

Domestic Demand to Drive Economy, Q2 GDP Growth Seen at 6.8%: Barclays Report

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New Delhi: Domestic demand will continue to remain the key economic driver this fiscal as the country's gross domestic product (GDP) is estimated to have grown 6.8% year-on-year in the second quarter ended September, Barclays has said in a report. The estimated growth rate is lower than the 7.8% growth recorded in the first quarter, but the economy is expected to expand sequentially, the corporate and investment banker said.

"Underlying growth trends continue to look robust in India, with activity underpinned by domestic consumption, high levels of state-led capex, and



strong growth in the utilities sectors," said Rahul Bajoria, head of EM Asia (ex-China) economics at Barclays. The firm's growth forecast for the second quarter is higher than the Reserve Bank of India's estimate of 6.5% growth in Q2FY24 and slightly above the 6.7% median in an ET poll of 10 economists conducted last week. Barclays predicts services growth to moderate from the first quarter, but manufacturing, construction and mining activity are expected to have picked up in the second quarter. "Growth in manufacturing is also likely to improve compared with Q2 (Q1FY24), as was evident in IP (industrial production) growth of 6.3% year on year in Q3 (Q2FY24), supported mostly by growth in investment-related sectors such as the manufacturing of machinery, electrical equipment and vehicles," Bajoria said. Barclays projects the electricity, gas and water sector to register 6% growth in the September quarter compared with 2.9% in the previous quarter, owing to a delayed monsoon and patchy rainfall.