

# May data paints healthy picture of the economy

## GST collection, car sales post robust numbers

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**A** day after the economic growth data beat analysts' expectations for the March quarter as well as FY23, a set of high-frequency indicators released on Thursday, including goods and services tax (GST), manufacturing purchasing managers' index (PMI), passenger auto sales, and Unified Payments Interface (UPI) transactions, painted a robust picture of the economy in FY24.

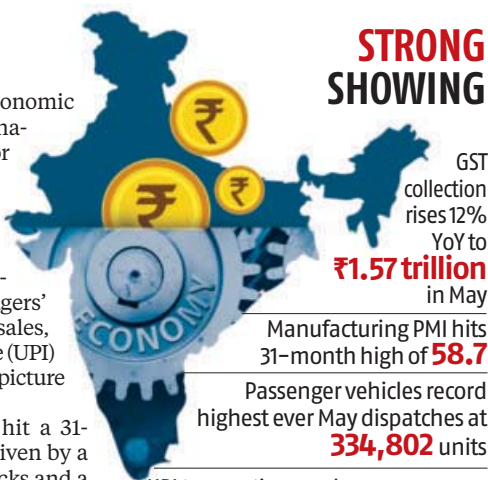
The manufacturing PMI hit a 31-month high of 58.7 in May, driven by a record expansion in input stocks and a strong increase in new orders and output, S&P Global said.

Gross goods and services tax (GST) collection in May rose 12 per cent from the year earlier to ₹1.57 trillion, indicating that the economy is holding firm despite external headwinds.

The auto industry recorded its highest ever May sales (despatches to dealers) of domestic passenger vehicles (PVs) at 334,802 units, growing 13.5 per cent year-on-year, amid a better semiconductor chip supply and high demand for sport utility vehicles.

UPI transactions in May scaled a new high of ₹14.3 trillion in value and 9.41 billion in volumes, rising 2 per cent and 6 per cent, respectively.

The data released by the National Statistical Office on Wednesday showed gross domestic product (GDP) growth of



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6.1 per cent in the March quarter and 7.2 per cent in FY23. The robust GDP data and encouraging signs of high-frequency indicators led to a spate of upward revisions in FY24 GDP growth forecasts by analysts.

"Private investment activity looks robust and domestic monetary and credit conditions remain supportive of growth in FY24," said Soumya Kanti Ghosh, chief economic advisor, State Bank of India.

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seen any impact on consumer sentiment either,” he adds.

## Economy...

“We are now factoring in a pickup in growth momentum in FY24. We are upgrading our baseline forecast from 6.2 per cent to 6.7 per cent,” Ghosh added.

Experts anticipate GST would see an expansion by 10-11 per cent this fiscal year, aligned with the government’s growth estimate.

With the May figure, gross GST has crossed ₹1.5 trillion for the fifth time since the implementation of the indirect tax regime, making it a new base for the current fiscal year.

“GST in May has modestly exceeded our expectations. Over the next few months, we expect it to print at ₹1.55-1.65 trillion and record an expansion of 10-11 per cent in YoY terms, broadly in line with the nominal GDP growth expected in FY24,” said Aditi Nayar, chief economist, ICRA.

Strong growth in the manufacturing PMI came after the March quarter GDP data showed 4.5 per cent growth in manufacturing after two consecutive quarters of contraction.

Pollyanna De Lima, economics associate director at S&P Global Market Intelligence, said the PMI’s spotlight on soaring sales showcased robust demand for Indian-made products both domestically and internationally.

“While the upturn in domestic orders strengthens the foundations of the economy, rising external business fosters international partnerships and boosts India’s posi-

tion in the global market. Combined, they also generated more employment opportunities in May,” she added.

The World Trade Organization (WTO), in its Goods Trade Barometer, released on Wednesday, said globally trade in goods was expected to witness a turnaround in the June quarter of this year due to a recent pickup in export orders, though the preliminary data suggested trade remained depressed in the March quarter of 2023.

## FPI...



“There have been instances where FPIs have eyed a particular company or a group for long-term exposure. Thus, we may see some structuring of FPI investments into India, pursuant to these recommendations. Sebi may still question FPIs even after structuring their investment to bring it within the concentration limit, if Sebi thinks that the FPIs are deliberately trying to keep their investment into respective Indian company or a group