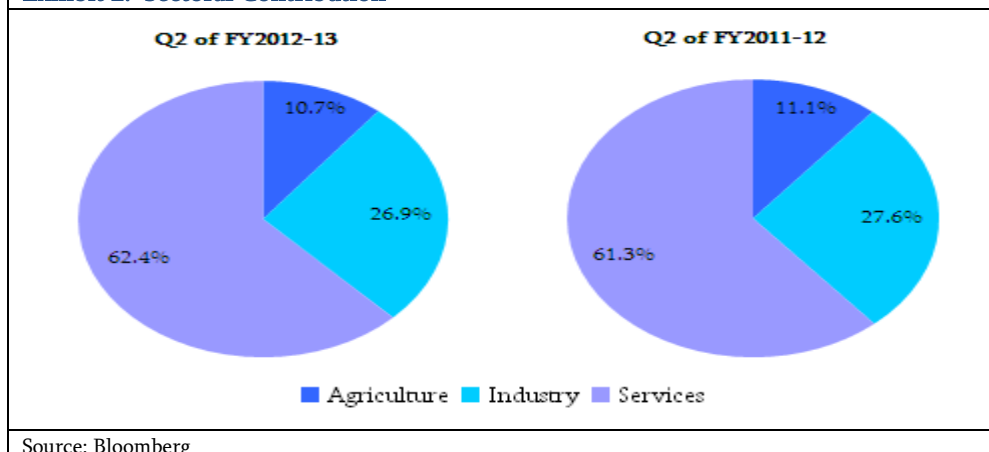


**Outlook:** Today's number suggests that growth momentum is still weak. Some improvement is likely to witness from here, though not a very strong improvement. For the entire FY2012-13, we expect GDP to grow by 5.5-5.7 percent level. On the policy front, today's number is unlikely to change RBI's views on interest rate cut as it will still be driven by the inflation trajectory.

## Sectoral Contribution to GDP growth

Service sector contributed more than 60 percent of India's overall GDP. The sector contributed 62.4 percent to total GDP in Q2 of FY2012-13 against 61.3 percent in the same quarter of last year. Industry contributed 26.9 percent lower than 27.6 percent reported in Q2 of FY2011-12. Agricultural sector contributed only 10.7 percent to total GDP against 11.1 percent in the same quarter of last year. Among the Service Sectors, Trade, Hotels, Transport and Communication contributed 28.6 percent. Financing, Insurance, Real Estate and Business Services contributed 19.4 percent and Community, Social and Personal services contributed 14.4 percent. Among the Industry sectors, Manufacturing sector contributed 15.0 percent, Construction contributed 8.0 percent, Mining and Electricity contributed 1.9 percent and 2.0 percent, respectively.

**Exhibit 2: Sectoral Contribution**



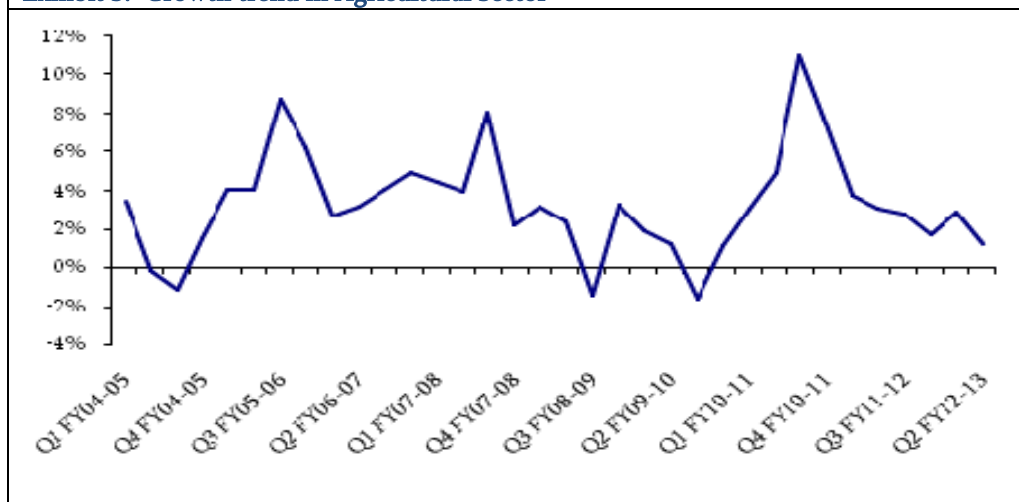
Source: Bloomberg

## Agricultural Sector

Agricultural sector grew by 1.2 percent YoY in Q2 of FY2012-13 vis-à-vis a growth of 2.9 percent YoY in Q1 of FY2012-13.

Agricultural sector registered a growth of 1.2 percent in the quarter ended September 2012 against 2.9 percent in its previous quarter. Growth in Agricultural sector was 3.1 percent in Q2 of FY2011-12. According to the First Advance Estimates of Production of Foodgrains, Oilseeds and other Commercial Crops for 2012-13, production of rice, coarse cereals, pulses and oilseeds are expected to decline by 6.5 percent, 18.4 percent, 14.5 percent and 9.6 percent respectively during the Kharif season of 2012-13 against the production of these crops in the Kharif season of 2011-12.

**Exhibit 3: Growth trend in Agricultural Sector**



Source: Bloomberg

## Industry

Production of Manufacturing sector remained flat for the fourth consecutive quarter. The sector grew by 0.8 percent YoY in Q2 of FY2012-13 vis-à-vis 0.2 percent YoY in the previous quarter and 2.9 percent YoY in Q2 of last year.

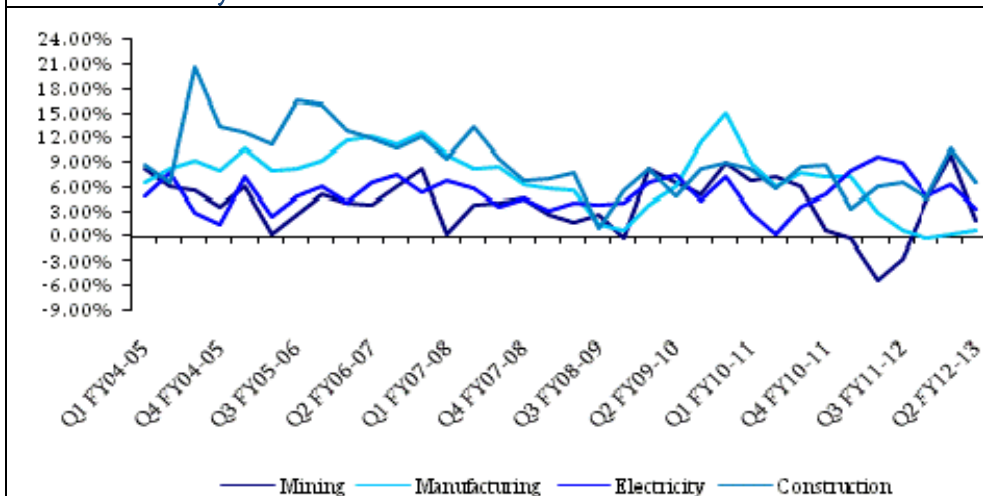
Other than that, Mining sectors registered a growth of 1.9 percent YoY against a marginal growth of 0.1 percent YoY registered in Q4 of FY2011-12. Production of the sector declined by -5.4 percent during the same quarter of last year.

Electricity production grew by 3.4 percent YoY compared with the growth rates of 6.3 percent YoY in Q1 of FY2011-12 and 9.8 percent YoY in the same quarter of last year.

Growth in Construction sector came in at 6.7 percent YoY during Q2 against 10.9 percent YoY in Q1 of FY2012-13. Cement despatches numbers for the quarter have been fairly decent as it received support from delayed monsoon. Cement and finished steel registered growth rates of 5.1 percent YoY and 2.3 percent YoY, respectively. Growth rate in Construction sector was 6.3 percent YoY in Q2 of last year.

Manufacturing production grew by 0.8 percent YoY in Q2 of FY2012-13 vis-à-vis 0.2 percent YoY registered in Q1 of FY2012-13.

**Exhibit 4: Industry Growth Trends**



Source: Bloomberg

## Services

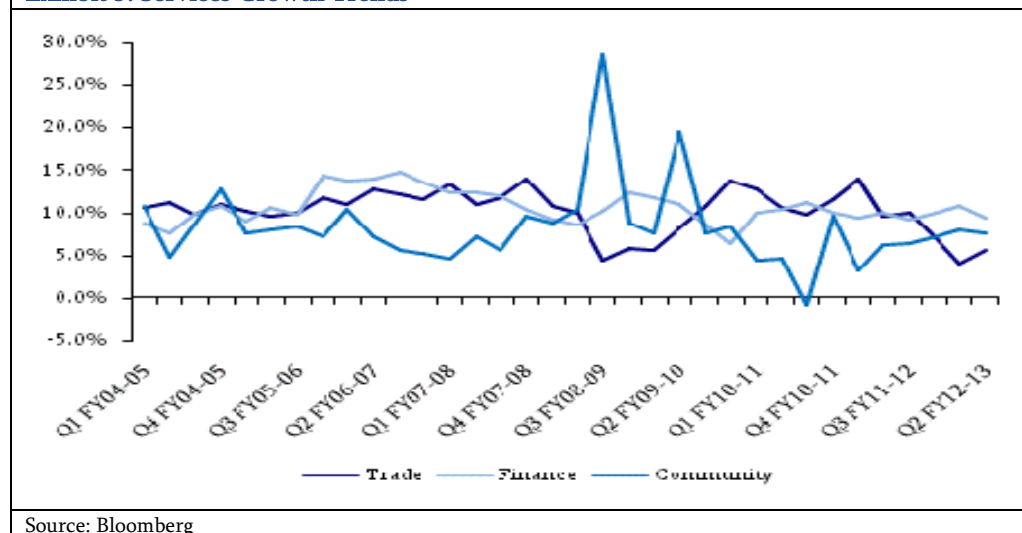
In Services sector growth rate of Trade, Hotels, Transport and Communication came in at 5.5 percent YoY compared with 4.0 percent YoY in Q1 of FY2012-13 and 9.5 percent in Q2 of FY2011-12. Among the sectors, the key indicators of railways, namely, the net tonne kilometers and passenger kilometers have shown growth rates of 1.4 percent YoY and 1.8 percent YoY, respectively in Q2 of FY2012-13. Sale of commercial vehicles, cargo handled at major ports, cargo handled by the civil aviation and passengers handled by the civil aviation registered growth rates of 1.6 percent YoY, -0.9 percent YoY, -5.2 percent YoY, -6.3 percent YoY, respectively in Q2 of 2012-13.

Trade, Hotels, Transport and Communication grew by 5.5 percent YoY during Q2 of FY2012-13 compared with 4.0 percent YoY in Q1 of FY2012-13.

Financing, Insurance, Real Estate and Business Services grew by 9.4 percent YoY during the quarter against 10.8 percent YoY in the previous quarter and 9.9 percent YoY in the same quarter of last year. Key indicators, namely, aggregate bank deposits, and bank credits have shown growth rates of 17.5 percent YoY and 15.7 percent YoY respectively, during the quarter.

Community, Social and Personal services grew by 7.5 percent YoY vis-à-vis a growth of 7.9 percent and 6.1 percent YoY in Q1 of FY2012-13 and Q2 of FY2011-12, respectively.

**Exhibit 5: Services Growth Trends**



Source: Bloomberg

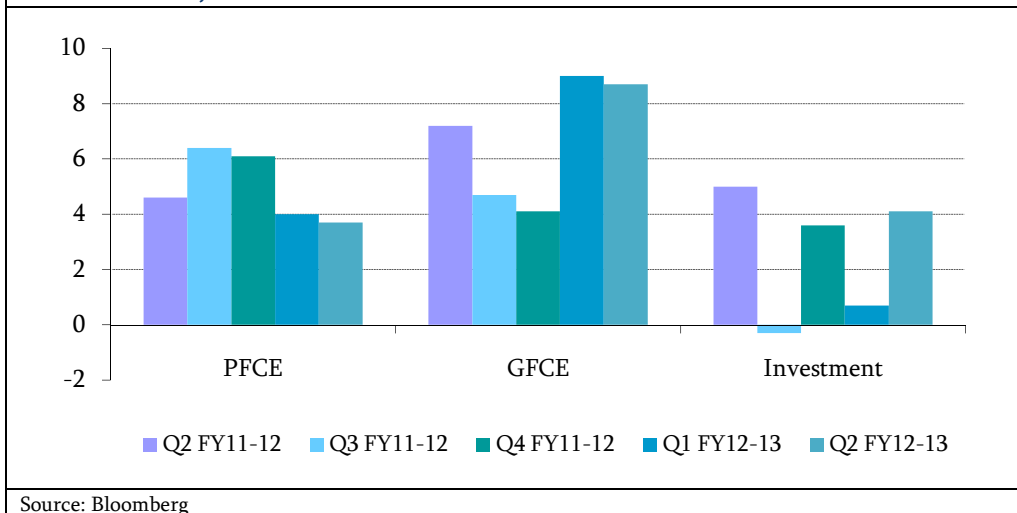
**Exhibit6: Percentage Trend in GDP Growth**

Particular	FY12-13	FY12-13	FY11-12	FY11-12	FY11-12
	Q2	Q1	Q4	Q3	Q2
<b>GDP</b>	<b>5.3</b>	<b>5.5</b>	<b>5.3</b>	<b>6.1</b>	<b>6.7</b>
Agriculture	1.2	2.9	1.7	2.8	3.1
Mining	1.9	0.1	4.3	-2.8	-5.4
Manufacturing	0.8	0.2	-0.3	0.6	2.9
Electricity	3.4	6.3	4.9	9.0	9.8
Construction	6.7	10.9	4.8	6.6	6.3
Trade,Hotels,Transport and Communication	5.5	4.0	7.0	10.0	9.5
Financing,Ins,Real Est and Bus Services	9.4	10.8	10.0	9.1	9.9
Community, Social and Personal Services	7.5	7.9	7.1	6.4	6.1

Source: Bloomberg

## GDP Growth by Expenditure

On the expenditure side, India's GDP grew by only 2.8 percent YoY in Q2 of FY2012-13. Investment is still the biggest problem. Gross Fixed Capital Formation (Fixed Investment) registered a growth of 4.1 percent YoY. Private Consumption also hit the lowest in seven years. Private Final Consumption Expenditure grew by only 3.7 percent YoY in Q2 of FY2012-13 against 4.0 percent YoY in Q1 of FY2012-13.

**Exhibit 7: PFCE, GFCE & Investment Growth Trend**

**Exhibit8: Percentage Trend in GDP Growth by Expenditure (at market prices)**

Particular	FY12-13	FY12-13	FY11-12	FY11-12	FY11-12
	Q2	Q1	Q4	Q3	Q2
<b>GDP at market prices</b>	<b>2.8</b>	<b>3.9</b>	<b>5.6</b>	<b>6.2</b>	<b>6.9</b>
Private Final Consumption Expenditure (PFCE)	3.7	4.0	6.1	6.4	4.6
Government Final Consumption Expenditure (GFCE)	8.7	9.0	4.1	4.7	7.2
Gross Fixed Capital Formation (GFCF)	4.1	0.7	3.6	-0.3	5.0

Source: Bloomberg



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