

Second Advance Estimates of National Income, 2017-18 and Quarterly estimates of Gross Domestic Product for the Third quarter (Oct-Dec), 2017-18

GDP grows at 7.2% in Q3 2017-18; Growth in GDP during 2017-18 is estimated at 6.6%

The Central Statistics Office (CSO), Ministry of Statistics and Programme Implementation has released the Second Advance estimates of national income at constant (2011-12) and current prices for the financial year 2017-18 and Quarterly estimates of GDP for the third quarter October-December (Q3), 2017-18 both at constant (2011-12) and current prices along with the corresponding quarterly estimates of expenditure components of GDP

According to the estimates of Gross Domestic Product(GDP) for the third quarter (October-December) Q3 of 2017-18, GDP at constant (2011-12) prices in Q3 of 2017-18 is showing a growth rate of 7.2 % in Q3 of 2017-18 as compared to 6.5% in the Q2 of 2017-18. According to the second advance estimates national income at constant (2011-12) and current prices, the growth in GDP (at constant prices) during 2017-18 is estimated at 6.6 % as compared to the growth rate of 7.1 % in 2016- 17.

Growth Rates of GDP		
	Constant prices (2011-12)	Current prices
Annual 2017-18 (Second advance)	6.6	9.8
Q1 2017-18 (April-June)	5.7	9.2
Q2 2017-18 (July-Sep)	6.5	10.0
Q3 2017-18 (Oct-Dec)	7.2	11.9

QUARTERLY ESTIMATES OF GDP FOR THE THIRD QUARTER (OCTOBER-DECEMBER) OF 2017-18

The first three quarters of a financial year are denoted by Q1, Q2 and Q3. GDP at constant (2011-12) prices in Q3 of 2017-18 is estimated at Rs. 32.50 lakh crore, as against Rs. 30.32 lakh crore in Q3 of 2016-17, showing a growth rate of 7.2 %. GVA at basic prices at constant (2011-12) prices in Q3 of 2017-18 is estimated at Rs. 30.11 lakh crore, as against Rs. 28.21 lakh crore in Q3 of 2016-17, showing a growth rate of 6.7 %.

Growth rates in various sectors are as follows: 'agriculture, forestry and fishing' (4.1 %), 'mining and quarrying' (-0.1 %), 'manufacturing' (8.1 %), 'electricity, gas, water supply and other utility services' (6.1 %) 'construction' (6.8 %), 'Trade, hotels, transport, communication and services related to broadcasting' (9.0 %), 'financial, real estate and professional services' (6.7 %), and 'Public administration, defence and Other Services' (7.2 %). The estimated growth in the index of mining, manufacturing and electricity are 0.8 %, 7.1 % and 3.8 % respectively, in Q3 of 2017-18.

QUARTERLY ESTIMATE OF GVA AT BASIC PRICES FOR OCTOBER-DECEMBER (Q3) OF 2017-18 (At 2011-12 Prices)

Industry	GVA AT BASIC PRICES (₹crore)									PER CENTAGE CHANGE OVER PREVIOUS YEAR					
	2015-16			2016-17			2017-18			2016-17			2017-18		
	Q1	Q2	Q3	Q1	Q2	Q3	Q1	Q2	Q3	Q1	Q2	Q3	Q1	Q2	Q3
1. Agriculture, forestry & fishing	371195	307722	511119	386986	324733	549517	397374	333611	572227	4.3	5.5	7.5	2.7	2.7	4.1
2. Mining & quarrying	89728	65773	78536	99129	71728	88068	100885	76797	88010	10.5	9.1	12.1	1.8	7.1	-0.1
3. Manufacturing	464777	471426	449199	510673	507701	485508	501621	542538	524783	9.9	7.7	8.1	-1.8	6.9	8.1
4. Electricity, gas, water supply & other utility services	55242	57858	55210	62114	61945	60480	66537	66717	64171	12.4	7.1	9.5	7.1	7.7	6.1
5. Construction	218498	206034	216686	225077	213851	222748	228497	219868	237951	3.0	3.8	2.8	1.5	2.8	6.8
6. Trade, hotels, transport, communication and services related to broadcasting	475423	467887	484591	517644	501747	520711	561341	548332	567487	8.9	7.2	7.5	8.4	9.3	9.0
7. Financial, real estate & professional services	596365	671733	507259	659189	727192	521674	717564	773517	556847	10.5	8.3	2.8	8.9	6.4	6.7
8. Public administration, defence and Other Services	291784	332806	336926	314250	359272	372659	355783	379216	399468	7.7	8.0	10.6	13.2	5.6	7.2
GVA at Basic Price	2563013	2581239	2639526	2775063	2768167	2821365	2929601	2940596	3010942	8.3	7.2	6.9	5.6	6.2	6.7

Source: PHD Research Bureau, compiled from MOSPI

The PFCE and GFCF at constant (2011-12) prices in Q3 of 2017-18 are estimated at `19.19 lakh crore and `10.52 lakh crore, respectively. The rates of PFCE and GFCF as %age of GDP in Q3 of 2017-18 is 59.1 % and 32.4 %, respectively, as against the corresponding rates of 59.9 % and 31.0 %, respectively in Q3 of 2016-17. GFCE at constant (2011-12) prices in Q3 of 2017-18 is estimated at `3.23 lakh crore as against `3.04 lakh crore in Q3 of 2016-17. The rate of GFCE as %age of GDP in Q3 of 2017-18 is 9.9 % as against the corresponding rate of 10.0 % in Q3 of 2016-17.

QUARTERLY ESTIMATES OF FINAL EXPENDITURES OF GDP FOR OCTOBER-DECEMBER (Q3) OF 2017-18 (at 2011-12 prices)

Item	GDP (₹crore)									Rates of GDP (%)					
	2015-16			2016-17			2017-18			2016-17			2017-18		
	Q1	Q2	Q3	Q1	Q2	Q3	Q1	Q2	Q3	Q1	Q2	Q3	Q1	Q2	Q3
1. Private Final Consumption Expenditure (PFCE)	1473402	1507162	1662816	1595219	1619781	1817549	1700954	1726102	1919011	54.0	54.3	59.9	54.5	54.3	59.1
2. Government Final Consumption Expenditure (GFCE)	289915	333113	270997	313990	360466	304372	367593	370968	322815	10.6	12.1	10.0	11.8	11.7	9.9
3. Gross Fixed Capital Formation (GFCF)	828440	833430	863724	960255	921132	938951	975540	984887	1051930	32.5	30.9	31.0	31.3	31.0	32.4
4. Change in Stocks(CIS)	56898	57712	54991	22498	22367	21389	21872	23656	22882	0.8	0.7	0.7	0.7	0.7	0.7
5. Valuables	41359	48346	45368	37008	39255	37644	83443	61439	52994	1.3	1.3	1.2	2.7	1.9	1.6
6. Exports	582778	597409	579000	603715	612021	617872	639149	651790	633271	20.4	20.5	20.4	20.5	20.5	19.5
7. Less Imports	624706	657024	613748	625621	654228	675543	725734	689446	734228	21.2	21.9	22.3	23.3	21.7	22.6
8. Discrepancies	84041	52120	-23145	46358	62743	-30143	58041	46855	-19115	1.6	2.1	-1.0	1.9	1.5	-0.6
GDP	2732125	2772268	2840003	2953421	2983537	3032091	3120859	3176251	3249560	100.0	100.0	100.0	100.0	100.0	100.0
GDP (Per centage change over previous year)							5.7	6.5	7.2						

Source: PHD Research Bureau, compiled from MOSPI

SECOND ADVANCE ESTIMATES OF NATIONAL INCOME, 2017-18

a) Estimates at Constant (2011-12) Prices

Real GDP or Gross Domestic Product (GDP) at constant (2011-12) prices in the year 2017- 18 is likely to attain a level of Rs. 130.04 lakh crore, as against the First Revised Estimate of GDP for the year 2016-17 of Rs. 121.96 lakh crore, released on 31st January 2018. The growth in GDP during 2017-18 is estimated at 6.6 % as compared to the growth rate of 7.1 % in 2016- 17.

Real GVA, i.e, GVA at basic constant prices (2011-12) is anticipated to increase from Rs. 112.48 lakh crore in 2016-17 to Rs. 119.64 lakh crore in 2017-18. Anticipated growth of real GVA at basic prices in 2017-18 is 6.4 % as against 7.1 % in 2016-17.

The sectors which are likely to register growth rate of over 7.0 % are 'public administration, defence and other services', 'trade, hotels, transport, communication and services related to broadcasting', 'electricity, gas, water supply and other utility services' and 'financial, real estate and professional services'. The growth in the 'agriculture, forestry and fishing', 'mining and quarrying', 'manufacturing', and 'construction' is estimated to be 3.0 %, 3.0 %, 5.1 per cent and 4.3 % respectively.

Agriculture, forestry and fishing

- The 'agriculture, forestry and fishing' sector is likely to show a growth rate of 3.0 % in its GVA during 2017-18, as against the previous year's growth rate of 6.3 %. The GVA estimates of this sector have been compiled using the Second Advance Estimates of production of food grains for 2017-18. According to the information furnished by the Department of Agriculture and Cooperation (DAC), the production growth of food grains during the agriculture year 2017-18 was 0.9 % as compared to 9.4 % in the previous agriculture year.

Mining and quarrying

- The growth in the GVA at basic prices for 2017-18 from 'mining and quarrying' sector is estimated to be 3.0 % as compared to growth of 13.0 % in 2016-17. The key indicators of mining sector, namely, production of coal, crude oil and natural gas registered growth rates of 1.3 %, (-)0.4 %, 3.4 % during April-December, 2017-18 as compared to 1.5 %, (-)3.2 % and (-)3.3 % during April-December, 2016-17. IIP mining grew by 2.8 % in April-December, 2017-18 as against 4.3 % in April-December, 2016-17.

Manufacturing

- The growth in the GVA at basic prices for 2017-18 from 'manufacturing' sector is estimated to be 5.1 % as compared to growth of 7.9 % in 2016-17. The private corporate sector growth (which has a share of around 70 % in the manufacturing sector) as estimated using available data of major listed companies was 8.1 % at current prices during April-December 2017-18.

Electricity, gas, water supply and other utility services

- GVA at basic prices for 2017-18 from 'Electricity, gas, water supply and other utility services' sector is estimated to grow by 7.3 % as compared to growth of 9.2 % in 2016-17. The key indicator of this sector, namely, IIP of Electricity registered a growth rate of 5.1 % during April-December, 2017-18 as compared to growth of 6.3 % during April-December, 2016-17.

Construction

- GVA at basic prices for 2017-18 from 'Construction' sector is estimated to grow by 4.3 % as compared to growth of 1.3 % in 2016-17. Key indicators of construction sector, namely, production of cement and consumption of finished steel registered growth rates of 2.7 % and 5.2 %, respectively, during April-December, 2017-18 as compared to 2.8 % and 3.6 % respectively, during April-December 2016-17.

Trade, hotels, transport, communication and services related to broadcasting

- GVA at basic prices for 2017-18 from this sector is estimated to grow by 8.3 % as compared to growth of 7.2 % in 2016-17. GVA from Trade sector is estimated using an index of turnover based on Sales tax. With introduction of GST, sales tax data is now subsumed under GST. Therefore, a comparable estimate of turnover based on sales tax has been estimated.

Financial, insurance, real estate and professional services

- GVA at basic prices for 2017-18 from this sector is estimated to grow by 7.2 % as compared to growth of 6.0 % in 2016-17. Major component of this industry is the real estate and professional services which has a share of 72.0 %.

Public administration, defence and other services

- GVA at basic prices for 2017-18 from this sector is estimated to grow by 10.1 % as compared to growth of 10.7 % in 2016-17. The key indicator of this sector namely, Union government revenue expenditure net of interest payments and subsidies grew by 16.7 % during April-December, 2017-18 as compared to 21.8 % in April-December, 2016-17.

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

Industry	2015-16 (2 nd RE)	2016-17 (1 st RE)	2017-18 (2 nd AE)	Percentage change over previous year	
				2016-17	2017-18
1. Agriculture, forestry & fishing	1,615,216	1,716,746	1,767,397	6.3	3.0
2. Mining & quarrying	328,453	371,066	382,204	13.0	3.0
3. Manufacturing	1,898,790	2,048,711	2,153,147	7.9	5.1
4. Electricity, gas, water supply & other utility services	224,198	244,934	262,923	9.2	7.3
5. Construction	866,440	878,110	915,878	1.3	4.3
6. Trade, hotels, transport, communication and services related to broadcasting	1,993,627	2,137,102	2,313,932	7.2	8.3
7. Financial, real estate & professional services	2,299,913	2,437,857	2,612,670	6.0	7.2
8. Public administration, defence and Other Services	1,276,710	1,413,103	1,556,327	10.7	10.1
GVA at Basic Price	10,503,348	11,247,629	11,964,479	7.1	6.4

RE: Revised estimates AE: Advance Estimates

Source: PHD Research Bureau, compiled from MOSPI

ANNUAL ESTIMATES OF FINAL EXPENDITURES OF GDP, 2017-18

Private Final Consumption Expenditure

- Private Final Consumption Expenditure (PFCE) at current prices is estimated at `98.59 lakh crore in 2017-18 as against `90.05 lakh crore in 2016-17. At constant (2011-12) prices, the PFCE is estimated at `72.25 lakh crore in 2017-18 as against `68.12 lakh crore in 2016-17. In terms of GDP, the rates of PFCE at current and constant (2011-12) prices during 2017-18 are estimated at 58.9 per cent and 55.6 %, respectively, as against the corresponding rates of 59.0 per cent and 55.9 per cent, respectively in 2016-17.

Government Final Consumption Expenditure

- Government Final Consumption Expenditure (GFCE) at current prices is estimated at `19.06 lakh crore in 2017-18 as against `16.64 lakh crore in 2016-17. At constant (2011-12) prices, the GFCE is estimated at `14.00 lakh crore in 2017-18 as against `12.62 lakh crore in 2016-17. In terms of GDP, the rates of GFCE at current and constant (2011-12) prices during 2017-18 are estimated at 11.4 % and 10.8 %, respectively, as against the corresponding rates of 10.9 % and 10.3 %, respectively in 2016-17.

Gross Fixed Capital Formation

- Gross Fixed Capital Formation (GFCF) at current prices is estimated at `47.73 lakh crore in 2017-18 as against `43.52 lakh crore in 2016-17. At constant (2011-12) prices, the GFCF is estimated at `40.87 lakh crore in 2017-18 as against `37.98 lakh crore in 2016-17. In terms of GDP, the rates of GFCF at current and constant (2011-12) prices during 2017-18 are estimated at 28.5 % and 31.4 %, respectively, as against the corresponding rates of 28.5 % and 31.1 %, respectively in 2016-17. The GFCF is expected to register growth rate of 9.7 % at current prices and 7.6 % at constant prices during 2017-18.

Second Advance Estimates of National Income and Expenditures on GDP, 2017-18(At 2011- 12 Prices)

Prices/						
S.No	Item	2015-16 (2 nd RE)	2016-17 (1 st RE)	2017-18 (2 nd AE)	Percentage change over previous year 2016-17 2017-18	
Domestic Product						
1	GVA at basic prices	10503348	11247629	11964479	7.1	6.4
2	Net taxes on products	882797	948376	1039417	7.4	9.6
3	GDP (1+2)	11386145	12196006	13003897	7.1	6.6
4	NDP	10119785	10826074	11546654	7.0	6.7
Final Expenditures						
5	PFCE	6351137	6812334	7224982	7.3	6.1
6	GFCE	1125317	1262124	1400183	12.2	10.9
7	GFCF	3448193	3797875	4086592	10.1	7.6
8	CIS	232449	90256	93883	-61.2	4.0
9	Valuables	185417	159735	272240	-13.9	70.4
10	Exports of goods and services	2371638	2489079	2599495	5.0	4.4
11	Less Imports of goods and services	2510848	2611628	2871386	4.0	9.9
12	Discrepancies	182842	196232	197909		
13	GDP	11386145	12196006	13003897	7.1	6.6
RATES TO GDP						
14	PFCE	55.8	55.9	55.6		
15	GFCE	9.9	10.3	10.8		
16	GFCF	30.3	31.1	31.4		
17	CIS	2.0	0.7	0.7		
18	Valuables	1.6	1.3	2.1		
19	Exports of goods and services	20.8	20.4	20.0		
20	Less Imports of goods and services	22.1	21.4	22.1		
21	Discrepancies	1.6	1.6	1.5		
22	GDP	100.0	100.0	100.0		
23	GNI	11251420	12051525	12865461	7.1	6.8
24	NNI	9985060	10681594	11408219	7.0	6.8
Per Capita Income, Product and Final Consumption						
25	Population* (in million)	1283	1299	1316	1.2	1.3
26	Per Capita GDP (₹)	88746	93888	98814	5.8	5.2
27	Per Capita GNI (₹)	87696	92775	97762	5.8	5.4
28	Per Capita NNI(₹)	77826	82229	86689	5.7	5.4
29	Per Capita PFCE(₹)	49502	52443	54901	5.9	4.7

* Relates to mid-financial year

RE: Revised estimates; AE: Advance Estimates

Source: PHD Research Bureau, compiled from MOSPI

Our View Point

The GDP growth at 7.2% in Q3 of 2017-18 is inspiring and strong signs of economic revival are visible. The construction sector registered a high growth 6.8% in Q3 2017-18 as compared with 2.8% in Q2 2017-18. The revival of construction sector is inspiring and an indicative of broad based recovery in the economy. The agriculture sector registered a growth of 4.1% in Q3 2017-18 from 2.7% in Q2 2017-18. As the focus of the government is to boost growth and productivity of the sector, we look forward growth to strengthen in the coming quarters too.

The manufacturing sector also registered a significant growth of 8.1% in Q3 2017-18 from 6.9% in Q2 2017-18 which is highly encouraging and an indicative of improved ease of doing business. However, the mining and quarrying registered a growth of (-)0.1% in Q3 2017-18 from 7.1% in Q2 2017-18. This could be due to the high base effect.

The government must therefore focus on policy for the mining and quarrying to upscale its growth in the coming times. Going ahead, we believe the growth trajectory should continue to improve as teething problems of GST are almost over and the economy is looking up once again.

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