

**RESEARCH**
**BOB ECONOMICS RESEARCH | Q3FY24 GDP PROJECTION**

GDP to grow by 6.4% in Q3FY24

**Daily macro indicators**

Indicator	21-Feb	22-Feb	Chg (%)
US 10Y yield (%)	4.32	4.32	0bps
India 10Y yield (%)	7.05	7.07	1bps
USD/INR	82.97	82.85	0.1
Brent Crude (US\$/bbl)	83.0	83.7	0.8
Dow	38,612	39,069	1.2
Hang Seng	16,503	16,743	1.5
Sensex	72,623	73,158	0.7
India FII (US\$ mn)	20-Feb	21-Feb	Chg (\$ mn)
FII-D	221.6	(59.9)	(281.6)
FII-E	358.4	47.5	(310.9)

Source: Bank of Baroda Economics Research

**SUMMARY**
**INDIA ECONOMICS: Q3FY24 GDP PROJECTION**

Global growth continues to witness the risk of slowdown amidst growing challenges such as restrictive financial and tight monetary conditions. Furthermore, downside risk emanate from escalated geo-political tensions especially in Middle East and the higher cost due to Red sea attack and the mounting geo-economic fragmentation. These run the risks of imping on global growth. Indian economy is relatively better off than its global counterparts on the back of resilience reflected through domestic demand and sustained government thrust on capex. However, exports are likely to be impacted due to global headwinds. For Q3FY24, the economy is projected to grow at a slower pace by 6.4% against a growth of 7.6% in Q2FY24 led by subdued growth in agriculture and industry sector. Service sector is expected to lift up growth. For the full year our estimate is 6.8%. Going ahead for FY25 growth will be at a similar level of 6.75-6.8%.

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## Q3FY24 GDP PROJECTION

23 February 2024

### GDP to grow by 6.4% in Q3FY24

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Jahnvi Prabhakar  
Economist

### Q3FY24 GDP

India's GDP is expected to moderate by 6.4% in Q3FY24 against an increase of 7.6% in Q2FY24. Growth in Q3 though is a tad slower than Q2, however it is uneven across sectors with few of them registering better growth than others.

- Agriculture growth is expected at 2.1% in Q3FY24. This will be tad slower growth than was initially anticipated after the first advance estimates for kharif crops noted the total food grain production will be lower this year when compared with last year. However, for the next quarter some recovery is expected in the agriculture growth given robust rabi acreage (already surpassed the last year levels and up by 5.2% over the 5-year average).
- Industrial sector will register some moderation with 8% growth in Q3FY24 compared with a growth of 13.2% in Q2. Mining and manufacturing growth will register a growth of 6% and 8.6% in Q3FY24 respectively. This attributable to higher base effect. This deceleration is despite the softness in the commodity prices along with improved corporate earnings. Higher profit margins of firms was visible in the corporate performance of industries such as iron and steel, capital goods, textiles and construction materials.
- On the other hand, construction sector is expected to grow at a solid pace on the back of the improvement in steel and cement output. Strong earnings have been reported since the last quarter. This is further supported by steady demand push led by residential housing. Sustained thrust on government capex (24.4% in Q3 from 8.8% in Q2FY24) bodes well for this sector.



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