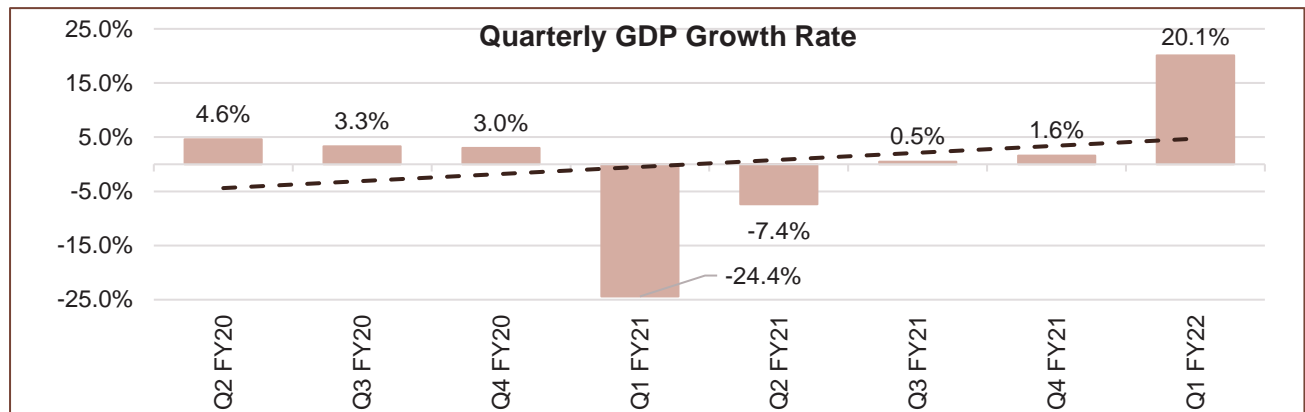


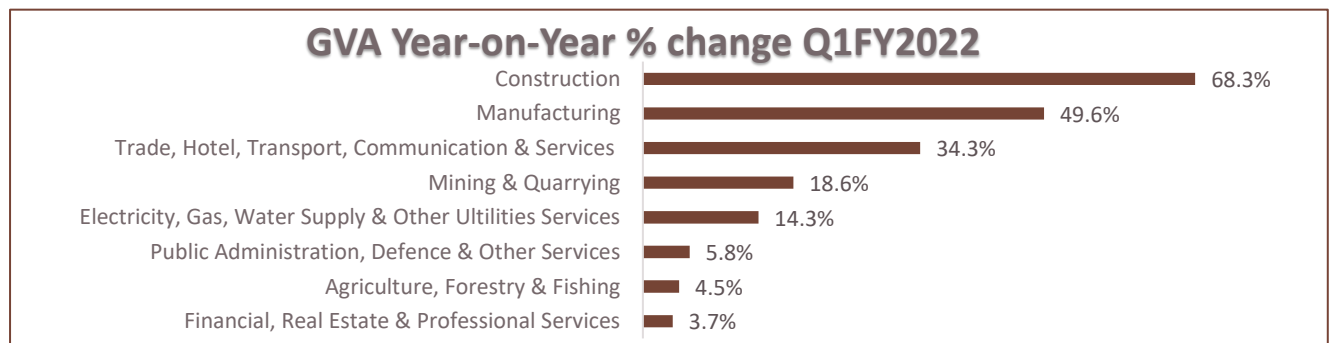
01 September 2021

Q1FY22 GDP in the positive territory for the third straight quarter



Source: MOSPI, News Articles

- Driven by a pandemic-driven plunge and then a low base effect rise, **economic growth soared to a record high of 20.1% in the April-June quarter** compared with a record contraction of 24.4% in the year-ago. The latest June quarter numbers are close to the Reserve Bank India's forecast of 21.4%. In spite of a steep jump in growth, **in absolute terms the GDP still remains below the 2019-20 levels** of Rs. 35.7 lakh crore v/s 2021-22 levels of Rs. 32.4 lakh crore.
- Gross Value Added (GVA) in Q1FY22 grew at a stronger pace (18.8%)** as against a contraction of 22.4% during the same period last year
- Private consumption**, reflected in private final consumption expenditure, rose 19.3% in first quarter on an annual basis, compared to 2.7% in the fourth quarter last financial year. Private demand, the biggest engine of growth, in Q1 of the current year was down to almost exactly the level where it was in 2017-18.
- Investments**, as reflected by gross fixed capital formation, rose 55.3% in first quarter y-o-y, compared to 10.9% previous quarter. The second biggest engine — investments or GFCF — is languishing at 2018-19 levels.
- Government final consumption** expenditure contracted 4.8% in first quarter, compared to a rise of 28.3% in the fourth quarter. This could be a drag on future growth. At a time when all other sectors are struggling to create demand, the government is expected to resort to what is called a "counter-cyclical" fiscal policy and spend more than usual.



Source: MOSPI

- With respect to the **sector based trends**, only two sectors — Agriculture etc. and Electricity and other utilities — have managed to grow more than they did in 2019-20. But the most worrisome bit is that the GVA of 'Trade, Hotels, Transport, Communication & Services related to Broadcasting' and 'Construction' is less than what it was even in 2017-18.

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