

India's GDP grows at 7.1% in the year 2016-17

The growth in GDP during 2016-17 is estimated at 7.1% as compared to the growth rate of 8% in 2015-16

PROVISIONAL ESTIMATES OF NATIONAL INCOME, 2016-17

Real GDP or Gross Domestic Product (GDP) at constant (2011-12) prices for the year 2016-17 is estimated at Rs. 121.90 lakh crore showing a growth rate of 7.1% over the year 2015-16 of Rs. 113.81 lakh crore. While GDP at current prices in the year 2016-17 is estimated at Rs. 151.84 lakh crore, showing a growth rate of 11.0% over the estimates of GDP for the year 2015-16 of Rs. 136.82 lakh crore. Real GVA, i.e., GVA at basic constant (2011-12) prices for the year 2016-17 is estimated at Rs. 111.85 lakh crore showing a growth rate of 6.6% over the GVA for the year 2015-16 of Rs. 104.91 lakh crore.

The sectors which registered growth rate of over 7.0% at constant prices are 'public administration, defence and other services' (11.3%), 'manufacturing (7.9%)', 'trade, hotels, transport, communication and services related to broadcasting' (7.8%), 'electricity, gas, water supply other utility services (7.2%)'. The growth in the 'agriculture, forestry and fishing', 'mining and quarrying', 'construction' and 'financial, real estate and professional services' is estimated to be 4.9%, 1.8%, 1.7% and 5.7% respectively.

Provisional Estimates of GVA at Basic Price by Economic Activity (At 2011-12 prices)

Industry	2014-15	2015-16	2016-17 (PE)	Percentage change over previous year	
				2015-16	2016-17
1. agriculture, forestry & fishing	1,606,140	1,617,208	1,696,175	0.7	4.9
2. mining & quarrying	293,821	324,740	330,485	10.5	1.8
3. manufacturing	1,689,504	1,872,115	2,019,927	10.8	7.9
4. electricity, gas, water supply & other utility services	213,744	224,447	240,590	5.0	7.2
5. construction	838,203	879,782	894,668	5.0	1.7
6. trade, hotels, transport, communica tion and services related to broadcasting	1,800,919	1,989,161	2,143,956	10.5	7.8
7. financial, real estate & professional services	2,075,549	2,298,798	2,429,638	10.8	5.7
8. Public Administration, defence and other services	1,201,143	1,284,263	1,430,002	6.9	11.3
GVA at Basic Price	9,719,023	10,490,514	11,185,440	7.9	6.6

Source: PHD Research Bureau, compiled from MOSPI

Note: PE pertains to Provisional Estimates

The salient features of the estimates for sectors are detailed below:

Agriculture – The ‘agriculture, forestry and fishing’ sector has shown a growth rate of 4.9 at constant prices and 9.0 % at current prices. The GVA estimates of this sector have been compiled using the Third Advance Estimates of production of food grains for 2016-17. The third advance estimates of food grain production was 273.38 million tonnes in 2016-17 which is higher than the second advance estimates of food grain production during 2016-17 of 271.98 million tonnes and final estimates of 251.57 million tonnes during the agricultural year 2015-16.

Mining and quarrying— The ‘mining and quarrying’ sector has shown a growth rate of 1.8% at constant prices and 1.9% at current prices. As per the available information, private corporate sector growth in the mining sector as estimated from major listed companies at current prices was 1.8 % . The Index of Industrial Production of mining registered growth of 5.3% during 2016-17. Production of coal and crude oil registered growth rates of 3.6 % and (-) 2.5% during 2016-17.

Manufacturing-- The growth in the ‘manufacturing’ sector is estimated at 7.9% at constant prices and 9.3 % at current prices. The private corporate sector growth (which has a share of around 70 % in the manufacturing sector) as estimated from available data of listed companies with BSE and NSE was 12.4 % at current prices during 2016-17. The quasi corporate and unorganized segment (which includes individual proprietorship and partnerships and khadi & village Industries having a share of around 23 % in the manufacturing sector) has been estimated using IIP of manufacturing. The IIP of manufacturing registered a growth rate of 4.9 % during 2016-17.

Electricity, Gas, water supply and other utility services-- GVA at basic prices for 2016-17 from ‘Electricity, gas, water supply and other utility services’ sector is estimated to grow by 7.2% at constant prices and 6.5 % at current prices. The key indicator of this sector, namely, IIP of Electricity registered a growth rate of 5.8 per cent during April-March, 2016-17.

Construction-- GVA at basic prices for 2016-17 from ‘Construction’ sector is estimated to grow by 1.7% at constant prices and 3.5 % at current prices. Key indicators of construction sector, namely, production of cement and consumption of finished steel registered growth rates of (-) 1.3 per cent and 3.0 %, respectively, during 2016-17.

Trade, hotels, transport, communication and services related to broadcasting -- GVA at basic prices for 2016-17 from this sector is estimated to grow by 7.8% at constant prices and 9.8 % at current prices. Key indicator used for estimating GVA from Trade sector is the sales tax growth. As per the available monthly data on State accounts, sales tax collection grew by 11.4 % during 2016-17. Indicator used for measuring GVA from hotels and restaurant sector is the private corporate growth in this sector.

QUARTERLY ESTIMATES OF GDP FOR Q4 (JANUARY-MARCH), 2016-17

GDP at constant (2011-12) prices in Q4 of 2016-17 is estimated at Rs. 32.28 lakh crore, as against Rs. 30.42 lakh crore in Q4 of 2015-16, showing a growth rate of 6.1 %. GVA at basic prices at constant (2011-12) prices in Q4 of 2016-17 is estimated at Rs. 28.69 lakh crore, as against Rs. 27.18 lakh crore in Q4 of 2015-16, showing a growth rate of 5.6 %.

Growth rates in various sectors are as follows: ‘agriculture, forestry and fishing’ (5.2 %), ‘mining and quarrying’ (6.4%), ‘manufacturing’ (5.3 %), ‘electricity, gas, water supply and other utility services’ (6.1%) ‘construction’ (-3.7 %), ‘trade, hotels, transport and communication’ (6.5%), ‘financial, real estate and professional services’ (2.2%), and ‘Public administration, defence and other Services’ (17.0 %).

Quarterly Estimates of GVA at Basic Prices for 2016-17 (at 2011-12 prices)

industry	GVA AT BASIC PRICE (₹ in crore)												PERCENTAGE CHANGE OVER PREVIOUS YEAR							
	2014-15				2015-16				2016-17				2015-16				2016-17			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
1. agriculture, forestry & fishing	362,740	299,736	522,895	420,769	371,468	306,694	511,784	427,262	380,833	319,173	546,854	449,313	2.4	2.3	-2.1	1.5	2.5	4.1	6.9	5.2
2. mining & quarrying	80,609	59,018	70,133	84,062	87,294	66,214	78,355	92,877	86,485	65,368	79,816	98,817	8.3	12.2	11.7	10.5	-0.9	-1.3	1.9	6.4
3. manufacturing	423,539	425,198	391,160	449,606	458,128	464,719	442,766	506,502	507,223	500,655	478,856	533,194	8.2	9.3	13.2	12.7	10.7	7.7	8.2	5.3
4. electricity, gas, water supply & other utility services	53,828	54,807	53,151	51,958	55,324	57,912	55,292	55,919	61,018	60,850	59,405	59,320	2.8	5.7	4.0	7.6	10.3	5.1	7.4	6.1
5. construction	209,445	205,660	207,783	215,314	222,464	208,855	220,327	228,135	229,321	217,790	227,805	219,752	6.2	1.6	6.0	6.0	3.1	4.3	3.4	-3.7
6. trade, hotels, transport & communication and services related to broadcasting	430,346	431,263	439,108	500,201	474,733	466,888	483,310	564,230	516,958	503,064	523,308	600,626	10.3	8.3	10.1	12.8	8.9	7.7	8.3	6.5
7. financial, real est. & professional Services	540,396	592,973	460,100	482,081	594,754	670,123	508,328	525,592	650,607	717,077	524,916	537,038	10.1	13.0	10.5	9.0	9.4	7.0	3.3	2.2
8. Public administration, defence and other services	276,514	312,251	315,180	297,198	293,784	334,639	338,742	317,098	318,963	366,583	373,483	370,973	6.2	7.2	7.5	6.7	8.6	9.5	10.3	17.0
GVA at Basic Price	2177418	2180906	2149510	2501190	2557949	2576044	2638965	2717616	2751407	2750560	2814440	2869032	7.6	8.2	7.3	8.7	7.6	6.8	6.7	5.6

Source: PHD Research Bureau, compiled from MOSPI

Our view Point

Real GDP growth at 7.1% at 2011-12 prices is in line with expectations vis-à-vis impact of demonetization on various sectors of the economy such as mining, manufacturing, construction and trade sectors. We look forward to a good GDP growth with three major positive developments taking place in the current year i.e positive effect of demonetization, implementation of GST and low inflationary expectations vis-à-vis IMD forecasts a good monsoon.

Growth is expected to be at around 8% in 2017-18. The growth rate of agriculture and allied sector at 4.9% in 2016-17 is inspiring and we expect more reforms to come in the sector to strengthen the growth further in a sustainable trajectory. Focus on food processing sector would help in creation of employment opportunities, increase in rural incomes and will boost the manufacturing growth. Reforms in the construction sector for ease of doing business would go a long way to improve India's business environment, attract investments and to absorb unskilled, semiskilled and skilled workforce.

Please contact for any query related to this mail to Ms. Areesha, Research Associate at areesha@phdcci.in with a cc to Dr. S P Sharma, Chief Economist at spsharma@phdcci.in and Ms. Megha Kaul, Associate Economist at megha@phdcci.in , PHD Chamber of Commerce & Industry.

Warm regards,

Dr. S P Sharma
Chief Economist

PHD Chamber of Commerce and Industry
PHD House, 4/2 Siri Institutional Area

August Kranti Marg, New Delhi-110016
Ph.: + 91-11-26863801-04, 49545454 Ext (135)
Fax: +91- 26855450, 49545451
Email: spsharma@phdcci.in
Website: www.phdcci.in

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PHD CHAMBER OF COMMERCE AND INDUSTRY

PHD House, 4/2 Siri Institutional Area, August Kranti Marg, New Delhi - 110 016 (India)

Tel. : +91-112686 3801-04, 49545454, 49545400 - Fax : +91-11-2685 5450 - E-mail : research@phdcci.in - Website : www.phdcci.in

