

India's FY22 GDP now expected to grow at 8.9% (Lead)

New Delhi, Feb 28 (IANS) India's economy is estimated to clock a real GDP growth of 8.9 per cent in FY22 down from the earlier estimate of 9.2 per cent, official data showed on Monday.

In 2020-21, India's economy had contracted by 6.6 per cent.

On Monday, the 'Second Advance Estimates of National Income for financial year 2021-22', estimated that 'Real GDP' or 'GDP at Constant Prices' (2011-12) in the year 2021-22 will rise to Rs 147.72 lakh crore from the 'First Revised Estimate of GDP' for 2020-21 at Rs 135.58 lakh crore.

"The growth in GDP during 2021-22 is estimated at 8.9 per cent as compared to a contraction of 6.6 per cent in 2020-21," the National Statistical Office (NSO) said.

As per the estimate, real GVA at basic prices is estimated at Rs 136.25 lakh crore in 2021-22, as against Rs 125.85 lakh crore in 2020-21, showing a growth of 8.3 per cent.

In terms of sectors, the estimates showed growth from agriculture, forestry and fishing, mining and quarrying, manufacturing and construction at 3.3 per cent, 12.6 per cent, 10.5 per cent and 10 percent, respectively.

The GVA at basic prices for 2021-22 from the electricity, gas, water supply and other utility services sector is expected to grow by 7.8 per cent.

In addition, the GVA from trade, hotels, transport, communication and services related to broadcasting, financial, real estate and professional services, and public administration, defence and other services grew at 11.6 per cent, 4.3 per cent, and 12.5 per cent, respectively.

"The growth estimates for the full fiscal are broadly in line with expectations. However, to achieve 8.9 per cent growth, the Q4 GDP has to grow by 4.8 per cent. This looks challenging given the fact that the third wave of the pandemic had caused considerable restrictions," said M. Govinda Rao, Chief Economic Adviser at Brickwork Ratings.

"In addition, the ongoing geopolitical tensions, persistent supply bottlenecks, coal, power, and semiconductor shortages too have been pronounced. The effect of semiconductor shortages is already evident in the weak 0.2 per cent growth in the manufacturing sector in Q3."

He also said that the third wave largely impacted the economic activities in the fourth quarter.

"We expect the full fiscal growth may undergo revisions. Finally, the higher crude oil prices are also likely to adversely impact both growth and inflation.

Madhavi Arora, Lead Economist, Emkay Global said: "The sub 9 per cent GDP growth in FY22 revised estimates partly also captures past revisions. The economic recovery might see a minor bump down in 4QFY22 led by mild omicron wave, while the current geopolitical escalation may lead to potential global energy trade and price disruptions and weigh on growth.

"We assume the energy supply shock may resolve in coming months and likely will not leave a lasting mark on the global and domestic expansion. However, it would clearly have a near term negative impact."

Going ahead, Arora said that fiscal and monetary support will continue to nurture growth, especially as recovery in domestic economic activity is yet to be broad-based.