



**Growth likely slowed to
6.5% in Q3' FY24**

27th February, 2024

Key Takeaways

- ❖ GDP data for Q3'FY24 due on 29th February, is likely to show a moderation to 6.5% (Q2'FY24: 7.6%). GVA likely eased to 6.2% (Q2'FY24: 7.4%) led by a slowdown in industry even as services momentum also slowed.
- ❖ Corporate earnings results reflect a broad-based slowdown across sectors. Consequently, we see easing in manufacturing and overall industry growth while it probably stayed in double digits.
- ❖ Services sector buoyancy though evident, has moderated when compared to Q2'FY24. Lead indicators show that public admin and trade & hotels likely recorded sequentially lower growth.
- ❖ With second advance estimate of food grains yet to be released, we assumed muted growth in agriculture sector on protracted El Nino effects.
- ❖ On an expenditure basis, government capex remained the key growth driver while consumption trends especially in rural areas were soft and deterioration in trade dynamics was a drag on growth.
- ❖ The sequential slowdown may lead to a downward bias in full year FY24 GDP growth estimate of 7.3% with second advance estimate to be released with Q3'FY24 GDP data.
- ❖ FY25 growth seen at 7% as per RBI and government estimates, with downward pressure on lower global growth, slowdown in public capex growth and delay in private capex recovery in H2 post elections.

Y-o-Y Growth Rates (%)				
Sector	Q1' FY24	Q2' FY24	Q3' FY24 (UBI est)	FY 23-24 (FAE)*
Agriculture	3.5	1.2	2.0	1.8
Industry	5.5	13.2	10.9	7.9
Services	10.3	5.8	5.0	7.7
GVA	7.8	7.4	6.2	6.9
GDP	7.8	7.6	6.5	7.3

Thank You !

RESEARCH TEAM

KANIKA PASRICHA

SUJIT KUMAR

SUNEESH K

R GUNASEELAN

NIDHI ARORA

RAJESH RANJAN

S JAYALAXMI



JOVANA LUKE GEORGE

ASHISH D DHOK

AJINKYA TAWDE

KANHAIYA JHA

MANEESH GUPTA

ROHIT YARMAL