

## GDP grew by 7.1 percent in Q1 FY17

- ❖ *Gross Domestic Product growth has witnessed slight moderation, recording a growth of 7.1 percent in Q1 FY17 as against 7.5 percent growth in Q1 FY16. However, Gross Value Added at basic prices reported a growth of 7.3 percent in Q1 FY17, 0.1 percent higher than 7.2 percent growth noted in the corresponding period previous year.*
- ❖ *Growth in agriculture (and allied activities) sector was recorded at 1.8 percent in Q1 FY17 as compared to a growth of 2.5 percent in the corresponding period previous fiscal. Industry, on the other hand, witnessed a growth of 6.0 percent in the Q1 FY17 as compared to 6.7 percent growth in Q1 FY16. However, growth in the services sector surged by 12.3 percent in Q1 FY16 as compared to 6.4 percent in Q1 FY16.*
- ❖ *On the expenditure side, gross capital formation contracted by 4.6 percent in the first quarter of the current fiscal vis-à-vis 6.6 percent growth observed in the corresponding period previous fiscal. Private final consumption expenditure registered a growth of 6.7 percent in Q1 FY17 vis-à-vis 6.9 percent growth noted in Q1 FY16. Government final consumption expenditure grew by a robust 18.8 percent during Q1 FY17 as compared to (-) 0.2 percent growth recorded during Q1 FY16.*

Quarterly Growth in GVA and its Components						GDP by Expenditure (% Y-o-Y)					
	2015-16				2016-17		2015-16				2016-17
	Q1	Q2	Q3	Q4	Q1		Q1	Q2	Q3	Q4	Q1
GVA	7.2	7.3	6.9	7.4	<b>7.3</b>	GDP	7.5	7.6	7.2	7.9	<b>7.1</b>
Agriculture, forestry and fishing	2.5	2.0	-1.0	2.3	<b>1.8</b>	Private Final Consumption Expenditure	6.9	6.3	8.2	8.3	<b>6.7</b>
Industry	6.7	6.3	8.6	7.9	<b>6.0</b>	Government Final Consumption Expenditure	-0.2	3.3	3	2.9	<b>18.8</b>
Manufacturing	7.3	9.2	11.5	9.3	<b>9.1</b>	Gross Capital Formation	6.6	9.6	2	-2.4	<b>-4.6</b>
Services	8.8	9.0	9.1	8.7	<b>9.6</b>	Gross Fixed Capital Formation	7.1	9.7	1.2	-1.9	<b>-3.1</b>

The statistics on the expenditure side reflect that growth is being driven by private consumption while the overall investments scenario continue to remain weak. We expect growth to gain momentum, going forward. The good monsoon season has been a huge positive and an improvement has been noted in the kharif acreage. The agriculture sector performance is likely to pick up giving an impetus to rural consumption. Also, the seventh pay commission is expected to push demand. This uptick is likely to give a thrust to industrial growth as well. However, it will be critical to maintain this momentum going forward.

The latest round of FICCI's Economic Outlook Survey puts across a growth estimate of 7.8% for 2016-17, which is marginally higher than the projection made in our last survey round.

FICCI's Economic Outlook Survey – Median Estimates				Area Sown under Kharif Crop as on September 23		
Growth (in %)	Q1 2016-17 Present Round	Q1 2016-17 Last Round	Q2 2016-17*	Crop	Area sown in 2016-17 (Lakh hectare)	Area sown in 2015-16 (Lakh hectare)
GDP@ market prices	7.7	7.6	7.7	Rice	387.04	377.35
GVA@ basic prices	7.6	7.5	7.6	Pulses	145.84	112.93
Agriculture & Allied activities	2.4	2.0	2.7	Oilseeds	189.16	183.71
Industry	7.3	6.8	7.5	Sugarcane	45.77	49.60
Services	8.9	9.5	8.9	<b>Total</b>	<b>1067.53</b>	<b>1030.83</b>

\*projection

Source: MOSPI, RBI, Economic Outlook, CMIE and FICCI Research