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ICRA BUSINESS ACTIVITY MONITOR - AN INDEX OF HIGH FREQUENCY ECONOMIC INDICATORS

Despite a pick-up in economic activity in September 2024, GVA growth to record intermittent dip in Q2 FY2025, doused by excess rainfall

OCTOBER 2024

Highlights - I

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ICRA Business Activity Monitor is a composite indicator that comprises:

- *Auto production (2Ws and PVs)*
- *Vehicle registrations*
- *Output of Coal India Limited (CIL)*
- *Power generation*
- *Rail freight traffic**
- *Non-oil merchandise exports*
- *Cargo handled at major ports*
- *Consumption of petrol and diesel*
- *Finished steel consumption*
- *Generation of GST e-way bills*
- *Domestic airline passenger traffic*
- *Aggregate deposits and non-food credit of SCBs*

The year-on-year (YoY) growth in economic activity, as measured by the ICRA Business Activity Monitor - an Index of high frequency indicators, improved to 7.2% in September 2024 from 16-month low 6.1% in August 2024, partly aided by a favourable base. As many as nine of the 15 constituent indicators saw an improvement in their growth performance in September 2024 relative to August 2024, with the 2W output and GST e-way bills (supported by pre-festive stocking) registering a sharp uptick, and Coal India Limited's output, electricity generation and diesel consumption witnessing a narrower contraction between these months. In quarterly terms, YoY growth in the Index moderated to 7.9% in Q2 FY2025 from 10.1% in Q1 FY2025, with excess rainfall impacting mining activity, electricity generation and retail footfalls. Subsequently, ICRA expects the growth momentum to pick up in H2 FY2025 aided by tailwinds stemming from an improvement in rural demand following the favourable monsoon turnout and kharif sowing, and an acceleration in the Government's capex growth aided by the large headroom available for the same.

- **ICRA Business Activity Monitor rose by 7.2% YoY in September 2024:** The momentum in economic activity picked up slightly in September 2024, with the YoY growth in the ICRA Business Activity Monitor rising to 7.2% from the 16-month low of 6.1% in August 2024, albeit partly aided by a favourable base. As many as nine of the 15 high frequency indicators improved in September 2024 relative to August 2024 with the 2W output and GST e-way bills (supported by pre-festive stocking) registering a sharp improvement, and Coal India Limited's (CIL) output, electricity generation and diesel consumption witnessing a narrower contraction between these months. However, as many as five indicators reported a contraction in September 2024 as against three in the previous month.
- **Sequential contraction in Index in September 2024 narrower than the level seen in 2023:** The ICRA Business Activity Monitor contracted by a milder 0.1% on a month-on-month (MoM) basis in September 2024, as against the sequential contraction of 1.1% seen in September 2023, driven by an improvement in eight of the 13 non-financial indicators. These include indicators pertaining to the 2W sector, CIL's output, and non-oil exports and mobility-related indicators including GST e-way bills, domestic airlines' passenger traffic, and diesel consumption.

*{*Note: Since the rail freight data for September 2024 is not available, we have excluded this indicator from the computation of the ICRA Business Activity Monitor.}*

Highlights – II

EXHIBIT: YoY growth of ICRA Business Activity Monitor

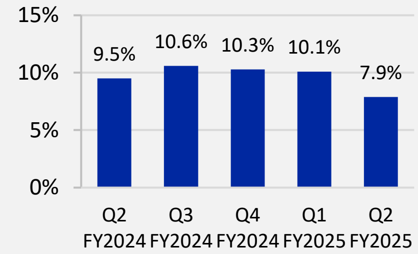
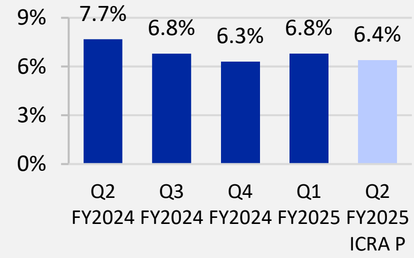


EXHIBIT: YoY GVA growth at constant 2011-12 prices



P: Projection; Source: ICRA Research

- **GVA growth to ease to 6.4% in Q2 FY2025 from 6.8% in Q1 FY2025:** The YoY growth in the ICRA Business Activity Monitor edged lower to 7.9% in Q2 FY2025 (lowest in five quarters) from 10.1% in Q1 FY2025. As many as 10 of the 17 indicators* saw deceleration in their growth performance between these quarters, with excess rainfall weighing on mining activity, electricity generation and retail footfalls. Furthermore, auto-related indicators (including the PV production and vehicle registrations) weakened in Q2 FY2025 vis-à-vis Q1 FY2025 amid high dealership inventory and sluggish demand. Given these trends, ICRA expects the GVA growth to ease slightly to 6.4% in Q2 FY2025 from 6.8% in Q1 FY2025, even as the fall in commodity prices would have supported margins of some sectors.

- **Economic growth momentum to accelerate in H2 FY2025**: ICRA expects the slowdown in economic growth in Q2 FY2025 to be transient. We foresee the GVA growth to improve to above 7.0% in H2 FY2025 aided by tailwinds stemming from a pick-up in rural demand after the favourable monsoon turnout and kharif sowing, which would particularly aid in boosting the consumption during the festive and marriage seasons. Besides, there is a large headroom available for the Government's capex in the remaining months of the fiscal, amid tepid spending during April-August 2024, which would particularly augur well for the growth in investment activity in H2 FY2025.

- **Trends for early-October 2024 appear favourable:** As per the data provided on the Vahan portal, the average daily vehicle registrations surged to ~68k units during October 1-21, 2024 from 52.8k units in the previous month, amid the onset of the festive season. On a YoY basis, the average daily vehicle registrations rose by a healthy 8.5% during October 1-21, 2024 after the contraction of 8.5% in September 2024, although these contrasting trends can partly be explained by a shift in the *Shraadh* period** in 2024 vis-à-vis 2023. Furthermore, the YoY growth in the all-India electricity demand inched up to 1.1% in October 2024 (until October 20, 2024) from 0.6% in September 2024, while remaining subdued on a high base. Going forward, both these indicators, along with those related to mobility, are expected to improve further amid seasonal uptick in demand during the festive period.

**these also include CV output and non-oil non-gold imports, which are not included in the construction of ICRA Business Activity Monitor;*
***Shraadh period in 2023: September 29-October 14, 2023; 2024: September 17-October 2, 2024*

ICRA Business Activity Monitor includes high frequency indicators related to industrial and service sectors

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ICRA Business Activity Monitor

Auto Production (PV and 2W)

and vehicle registrations

Coal India Limited output

Power Generation

Rail Freight Traffic

Non-oil Merchandise Exports

Cargo handled at Major Ports

Consumption of Petrol and Diesel

Finished Steel Consumption

Generation of GST e-way bills

Domestic Airline Passenger Traffic

Aggregate Deposits and Non-food credit of SCBs

Note: Since the rail freight traffic data for the month of September 2024 is not available, we have excluded this indicator from the computation of the ICRA Business Activity Monitor.
We have clubbed the production of PVs, scooters and motorcycles together as a single indicator; SCB: Scheduled Commercial Banks; PV: Passenger Vehicles; 2W: Two-wheelers;
Source: ICRA Research

YoY growth in ICRA Business Activity Monitor rose to 7.2% in September 2024 from 16-month low of 6.1% in August 2024

Exhibit: Level of ICRA Business Activity Monitor (FY2019=100)

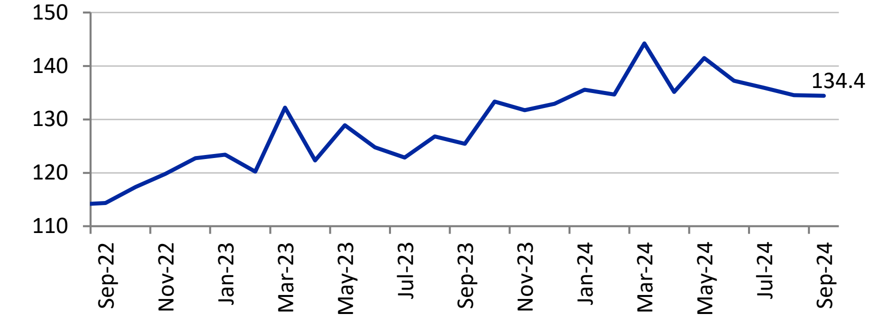
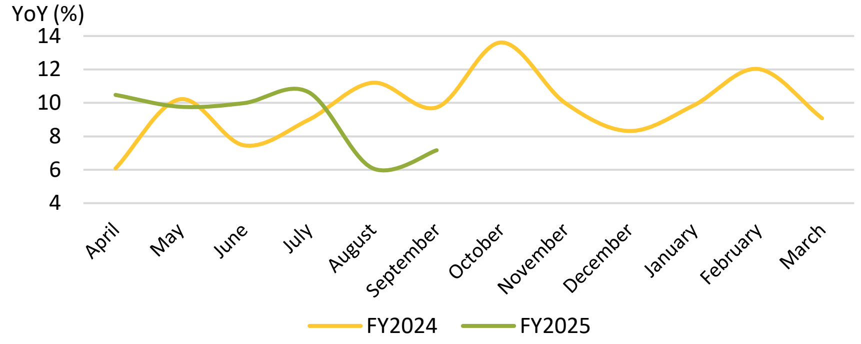


Exhibit: YoY growth of ICRA Business Activity Monitor



Note: While the monthly data for 15 indicators is available, for computation of ICRA Business Activity Monitor, we have clubbed the production of PVs, scooters and motorcycles together as a single indicator; Source: ICRA Research.

- The YoY growth in the ICRA Business Activity Monitor rose to 7.2% in September 2024 (+9.7% in September 2023) from a 16-month low of 6.1% YoY in August 2024 (+11.2% in August 2023), partly aided by a favourable base, with nine of the 15 constituent indicators witnessing an improvement in their growth performance. The performance of 2W output (to +12.9% from +4.7%) and GST e-way bills (to +18.5% from +12.9%; amid pre-festive stocking) improved significantly between these months. While the pace of expansion in finished steel consumption (to +10.5% from +10.7%) eased in September 2024 vis-à-vis August 2024, it remained in double digits for the eighth consecutive month.
- The YoY contraction in Coal India Limited's output (to -1.0% in September 2024 vs. -11.9% in August 2024), electricity generation (-1.7% vs. -3.8%; partly aided by favorable base) and diesel consumption (-1.9% vs. -2.5%) narrowed sharply in September 2024 vis-à-vis August 2024, thereby exerting a lower drag on the growth in the Index. The continued decline in these indicators largely reflects the impact of excess rainfall (11% above LPA in September 2024).
- In contrast, the YoY performance deteriorated in September 2024 vis-à-vis August 2024 for some auto/mobility-related indicators including vehicle registrations (to -9.1% in September 2024 from +3.6% in August 2024; partly on account of the shift in the *Shraadh* period*), PV output (to -3.4% from +0.7%; production cuts by wholesalers to realign high dealership inventory with demand), and petrol consumption (to +3.0% from +8.6%). The growth in port cargo traffic also eased slightly (to +5.9% from +6.7%; led by contraction in coal shipments) between these months, despite a favorable base.

**Shraadh dates: a) 2023: September 29, 2023 to October 14, 2023; b) 2024 September 17, 2024 to October 2, 2024*

As many as nine of the 15 high frequency indicators recorded an improved YoY performance in September 2024 relative to August 2024

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Exhibit: Level of ICRA Business Activity Monitor (FY2019=100)

YoY (%)	Auto Output			Vehicle Registration	CIL output	Power Generation*	Non-oil Exports	Ports Cargo Traffic	GST e-way bills	Finished Steel Consumption	Domestic Airlines Passenger	Petrol	Diesel	Bank Deposits~	Non-Food Bank Credit~
	PV output	*Scooter output*	*Motorcycle output*												
Jun-24	0.8	40.7	10.8	1.4	8.8	9.9	7.6	6.8	16.3	21.1	5.8	4.6	1.0	10.6	13.9
Jul-24	1.2	41.1	12.8	14.7	2.4	7.0	3.2	6.0	19.2	13.8	7.3	10.5	4.5	11.0	15.1
Aug-24	0.7	3.6	5.2	3.6	-11.9	-3.8	4.3	6.7	12.9	10.7	5.7	8.6	-2.5	11.3	15.0
Sep-24	-3.4	10.3	14.2	-9.1	-1.0	-1.7	7.3	5.9	18.5	10.5	6.4	3.0	-1.9	12.0	14.4

YoY growth; sequential pick-up | YoY growth; sequential dip | YoY growth; no sequential change | YoY contraction; sequential pickup | YoY contraction; sequential dip

Six indicators reported a double-digit YoY growth in September 2024 up from four in the previous month. Interestingly, the number of indicators reporting a contraction in September 2024 also increased to five as against three in the previous month.

*~excluding the impact of HDFC and HDFC bank merger to ensure comparability; *excluding renewable energy; SCBs; Scheduled Commercial Banks; Note: While the monthly data for 15 indicators is available, for computation of ICRA Business Activity Monitor, we have clubbed the production of PVs, scooters and motorcycles together as a single indicator; Passenger Vehicles (PV), scooter and motorcycle refers to growth in production volumes; CIL: Coal India Limited. Auto includes output of PV, two-wheelers and three-wheelers, CIL refers to growth in production volumes; electricity generation includes thermal, hydro, and nuclear electricity; petrol and diesel refer to growth in consumption volumes; bank deposits and bank credit refer to growth in O/S volumes; Data on finished steel consumption (non alloy and alloy/stainless) is taken from JPC; Source: Joint Plant Committee; CIL; CEA; Indian Ports Association; Ministry of Finance; Ministry of Commerce, GoI; Goods and Services Tax Network; Ministry of Petroleum & Natural Gas; Directorate General of Civil Aviation; PPAC; Reserve Bank of India; Vahan Portal; Ministry of Road Transport and Highways; CMIE; CEIC; ICRA Research*

Sequential contraction in the Index narrower in September 2024 vis-à-vis corresponding year-ago month

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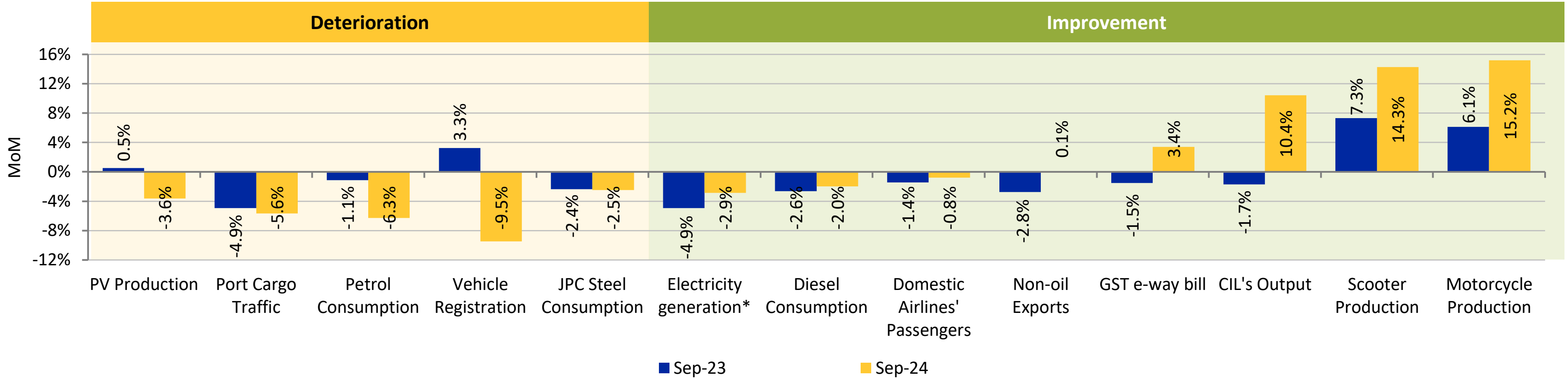
Exhibit: MoM performance of non-financial economic indicators

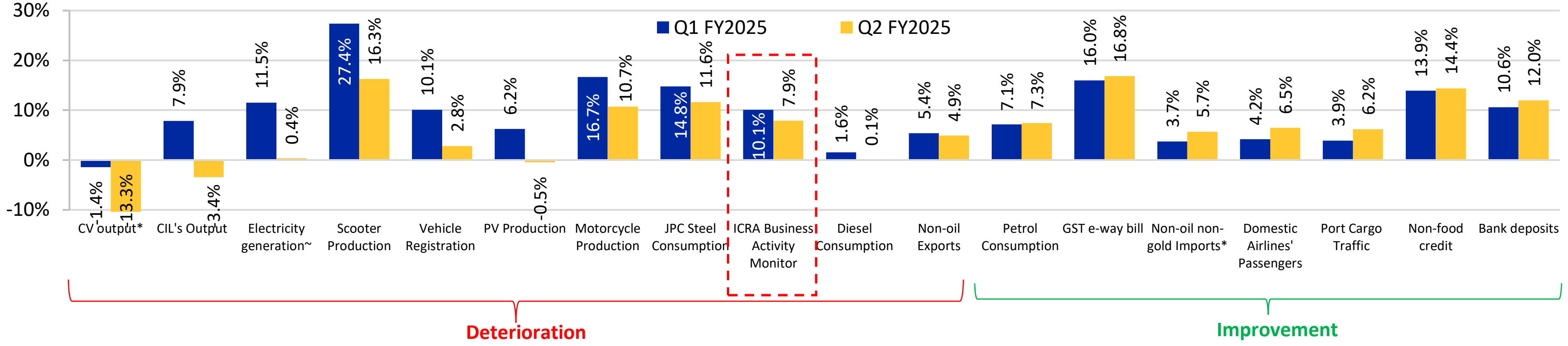


- The ICRA Business Activity Monitor contracted by a milder 0.1% on a MoM basis in September 2024, as against the sequential contraction of 1.1% seen in September 2023, driven by an improvement in eight of the 13 non-financial indicators. These include indicators pertaining to the 2W sector, such as scooter production and motorcycle production, and mobility-related indicators including GST e-way bills, domestic airlines' passenger traffic, and diesel consumption. Further, the output of Coal India Limited and electricity generation also witnessed an improvement in their MoM performance in September 2024 vis-à-vis September 2023.
- In contrast, the PV output (amid production cuts to realign high dealership inventory with demand) and vehicle registrations (led by a shift in the *shraadh* period**) expectedly reported a deterioration in their MoM performance in September 2024 vis-à-vis September 2023. Additionally, the performance of petrol consumption, port cargo traffic, and JPC steel consumption exhibited weaker sequential trends between these months.

**Data on electricity generation does not include renewable segment; **Shraadh dates: a) 2023: Sep 29, 2023 to Oct 14, 2023; b) 2024: Sep 17, 2024 to Oct 2, 2024;*
Note: While monthly data for 15 indicators is available, for computation of ICRA Business Activity Monitor, we have clubbed the production of PVs, scooters and motorcycles together as a single indicator; Source: CMIE; CIL; CEA; MoRTH; Ministry of Commerce, GoI; Indian Ports Association; GSTN; DGCA; PPAC; JPC; RBI; CEIC; ICRA Research

YoY growth in most high frequency indicators decelerated in Q2 FY2025 vis-à-vis Q1, with excess rainfall weighing on activity in the quarter

Exhibit: YoY performance of non-financial indicators in Q1 and Q2 of FY2025



*~excludes renewable energy; *CV output and non-oil non-gold imports are not included in the construction of ICRA Business Activity Monitor; bank credit and deposit data excludes the merger impact; Source: ICRA Research*

- The YoY growth in the ICRA Business Activity Monitor eased to 7.9% in Q2 FY2025 from 10.1% in Q1 FY2025, with as many as 10 of the 17 indicators* witnessing a deterioration in their growth performance between these quarters. Excess rainfall affected mining activity, electricity generation and retail footfalls with the output of Coal India contracting, and electricity generation and vehicle registrations reporting a muted growth in the quarter. Furthermore, other auto-related indicators (including the PV production) deteriorated in Q2 FY2025 vis-à-vis Q1 FY2025, partly on account of high dealership inventory and sluggish demand.
- In contrast, seven indicators witnessed an improvement in their YoY growth in Q2 FY2025 vis-à-vis Q1 FY2025, these partly pertains to mobility sector, including ports cargo traffic, GST e-way bills, domestic air passenger traffic and petrol consumption, and financial sector including bank deposits and non-food bank credit. Additionally, non-oil non-gold imports also witnessed a mild acceleration in growth between these quarters.

Lower commodity prices in Q2 FY2025 likely favoured corporate margins, although unfavourable base of some sectors to mildly dampen GVA growth

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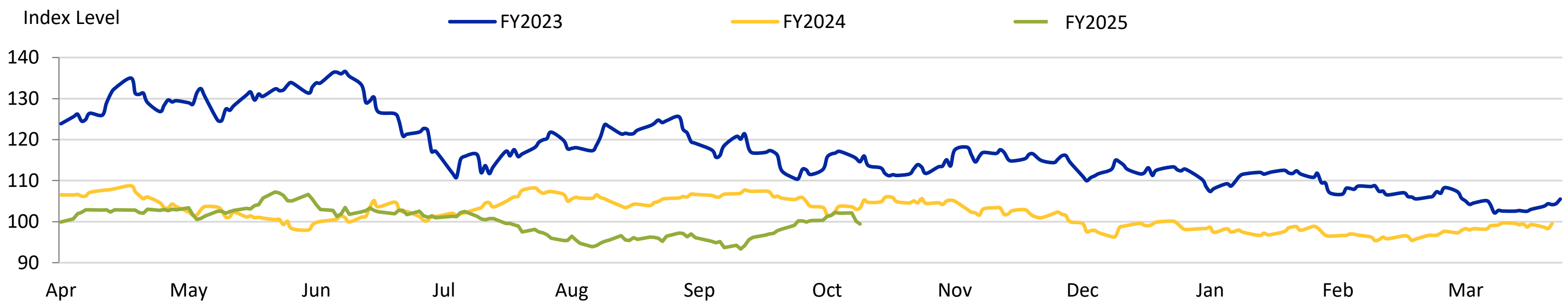
EXHIBIT: Trends in Bloomberg Commodity Price Index



Data for FY2025 is up to October 18, 2024; Source: ICRA Research

- Global commodity prices softened materially in Q2 FY2025, with the Bloomberg commodity price index (BCOM) averaging below the 100 mark, at 97.3 in the quarter, displaying a fall of 5.4% and 7.8%, respectively, compared to the levels seen in Q1 FY2025 and Q2 FY2024. This was attributed to growing concerns regarding the demand conditions from major economies including the US and China. In the ongoing month, prices, especially of metals, have surged, with the BCOM index rising to 100.2 till October 18, 2024, as potential supply risks after the escalation in geopolitical tension in West Asia overtook the demand concerns.
- **While softening commodity prices likely supported corporate margins, the unfavourable base for manufacturing GVA is likely to weigh on growth performance in Q2 FY2025 (+7.0% in Q1 FY2025; +14.3% in Q2 FY2024; +5.0% in Q1 FY2024). Overall, ICRA expects the GVA growth to ease to 6.4% in Q2 FY2025 from 6.8% in Q1 FY2025. Thereafter, we expect growth to pick up above 7.0% in H2 FY2025 aided by tailwinds stemming from an improvement in rural demand following the favourable monsoon turnout and kharif sowing, and an acceleration in the Government's capex growth aided by the large headroom available for the same.**

Higher kharif acreage, upbeat rabi outlook to improve agri output prospects, rural farm cash flows in H2 FY2025

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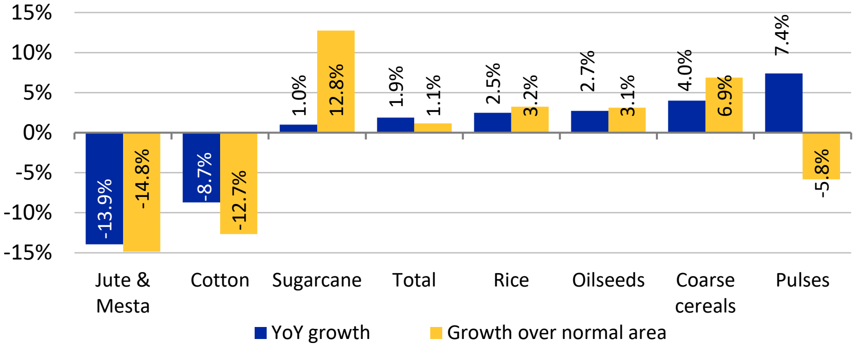
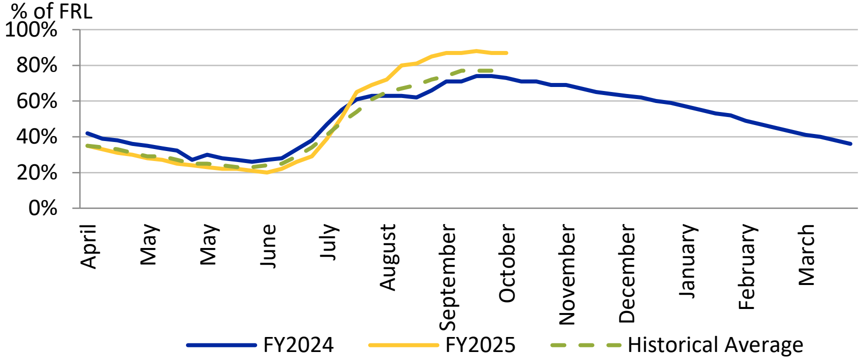
EXHIBIT: YoY growth and % change from normal sown area (average sowing area from 2018-19 to 2022-23) in Kharif Sowing as on September 27, 2024



Source: Ministry of Agriculture and Farmers' Welfare; ICRA Research

EXHIBIT: Reservoir storage levels as percentage of Live Capacity at Full Reservoir Level (FRL)



Till October 17, 2024; Source: Central Water Commission (CWC); CEIC; ICRA Research

- The outlook for the kharif output is quite robust, amid the healthy YoY growth in the area sown for most kharif crops. Additionally, aided by the 8% above normal Southwest monsoon rainfall, reservoir storage surged to 87% as on October 17, 2024, 11 pp above the historical average level, which should provide a fillip to rabi sowing.
- Overall, the outlook for the ensuing rabi crop is upbeat, given the ample reservoir storage in most regions, as well as the IMD's forecast of La Nina conditions developing in the post monsoon season that will lead to cooler-than-usual temperatures – which is conducive for cultivation and plantation of rabi crop, especially wheat, even as Punjab's low reservoir storage poses a concern to the output of the crop in that state.
- **A healthy kharif harvest and bright prospects for the rabi crop should support rural demand and provide thrust to consumption growth especially during the festive and marriage seasons.**

Large headroom in September-March FY2025 for Government to meet spending targets to boost economic growth momentum in H2 FY2025

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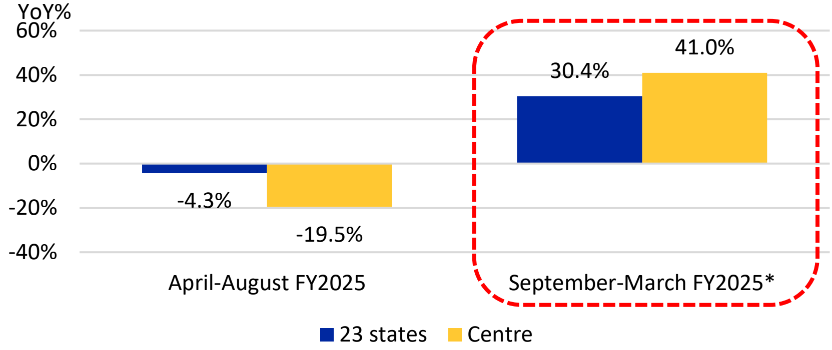
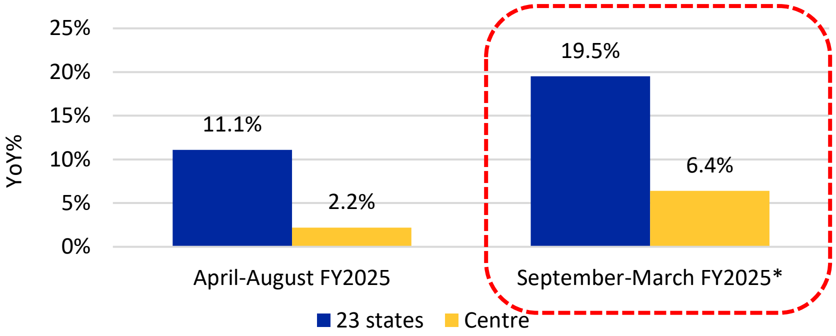
EXHIBIT: YoY growth in capex by Centre and 23 states in April-August and implied growth required in September-March FY2025 to meet their BE



Used capital outlay and net lending data for 23 states excluding Arunachal Pradesh, Odisha, Goa, Manipur and Jharkhand; Source: Union Budget; ICRA Research

EXHIBIT: YoY growth in revex by Centre (excl. interest outgo) and 23 states in April-August and implied growth required in September-March FY2025*

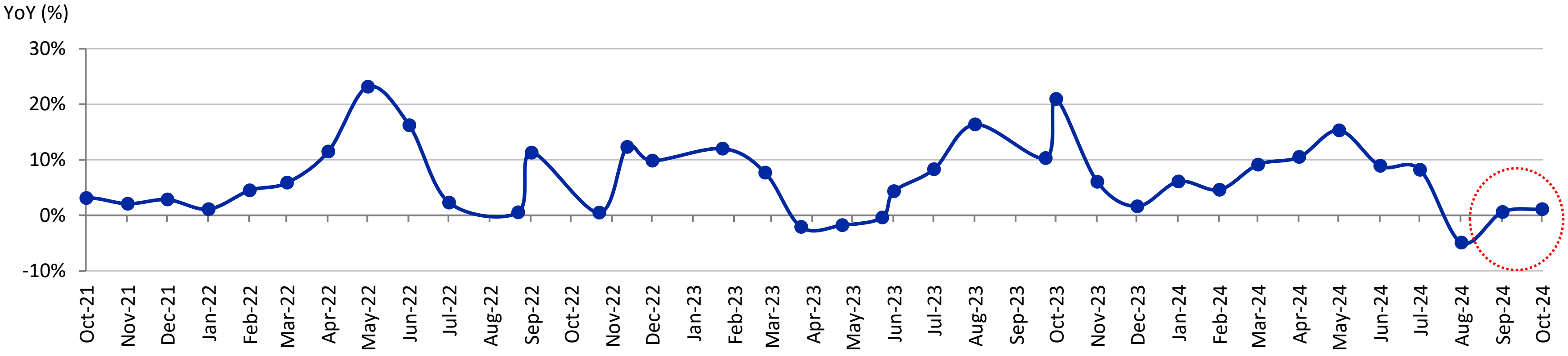


**to meet the FY2025 BE levels; used revex data for 23 states excluding Arunachal Pradesh, Goa, Manipur, Odisha and Jharkhand; Source: Union Budget; ICRA Research*

- The sharp YoY decline in the GoI's capex (-19.5%) and the states' capital expenditure, net lending (-4.3%) during April-August 2024, amidst the Model code of conduct and monsoon-related slowdown in construction activity, provides large headroom for expansion in capex in the remaining seven months of the fiscal.
- **While the GoI's capex needs to expand by a steep 41% YoY during September-March FY2025 to meet the FY2025 BE, the states' capital outlay, net lending needs to rise by ~30% during this period. These trends, along with the modest offtake under the interest free capex loans so far, suggests that the budgeted capex targets for FY2025 are likely to be missed. Nevertheless, a sharp expansion in capex and recent relaxations for facilitating big items of expenditure, will support growth in economic activity in H2 FY2025.**
- **Likewise, the required growth for the states and Centre's revex in September-March FY2025 is much higher than that seen during April-August FY2025, auguring well for GFCE growth on the expenditure side and the GVA growth for the PADOS segment on the production side.**

Electricity consumption growth inched up to 1.1% during October 1-20, 2024, while remaining subdued on a high base

Exhibit: Electricity Demand at all-India level



Data for October 2024 is till October 20, 2024; Source: POSOCO; ICRA Research

- The YoY growth in the all-India electricity demand improved marginally to 1.1% in October 2024 (until October 20, 2024) from 0.6% in September 2024. Given the unfavourable base (+21% in October 2023 vs. +10.3% in September 2023), the growth in electricity demand is likely to remain muted in October 2024. Thereafter, with the onset of winter season and base normalisation, the electricity demand growth may improve over the next two months.
- The average electricity demand slightly declined to 4.6 BU/day in October 2024 (during October 1-20) from 4.7 BU/day in September 2024.

Daily average vehicle registrations rebounded in early-October 2024, amid the onset of the festive season

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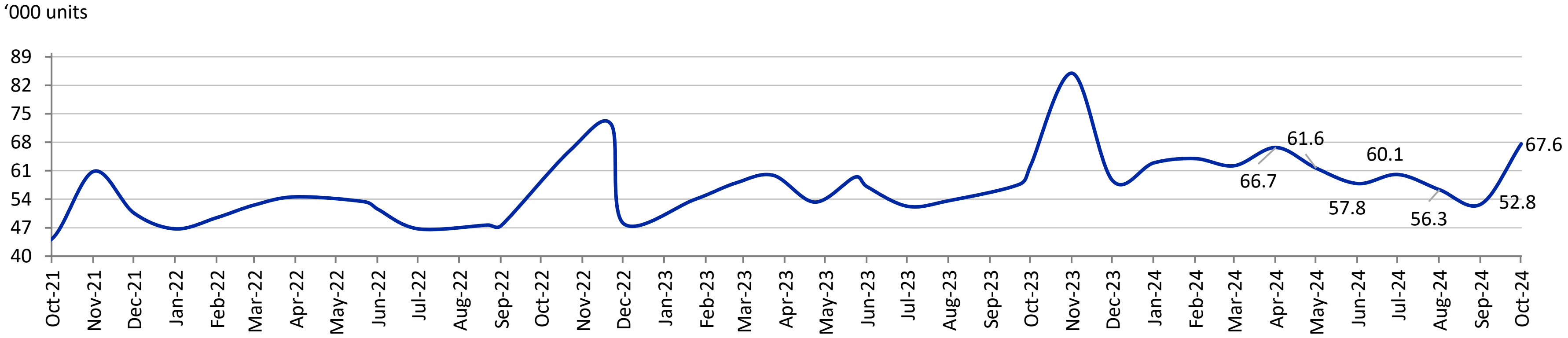
EXHIBIT: Daily average vehicle registrations at all-India level



Data for October 2024 is till October 21, 2024; We have removed data for Andhra Pradesh and Madhya Pradesh to ensure comparability across time periods Source: Vahan, MoRTH; CEIC; ICRA Research

- As per the data provided on the Vahan portal, the average daily vehicle registrations surged to 67.6k units during October 1-21, 2024 from the multi-month low 52.8k units in September 2024. Besides the pent-up demand after the lull seen during the *Shraadh* period in late September 2024, the MoM surge in the ongoing month is also partly on account of the *Navratri* period which is considered auspicious for new purchases. This coupled with increased discounts being offered by OEMs to reduce their heightened PV inventories is also likely to have supported purchases.
- On a YoY basis, the average daily vehicle registrations rose by a healthy 8.5% during October 1-21, 2024 after declining by 8.5% in September 2024, although these contrasting trends can partly be explained by a shift in the *Shraadh* period* in 2024 vis-à-vis 2023.

**Shraadh period in 2023: September 29-October 14, 2023; 2024: September 17-October 3, 2024*

Annexure A.1: ICRA Business Activity Monitor

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The ICRA Business Activity Monitor - an Index of high frequency economic indicators, is a composite tool that gauges economic activity each month. While several high frequency indicators are released every month, each of these provides insights on the performance of a select segment of the economy. It is possible to appraise trends in each of these indicators and provide a qualitative assessment of the overall state of the economy. However, such an evaluation is fraught with challenges, especially when indicators display contradictory trends or point to multi-speed expansions/contractions. The Business Activity Monitor aims to overcome this contention by providing a summary measure of the state of the economy by integrating multiple high frequency indicators into a single index.

The ICRA Business Activity Monitor* is constructed using 14 monthly high frequency indicators – auto production (comprising passenger vehicle, motorcycle and scooter production clubbed into a single indicator), output of Coal India Limited, electricity generation, non-oil merchandise exports, rail freight traffic, ports cargo traffic, non-food bank credit of scheduled commercial banks, bank deposits, vehicle registrations, generation of GST e-way bills, domestic airlines' passenger traffic, petrol consumption, diesel consumption and steel consumption. Each of these indicators are indexed in a way that the average index value for the base year FY2019 amounts to 100. The index is computed by taking the mean of the index values of these 14 indicators.

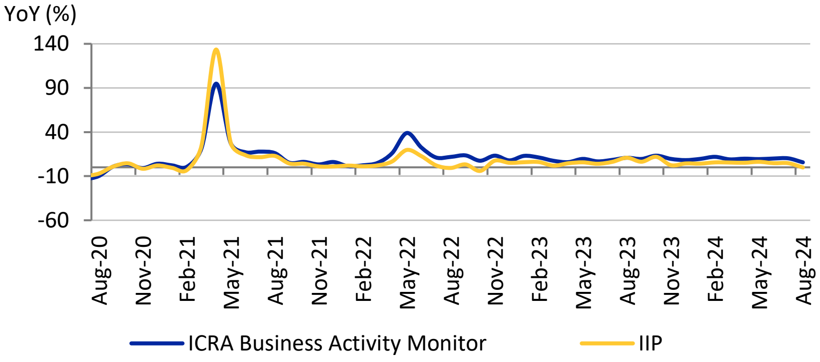
The ICRA Business Activity Monitor gives us the net direction of our 14 high frequency indicators and can be used to assess economic conditions across time periods. For instance, a fall in the value of the index to 6.1% in August 2024 from 10.7% in July 2024, signifies that economic activity has weakened in August 2024 vis-à-vis July 2024.

While summary measures of economic activity such as the GDP and the Index of Industrial Production (IIP) are released by the Government, these are available with relatively longer lags. The GDP data is available for a quarterly or higher frequency and is released with a lag of two months post the end of the quarter. Although IIP data is available on a monthly basis, it is released with a lag of around six weeks post the end of the month (Eg. IIP for August 2024 was released on 11th October 2024). However, the IIP by design excludes the services sector. Since the ICRA Business Activity Monitor is based on a variety of high frequency indicators, it is usually released with a lag of two weeks (Eg. Business Activity Monitor for August 2024 was available by mid-September 2024), thereby enabling a faster assessment of economic activity in the immediately preceding month.

*Since the rail freight traffic data for September 2024 is not available, we have excluded this indicator from the computation of the ICRA Business Activity Monitor in this report.

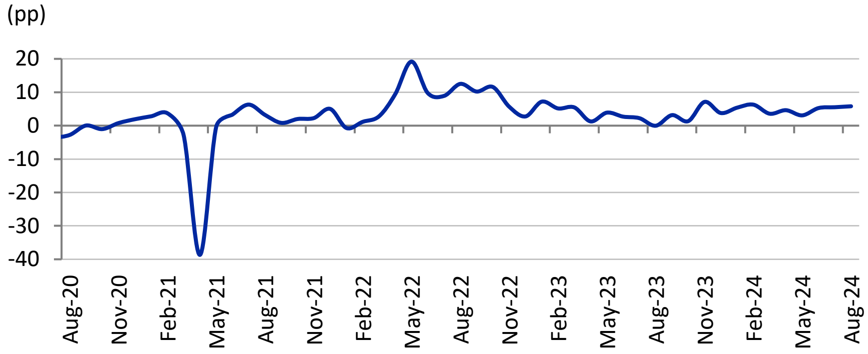
Annexure A.2: ICRA Business Activity Monitor

Exhibit: Correlation between YoY trends in ICRA Business Activity Monitor and IIP



Source: ICRA Research

Exhibit: Deviation in YoY growth between ICRA Business Activity Monitor and IIP

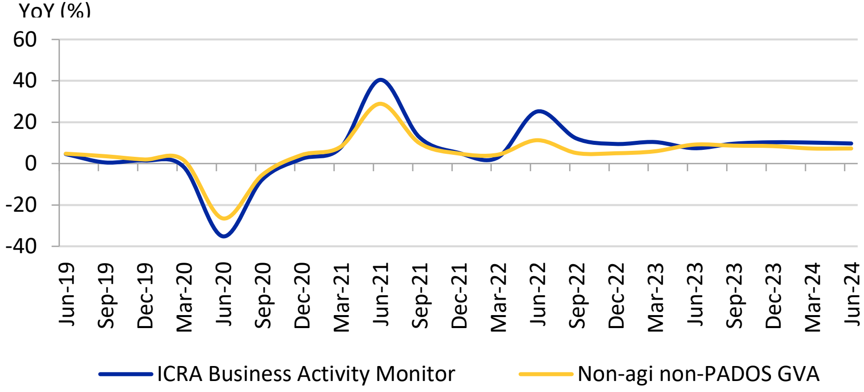


Source: ICRA Research

- The IIP is a measure of industrial activity and does not cover the agriculture and services sectors. The ICRA Business Activity Monitor is a broader measure than the IIP as it also covers some high frequency indicators related to the services sector (measures of mobility such as airlines passenger traffic and petrol consumption and financial services such as non-bank food credit and bank deposits).
- We have observed some degree of co-relation between the two (in both absolute and YoY growth terms). The deviation between the growth of the ICRA Business Activity Monitor and the IIP stood at +/-2% and +/-5% in 18 and 43, respectively, of the 65 months between April 2019 and August 2024.
- Further, the ICRA Business Activity Monitor correctly predicted the YoY growth accelerations and decelerations in the IIP on 48 of the 64 occasions during this period. The deviations in the YoY growth between the ICRA Business Activity Monitor and the IIP were positive/negative in 54/11 of the 65 months.

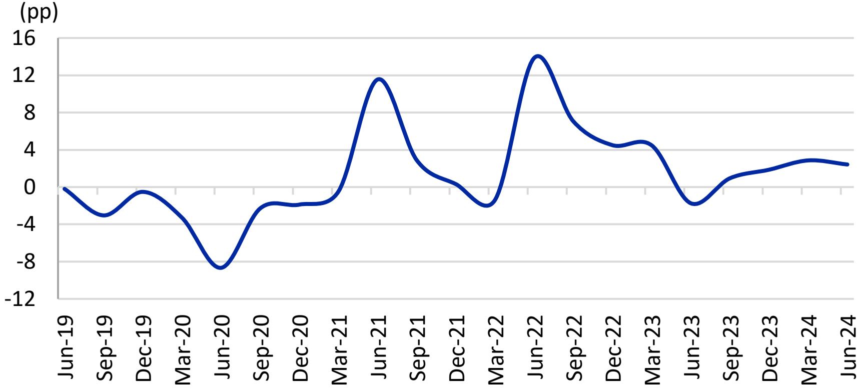
Annexure A.3: ICRA Business Activity Monitor

Exhibit: Correlation between YoY trends in ICRA Business Activity Monitor and non-agri non-PADOS GVA



Source: ICRA Research

Exhibit: Deviation in YoY growth between ICRA Business Activity Monitor and non-agri non-PADOS GVA

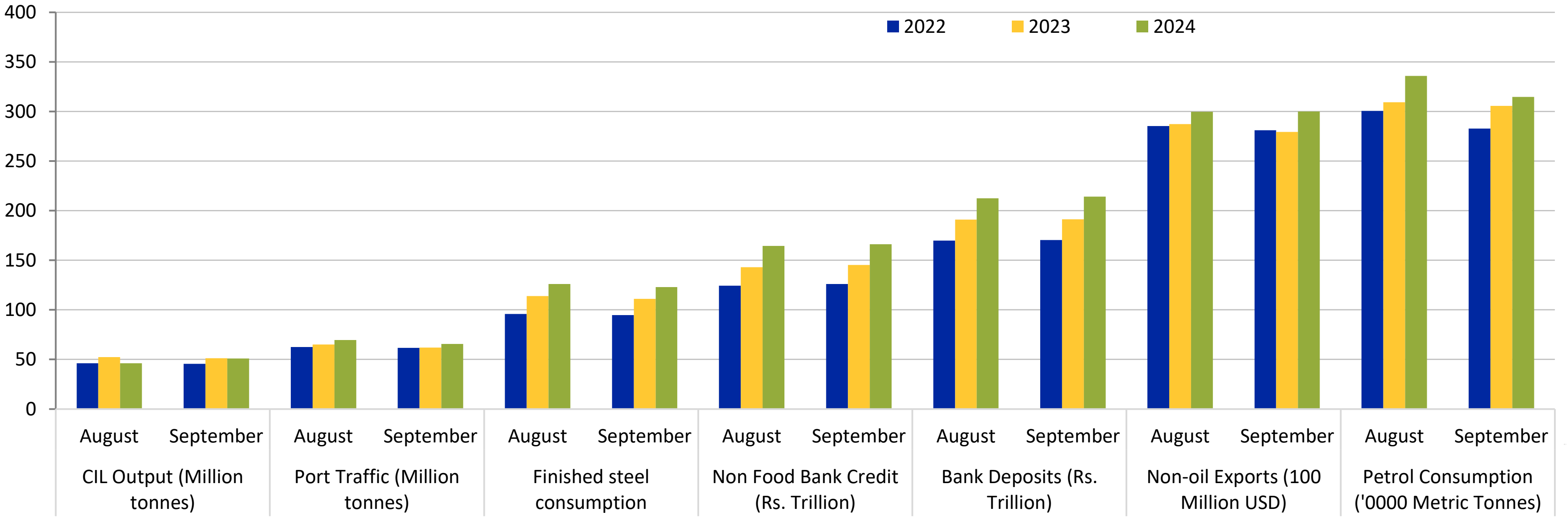


Source: ICRA Research

- On the other hand, notwithstanding some coverage of the services sector, the ICRA Business Activity Monitor is a relatively narrower measure of economic activity compared to the GDP or the Gross Value Added (GVA), which is much more comprehensive in its scope. While the ICRA Business Activity Monitor provides a good gauge of the direction of growth in non-agri non-public administration, defence and other services (PADOS) GVA, the deviation in the growth rates exceeded +/-1% in 17 of the 21 quarters between Q4 FY2019 and Q1 FY2025.
- Interestingly, in the period when growth was slowing down (up to Q1 FY2021), there was a negative deviation between the ICRA Business Activity Monitor and the non-PADOS GVA growth, indicating that the former predicted the downturn but magnified its extent. The opposite is true for the period from Q4 FY2021 onwards.
- Since the GVA is a measure of value addition, this could lead to a difference in the magnitude and/or direction of changes between the growth in the GVA and the ICRA Business Activity Monitor, as the former would be affected by changes in margins of businesses following rising/falling commodity prices or cost cutting measures.

Annexure B.1: Volumes of 10 of the 15 indicators rose in September 2024 vis-à-vis September 2023- I

Exhibit: Trends in Volumes for Last Three Years in August and September (Part - I)



**Data for non-food bank credit and bank deposits is excluding the impact of HDFC and HDFC bank merger to ensure comparability; Source: CIL; Ministry of Commerce, GoI; Indian Railways; Indian Ports Association; JPC; RBI; PPAC; CEIC; ICRA Research*

Annexure B.2: Volumes of 10 of the 15 indicators rose in September 2024 vis-à-vis September 2023-II

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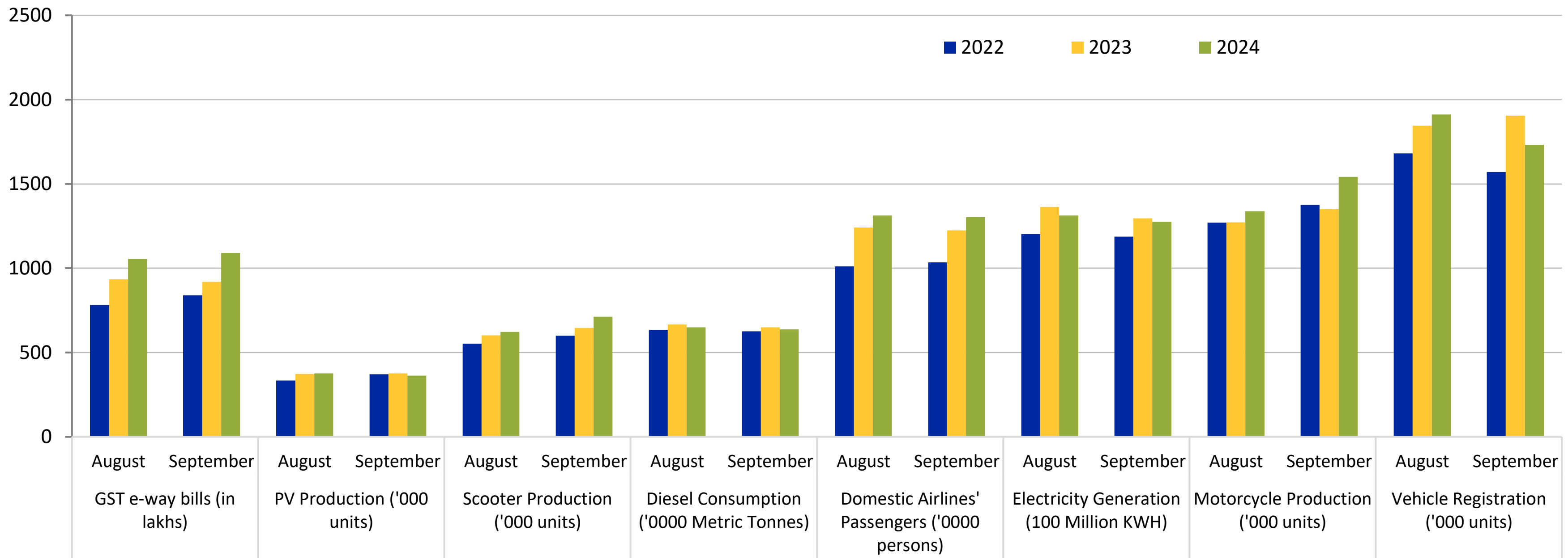
Exhibit: Trends in Volumes for Last Three Years in August and September (Part - II)



Source: CMIE; PPAC; CEA; GSTN; DGCA; Ministry of Road Transport and Highways; CEIC; ICRA Research

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Thank You!