

GDP likely to grow at 10-10.5% in FY22: Report

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Domestic rating agency Brickwork Ratings on Monday revised its growth estimate for the country's gross domestic product (GDP) to 10-10.5 per cent in the current financial year from an earlier expectation of a 9 per cent growth.

Many economic growth indicators are suggesting a faster-than-expected revival in economic activities, it said.

"We revise our GDP estimates for FY22 to 10-10.5 per cent from 9 per cent estimated earlier," the credit rating agency said in a report released on Monday.

It expects the GDP growth for Q2 FY22 to be at 8.3 per cent (year-on-year), on the back of a 7.4 per cent contraction in Q2FY21. The country's GDP grew at 20.1 per cent in the first quarter of fiscal 2022.

The agency believes that the subsequent quarters too will see recovery if there is no resurgence of the virus in the form of a third wave.

"Amid the waning possibility of a third wave, we expect the economy to register better growth in the remaining part of the year," it added.

The downside risks of a possible third wave to growth too are limited due to the progress achieved in vaccination, it said.

However, downside risks emanating from rising crude oil prices, mineral products, increasing costs of raw materials and freight rates, disruptions in semiconductor supply and coal supply shortages are likely to downplay the growth momentum, the agency said.