

Real GDP to grow at 11 per cent in FY22: Report

PTI - Last Updated: Jan 12, 2021, 04:49 PM IST



The agency expects the industrial sector to grow at 11.5 per cent and services sector to rise by 11 to 12 per cent in the next financial year.

The country's real gross domestic product (GDP) is likely to expand by 11 per cent in the next financial year due to a faster economic recovery and on a low base, says a report. The report by domestic rating agency **Brickwork Ratings** said economic activities are slowly reaching pre-COVID levels following the relaxation of the lockdown, except in sectors that remain affected by social distancing norms.

"With progress in developing an effective vaccine for COVID-19 and signals of faster-than-expected recovery in the domestic economy, and also supported by a low base, we expect the real GDP to grow at 11 per cent in FY22, from the estimated contraction of 7 per cent to 7.5 per cent in FY21," the agency said.

According to the first advance estimates of national income released by the National Statistical Office (NSO), the country's GDP is estimated to contract by a record 7.7 per cent during the current financial year.

The report said the economy is likely to witness positive growth in H2FY21, though some sectors will continue to record staggered recovery due to social distancing norms.

Revival in sectors that fall under discretionary spending is likely to be delayed as the economy is still under the grasp of the pandemic, it said.

"Nevertheless, the outlook for next fiscal has improved with the progress in developing the vaccines," the report said.

It said the agricultural sector may continue with stable growth momentum in the next fiscal also at around 3.5 per cent, but these projections are largely based on normal monsoons and the effective implementation of farm reforms.

The agency expects the industrial sector to grow at 11.5 per cent and services sector to rise by 11 to 12 per cent in the next financial year.