



## GROSS DOMESTIC PRODUCT

**Q3 FY2023 GDP growth of 4.4% trailed our expectations; NSO's 7.0% forecast for FY2023 implies step up to 5.1% growth in Q4 FY2023**

**February 2023**

Aditi Nayar  
+91 124 4545 385  
aditin@icraindia.com

Rahul Agrawal  
+91 22 6114 3425  
rahul.agrawal@icraindia.com

Aarzoo Pahwa  
+91 124 4545 835  
aarzoo.pahwa@icraindia.com

Tiasha Chakraborty  
+91 124 4545 848  
tiasha.chakraborty@icraindia.com

Anusha Jindal  
+91 124 4545 399  
anusha.jindal@icraindia.com



## HIGHLIGHTS



### Click to Provide Feedback

*YoY growth in GDP eased to lower-than-anticipated 4.4% in Q3 FY2023; growth over pre-Covid improved considerably relative to Q2 FY2023*

*GVA growth moderated to 4.6% in Q3 FY2023, mainly driven by a base-effect led dip in services, even as it posted the highest sectoral expansion*

*NSO retained FY2023 GDP at 7.0% in its SAE; this implies an improved GDP growth of 5.1% in Q4 FY2023, higher than our forecast*

*ICRA expects real GDP growth to moderate to ~6% in FY2024; sub-par South-West monsoon and weak external demand pose key risks*

India's year-on-year (YoY) GDP growth slid to a weaker-than-expected three-quarter low of 4.4% in Q3 FY2023 (ICRA exp: +5.1%) from 6.3% in Q2 FY2023, as per the data released by the National Statistical Office (NSO). Moreover, it printed lower than the GVA expansion of 4.6% for that quarter (ICRA exp: +4.9%), amidst a seven-quarter low growth in net indirect taxes. The latter has been dampened by the surge in the Government of India's subsidy outgo, especially for fertilisers. Compared to pre-Covid levels of FY2020, GDP growth rose quite appreciably to 11.6% in Q3 FY2023 from 9.4% in Q2 FY2023, indicating an improved albeit uneven recovery. On an upwardly revised estimate for FY2022, the forecast for GDP expansion in FY2023 has been retained at 7.0% in the second advance estimates (SAE), in line with what was published in January 2023. This implies a YoY growth of 5.1% in Q4 FY2023, a step up from the disappointing Q3 print.

- YoY GDP expansion eased to weaker-than-expected 4.4%, trailing ICRA's forecast:** As per the initial data published by the NSO, India's real GDP growth decelerated to 4.4% in YoY terms in Q3 FY2023 (ICRA's exp.: +5.1%) from 6.3% in Q2 FY2023, led by a moderation in YoY growth of private final consumption expenditure (PFCE: to +2.1% in Q3 FY2023 from +8.8% in Q2 FY2023) and gross fixed capital formation (GFCF: to +8.3% from +9.7%), amidst a larger drag displayed by net exports in the quarter. However, the YoY contraction in government final consumption expenditure (GFCE) narrowed to 0.8% in Q3 FY2023 from 4.1% in the previous quarter. Encouragingly, the performance relative to the respective pre-Covid levels of FY2020 improved markedly in Q3 FY2023 (+11.6%), relative to Q2 FY2023 (+9.4%), indicating an improved albeit uneven recovery.
- GVA growth pegged at 4.6% in Q3 FY2023:** The NSO has pegged the GVA growth in Q3 FY2023 at 4.6% (ICRA's exp.: +4.9%), moderating from the 5.5% seen in Q2 FY2023. This was mainly led by a deterioration in the services sector (to +6.2% from +9.4%), even as industry (to +2.4% from -0.4%) and agriculture, forestry and fishing (to +3.7% from +2.4%) recorded an improvement. However, the services sector continued to be the best performing sector, with the YoY growth exceeding that seen in agriculture and industry. Additionally, GVA at basic prices exceeded the pre-Covid level by a healthy 12.7% in Q3 FY2023 (+9.5% in Q2 FY2023).
- Implicit rise in GDP projected at 5.1% in Q4 FY2023:** The NSO's SAE for the FY2023 GDP growth is unchanged at 7.0% in line with the first advance estimates (FAE), despite a downward revision in the growth of PFCE, GFCE, GFCF and exports, which is partly explained by the revision for FY2022 as well as a change in discrepancies. Consequently, the NSO has implicitly projected an expansion of 5.1% in Q4 FY2023, which is slightly higher than ICRA's projections of 4.5-5.0% YoY growth in Q4 FY2023.
- GDP growth to slow to ~6% in FY2024:** ICRA expects India's GDP growth to moderate to ~6% in FY2024. However, expectations around a potential return of the El Nino phenomenon around the summer season could lead to a sub-par South-West monsoon in 2023, and hurt the prospects of crop production and rural demand. While the situation is evolving, the downside to the FY2024 GDP growth projection could be up to 50 bps.

## OVERVIEW

**YoY economic performance in Q3 FY2023:** The NSO has pegged the YoY growth in GDP (at constant 2011-12 prices) at 4.4% in Q3 FY2022 (+5.2% in Q3 FY2022). This is a moderation from the 6.3% recorded in Q2 FY2023 (+9.1% in Q2 FY2022; refer Exhibit 1) reflecting a combination of the continued input price pressures on margins in certain sectors, weakening momentum of exports, as well as a normalising base, even as the demand for services was resilient. The sequential YoY deceleration was led by the trends in PFCE, GFCF and exports to 2.1%, 8.3%, and 11.3%, respectively, in Q3 FY2023 from the revised 8.8%, 9.7%, and 12.3%, respectively, in Q2 FY2023. On the contrary, the YoY contraction in GFCE narrowed to 0.8% from 4.1%, respectively, between these quarters, on the back of healthy growth in Gov spending in Q3 FY2023, but nonetheless trailed our expectations. Moreover, the tepid PFCE growth of 2.1% trailed our forecasts, given the recovery in consumption of services. Notably, the drag exerted by net exports on GDP narrowed to Rs. 1.0 trillion in Q3 FY2023 (Rs. 0.9 trillion in Q3 FY2022) from Rs. 1.7 trillion in Q2 FY2023, with a sharper moderation in the growth in imports (to +10.9% from +25.9%) relative to exports (to +11.3% from +12.3%), which is likely to reflect the robust services exports.

The NSO has placed the YoY growth in GVA (at basic prices) at 4.6% in Q3 FY2023 (ICRA exp.: +4.9%; +4.7% in Q3 FY2022), which is higher than the GDP rise after a gap of six quarters. This follows from a seven-quarter low growth of 1.4% in net indirect taxes (taxes on products minus subsidies on products) in Q3 FY2023, which may have been dragged by the sizeable fertiliser subsidy outgo during the quarter. The GVA growth moderated from the revised 5.5% seen in Q2 FY2023 (+9.3% in Q2 FY2022), owing to a base-effect led easing in services (to +6.2% from +9.4%), while there was a reversal in the industrial GVA to a growth (to +2.4% from -0.4%), and an uptick in the growth of agriculture, forestry and fishing (to +3.7% from the revised +2.4%; refer Annexures A, B and C) in Q3 FY2023. Excluding agriculture, the GVA growth stood at a higher 4.8% in Q3 FY2023 (+5.3% in Q3 FY2022). The mild easing in the YoY growth of the services sector in Q3 FY2023 relative to Q2 FY2023 was broad-based across all three sub-sectors, including THTCS (to +9.7% in Q3 FY2023 from +15.6% in Q2 FY2023), FRP (to +5.8% from +7.1%) and PADOS (to +2.0% from +5.6%). Notably, the GVA growth was mildly lower than our expectations, on account of PADOS.

### EXHIBIT 1: Growth of GDP and its Components (in %, Constant 2011-12 Prices, YoY)

	Q3 FY2022	Q4 FY2022 <sup>^</sup>	Q1 FY2023	Q2 FY2023	Q3 FY2023	Q4 FY2023 <sup>*</sup>	FY2022 FRE	FY2023 SAE
Private Final Consumption Expenditure	10.8%	4.7%	20.0%	8.8%	2.1%	1.5%	11.2%	7.3%
Government Final Consumption Expenditure	5.8%	11.8%	1.8%	-4.1%	-0.8%	6.1%	6.6%	1.2%
Exports	27.8%	22.4%	19.7%	12.3%	11.3%	3.9%	29.3%	11.5%
Imports	19.7%	6.7%	33.7%	25.9%	10.9%	8.4%	21.8%	18.8%
Gross Fixed Capital Formation	1.2%	4.9%	20.6%	9.7%	8.3%	7.8%	14.6%	11.2%
<b>GDP</b>	<b>5.2%</b>	<b>4.0%</b>	<b>13.2%</b>	<b>6.3%</b>	<b>4.4%</b>	<b>5.1%</b>	<b>9.1%</b>	<b>7.0%</b>
	Q3 FY2022	Q4 FY2022 <sup>^</sup>	Q1 FY2023	Q2 FY2023	Q3 FY2023	Q4 FY2023 <sup>*</sup>	FY2022 FRE	FY2023 SAE
Agriculture, Forestry & Fishing	2.3%	4.1%	2.5%	2.4%	3.7%	4.3%	3.5%	3.3%
Industry	1.6%	2.3%	9.6%	-0.4%	2.4%	3.2%	11.6%	3.6%
Services	7.6%	4.9%	16.3%	9.4%	6.2%	6.5%	8.8%	9.4%
<b>GVA at Basic Prices</b>	<b>4.7%</b>	<b>3.9%</b>	<b>12.1%</b>	<b>5.5%</b>	<b>4.6%</b>	<b>5.1%</b>	<b>8.8%</b>	<b>6.6%</b>
<b>GVA ex-Agri</b>	<b>5.3%</b>	<b>3.9%</b>	<b>13.8%</b>	<b>5.9%</b>	<b>4.8%</b>	<b>5.2%</b>	<b>9.8%</b>	<b>7.2%</b>

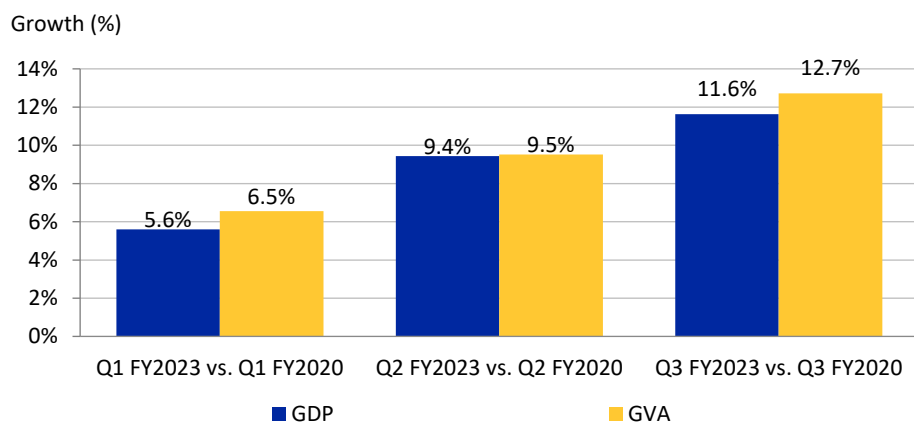
Note: <sup>^</sup>Implicit based on FY2021 second revised estimates (SRE), FY2022 first revised estimates (FRE), and the data for 9M FY2021 and 9M FY2022; <sup>\*</sup>Implicit based on FY2022 FRE, FY2023 SAE, and the data for 9M FY2022 and 9M FY2023; Source: NSO; CEIC; ICRA Research

The rebound in industrial GVA to a growth of 2.4% in Q3 FY2023 (+1.6% in Q3 FY2022) from the contraction of 0.4% in Q2 FY2023 (+8.1% in Q2 FY2022), was broad-based, led by manufacturing (to -1.1% in Q3 FY2023 from -3.6% in Q2 FY2023), construction (to +8.4% from +5.8%), mining (to +3.7% from -0.4%), and electricity, gas, water supply and other utility services (to +8.2% from +6.0%). Manufacturing GVA continued to contract owing to weakening momentum in merchandise exports amid slowing global demand, and the lag in domestic demand for consumer durables amidst continued preferences for the consumption of services.

**Performance relative to pre-Covid level:** Even as a normalising base dampened the YoY growth in GDP and GVA in sequential terms, the performance relative to the respective pre-Covid levels of FY2020 improved markedly in Q3 FY2023. The growth in GDP and GVA at basic prices, relative to the respective pre-Covid quarter rose to 11.6% and 12.7%, respectively, in Q3 FY2023 from 9.4% and 9.5%, respectively, in Q2 FY2023 (refer Exhibit 2). Notably, the GVA for services rose above the corresponding pre-Covid level in Q3 FY2023 by a healthy 12.6%, led by FRP (+21.0% aided by the robust expansion in non-food bank credit), followed by THTCS (+8.3% amid faster recovery in contact-intensive segments) and PADOS (+7.3%).

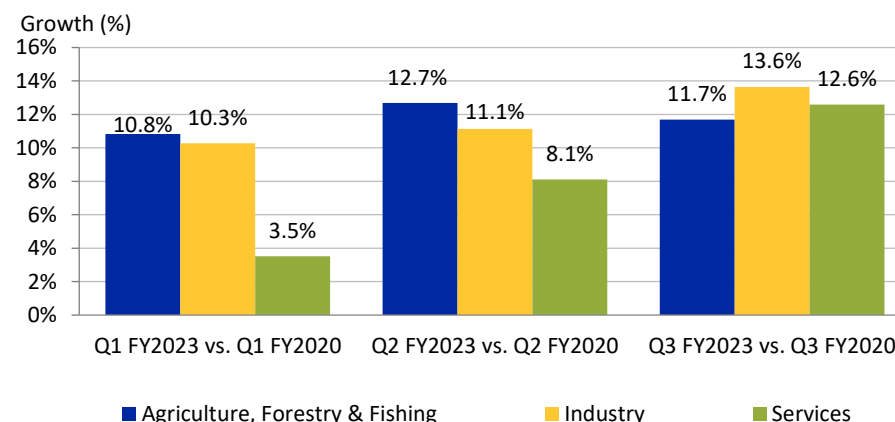
Relative to the pre-Covid levels of Q3 FY2020, industrial GVA was a healthy 13.6% higher in Q3 FY2023 (refer Exhibit 3), driven by a broad-based growth across all the sub-sectors such as construction (+18.3%), electricity, gas, water supply and other utility services (+15.6%), manufacturing (+12.9%), and mining and quarrying (+1.6%). The 11.6% growth in the absolute level of real GDP in Q3 FY2023 over Q3 FY2020 was led by exports (+30.2%), PFCE (+14.8%), GFCF (+12.5%), followed by a muted increase in GFCE (+0.5%).

**EXHIBIT 2: Quarterly performance of GDP and GVA (at constant 2011-12 prices) relative to the corresponding pre-Covid levels**



Source: NSO; CEIC; ICRA Research

**EXHIBIT 3: Quarterly sectoral performance relative to the corresponding pre-Covid levels**



Source: NSO; CEIC; ICRA Research

**Performance of Nominal GDP in Q3 FY2023:** In nominal terms, the YoY expansion in the GDP and GVA fell quite sharply to 11.2% and 10.8%, respectively, in Q3 FY2023 from 17.2% and 16.1%, respectively, in Q2 FY2023 (refer Exhibit 4). The GDP and GVA deflator eased to 6.9% and 6.2%, respectively, in Q3 FY2023 from 11.0% and 10.6%, respectively, in Q2 FY2023. This reflects the softening in both the WPI (to +6.6% from +12.4%) and the CPI inflation (to +6.1% from +7.0%) prints in Q3 FY2023 relative to the previous quarter, benefitting from the correction in commodity prices and lower food inflation.

#### EXHIBIT 4: GDP and GVA data

GDP	Q3 FY2022	Q4 FY2022 <sup>^</sup>	Q1 FY2023	Q2 FY2023	Q3 FY2023	GVA at Basic Prices	Q3 FY2022	Q4 FY2022 <sup>^</sup>	Q1 FY2023	Q2 FY2023	Q3 FY2023
<b>Constant</b>	5.2%	4.0%	13.2%	6.3%	4.4%	<b>Constant</b>	4.7%	3.9%	12.1%	5.5%	4.6%
<b>Current</b>	14.3%	13.0%	27.8%	17.2%	11.2%	<b>Current</b>	14.5%	14.0%	26.0%	16.1%	10.8%
<b>Deflator</b>	9.1%	9.0%	14.6%	11.0%	6.9%	<b>Deflator</b>	9.8%	10.1%	14.0%	10.6%	6.2%

Note: <sup>^</sup>Based on FY2021 SRE, FY2022 FRE, and the data for 9M FY2021 and 9M FY2022; Source: NSO; CEIC; ICRA Research

**Revisions in growth:** The NSO has pegged a narrower contraction in GDP and GVA for FY2021 to 5.8% and 4.2%, respectively, in its second revised estimates (SRE), as compared to 6.6% and 4.8%, respectively, indicated in the FRE. Similarly, there has been an upward revision in the growth figures for GDP and GVA to 9.1% and 8.8%, respectively, in FY2022 FRE, from 8.7% and 8.1%, respectively, provided in the provisional estimates (PE) for the fiscal. On the expenditure side, components such as PFCE, GFCE and exports have undergone upward revisions in FY2022 FRE, relative to PE, whereas GFCF was revised downwards. On the production side, there was an upward revision in the growth for agriculture, manufacturing, electricity, construction, THTCS and FRP, which outweighed the downward revisions made in mining and PADOS sectors.

The GDP and GVA growth for the quarters of FY2021 and FY2022 have undergone considerable revisions (refer Exhibit 5). The expansion in GVA has been materially raised for Q1 FY2022 and Q2 FY2022 to 20.2% (initial: +18.1%) and 9.3% (initial: +8.3%), while the growth estimates for Q3 FY2022 and Q4 FY2022 (implicit) have been kept unchanged at 4.7% and 3.9%, respectively. There were upward revisions in the industrial sector throughout the quarters of FY2022 (Q1 FY2022: +49.1% vs. +46.6%; Q2 FY2022: +8.1% vs. +7.0%; Q3 FY2022: +1.6% vs. +0.3% and Q4 FY2022: +2.3% vs. +1.3%). However, the expansion in the GVA of services sector was raised for Q1 FY2022 (+12.5% vs. initial +10.5%) and Q2 FY2022 (+11.1% vs. +10.2%) and pared for Q3 FY2022 (+7.6% vs. +8.1%) and implicit Q4 FY2022 (+4.9% vs. +5.5%).

#### EXHIBIT 5: Old and Revised YoY Growth in GDP and GVA at Basic Prices (Constant 2011-12 Prices)

GDP	Q1 FY2021	Q2 FY2021	Q3 FY2021	Q4 FY2021 <sup>^</sup>	Q1 FY2022	Q2 FY2022	Q3 FY2022	Q4 FY2022 <sup>^</sup>	Q1 FY2023	Q2 FY2023
<b>Old</b>	-23.8%	-6.6%	0.7%	2.5%	20.1%	8.4%	5.4%	4.1%	13.5%	6.3%
<b>Revised</b>	-23.2%	-5.6%	1.7%	3.5%	21.6%	9.1%	5.2%	4.0%	13.2%	6.3%
GVA at Basic Prices	Q1 FY2021	Q2 FY2021	Q3 FY2021	Q4 FY2021 <sup>^</sup>	Q1 FY2022	Q2 FY2022	Q3 FY2022	Q4 FY2022 <sup>^</sup>	Q1 FY2023	Q2 FY2023
<b>Old</b>	-21.4%	-5.9%	2.1%	5.7%	18.1%	8.3%	4.7%	3.9%	12.7%	5.6%
<b>Revised</b>	-20.9%	-5.0%	2.9%	6.5%	20.2%	9.3%	4.7%	3.9%	12.1%	5.5%

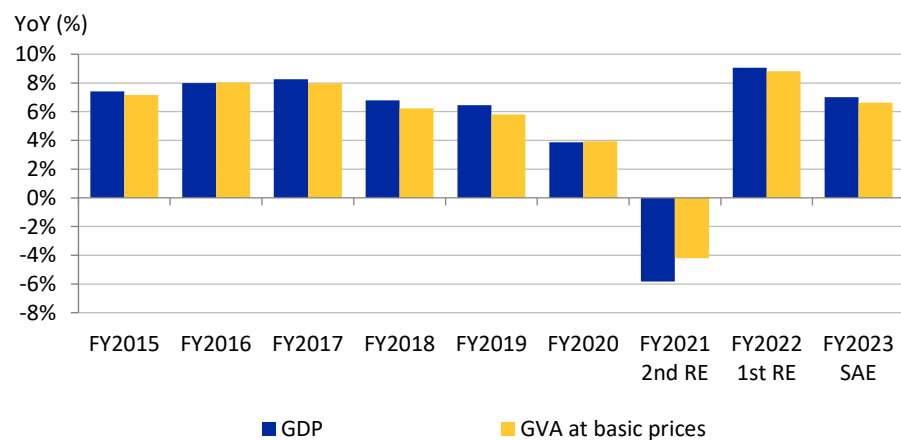
Note: <sup>^</sup>Based on FY2021 SRE, FY2022 FRE, and the data for 9M FY2021 and 9M FY2022; Source: NSO; CEIC; ICRA Research

Additionally, the GDP growth has been raised for Q1 FY2022 (to +21.6% from +20.1%) and Q2 FY2022 (to +9.1% from +8.4%), amidst mild cuts in the estimates for Q3 FY2022 (to +5.2% from +5.4%) and Q4 FY2022 (to +4.0% from +4.1%). While the growth for PFCE, GFCE and exports have been revised upwards in all quarters of FY2022, the same for GFCF has undergone downward revisions through FY2022.

**Performance in 9M FY2023:** Overall, in constant terms, GDP has recorded a growth of 7.7% in 9M FY2023 on a normalised base (+11.1% in 9M FY2022). This is largely driven by a healthy expansion in GFCF (+12.6%) and PFCE (+9.5%), even as GFCE contracted by 0.9% YoY during this period, amidst a deeper drag charted by net exports (Rs. 3.5 trillion in 9M FY2023 vs. Rs. 1.2 trillion in 9M FY2022). However, GDP exceeded the pre-Covid level of 9M FY2020 by 8.9%, driven by PFCE (+13.0%) and GFCF (+13.9%), whereas the GFCE trailed the same by 4.4%. Similarly, GVA (at basic prices) has recorded a growth of 7.2% in 9M FY2023 (+10.7% in 9M FY2022), led by services (+10.4%), followed by a modest growth in industry (+3.8%) and agriculture (+3.0%). Relative to GDP, GVA grew a stronger 9.6% in 9M FY2023 vs. 9M FY2020, led by industry (+11.7%) and agriculture (+11.7%), amidst a moderate 8.0% increase in services, implying an incomplete recovery.

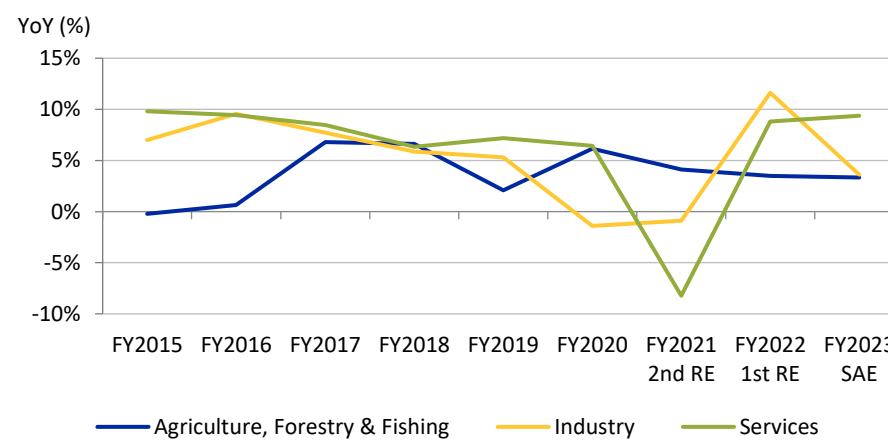
**SAE for FY2023:** The SAE released by the NSO for FY2023, project a growth in GDP and GVA at 7.0% and 6.6%, respectively (+9.1% and +8.8%, respectively in FY2022 as per revised estimates; refer Exhibit 6 and 7). The expected deceleration in GDP growth in FY2023 SAE relative to FY2022 is on account of a moderation in growth for exports (to +11.5% from +29.3%), GFCE (to +1.2% from +6.6%) and PFCE (to +7.3% from +11.2%), followed by a modest downtick in GFCF (to +11.2% from +14.6%). On the production side, industry (to +3.6% from +11.6%) is expected to lead to the moderation in the overall GVA growth, followed by a mild dip in agriculture, forestry and fishing (to +3.3% from the revised +3.5%), even as the growth in services (to +9.4% from +8.8%) is projected to improve in FY2023.

**EXHIBIT 6: Growth in GDP (Constant 2011-12 Prices)**



Source: NSO; CEIC; ICRA Research

**EXHIBIT 7: Growth in Agriculture, Industry and Services (Constant 2011-12 Prices)**



Source: NSO; CEIC; ICRA Research

The SAE for FY2023 for GDP growth (+7.0% vs. +6.95%) is largely unchanged relative to the FAE released in January 2023, despite a downward revision in the growth of PFCE (+7.3% vs. +7.7%), GFCE (+1.2% vs. +3.1%), GFCF (+11.2% vs. +11.5%) and exports (+11.5% vs. +12.5%), which is partly explained by the revision for FY2022 as well as a change in discrepancies (-Rs. 2.9 trillion vs. +Rs. 4.1 trillion).

The estimated growth in GVA (+6.6% vs. +6.7%) has been pared mildly, after taking into account the higher expansion estimated for FY2022 in FRE, as well as a downward revision in manufacturing GVA growth (+0.6% in SAE vs. +1.6% in FAE) owing to a bleak outlook for exports amid external headwinds. Further, the growth estimates for PADOS (+7.1% vs. +7.9%) and agriculture (+3.3% vs. +3.5%) have been revised downwards in the FY2023 SAE.

The growth in nominal GDP and GVA for FY2023 is projected at 15.9% and 15.2%, respectively (+15.4% and +15.8% in the 1st AE for FY2023). The nominal GDP for FY2023 has been pegged at Rs. 272.0 trillion as per the SAE, mildly lower than the Rs. 273.1 trillion projected in the FAE.

Based on the SAE for the nominal GDP, the GoI's FY2023 RE for the fiscal deficit inches up slightly to 6.45% of GDP, relative to the Revised Estimate of 6.4%. Additionally, the nominal GDP growth embedded in the FY2024 BE is slightly higher at 10.9%, vis-à-vis the 10.5% as per First Advance Estimates.

**Implicit Trends for Q4 FY2023:** Based on the NSO's RE for FY2021 and FY2022, and the 2nd AE for FY2023, as well as the data for 9M FY2022 and 9M FY2023, the NSO has implicitly pegged GDP growth in Q4 FY2023 to rise to 5.1% from 4.4% in Q3 FY2023 (refer Annexure A). In disaggregated terms, the YoY growth in GFCE is expected to turn positive after two quarters, printing at 6.1% in Q4 FY2023 from the decline of 0.8% in Q3 FY2023, while the growth in PFCE and GFCF is implicitly projected to ease to 1.5% and 7.8%, respectively, from 2.1% and 8.3%, respectively. Regardless, the implicit GDP for Q4 FY2023 is expected to exceed the pre-Covid level by a healthy 13.2% (+11.6% in Q3 FY2023, relative to Q3 FY2020), led by GFCE (+47.1%), exports (+32.0%), GFCF (+28.5%), and PFCE (+13.4%).

The YoY growth of GVA at basic prices is estimated to witness a broad-based uptick to 5.1% in Q4 FY2023 from 4.6% in Q3 FY2023, led by industry (to +3.2% from +2.4%), services (to +6.5% from +6.2%) and agriculture, forestry and fishing (to +4.3% from +3.7%). Moreover, GVA at basic prices is implicitly projected to exceed the pre-Covid level by a sharp 16.2% in Q4 FY2023 (+12.7% in Q3 FY2023, relative to Q3 FY2020), led by industry (+22.7%), services (+13.4%) and agriculture, forestry and fishing (+13.0%).

The implicit GDP growth assumption provided for Q4 FY2023 is slightly higher than ICRA's projected range of 4.5-5.0%, on account of the services sector.

## OUTLOOK

The 2nd AE of crop production for FY2023, indicated a healthy trend in the production of rabi crops relative to the Final Estimates for FY2022. The output of oilseeds (+4.6%), pulses (+3.1%), wheat (+4.1%), rice (+23.2%; record-high production) and coarse cereals (+3.7%) is expected to exceed the FY2022 level. **Taking into account the higher rabi acreage, early sowing, improved fertiliser availability and healthy reservoir storage, ICRA projects the GVA growth of agriculture, fishing and forestry at 3.0% in Q4 FY2023. However, temperatures in March 2023 will impact yields and could result in a downside to our estimate.**

The YoY growth in the ICRA Business Activity Monitor – an index of high frequency indicators, rebounded to 12.4% in January 2023 (+1.3% in Jan 2022) from 8.0% in December 2022 (+6.0% in Dec 2021) as the low base related to the third wave of Covid-19 pandemic in India kicked in. Subsequently, the early data for February 2023 is mixed, with a rise in average daily vehicle registrations and fuel consumption, and a moderation in the electricity demand growth so far. **While the YoY growth in the ICRA Business Activity Monitor is likely to remain in double digits in February 2023 on a low base of Covid 3.0, it is expected to slide into mid-single digits thereafter in March 2023, as the base normalises. ICRA projects the GDP growth at 4.5-5% in Q4 FY2023 on a normalising base, driven by agriculture and services sectors, even as the industrial GVA growth is anticipated to improve in the ongoing quarter. This would imply FY2023 GDP growth of 6.8-6.9%.**

While India's growth trajectory for FY2024 is likely to be challenged by the ongoing slowdown in external demand and the consequent drag on exports, the outlook for consumption and investment demand appears buoyant. As per the January 2023 round of the RBI's consumer confidence survey conducted in major cities, current perceptions of households around non-essential spending improved further as compared to the November 2022 round of the survey, while remaining in the negative territory. Encouragingly, the year-ahead expectations on non-essential spending reverted to optimistic territory after 15 rounds in November 2022, which strengthened further in January 2023. **This augurs well for improving the incomes of households and profitability of companies associated with these segments. However, the demand for consumer goods is likely to remain somewhat constrained, given the continued preference for services. Moreover, a broad-based moderation in the CPI inflation would be key to support discretionary consumption, particularly of the low- and middle-income households.**

The prospects for private capex have brightened as seen in the surge in new project announcements and increasing capacity utilisation levels. Moreover, the FY2024 Union Budget has indicated a massive 37.4% rise in the capex target, led by roads, railways, and the 50-year interest free capex loan to the states. This will aid in pushing project commissioning amid the strong pipeline of Central infrastructure projects that are scheduled to be completed in FY2024 (Rs. 7.4 trillion), as per the data available from the Infrastructure and Project Monitoring Division, MOSPI, GoI. However, timely execution remains key.

Merchandise exports are expected to contract in FY2024 after witnessing a low single digit growth in FY2023, thereby impacting India's GDP expansion during the upcoming fiscal. Importantly, the sustained contraction in exports of certain segments may impact the employment levels and opportunities in these sectors and could thus affect household incomes and thereby, inject further unevenness into consumption demand. Moreover, it could lead to slower execution of projects, also impacting the timelines of the awaited pick-up in investment activity.

**ICRA expects India's GDP growth to moderate to ~6% in FY2024. Moreover, expectations around a potential return of the El Nino phenomenon around the summer season could lead to a sub-par South-West monsoon in 2023, and hurt the prospects of crop production and rural demand. While we remain watchful of the evolving situation, the downside to the FY2024 GDP growth is estimated at up to 50 bps.**



## GVA AT BASIC PRICES

**GVA growth eased further to 4.6% YoY in Q3 FY2023:** The YoY expansion in GVA (at basic prices) moderated to 4.6% in Q3 FY2023 (+4.7% in Q3 FY2022) from 5.5% in Q2 FY2023 (+9.3% in Q2 FY2022), owing to a normalising base, while trailing ICRA's forecast (+4.9%). The deterioration in the YoY performance of GVA in Q3 FY2023 was mainly led by a moderation in the performance of the services sector, as discussed below (refer Exhibit 8).

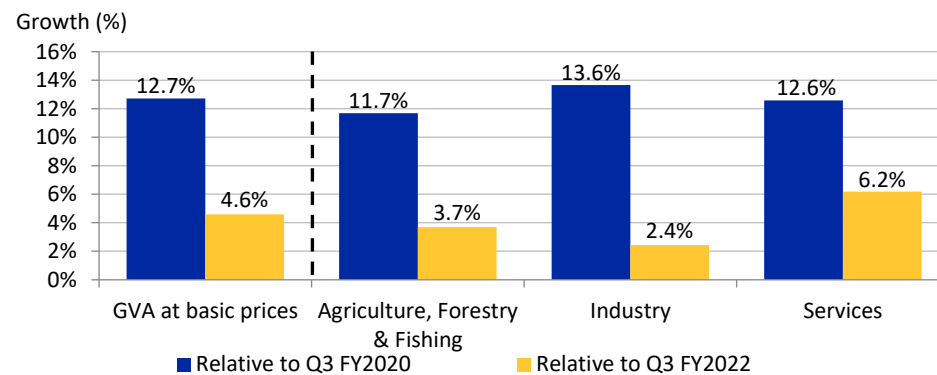
**Services was the best performing sector in Q3 FY2023:** The GVA growth of the services sector eased to 6.2% in Q3 FY2023 (+7.6% in Q3 FY2022; ICRA's exp.: +7.4%) from 9.4% seen in Q2 FY2023 (+11.1% in Q2 FY2022; refer Exhibit 9). This was driven by PADOS (to +2.0% in Q3 FY2023 from +5.6% in Q2 FY2023), THTCS (to +9.7% from +15.6%), and FRP (to +5.8% from +7.1%). However, the GVA growth of the services sector continued to outpace that recorded in industry (+2.4%) and agriculture (+3.7%). Overall, services accounted for a significant 3.2 pp of the 4.6% GVA growth in Q3 FY2023, led by THTCS (+1.8 pp) and FRP (+1.1 pp).

The YoY expansion in the GVA of THTCS recorded a base-effect led moderation to 9.7% in Q3 FY2023 (+9.2% in Q3 FY2022) from 15.6% in Q2 FY2023 (+13.1% in Q2 FY2022). However, the pace of expansion remained healthy led by the recovery in travel-related services and increasing confidence for availing leisure services.

The GVA growth of PADOS eased to a seven-quarter low 2.0% in Q3 FY2023 (+10.6% in Q3 FY2022) from 5.6% in Q2 FY2023 (+16.8% in Q2 FY2022). The deceleration was unexpected given that the Gol's non-interest revenue expenditure rose by 13.4% YoY in that quarter, led by higher release of fertiliser subsidies. The combined revex of 22 state governments (except Bihar, Gujarat, Goa, Manipur, Meghalaya and Mizoram) for which data is available displayed a 5% rise in Q3 FY2023 while other services too have recovered appreciably.

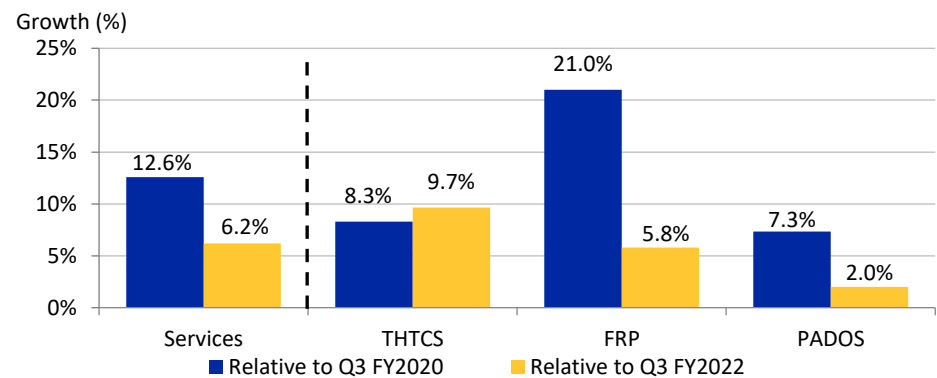
Similarly, the YoY growth in the GVA of FRP eased to 5.8% in Q3 FY2023 (+4.3% in Q3 FY2022) from 7.1% in Q2 FY2023 (+7.0% in Q2 FY2022). This can be attributed to the moderation in the YoY growth for non-food bank credit (to +15.3% at end-Dec 2022 from +16.9% at end-Sep 2022), CP volumes (to +2.7% from +8.1%), even as growth in the volumes of corporate bonds saw a healthy uptick.

**EXHIBIT 8: Performance of GVA and its Components in Q3 FY2023 relative to Q3 FY2022 and Q3 FY2020 (pre-Covid)**



Source: NSO; CEIC; ICRA Research

**EXHIBIT 9: Performance of Services and its Components in Q3 FY2023 relative to Q3 FY2022 and Q3 FY2020 (pre-Covid)**



Source: NSO; CEIC; ICRA Research

**Industry reverted to a mild YoY growth of 2.4% in Q3 FY2023:** After contracting by 0.4% in Q2 FY2023 (+8.1% in Q2 FY2022), industrial GVA reverted to a growth of 2.4% in Q3 FY2023 (+1.6% in Q3 FY2022). This was led by a broad-based improvement across all the sub-sectors; manufacturing (to -1.1% from -3.6%), mining (to +3.7% from -0.4%), electricity, gas, water supply and other utility services (to +8.2% from +6.0%), and construction (to +8.4% from +5.8%; refer Exhibit 10). Industry accounted for a marginal 0.7 pp of the GVA growth in Q3 FY2023, mainly driven by construction (+0.7 pp) and electricity (+0.2 pp).

Notably, the GVA of mining and quarrying rebounded to a YoY growth of 3.7% in Q3 FY2023 (-0.4% in Q2 FY2023; +5.4% in Q3 FY2022). This was in line with the trends in mining output (as per the IIP data), which rose by 7.4% YoY in Q3 FY2023, after contracting by 0.9% in Q2 FY2023, aided by a seasonal pick-up in mining activity after the end of monsoon season.

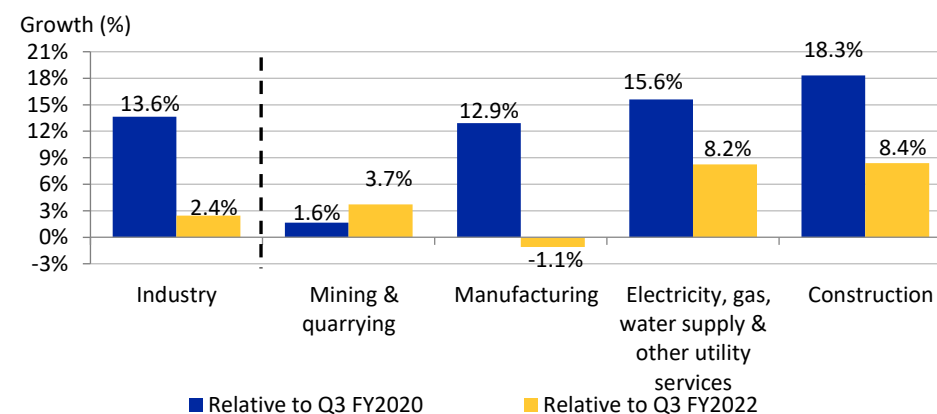
Additionally, the YoY contraction in manufacturing GVA narrowed to 1.1% in Q3 FY2023 (+1.3% in Q3 FY2022) from 3.6% in Q2 FY2023 (+6.6% in Q2 FY2022). As per the IIP data, the YoY growth in manufacturing output dipped to a nine-quarter low of 0.9% in Q3 FY2023 from 1.5% in Q2 FY2023, led by the ongoing slowdown in external demand. However, the improvement in the performance of infra/construction goods, primary goods, capital goods, and consumer non-durables as well as buoyant investment activity is likely to have supported manufacturing volumes to some extent in the quarter.

Moreover, the GVA of electricity, gas, water supply and other utility services improved to 8.2% in Q3 FY2023 (+6.0% in Q3 FY2022) from 6.0% in Q2 FY2023 (+10.8% in Q2 FY2022).

Led by the improvement in volumes of cement (to +10.1% in Q3 FY2023 from +4.9% in Q2 FY2023) and steel (to +7.8% from +7.0%) as well as a low base, the construction GVA rose to 8.4% in Q3 FY2023 (+0.2% in Q3 FY2022) from 5.8% in Q2 FY2023 (+10.8% in Q2 FY2022).

**Agri GVA growth printed at 3.7% in Q3 FY2023:** The GVA growth in agriculture, forestry and fishing was pegged at 3.7% in Q3 FY2023 (+2.4% in Q2 FY2023; +2.3% in Q3 FY2022 amidst the mixed 2nd AE of kharif crop production (refer Exhibit 11), In addition, this sector accounted for a mild 0.7 pp of the 4.6% GVA growth in Q3 FY2023.

**EXHIBIT 10: Performance of Industry and its Components in Q3 FY2023 relative to Q3 FY2022 and Q3 FY2020 (pre-Covid)**



Source: NSO; CEIC; ICRA Research

**EXHIBIT 11: Trends for production of kharif and rabi crops (Million Tonnes)**

In Million Tonnes	Kharif Production			Rabi Production		
	Final FY2022	2 <sup>nd</sup> AE FY2023	Growth	Final FY2022	2 <sup>nd</sup> AE FY2023	Growth
Wheat		NA		107.7	112.2	4.1%
Rice	111.0	108.1	-2.6%	18.5	22.8	23.2%
Coarse Cereals	36.1	37.2	3.0%	14.97	15.53	3.7%
Pulses	8.2	8.2	-0.9%	19.1	19.7	3.1%
Oilseeds	24.0	25.4	5.8%	14.0	14.6	4.6%
Cotton*	31.1	33.7	8.4%		NA	
Sugarcane	439.4	468.8	6.7%		NA	

\*Million bales of 170 kgs. each; Source: Ministry of Agriculture, GoI; CEIC; ICRA Research

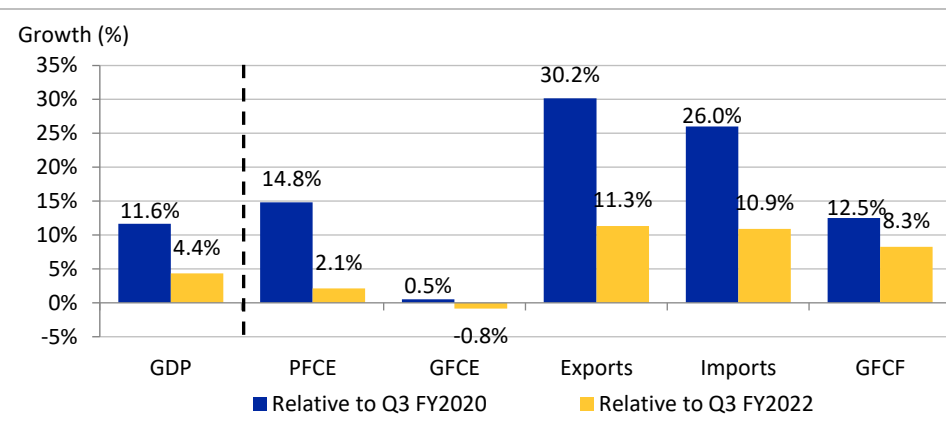
## EXPENDITURE ON GDP

**GDP growth moderated to weaker-than-expected 4.4% in Q3 FY2023:** Trailing ICRA's forecast (+5.1%), the YoY growth in India's real GDP eased to 4.4% in Q3 FY2023 (+5.2% in Q3 FY2022) from 6.3% in Q2 FY2023, with a waning of the base effect. The moderation in YoY growth was led by PFCE (+2.1% in Q3 FY2023; +8.8% in Q2 FY2023) and GFCF (+8.3% in Q3 FY2023; +9.7% in Q2 FY2023), amidst a larger drag displayed by net exports in the quarter (refer Exhibit 12). Moreover, the YoY contraction in GFCE narrowed to 0.8% in Q3 FY2023 from 4.1% in the previous quarter.

**YoY growth in PFCE slowed considerably in Q3 FY2023:** The YoY growth in PFCE decelerated to an eight-quarter low 2.1% in Q3 FY2023 from 8.8% in Q2 FY2023, led by the base effect (+10.8% in Q3 FY2022; refer Exhibit 13). As per the IIP data, the output of consumer goods continued to trail the pre-Covid volumes in Q3 FY2023 (-0.2%), even as the pace of contraction narrowed relative to Q2 FY2023 (-4.1% over Q2 FY2020). However, PFCE exceeded the Q3 FY2020 levels by 14.8% in Q3 FY2023, benefitting from the sustained healthy demand for contact-intensive services in the quarter, amidst a continued improvement in the consumer confidence levels of households as revealed by the RBI's survey. PFCE accounted for 1.3 pp of the 4.4% GDP growth in Q3 FY2023, and as a percentage of GDP (at current prices) stood at 63.3% in Q3 FY2023 (61.7% in Q2 FY2023 and 65.1% in Q3 FY2022).

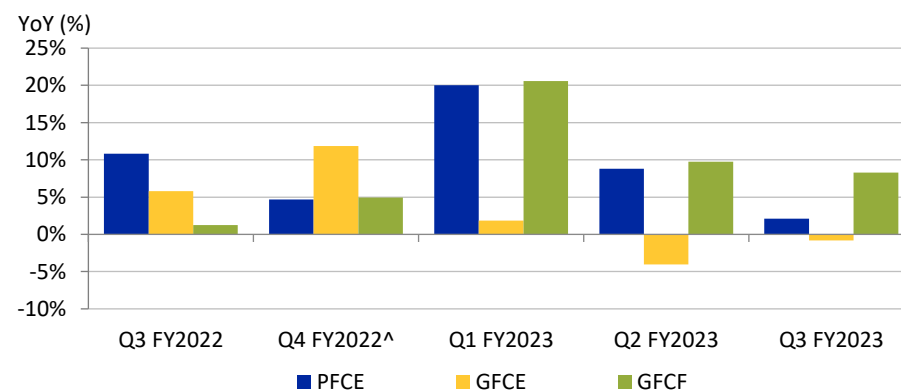
**GFCF displayed a moderation in Q3 FY2023:** The YoY growth in GFCF eased to 8.3% in Q3 FY2023 from 9.7% in Q2 FY2023, printing in single digits for the second consecutive quarter. However, the performance over pre-Covid levels was robust in the quarter, with an expansion of 12.5% relative to Q3 FY2020. This can be evinced by the encouraging trends revealed by investment-related indicators such as the output of capital goods (YoY: +8.8%; pre-Covid: +5.4%), infra/construction goods (+7.3%; +17.4%) and stamp duty collections (+7.1%; +54.8%) in Q3 FY2023. The Govt's gross capital expenditure recorded a YoY contraction of 9.4% in Q3 FY2023 (+42.4% in Q2 FY2023), partly led by a high base related to Air India's equity infusion in Dec 2021 (Rs. 0.6 trillion). Nevertheless, the absolute level of capex in Q3 FY2023 (Rs. 1.5 trillion) was more than twice as high as the pre-Covid level of Q3 FY2020 (Rs. 0.7 trillion). The aggregate capital outlay of the aforesaid

**EXHIBIT 12: Performance of GDP and its Components in Q3 FY2023 relative to Q3 FY2022 and Q3 FY2020 (pre-Covid)**



Source: NSO; CEIC; ICRA Research

**EXHIBIT 13: YoY trends in PFCE, GFCE and GFCF (constant 2011-12 prices)**



Source: NSO; CEIC; ICRA Research

22 state governments, for which the CGA data is available, rose by 7.8% YoY during Q3 FY2023; however, the absolute rise was marginal (Rs. 85 billion). While project announcements and completions rose in Q3 FY2023, this was led by a few big-ticket deals, implying that the rise in capex proposals is not yet broad-based. Moreover, GFCF accounted for a significant 2.5 pp of the 4.4% GDP growth in Q3 FY2023. Further, GFCF as a percentage of GDP (at current prices) stood at 26.8% in Q3 FY2023 (29.1% in Q2 FY2023 and 26.6% in Q3 FY2022).

At constant 2011-12 prices, valuables contracted by 37.9% YoY in Q3 FY2023, in tune with the decline seen in the combined value of gold and silver imports in that quarter (-41.7%; source: Ministry of Commerce and Industry).

Inventories continued to accumulate in Q3 FY2023 for the seventh consecutive quarter. Inventories as a percentage of GDP (at current prices) stood at 0.6% in Q3 FY2023 (0.7% in Q2 FY2023 and 0.6% in Q3 FY2022).

**YoY contraction in GFCE narrowed in Q3 FY2023:** The YoY decline in GFCE narrowed to 0.8% in Q3 FY2023 from 4.1% in Q2 FY2023. The continued contraction is puzzling given the double-digit expansion of 13.4% on a YoY basis in the non-interest revenue expenditure by the Centre in the quarter (-1.4% in Q2 FY2023), led by higher release of fertiliser subsidies. Additionally, the combined revex of 22 state governments for which data is available, posted a YoY growth of 5.4% in Q3 FY2023 (+15.9% in Q2 FY2023).

GFCE exerted a marginal drag of 0.1 pp on the GDP in Q3 FY2023. Additionally, GFCE as a percentage of GDP (at current prices) dipped to 9.0% in the quarter from 9.5% in Q3 FY2022, while being in line with the level seen in Q2 FY2022.

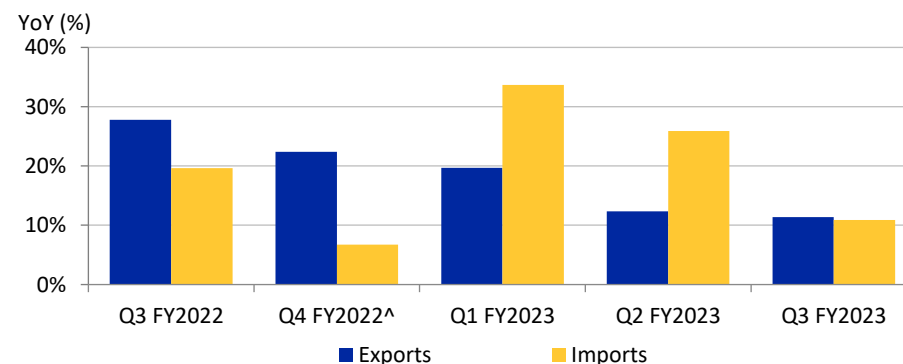
**Net exports exerted a larger drag on GDP growth in Q3 FY2023:** On a normalising base, the YoY growth in exports and imports, at constant prices, eased to 11.3% and 10.9%, respectively, in Q3 FY2023 from 12.3% and 25.9%, respectively, in Q2 FY2023 (refer Exhibit 13). Notably, the drag of net exports on the GDP rose marginally to ~Rs. 0.97 trillion from ~Rs. 0.91 trillion in Q3 FY2022. In QoQ terms, the drag narrowed from the Rs. 1.7 trillion

seen in Q2 FY2023, which confirms our expectation that the current account deficit will moderate sharply between these two quarters. At current prices, the data released by the NSO indicates that the YoY expansion in exports and imports stood at 18.0% and 17.8%, respectively, in Q3 FY2023 (+36.1% and +48.9%, respectively, in Q3 FY2022).

Similarly, the data released by the Ministry of Commerce indicates that in \$ terms, merchandise imports expanded by 6.2% YoY in Q3 FY2023 aided by buoyancy in domestic demand, whereas merchandise exports reported a contraction of 2.1% in the quarter<sup>1</sup>, amidst a slowdown in external demand. Additionally, the data released by the RBI reveals that, in \$ terms, both services exports and imports recorded a healthy YoY growth of 24.9% and 13.9%, respectively, in Q3 FY2023.

**Discrepancies dipped in Q3 FY2023:** Discrepancies refer to the residual that remains after disaggregating GDP into its expenditure components, such as PFCE, GFCE, GFCF and net exports. The discrepancies in the GDP data for Q3 FY2023 narrowed to (-) Rs. 613.2 billion (at 2011-12 prices) from (-) Rs. 1,173.5 billion in Q3 FY2022.

**EXHIBIT 14: YoY Growth of Exports and Imports (Constant 2011-12 Prices)**



<sup>^</sup>Based on FY2021 SRE, FY2022 FRE, and the data for 9M FY2021 and 9M FY2022; **Source:** NSO; CEIC; ICRA Research

<sup>1</sup> Calculated by adding the revised monthly data for Oct-Dec 2022, based on the Jan 2023 press release.

## ANNEXURE A

**EXHIBIT 15: GVA at Basic Prices and its Components (YoY Growth, Constant 2011-12 Prices)**

	Q3 FY2022	Q4 FY2022 <sup>^</sup>	Q1 FY2023	Q2 FY2023	Q3 FY2023	Q4 FY2023*	FY2022 FRE	FY2023 SAE
<b>GVA at Basic Prices</b>	<b>4.7%</b>	<b>3.9%</b>	<b>12.1%</b>	<b>5.5%</b>	<b>4.6%</b>	<b>5.1%</b>	<b>8.8%</b>	<b>6.6%</b>
<b>Agriculture, Forestry &amp; Fishing</b>	2.3%	4.1%	2.5%	2.4%	3.7%	4.3%	3.5%	3.3%
<b>Industry</b>	1.6%	2.3%	9.6%	-0.4%	2.4%	3.2%	11.6%	3.6%
Mining & Quarrying	5.4%	2.3%	9.3%	-0.4%	3.7%	0.9%	7.1%	3.4%
Manufacturing	1.3%	0.6%	6.4%	-3.6%	-1.1%	0.9%	11.1%	0.6%
Electricity, gas, water supply & other utilities	6.0%	6.7%	14.9%	6.0%	8.2%	7.6%	9.9%	9.2%
Construction	0.2%	4.9%	16.2%	5.8%	8.4%	7.3%	14.8%	9.1%
<b>Services</b>	7.6%	4.9%	16.3%	9.4%	6.2%	6.5%	8.8%	9.4%
Trade, Hotels, Transport, Communication & Services related to Broadcasting	9.2%	5.0%	25.7%	15.6%	9.7%	9.7%	13.8%	14.2%
Financial, Real Estate & Professional Services	4.3%	4.6%	8.6%	7.1%	5.8%	5.6%	4.7%	6.9%
Public Administration, Defence and Other Services	10.6%	5.2%	21.3%	5.6%	2.0%	2.9%	9.7%	7.1%

Note: <sup>^</sup>Implicit based on FY2021 SRE, FY2022 FRE, and the data for 9M FY2021 and 9M FY2022; \*Implicit based on FY2022 FRE, FY2023 SAE, and the data for 9M FY2022 and 9M FY2023

Source: NSO; CEIC; ICRA Research

**EXHIBIT 16: GDP and its Components (YoY Growth, Constant 2011-12 Prices)**

	Q3 FY2022	Q4 FY2022 <sup>^</sup>	Q1 FY2023	Q2 FY2023	Q3 FY2023	Q4 FY2023*	FY2022 FRE	FY2023 SAE
<b>GDP</b>	<b>5.2%</b>	<b>4.0%</b>	<b>13.2%</b>	<b>6.3%</b>	<b>4.4%</b>	<b>5.1%</b>	<b>9.1%</b>	<b>7.0%</b>
PFCE	10.8%	4.7%	20.0%	8.8%	2.1%	1.5%	11.2%	7.3%
GFCE	5.8%	11.8%	1.8%	-4.1%	-0.8%	6.1%	6.6%	1.2%
Exports	27.8%	22.4%	19.7%	12.3%	11.3%	3.9%	29.3%	11.5%
Imports	19.7%	6.7%	33.7%	25.9%	10.9%	8.4%	21.8%	18.8%
Gross Capital Formation	5.1%	3.0%	21.0%	6.6%	5.4%	7.4%	17.9%	9.6%
GFCF	1.2%	4.9%	20.6%	9.7%	8.3%	7.8%	14.6%	11.2%
Change in Stocks	619.0%	613.7%	7.8%	-2.3%	0.2%	2.3%	687.8%	1.9%
Valuables	44.5%	-51.7%	58.9%	-19.4%	-37.9%	-0.5%	34.0%	-14.8%
Discrepancies	-388.8%	-758.1%	119.3%	-61.2%	-47.7%	-65.7%	-307.4%	-35.0%

Note: <sup>^</sup>Implicit based on FY2021 SRE, FY2022 FRE, and the data for 9M FY2021 and 9M FY2022; \*Implicit based on FY2022 FRE, FY2023 SAE, and the data for 9M FY2022 and 9M FY2023

Source: NSO; CEIC; ICRA Research

## ANNEXURE B

### EXHIBIT 17: Composition of GVA at Basic Prices (Constant 2011-12 Prices)

	Q3 FY2022	Q4 FY2022 <sup>^</sup>	Q1 FY2023	Q2 FY2023	Q3 FY2023	Q4 FY2023 <sup>*</sup>	FY2022 FRE	FY2023 SAE
<b>GVA at Basic Prices</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<i>Agriculture, Forestry &amp; Fishing</i>	18.8%	15.4%	14.2%	12.0%	18.7%	15.3%	15.6%	15.1%
<i>Industry</i>	29.7%	33.1%	31.1%	29.5%	29.1%	32.5%	31.4%	30.6%
Mining & Quarrying	2.1%	2.5%	2.4%	1.8%	2.1%	2.4%	2.2%	2.2%
Manufacturing	17.5%	18.9%	18.2%	17.7%	16.5%	18.2%	18.7%	17.7%
Electricity, gas, water supply & other utilities	2.1%	2.1%	2.6%	2.5%	2.2%	2.2%	2.3%	2.3%
Construction	7.9%	9.5%	7.9%	7.6%	8.2%	9.7%	8.2%	8.4%
<i>Services</i>	51.5%	51.5%	54.7%	58.5%	52.3%	52.2%	53.0%	54.4%
Trade, Hotels, Transport, Communication & Services related to Broadcasting	18.4%	19.9%	17.0%	19.0%	19.3%	20.8%	17.8%	19.1%
Financial, Real Estate & Professional Services	19.8%	19.0%	25.2%	26.2%	20.1%	19.1%	22.5%	22.5%
Public Administration, Defence and Other Services	13.3%	12.7%	12.6%	13.3%	12.9%	12.4%	12.7%	12.8%

Note: <sup>^</sup>Implicit based on FY2021 SRE, FY2022 FRE, and the data for 9M FY2021 and 9M FY2022; <sup>\*</sup>Implicit based on FY2022 FRE, FY2023 SAE, and the data for 9M FY2022 and 9M FY2023

Source: NSO; CEIC; ICRA Research

### EXHIBIT 18: Composition of GDP and its Components (Constant 2011-12 Prices)

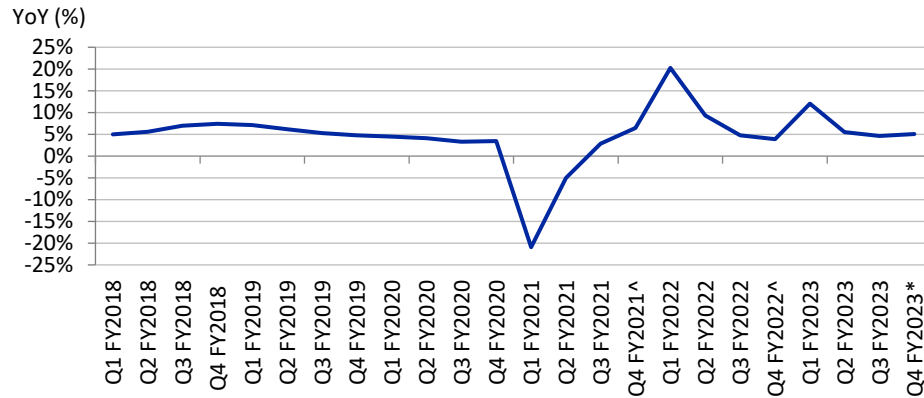
	Q3 FY2022	Q4 FY2022 <sup>^</sup>	Q1 FY2023	Q2 FY2023	Q3 FY2023	Q4 FY2023 <sup>*</sup>	FY2022 FRE	FY2023 SAE
<b>GDP</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
PFCE	63.0%	56.7%	58.4%	59.5%	61.6%	54.8%	58.3%	58.5%
GFCE	9.1%	11.5%	11.0%	8.6%	8.7%	11.6%	10.6%	10.0%
Exports	21.4%	21.6%	24.4%	23.9%	22.9%	21.3%	22.1%	23.1%
Imports	23.8%	23.2%	26.7%	28.3%	25.3%	23.9%	23.4%	26.0%
Gross Capital Formation	33.3%	36.3%	36.4%	37.8%	33.7%	37.1%	35.4%	36.3%
GFCF	30.6%	34.3%	34.7%	34.2%	31.8%	35.2%	32.7%	34.0%
Change in Stocks	0.8%	0.8%	0.8%	0.8%	0.7%	0.8%	0.8%	0.8%
Valuables	1.9%	1.2%	0.9%	2.8%	1.1%	1.1%	1.9%	1.5%
Discrepancies	-3.0%	-3.0%	-3.5%	-1.5%	-1.5%	-1.0%	-3.0%	-1.8%

Note: <sup>^</sup>Implicit based on FY2021 SRE, FY2022 FRE, and the data for 9M FY2021 and 9M FY2022; <sup>\*</sup>Implicit based on FY2022 FRE, FY2023 SAE, and the data for 9M FY2022 and 9M FY2023

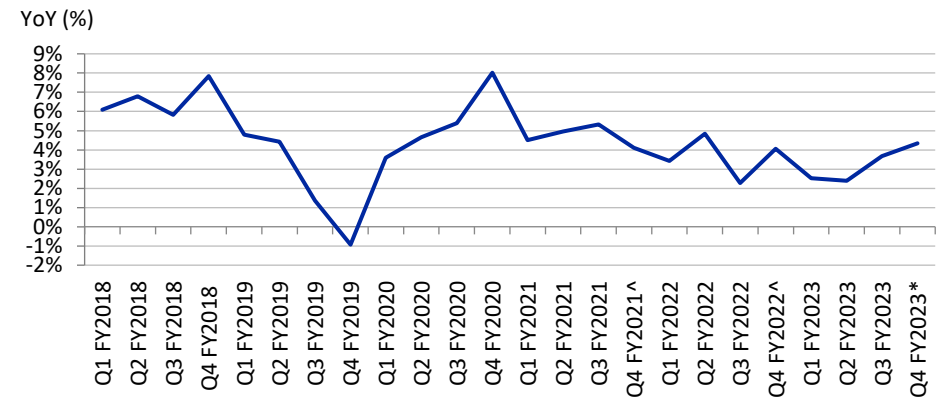
Source: NSO; CEIC; ICRA Research

## ANNEXURE C

**EXHIBIT 19: Growth in GVA at Basic Prices (Constant 2011-12 Prices)**

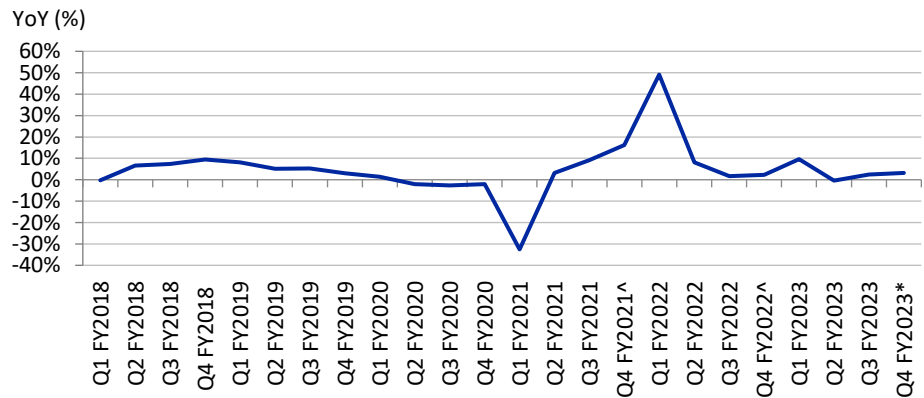


**EXHIBIT 20: Growth in Agriculture, Forestry & Fishing (Constant 2011-12 Prices)**

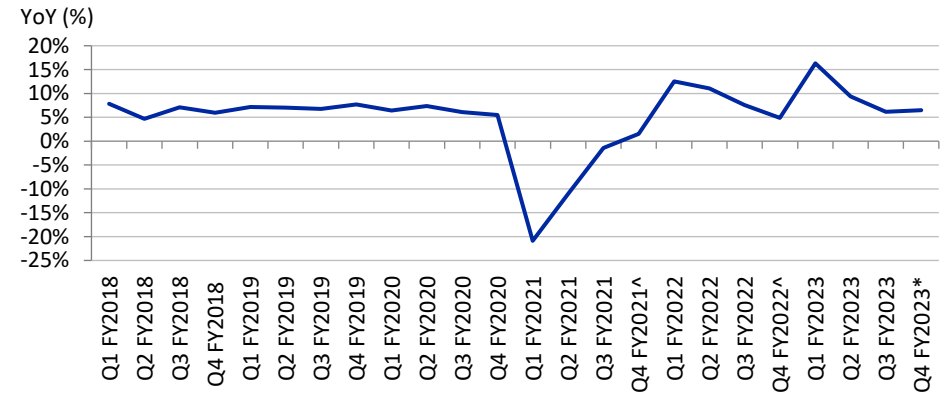


Note: ^Implicit based on FY2021 SRE, FY2022 FRE, and the data for 9M FY2021 and 9M FY2022; \*Implicit based on FY2022 FRE, FY2023 SAE, and the data for 9M FY2022 and 9M FY2023; Source: NSO; CEIC; ICRA Research

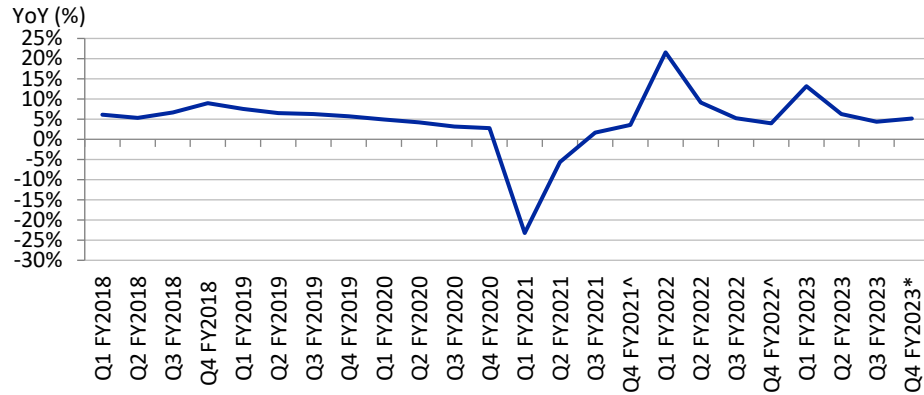
**EXHIBIT 21: Growth in Industry (Constant 2011-12 Prices)**



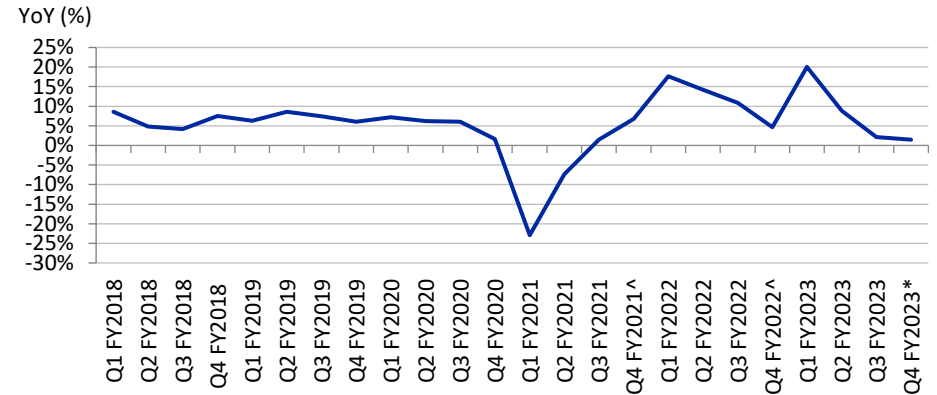
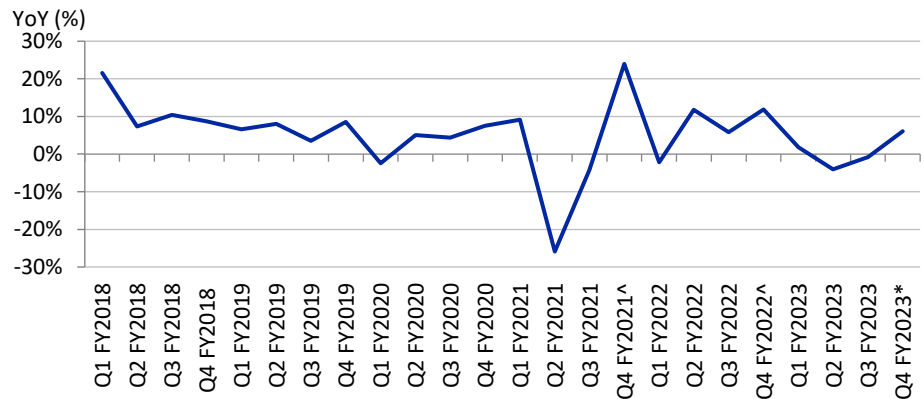
**EXHIBIT 22: Growth in Services (Constant 2011-12 Prices)**



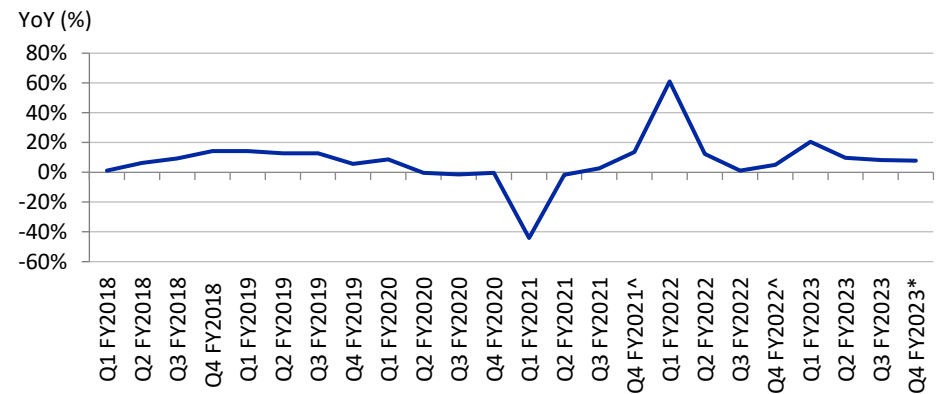
Note: ^Implicit based on FY2021 SRE, FY2022 FRE, and the data for 9M FY2021 and 9M FY2022; \*Implicit based on FY2022 FRE, FY2023 SAE, and the data for 9M FY2022 and 9M FY2023; Source: NSO; CEIC; ICRA Research

**EXHIBIT 23: Growth in GDP (Constant 2011-12 Prices)**


Note: ^Implicit based on FY2021 SRE, FY2022 FRE, and the data for 9M FY2021 and 9M FY2022; \*Implicit based on FY2022 FRE, FY2023 SAE, and the data for 9M FY2022 and 9M FY2023  
**Source:** NSO; CEIC; ICRA Research

**EXHIBIT 24: Growth in PFCE (Constant 2011-12 Prices)**

**EXHIBIT 25: Growth in GFCE (Constant 2011-12 Prices)**


Note: ^Implicit based on FY2021 SRE, FY2022 FRE, and the data for 9M FY2021 and 9M FY2022; \*Implicit based on FY2022 FRE, FY2023 SAE, and the data for 9M FY2022 and 9M FY2023  
**Source:** NSO; CEIC; ICRA Research

**EXHIBIT 26: Growth in GFCF (Constant 2011-12 Prices)**






[Click to Provide Feedback](#)

# ABOUT ICRA

ICRA Limited (formerly Investment Information and Credit Rating Agency of India Limited) was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange.

## **Alliance with Moody's Investors Service**

The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder. The participation of Moody's is supported by a Technical Services Agreement, which entails Moody's providing certain high-value technical services to ICRA. Specifically, the agreement is aimed at benefiting ICRA's in-house research capabilities, and providing it with access to Moody's global research base. The agreement also envisages Moody's conducting regular training and business seminars for ICRA analysts on various subjects to help them better understand and manage concepts and issues relating to the development of the capital markets in India. Besides this formal training programme, the agreement provides for Moody's advising ICRA on Rating-products strategy, and the Ratings business in general.

## **The ICRA Factor**

Our services are designed to

- Provide information and guidance to institutional and individual investors/creditors;
- Enhance the ability of borrowers/issuers to access the money market and the capital market for tapping a larger volume of resources from a wider range of the investing public;
- Assist the regulators in promoting transparency in the financial markets;
- Provide intermediaries with a tool to improve efficiency in the funds raising process.

## Business Contacts

Mr. L. Shivakumar  
E-mail: shivakumar@icraindia.com  
+91 22 6114 3406/ +91 98210 86490

Mr. Jayanta Chatterjee  
E-mail: Jayantac@icraindia.com  
Tel: +91 80 4332 6401/ +91 98450 22459

## Media and Public Relations

Ms. Naznin Prodhani  
E-mail: Communications@icraindia.com  
Tel: +91 124 4545 860

## Registered Office

B-710, Statesman House 148,  
Barakhamba Road  
New Delhi-110001  
Tel: +91 11 23357940-45

## Corporate Office

Building No. 8, 2nd Floor,  
Tower A, DLF Cyber City, Phase II,  
Gurgaon - 122 002  
Tel: +91-124-4545300

## Ahmedabad

1809-1811, Shapath V,  
Opp: Karnavati Club,  
S.G.Highway, Ahmedabad - 380015  
Tel: +91 79 4027 1500/501

## Bengaluru 1

'The Millenia', Tower B Unit No. 1004,  
10th Floor, 1 & 2 Murphy Road,  
Bengaluru - 560 008  
Tel: +91 80 4332 6400

## Bengaluru 2

2nd Floor, Vayudoth Chamber  
15-16, Trinity Circle, M.G. Road,  
Bengaluru - 560 001  
Tel: +91 80 4922 5500

## Chennai

5th Floor, Karumuttu Centre  
634, Anna Salai, Nandanam  
Chennai - 600 035  
Tel: +91 44 4596 4300

## Hyderabad 1

4th Floor, 'Shoban'  
6-3-927/A&B, Somajiguda  
Raj Bhavan Road,  
Hyderabad - 500 082  
Tel: +91 40 4067 6500

## Hyderabad 2

No. 7-1-58, 301, 3rd Floor, 'Concourse',  
Above SBI-HPS Branch, Ameerpet,  
Hyderabad - 500 016  
Tel: +91 40 4920 0200

## Kolkata

A-10 & 11, 3rd Floor,  
FMC Fortuna 234/3A,  
A.J.C. Bose Road,  
Kolkata -700 020  
Tel: +91 33 7150 1100/01

## Mumbai

3rd Floor, Electric Mansion  
Appasaheb Marathe Marg,  
Prabhadevi,  
Mumbai - 400 025  
Tel: +91 22 6169 3300

## Pune

5A, 5th Floor, Symphony, S. No. 210  
CTS 3202 Range Hills Road,  
Shivajinagar, Pune - 411 020  
Tel: +91 20 2556 1194

**Email:** [Info@icraindia.com](mailto:Info@icraindia.com)

**Helpdesk:** 9354738909

**Website:** [www.icra.in/](http://www.icra.in/) [www.lcraesearch.in](http://www.lcraesearch.in)