

# GDP estimate for October-Dec quarter likely between 6-6.8%

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Indian economy is likely to have slowed down during October-December quarter (Q3) of Fiscal Year 2023-24. A day ahead of the government coming out with the GDP numbers, economists and research agencies projected the growth to be anywhere between 6 to 6.8 per cent.

The RBI has projected growth to be 6.5 per cent. India Ratings & Research (Ind-Ra) has come up with the same number as RBI. ICRA's growth expectation is 6 per cent. GDP grew by 7.6 per cent during July-September quarter (Q2) of FY 24 while it was 4.5 per cent during Q3 of FY 23. One reason cited for lower growth on sequential basis is poor performance of agriculture and industry.

A report by SBI research on Wednesday said, "Factoring the slight decline in economic activity in Q3 FY24, we estimate that GDP (Gross Domestic Products) should grow in the range of 6.7-6.9 per cent with a GVA (Gross Value Added) growth of 6.6 per cent." This projection came with a rider. Growth will be 6.8 per cent provided there is no change in the base. "It could hit 7 per cent on the back of likely downward revision in Q3FY 23 estimates," it said.

## AGRICULTURE SECTOR

On agriculture, the report said that as per First Advance Estimates, the production of major kharif crops for 2023-24 is 148.5 MMT, which is a decline of 4.6 per cent from FY23. The sowing season for rabi crops concluded on February 23, indicating a slight increase in overall acreage compared to the previous year. However, concerns arose over the sown area un-

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der cereals, which saw a decline of 6.5 per cent from the previous year.

While agriculture may see some moderation if the rabi output does not offset the kharif shortfall, value added in agriculture will decline. The inland fish production has shown a rapid growth from 2014-15 to 2022-23, and reached 131.13 lakh tonnes in 2022-23. The share of fisheries sector constitutes about 1.07 per cent of the total national GVA and 6.86 per cent of agricultural GVA. This might support the

agri and allied sector growth in FY24.

ICRA had earlier maintained lower volume growth for the industrial sector, flagging momentum in certain indicators of investment activity, a slowdown in government expenditure and an uneven monsoon which it said will dampen the GDP growth prospects down to 6 per cent in Q3 FY2024 from 7.6 per cent in Q2 FY2024.

The agency estimated the GVA (gross value added) growth is expected to ease to 6 per cent in Q3 from 7.4 per cent in Q2. During this period, industrial growth is estimated to slow down to 8.8 per cent from 13.2 per cent. Similarly, the growth rate of agriculture is expected to come down to 0.5 per cent from 1.2 per cent. However, services are estimated to improve to 6.5 per cent in Q3 from 5.8 per cent of Q2.

## GDP may grow 6.8% in Q3 due to slight dip in activity: SBI

**Our Bureau**  
Mumbai

India's gross domestic product (GDP) may grow 6.7-6.9 per cent in the third quarter (October to December) of FY24 due to a slight decline in economic activity, according to State Bank of India's economic research department (ERD). The GDP growth in Q1 (April to June) and Q2 (July to September) of FY24 was 7.8 per cent and 7.6 per cent, respectively.

SBI's composite leading indicator (CLI), a basket of 41 leading indicators, shows a slight moderation in economic activity in Q3, the ERD said in its 'Ecowrap' report. The CLI index is based on monthly data and includes parameters from almost all the sectors. "Our (GDP) estimates are corroborated with the in-house developed SBI-ANN (artificial neural network) model, with 30 high-frequency indicators. "ANN

has been trained for the quarterly GDP data from 2011Q4 (January to March) to 2020Q4 and the in-sample forecast performance of the model in the training period has been precise," said Soumya Kanti Ghosh, Group Chief Economic Adviser, SBI.

The ANN model allows computer programs to recognise patterns and solve problems through machine learning. "As a counter-narrative to the global gloom, consumer confidence has strengthened further in India, driven chiefly by optimism about the general economic situation and employment conditions. Various enterprise surveys also point to strong business optimism," Ghosh said. Corporate gross value added (GVA), as measured by EBIDTA plus employee expenses, reported a growth of around 26 per cent in Q3FY24 as compared to Q3FY23, as per the report.