

# Indian economy to grow at 9% in FY22: Brickwork Ratings

Updated: 27 Apr 2021, 08:52 PM IST



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Brickwork Ratings on Tuesday revised its FY22 economic growth projection for India to 9% from 11% estimated earlier holding that the earlier presumptions of a V-shaped economic recovery is unlikely as the deadly second wave of COVID-19 has brought an abrupt halt to India's nascent economic recovery from the pandemic.

"Many state governments have imposed lockdowns or similar restrictions to contain the virus spread. These lockdowns restrict most of the normal economic activities, thus putting livelihoods at risk. Concerned with uncertain future, exodus of many migrants from urban agglomerations has started. This has added to the humanitarian crisis due to the non-availability of beds, ventilators and oxygen supplies. In this scenario, the earlier presumptions of a "V" shaped economic recovery is unlikely," M Govinda Rao, Chief Economic Advisor at Brickwork Ratings said in a statement.

Rao said the Indian economy entered the calendar year 2021 with bright hopes of achieving double-digit growth in FY22 backed by dramatic decline in new covid infections, in addition to progress in developing an effective vaccine for the coronavirus. "Though the presumed growth was mainly due to the low base effect, but, 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," he added.

The rating agency said major activities which require social distancing are likely to suffer the most with trade, hotels and transport sectors already reeling under the stress. "Significant adverse impact will also be in manufacturing as both from the demand and supply sides. Although there are not many restrictions on the transportation of goods, supply chain disruptions are bound to occur due to inter-alia, diversion of oxygen from manufacturing units," it added.