



PHDCCI Analysis on Recent Macroeconomic Developments

- 1. India's GDP grows at 6% in H1 of FY 2024-25**
- 2. Gross bank credit moderated to 12.8% in October 2024**
- 3. Fiscal Deficit stands at 46.5% of actuals to BEs of October 2024**
- 4. Core infra increased by 3.1% in October 2024**

1. India's GDP grows at 6% in H1 of FY 2024-25

Despite deepening geo political headwinds, H1 FY25 GDP growth at 6% inspiring Agri – allied and Tertiary sectors act as major growth drivers in Q2 FY25

India's growth at 5.4% in Q2 FY 2024-25 is inspiring, despite geopolitical challenges. The sustained growth momentum in H1 FY 2024-25 is highly motivating, propelling India on its journey towards Viksit Bharat@ 2047. Agri and allied sectors display a strong rebound with growth at 3.5% in Q2 FY 25. This is expected to give a major push to farmers' income, adding further to agri productivity. With high growth at 7.1% Q2 FY 25, the tertiary sector is acting as a significant growth driver of the Indian economy. Trade, hotels, transport, communication and services related to broadcasting have witnessed a high growth of 6%. This will give a boost to employment creation for the growing young population. High private final consumption expenditure at 6% for Q2 FY 2024-25 is indicating steady consumption expansion, motivating the trade and industry. Boosted by recovery in Agri and allied sectors and steady growth of other sectors, India will maintain its growth trajectory in the coming quarters.

The National Statistical Office (NSO), Ministry of Statistics and Programme Implementation released in its Press Note the estimates of Gross Domestic Product (GDP) for Q2 FY 2024-25, both at constant (2011-12) and current Prices.

GDP Growth and its Components

India has experienced a sustained growth trajectory characterized by an expanding Gross Domestic Product (GDP). The sectors contributing significantly to this growth

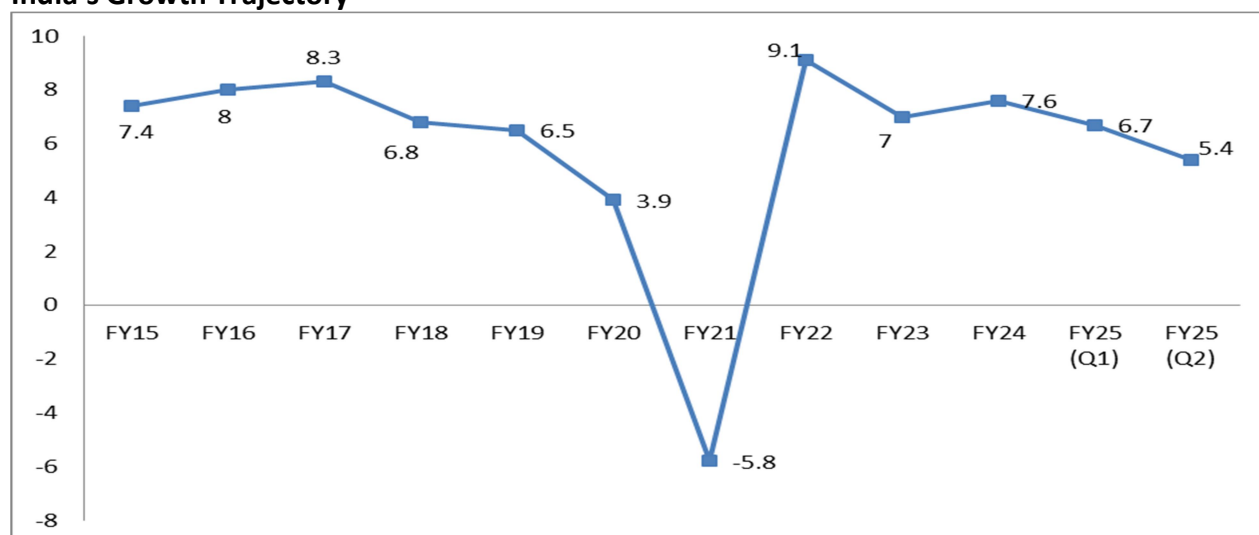
include agriculture and allied and tertiary sectors. These sectors have emerged as key contributors, playing pivotal roles in shaping and bolstering India's economic advancement. This observation underscores the diverse and multifaceted nature of India's economic landscape, highlighting the strategic importance of various sectors in driving the nation's overall economic growth.

Growth of GVA so far

Components	Yearly Estimates						
	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25 (Q1)	2024-25 (Q2)
Agriculture, forestry & fishing	6.2	4.0	4.6	4.7	1.4	2.0	3.5
Mining & quarrying	-3.0	-8.2	6.3	1.9	7.1	7.2	-0.1
Manufacturing	-3.0	3.1	10.0	-2.2	9.9	7.0	2.2
Electricity, gas, water supply & other utility services	2.3	-4.2	10.3	9.4	7.5	10.4	3.3
Construction	1.6	-4.6	19.9	9.4	9.9	10.5	7.7
Trade, hotels, transport, communication & services related to broadcasting	6.0	-19.9	15.2	12.0	6.4	5.7	6.0
Financial, real estate & professional services	6.8	1.9	5.7	9.1	8.4	7.1	6.7
Public administration, defense & other services	6.6	-7.6	7.5	8.9	7.8	9.5	9.2
GVA at Basic Price	3.9	-4.1	9.4	6.7	7.2	6.8	5.6
GDP at Basic Price	3.9	-5.8	9.7	7.0	8.2	6.7	5.4

Source: Compiled from MOSPI, Government of India

India's Growth Trajectory



Source: PHD Research Bureau, PHDCCI compiled from CSO and MOSPI

The continued growth momentum in H1 at 6% and at 5.4% for Q2 for FY 2024-25 is encouraging, putting India on its path to Viksit Bharat@ 2047. Agri and allied industries show a significant boost, with growth of 3.5% in Q2 FY 25. Notable, with 7.1% growth in Q2 FY 25, the tertiary sector is a growth driver for the Indian economy. India's economic growth trajectory will maintain its momentum, boosted by a recovery in the agricultural and allied and stable growth in other sectors.

2. Gross bank credit moderated to 12.8% in October 2024

Gross bank credit growth (year-on-year) stands at 12.8% in October 2024 as compared to 15.5% in October 2023. Gross bank credit y-o-y growth stood at 14.4% in September 2024. Y-o-Y credit growth in October 2024 is registered in the agriculture and allied activities and industry sector of the economy.

Highlights

- Credit to agriculture and allied activities registered a growth of 15.5 per cent (y-o-y) in October 2024, compared with 17.4 per cent seen in the same month of last year
- Credit growth to industry was at 8.0 per cent (y-o-y) in October 2024 compared with 4.8 per cent a year ago. Among major industries, credit to 'chemicals and chemical products', 'petroleum, coal products and nuclear fuels', and 'all engineering' recorded a higher growth in October 2024 as compared to their respective growth rates a year ago.

- Credit growth to services sector was at 14.1 per cent (y-o-y) in October 2024 (20.4 per cent a year ago), primarily due to lower growth in credit to 'non-banking financial companies' (NBFCs) and trade segment. However, credit growth (y-o-y) to 'commercial real estate' accelerated in October 2024.
- Personal loans growth registered 15.8 per cent (y-o-y) in October 2024 as compared with 18.0 per cent a year ago, largely due to decline in growth in 'other personal loans', 'vehicle loans' and 'credit card outstanding'. However, 'housing' – the largest constituent of this segment – recorded accelerated growth (y-o-y).

3. Fiscal Deficit stands at 46.5% of actuals to BEs of October 2024

The gross fiscal deficit of the Central Government stands at 46.5% of the actuals to budget estimates (BEs) in October 2024 as compared to 45% of the actuals to budget estimates in the previous year. The primary deficit and revenue deficit stand at 34.3% and 52.2% respectively, of the actuals to revised estimates in FY 2024-25 as compared to 36.6% and 32.1%, of the actuals to revised estimates in FY 2023-24.

**GOVERNMENT OF INDIA
UNION GOVERNMENT ACCOUNTS
AT A GLANCE
AS AT THE END OF OCTOBER 2024**

(Rs. in Crore)**

			Budget Estimates 2024-2025*	Actuals@ upto October 2024	% of Actuals to Budget Estimates	
			Rs.	Rs.	Current	COPPY**
1	Revenue Receipts		3129200	1704267	54.5%	(59.6%)
2	Tax Revenue (Net)	(Details)	2583499	1304973	50.5%	(55.9%)

3	Non-Tax Revenue	(Details)	545701	399294	73.2%	(88.1%)
4	Non-Debt Capital Receipts	(Details)	78000	18807	24.1%	(27.4%)
5	Recovery of Loans		28000	13275	47.4%	(65.2%)
6	Other Receipts		50000	5532	11.1%	(13.1%)
7	Total Receipts (1+4)		3207200	1723074	53.7%	(58.6%)
8	Revenue Expenditure		3709401	2007353	54.1%	(52.7%)
9	<i>of which</i> Interest Payments		1162940	596347	51.3%	(50.5%)
10	Capital Expenditure		1111111	466545	42.0%	(54.7%)
11	<i>of which</i> Loans disbursed		192416	67901	35.3%	(47.5%)
12	Total Expenditure (8+10)	(Details)	4820512	2473898	51.3%	(53.2%)
13	Fiscal Deficit (12-7)		1613312	750824	46.5%	(45.0%)
14	Revenue Deficit (8-1)		580201	303086	52.2%	(32.1%)
15	Primary Deficit (13-9)		450372	154477	34.3%	(36.6%)

Note :- Fiscal deficit figure shown in monthly accounts during a financial year is not necessarily an indicator of fiscal deficit for the year as it gets impacted by temporal mismatch between flow of non-debt receipts and expenditure up to that month on account of various transitional factors both on receipt and expenditure side, which may get substantially offset by the end of the financial year.

**Financial Year runs from "April to March"*

****COPPY : Corresponding Period of the Previous Year**

@ Actuals are unaudited provisional figures.

°° 1 Crore = 10 Millions

Details
AS AT THE END OF OCTOBER 2024

**SOURCES OF FINANCING THE DEFICIT
AS AT THE END OF OCTOBER 2024**

(Rs. in Crore)°°

	Budget Estimates 2024-2025	Actuals@ upto October 2024	% of Actuals to Budget Estimates	
			Current	COPPY**
	Rs.	Rs.		
1 <u>External Financing</u>	15952.29	17826.63	112%	(45%)
2 <u>Domestic Financing</u>	1597359.68	732997.30	46%	(45%)
(a) <u>Market Borrowings</u>	1113181.76	367644.07	33%	(68%)
(b) <u>Securities against Small Savings</u>	420063.00	121920.80	29%	(36%)

	(c) <u>State Provident Funds</u>	5000.00	-4780.87	-96%	(-19%)
	(d) <u>Special Deposits</u>	0.00	-11596.55		
	(e) <u>National Small Saving Fund</u>	0.00	98220.22		
	- i- <u>Savings Deposit and Certificates</u>	281147.46	133195.04	47%	(64%)
	- ii- <u>Public Provident Funds</u>	107077.54	11947.89	11%	(19%)
	-iii- <u>Investment In Securities</u>	-382941.78	- 106926.95	28%	(35%)
	- iv- <u>Income/Expenditure of NSSF</u>	-5283.22	60004.24	-1136%	(208%)
	(f) <u>Others</u>	-81282.13	123666.25	-152%	(195%)
	(g) Cash Balance {Decrease(+)/Increase(-)}	140397.05	4495.38	3%	(-42%)
	(h) <u>Investment (-) / Redemption (+) of Surplus Cash</u>		33428.00		
	(i) <u>Ways & Means Advances</u>		0.00		
3	TOTAL FINANCING	1613311.97	750823.93	47%	(45%)

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Details

AS AT THE END OF OCTOBER 2024

**MAJOR SUBSIDIES
AS AT THE END OF OCTOBER 2024**

(Rs in Crore) @@

	Budget Estimates 2024-2025*	Actuals@ upto October, 2024	COPPY	% of Actuals to Budget Estimates		
				Rs.	Rs.	
	Rs.	Rs.	Rs.	Current	COPPY**	
1	Food Subsidy	205250.01	140239.11	110871.82	68%	(56%)
2	Nutrient Based Fertilizers Subsidy	45000.00	31173.20	43315.26	69%	(98%)
3	Urea Subsidy	118999.80	71272.72	76387.51	60%	(58%)
4	Petroleum	11925.01	5985.40	1119.17	50%	(50%)
	Total Major Subsidies	381174.82	248670.43	231693.76	65%	(62%)

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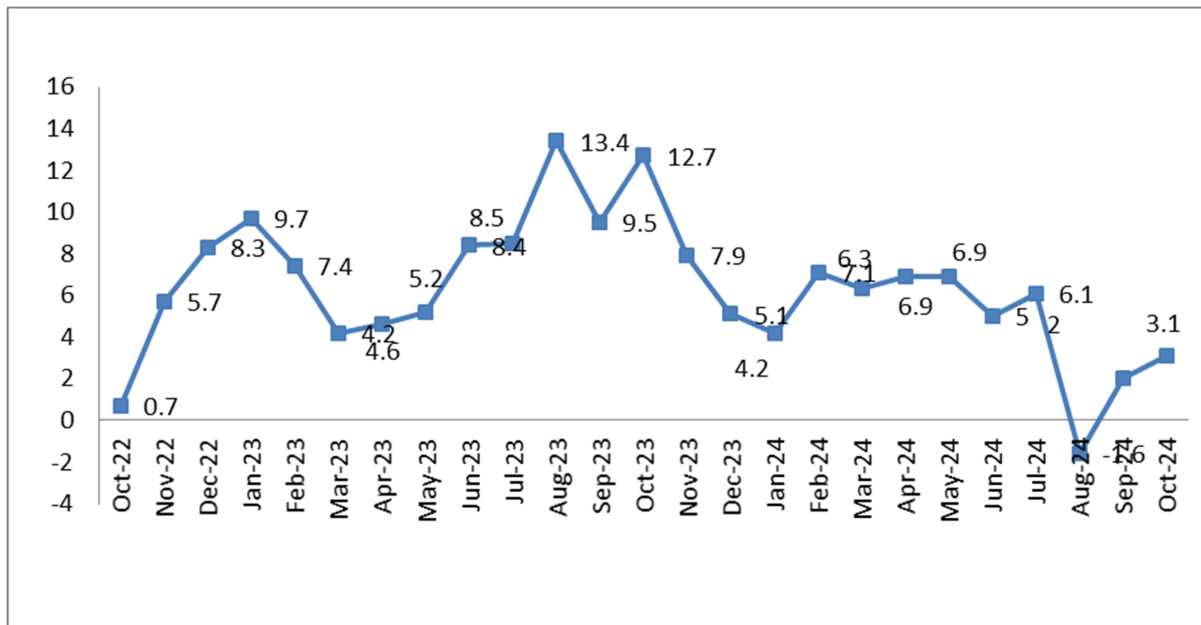
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4. Core infra increased by 3.1% in October 2024

The combined Index of Eight Core Industries (ICI) increased by 3.1% (provisional) in October, 2024 as compared to the Index in October, 2023. The production of Coal, Fertilizers, Cement, Petroleum Refinery Products, Electricity and Steel recorded positive growth in October 2024. The ICI measures the combined and individual performance of production of eight core industries viz. Coal, Crude Oil, Natural Gas, Refinery Products, Fertilizers, Steel, Cement and Electricity.

The y-o-y growth rate of **Coal** stands at 7.8%, **Crude oil** at (-)4.8%, **Natural Gas** at -1.2%, **Refinery Products** at 5.2%, **Fertilizers** at 0.4%, **Steel** at 4.2%, **Cement** at 3.3% and **Electricity** at 0.6% in October, 2024 in comparison to October 2023. The y-o-y growth rate of Coal stands at 2.6%, Crude oil at -3.9%, Natural Gas at -1.3%, Refinery Products at 5.8%, Fertilizers at 1.9%, Steel at 1.6%, Cement at 7.2% and Electricity at 0.5% in September 2024.



Source: PHD Research Bureau, PHDCCI, compiled from the Ministry of Commerce and Industry.

Note: YoY is calculated over the corresponding month of the previous year.

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Warm regards,

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