3rd Quarter - Revival in Growth Parameters

What is the issue?

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- The recently concluded third quarter registered a GDP growth rate of 7.2%, which is the fastest thus far in the financial year 2017-18.
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- The economic outlook hence looks optimistic.
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How has financial year 2017-18’s growth trajectory been?

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- **Previously -** In the first quarter of FY 17-18, Gross Value Added (GVA) for the first quarter of the financial year was 5.6%.
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- In the second quarter, the GDP growth registered was 6.5% and growth in the GVA stood at 6.2%.
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- **Third Quarter -** GVA growth in the third quarter increased further to 6.7% as the manufacturing sector exhibited a strong recovery.
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- The manufacturing sector grew at 8.1% in the third quarter, following up on a 6.9% growth in the second quarter.
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- The agriculture sector also saw relatively robust growth in the third quarter, growing at 4.1%, up from 2.7% in the first and second quarters.
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- Consequently, the overall annual growth estimate has also been revised marginally upwards from 6.5% to 6.6%.
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What are the other parameters?

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- The GDP trends were found to be consistent with the robust growth of the manufacturing “Purchasing Managers Index” (PMI).
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- Index of Industrial Production (IIP) and consumer demand too showed good correlation with the GDP growth trends.
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- Gross Fixed Capital Formation (GFCF), a measure of overall investment activity in the economy, grew at a robust 12% in the third quarter.
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- Notably, GFCF registered only 6.92% growth in the previous quarter.
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- The fast recovery in all these economic indicators and consumer demand reflects a positive economic sentiment.
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- This reiterates the hope that India is on the right path to become one of the fastest major economy in the world surpassing China.
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Source: The Hindu

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