# Q4 GDP data to be better than estimates: Experts

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**ESTIMATED GROWTH** (In %)

| | Q4FY21 | FY21 |
|---|---|---|
| SBI | 1.3 | -7.3 |
| CARE Ratings | 1.2 | -7.5 |
| ICRA | 2.0 | -7.3 |
| India Ratings | 0.6 | -7.5 |
| QuantEco. | 0.4 | -7.8 |
| Nirmal Bang. | 2.1 | -7.3 |
| NSO | -1.0* | -8.0 |
| RBI | 0.7 | -7.5 |

*Implied


India's economy is likely to have grown 0.6-2.1 per cent in the fourth quarter of the fiscal year 2020-21 (Q4FY21), said independent economists and leading rating agencies surveyed by *Business Standard*, better than the government's prediction of a contraction.

However, for the entire FY21, they see gross domestic product (GDP) contracting 7-8 per cent. The growth in Q4 is led by widespread recovery in volumes and also low base effect, while the full-year contraction is mainly on account of a lockdown last year, which shut the economy for months.

The National Statistical Office (NSO) will release the GDP estimates for Q4 and provisional estimates for FY21 on May 31. Q1 and Q2 of FY21 saw a contraction of 24.4 per cent and 7.3 per cent, respectively, while Q3 registered a growth of 0.4 per cent.

State Bank of India (SBI) sees Q4 GDP growing at 1.3 per cent and FY21 GDP contracting 7.3 per cent. The estimated economic loss on account of the second Covid wave is expected to be less than in Q1FY21 as people adopted to work from home and use of digital payments increased, said SBI's chief economic adviser Soumya Kanti Ghosh.

Ghosh pegs the loss in Q1FY22 at ₹6 trillion, compared to a loss of ₹11 trillion in Q1FY21. "Real GDP loss would be ₹4-4.5 trillion and hence real GDP growth would be 10-15 per cent, against RBI's forecast of 26.2 per cent, during Q1FY21," said Ghosh.

At 1.3 per cent GDP growth in Q4, India will be the fifth-fastest growing economy among the 25 countries that have released their data. At 1.7 per cent, it would be the second-fastest, trailing China.

Leading rating agencies ICRA and CARE have forecast 2.1 per cent and 1.2 per cent growth in Q4.

"We expect the YoY gross value added (GVA) growth at 3 per cent in Q4, up from 1 per cent in Q3, and GDP growth at 2 per cent, up from 0.4 per cent in Q3, suggesting the economy is on course to avoid double-dip recession as implied by the NSO," said Aditi Nayar, chief economist at ICRA.

Madan Sabnavis, chief economist at CARE Ratings, said growth in Q4 will be helped by a sharp pickup in services, along with some pent-up demand for consumer goods. For the year, the contraction of 7.5 per cent is mainly the result of the lockdown.

M Govinda Rao, chief economic adviser at Brickwork Ratings, said GDP will be in the positive territory in Q4, witnessing a growth rate of 1.5-2 per cent, while the full year will see contraction between 7 and 7.5 per cent.

"Q4 was better as the second wave started after March 15. As for Q1FY22, there have been localised lockdowns, but small windows have been kept open, which would mean there will be growth. Besides, the base is (-) 29 per cent, so the growth will be anywhere between 15-20 per cent in Q1," said Rao, a former member of the Economic Advisory Council to the Prime Minister and a member of the 14th Finance Commission.

Economists are optimistic on the vaccination drive which started in January. On the revenue position, however, some clarity is needed on whether higher-than-expected revenue receipts would allow government expenditure to exceed revised estimates.

D K Joshi, chief economist, CRISIL Ratings, sees FY21 contraction between 7.5 per cent and 8 per cent.

QuantEco Research has estimated that GDP contracted 0.4 per cent in Q4, while GVA may've expanded 3.2 per cent, led by stronger pickup in the manufacturing and construction sub-sectors. "Growth estimates for past quarters, in CSO's own admission, are 'likely to undergo sharp revisions' due to the impact of the pandemic on data collection mechanisms. We need to bear this in mind as a potential surprise factor for the data release," said Yuvika Singhal, economist, QuantEco Research.