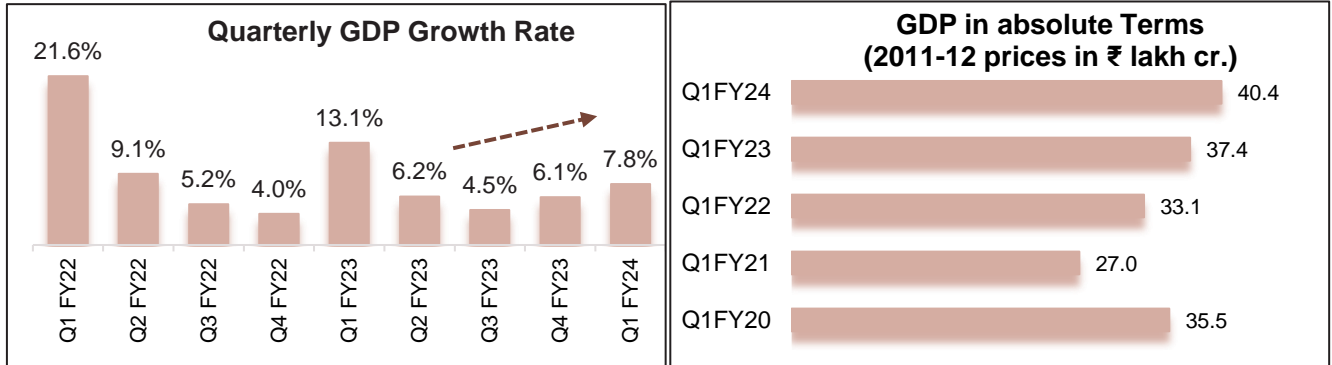


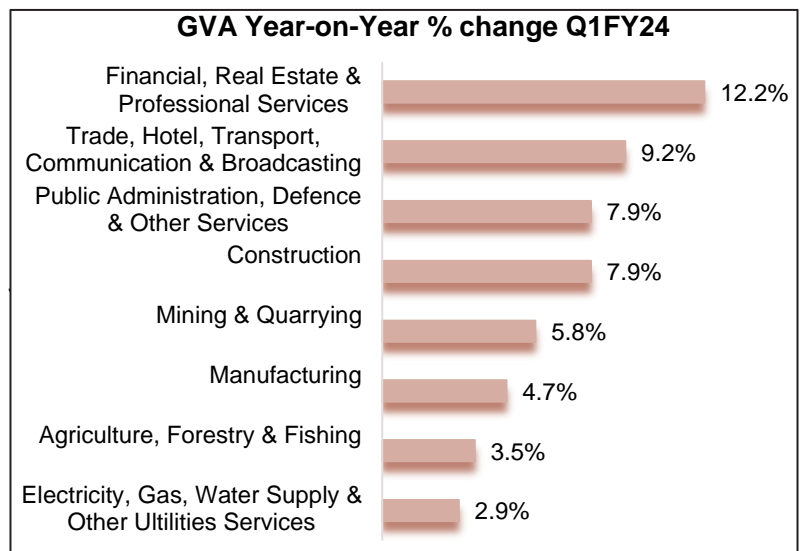
## India's Q1FY24 GDP accelerates to 4-quarter high of 7.8%



Source: MOSPI; News Articles

- **India's Gross Domestic Product (GDP) for the April - June quarter (Q1FY24) grew by 7.8% compared to 6.1% growth rate witnessed in Q4FY23 and 13.1% recorded in Q1FY23.** The uptick in GDP is owed to a sharp jump in the government capex expenditure, firm services momentum and better consumption, besides a favourable base. Meanwhile, the Reserve Bank of India (RBI) had predicted a growth rate of 8.0% in Q1FY24.
- Real GDP at Constant Prices in the Q1FY24 stood at ₹40.4 lakh cr as against the pre-pandemic level of ₹35.5 lakh cr.
- A step up in **private final consumption expenditure (6.0%)** as well as robust growth in **gross fixed capital formation (8.0%)**, which is seen as an indicator of investments, helped India clock this number.
- The **Centre has prioritised capital expenditure** since last fiscal as a means to revive and sustain economic growth. This is also reflected the monthly accounts data released by the Controller General of Accounts.

- The data however, revealed that **government final consumption expenditure (GFCE)** contracted in the first quarter of the fiscal by 0.7% as against a low single digit growth of 2.3% in the fourth quarter of the fiscal. Worryingly, **exports also contracted** by 7.7% in the April to June 2023 quarter as against an 11.9% expansion in the previous quarter amidst global headwinds.
- **Gross Value Added (GVA) at constant prices in Q1FY24 grew at 7.8%** with finance, real estate and professional services accelerating to 12.2% in June 2023 quarter, against 8.5% a year ago.



Source: MOSPI; News Articles

- **Going forward**, investors need to watch for risks to the agriculture sector, sustenance of capex push from central and state governments, global demand conditions, and lagged impact of interest rate hikes. This growth rate of 7.8% for the first quarter may not be sustainable throughout the current fiscal as the **RBI has kept the FY24 GDP growth estimates constant at 6.5%**.

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