

# Macro Insights

1<sup>st</sup> December, 2022

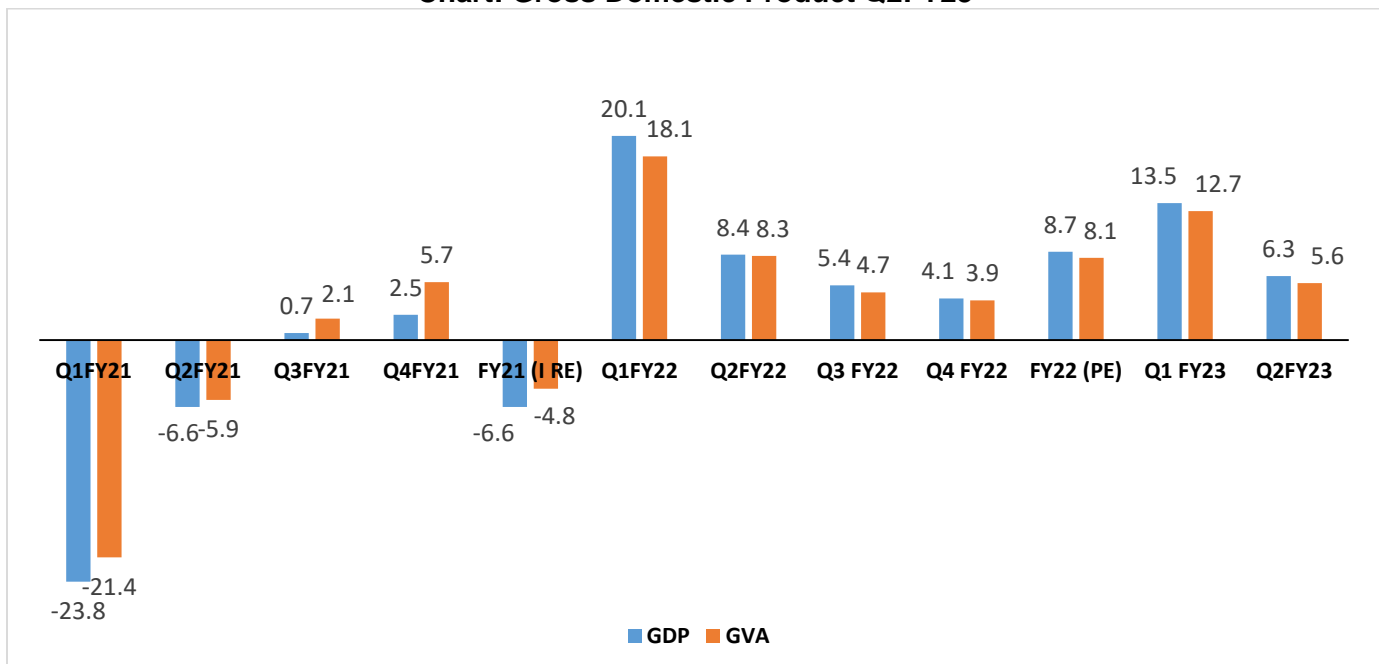
## GDP- for Q2FY23 at 6.3%

GDP for Q2 FY23 grew by 6.3% as compared to a growth of 13.5% in the previous quarter (Q1FY23) and a growth of 8.4% in Q2FY22.

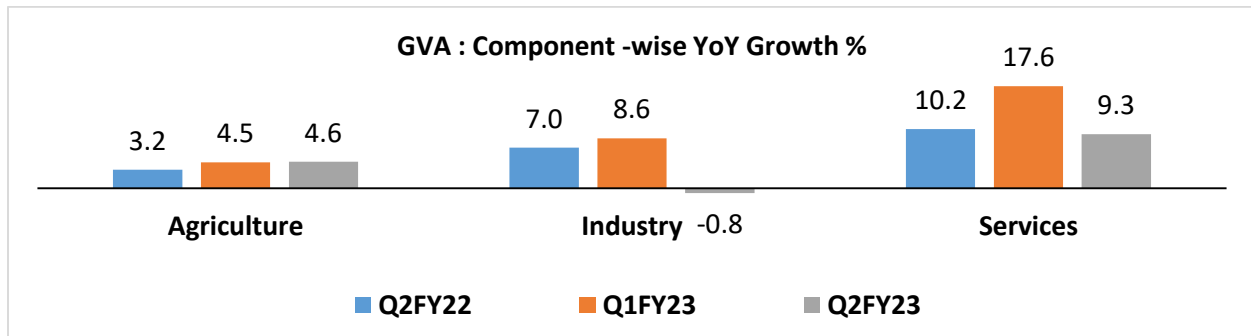
## Highlights:

- ☞ Private final consumption expenditure, denoting demand in the economy, registered a YoY growth of 9.7% in Q2FY23 with the share in GDP increasing from 56.6% in Q2FY22 to 58.4% in Q2 FY23.
- ☞ Government Final Consumption Expenditure declined by 4.4% in Q2FY23 against an increase of 8.9% in Q2FY22.
- ☞ Expansion in the Gross fixed capital formation was only by 10.4% YoY in Q2FY23, compared to its growth of 14.6% last year.
- ☞ The GVA growth in the farm sector was 4.6% in the Second quarter of FY23 compared to 3.2% a year ago.
- ☞ The growth in the Industry sector has decelerated to -0.8% in Q2FY23 from 7% during the year ago period. Within industry, growth of Mining & Quarrying and Manufacturing has declined.
- ☞ The growth in the Construction industry increased to 6.6% from 8.1% last year.
- ☞ The services sector posted a growth of 9.3% in Q2FY23, against a growth of 10.2% in Q2FY22.

Chart: Gross Domestic Product Q2FY23



### Gross Value Added: Quarter-wise GVA YoY Growth (%)



#### Views:

1. Indian economy grew by 6.3% in July to September. The contraction of industrial sector is worrying. The negative growth of manufacturing sector shows that the sector has continued to suffer from high raw material prices, higher interest rates and uneven recovery in demand.
2. Gross fixed capital formation has grown by 10.4% showing that investment is picking up.
3. Private consumption growth has rebounded showing that private investment is picking up.
4. India continues to remain one of the fastest growing economy in the world. However, it has to rely on domestic demand as global conditions continue to remain challenging. Besides Government investment it has now become imperative that the private investment cycle continues to grow. The growth in GDP will further depend upon revival of industrial sector.
5. As per RBI projection in the latest Monetary policy, GDP growth for 2022-23 is projected at 7.0 per cent with Q2 at 6.3 per cent; Q3 at 4.6 per cent; and Q4 at 4.6 per cent, and risks broadly balanced. For Q1:2023-24, it is projected at 7.2 per cent. The figures for Q2FY23 have come much in line with expectations of RBI.

**Disclaimer:** The opinion/information expressed/compiled in this note is of Bank's Research team and does not reflect opinion of the Bank or its Management or any of its subsidiaries. The contents can be reproduced with proper acknowledgement to the original source/authorities publishing such information. Bank does not take any responsibility for the facts/ figures represented in the note and shall not be held liable for the same in any manner whatsoever.

**For any feedback or valuable suggestions: Reach us at [eicsmead@pnb.co.in](mailto:eicsmead@pnb.co.in)**

Follow our Official Page

[www.pnbindia.in](http://www.pnbindia.in)