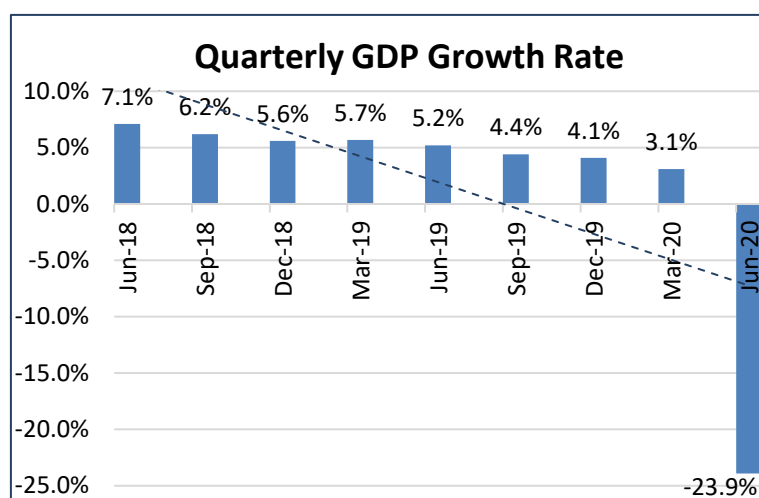


**Key Highlights - Macro-Economic Data Released – Q1FY21 GDP**

Source: MOSPI, News Articles

Industry	% Growth	
	Q1FY20	Q1FY21
Agriculture, Forestry & fishing	3.0%	3.4%
Mining & Quarrying	4.7%	-23.3%
Manufacturing	3.0%	-39.3%
Electricity, Gas, Water Supply & Other Utilities Services	8.8%	-7.0%
Construction	5.2%	-50.3%
Trade, Hotel, Transport, Communication & Services Related to Broadcasting	3.5%	-47.0%
Financial, Real Estate & Professional Services	6.0%	-5.3%
Public Administration, Defence & Other Services	7.7%	-10.3%
<b>GVA At Basic Prices</b>	<b>4.8%</b>	<b>-22.8%</b>

**Key Highlights:**

- India's economy suffered its **worst slump on record in April-June 2020**, with the **gross domestic product (GDP) contracting by 23.9%** as the coronavirus-related lockdowns weighed heavily on the already declining consumer demand and investment. This is the **sharpest contraction since quarterly figures started being published in 1996** and worse than what was expected by most analysts.
- In comparison to the other large economies of the world India was one the worst affected with the **UK recording a plunge of 20.4%**, **France a dip of 13.8%**, **U.S. a contraction of 9.5%** and **only China printing a positive number of 3.2%**.
- The pandemic has affected the whole non-farm economy including the government sector. **Agriculture** was the only silver lining with a **growth of 3.4%**. **Gross Value Added (GVA)** which measures the value of production net of taxes **contracted by 22.8%**.
- Consumption demand being the biggest driver of economic growth. **Private Final Consumption Expenditure (PFCE) contracted by 26.7%** in quarter ended June 2020 as against a growth of 5.5% recorded in the corresponding quarter of 2019.
- Thus, given the headwinds to consumption demand, firms deferred their investment plans; thus **Gross Fixed Capital Formation (GFCF) contracted by 47.1%** during the quarter, in contrast to a growth of 4.6% registered during the same quarter last year.
- It was the **Government Consumption Expenditure grew by 16.4%** (Q1FY20 6.2%) that helped the economy from sliding further down.
- Further, the **nominal GDP declined 22.6%**, which means that the base of tax collection will also deplete.

**Outlook**

The outlook for the economy doesn't seem to show pretty picture and it's expected that the full year FY21 numbers will also be in the red. How fast the economy will recover will depend upon when the Carona virus curve will flatten, how soon will the vaccine come in and when and what steps the government will take to stimulate the economy.



**Disclaimer**

This report is for the personal information of the authorized recipient and does not construe to be any investment, legal or taxation advice to you. TATA Capital Financial Services Limited ('TCFSL') is not soliciting any action based upon it. Nothing in this research report shall be construed as a solicitation to buy or sell any security or product, or to engage in or refrain from engaging in any such transaction. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of the reader. This research report has been prepared for the general use of the clients of the TCFSL and must not be copied, either in whole or in part, or distributed or redistributed to any other person in any form. If you are not the intended recipient, you must not use or disclose the information in this research report in any way. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. TCFSL will not treat recipients as customers by virtue of their receiving this report. Neither this document nor any copy of it may be taken or transmitted into the United States (to US Persons), Canada or Japan or distributed, directly or indirectly, in the United States or Canada or distributed, or redistributed in Japan to any residents thereof. The distribution of this document in other jurisdictions may be restricted by the law applicable in the relevant jurisdictions and persons into whose possession this document comes should inform themselves about, and observe any such restrictions. This report is solely for the purpose of providing information about various financial products available in the market. While we make reasonable efforts to ensure the accuracy of information contained within this report, we cannot guarantee such accuracy and do not accept any liability arising out of the use of this report. The information detailed in the report may be provided by third parties (i.e. respective registrar's, transfer agents, Asset Management Companies and/ or other offering entities).

It is confirmed that, the author of this report has not received any compensation from the companies mentioned in the report in the preceding 12 months. No part of the compensation of the analyst(s) was, is, or will be directly or indirectly related to the inclusion of specific recommendations or views in this research. The analyst(s), principally responsible for the preparation of this research report, receives compensation based on overall revenues of TCFSL and TCFSL has taken reasonable care to achieve and maintain independence and objectivity in making any recommendations.

Neither TCFSL nor its directors, employees, agents, representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the information contained in this report.

The report is based upon information obtained from sources believed to be reliable, but TCFSL does not make any representation or warranty that it is accurate, complete or up to date and it should not be relied upon as such. It does not have any obligation to correct or update the information or opinions in it. TCFSL or any of its affiliates or employees shall not be in any way responsible for any loss or damage that may arise to any person from any inadvertent error in the information contained in this report. TCFSL or any of its affiliates or employees do not provide, at any time, any express or implied warranty of any kind, regarding any matter pertaining to this report, including without limitation the implied warranties of merchantability, fitness for a particular purpose, and non-infringement. The recipients of this report should rely on their own investigations. This information is subject to change without any prior notice. TCFSL reserves at its absolute discretion the right to make or refrain from making modifications and alterations to this statement from time to time. Nevertheless, TCFSL is committed to providing independent and transparent recommendations to its clients, and would be happy to provide information in response to specific client queries.

Certain transactions -including those involving futures, options and other derivatives as well as non-investment grade securities - involve substantial risk and are not suitable for all investors. Reports based on technical analysis centers on studying charts of a stock's price movement and trading volume, as opposed to focusing on a company's fundamentals and as such, may not match with a report on a company's fundamentals.

Before making an investment decision on the basis of this research, the reader needs to consider, with or without the assistance of an adviser, whether the advice is appropriate in light of their particular investment needs, objectives and financial circumstances. There are risks involved in securities trading. The price of securities can and does fluctuate, and an individual security may even become valueless. International investors are reminded of the additional risks inherent in international investments, such as currency fluctuations and international stock market or economic conditions, which may adversely affect the value of the investment. Neither TCFSL nor the director or the employee of TCFSL accepts any liability whatsoever for any direct, indirect, consequential or other loss arising from any use of this research report and/or further communication in relation to this research report.

We and our affiliates, officers, directors, and employees worldwide may: (a) from time to time, have long or short positions in, and buy or sell the securities thereof, of company (ies) mentioned herein or (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company (ies) discussed herein or act as advisor or lender / borrower to such company (ies) or have other potential conflict of interest with respect to any recommendation and related information and opinions.

Investments in securities are subject to market risk; please read the SEBI prescribed Combined Risk Disclosure Document prior to investing. Derivatives are a sophisticated investment device. The investor is requested to take into consideration all the risk factors before actually trading in derivative contracts. Our research should not be considered as an advertisement or advice, professional or otherwise.



**General Disclosure**

Wealth Management is a service offering of Tata Capital Financial Services Limited (TCFSL) and is offered at its sole discretion. Terms and conditions apply.

Loans are referred by Tata Capital Wealth Management and may be offered by Tata Capital Financial Services Limited ("TCFSL"), Tata Capital Housing Finance Limited (TCHFL) or other entities. All loans are at the sole discretion of the entities offering the loans. Tata Credit Card is a white label credit card issued, established and operated by SBI Cards and Payments Services Pvt. Ltd. It is marketed and distributed by TCFSL. Terms and Conditions apply. All products other than the foregoing are only marketed by TCFSL and are brought to you by various entities at the sole discretion of those entities and the said entities would be solely responsible for all disputes or claims in regard to them.

TCFSL is also registered with the Securities and Exchange Board of India ("SEBI") as an Investment Adviser bearing Registration no. INA000002215.

TCFSL is also engaged in Mutual Fund Distribution business and is registered with The Association of Mutual Funds in India ("AMFI") bearing ARN No. 84894. Please note that all Mutual Fund Investments are subject to market risks, read all scheme related documents carefully before investing for full understanding and details.

TCFSL bearing License no. CA0076 (valid till 31st Mar 2022), acts as a composite Corporate Agent of various Insurance Companies as permitted under IRDAI (Registration of Corporate Agents) Regulations 2015. TCFSL does not underwrite the risk or act as an insurer. For more details on the risk factors and terms & conditions, please read the sales brochure carefully before concluding the sale.

Registered office: 11th Floor, Tower A, Peninsula Business Park, Ganpatrao Kadam Marg, Lower Parel, Mumbai 400 013, India.

