

India records Q1 FY22 GDP growth at 20.1% on low base, improved manufacturing

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The Ministry of Statistics and Programme Implementation (MoSPI) has estimated the April-June quarter Gross Domestic Product (GDP) growth at record 20.1 per cent as compared to the same quarter last year. The growth in Q1 FY22 has been measured against April-June 2020 quarter, a period when India was majorly hit by the first coronavirus wave and the economy shrunk 24.4 per cent.

"GDP at constant (2011-12) prices in Q1FY22 is estimated at Rs 32.38 lakh crore against Rs 26.95 lakh crore in Q1 FY21, showing a growth of 20.1 per cent compared to contraction of 24.4 percent in Q1 FY21," the ministry said.

Quarterly GVA (basic price) at constant (2011-12) prices for Q1 FY22 is estimated at Rs 30.48 lakh crore against Rs 25.66 lakh crore in Q1 FY21, thereby growing 18.8 per cent, the ministry added.

GDP at current prices in Q1 was Rs 51.23 lakh crore against Rs 38.89 lakh crore in Q1FY21, recording 31.7 per cent growth compared to contraction of 22.3 percent in Q1 FY21. GVA (basic price) at current prices stood 46.20 lakh crore in Q1 FY22 vs Rs 36.53 lakh crore in Q1FY21, showing 26.5 per cent growth, the ministry said.

The GDP on a sequential basis, however, is lower as the fierce second Covid-19 wave ravaged India's economy. Various financial institutions, including the Reserve Bank of India, had estimated the first-quarter GDP to grow at a record double-digit in the April-June 2021 quarter.

Chief Economic Adviser (CEA) K Subramanian has said India's macroeconomic fundamentals are much stronger. "Q1 GDP reaffirms the V-shaped recovery of the Indian economy. India's reforms will have seminal impact on economic recovery gathering momentum," he added.

The Reserve Bank of India's GDP growth projection for the April-June quarter stood at 21.4 per cent.

SBI Research, in its latest Ecowrap report, had said that the GDP would grow at around 18.5 per cent with an upward bias in the first quarter of the current financial year. It expected the gross value added (GVA) to be at 15 per cent in Q1 FY22.

A Reuters survey of 41 economists projected Q1 GDP growth at 20.0 per cent on a YoY basis on improved manufacturing despite a devastating second Covid-19 wave in the first quarter of the financial year.

M Govinda Rao, Chief Economic Advisor, Brickwork Ratings, said the first quarter growth of GDP in the current year at 20.1% comes as a pleasant surprise and is quite close to the growth estimate put out by the RBI. "In particular, sharp turnarounds in the growth of GVA in manufacturing at 49.6% and more importantly in Construction at 68.3% show significant revival in these sectors and their resilience in withstanding the restrictions posed by the second wave of the pandemic," said Rao, adding the revival of the economy will continue at a faster pace in the coming quarters.

Mohit Ralhan, Managing Partner and Chief Investment Office, TIW PE, said the 49.6% growth in manufacturing is especially encouraging and indicates to the structural strengthening of the Indian economy. "India has also significantly ramped up its vaccination drive and it is set to accelerate further," said Ralhan.

India's economy had grown at 1.6 per cent in the fourth quarter of 2021-21, recording a slight pickup in GDP growth amid the Covid-19 second wave hitting the economy hard.

In the full fiscal year, the economy shrunk by -7.3 per cent as the Covid-19 pandemic thwarted businesses activities through a major part of the year. The contraction in FY21 GDP was worse in more than 40 years, the government data showed.

On a YoY basis, the Indian economy had grown 4.18 per cent in FY20; 6.12 per cent in FY19; 7.04 per cent in FY18; 8.26 per cent in FY17; and 8 per cent in FY16.