

# India to grow at 9% in FY22: Brickwork Ratings

Updated : April 28, 2021 08:49:56 IST

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- Global rating agency Fitch Ratings has forecast a 12.8 percent GDP growth in FY22.



Domestic rating agency Brickwork Ratings Tuesday revised downwards the country's FY22 GDP growth projection to 9 percent from an earlier estimate of 11 percent. Most of the analysts are estimating a low double-digit growth rate for the fiscal 2021-22.

Last week, Care Ratings revised downwards its FY22 GDP forecast to 10.2 percent from 10.7-10.9 percent. SBI's group chief economic adviser Soumya Kanti Ghosh, in a recent research report, revised downward the FY22 projection for real GDP to 10.4 percent from 11 percent. Global rating agency Fitch Ratings has forecast a 12.8 percent GDP growth in FY22.

Brickwork Ratings in a report Tuesday said the deadly second wave of COVID-19 has brought an abrupt halt to the country's nascent economic recovery from the pandemic.

"The outlook for growth continues to remain positive mainly due to the low base, and we revise FY22 GDP growth to 9 percent from the earlier estimates of 11 percent," the agency said.

Until the virus spreads are contained, and a substantial proportion of the population has been vaccinated, the sectors that are impacted by social distancing norms and those adversely affected by supply disruptions, labour shortage and demand reduction will continue to trail and may take longer to return to sustained growth path, it said.

The revival in sectors that fall under discretionary spending may also be further delayed due to the second wave. The report said the Indian economy entered the calendar year 2021 with bright hopes of achieving double-digit growth in FY22 backed by a dramatic decline in new COVID infections, in addition to progress in developing an effective vaccine for COVID-19.

Though the presumed growth was mainly due to the low base effect but the improved performances of some leading indicators in the later part of 2020 and early part of 2021 brightened the expectation of quick recovery.

However, the euphoria was short-lived as the recent sharp and the second wave of COVID-19 infections across the country has heightened economic uncertainty. "The ongoing health crisis has once again derailed the recovery progress, and the disruption is likely to continue in at least the first quarter of the current fiscal, it said.

The report further said the pandemic has not affected much on agricultural activities like other sectors of the economy though there can be disruptions in marketing and processing.

The agency expects stable growth for the agricultural sector and retained its earlier forecast of 3.5 percent growth in FY22. Considering the increased stress on manufacturing sector activities and falling demand due to the recent lockdowns, it has revised its estimates on industrial sector growth to 9.3 percent from the earlier estimate of 11.5 percent for FY22.

The report sees the services sector growth at 9.6 percent in FY22, lower than its earlier estimate of 11.8 percent.