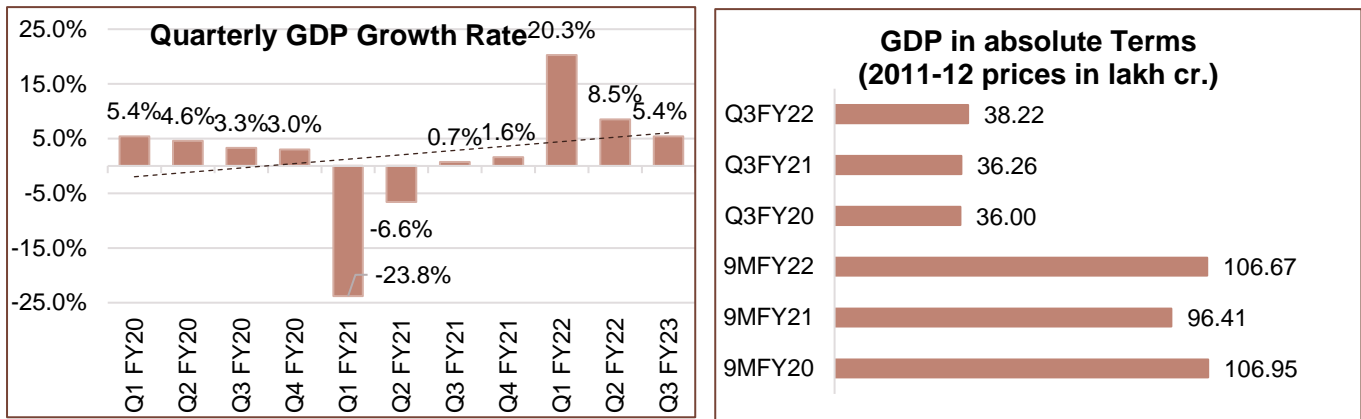


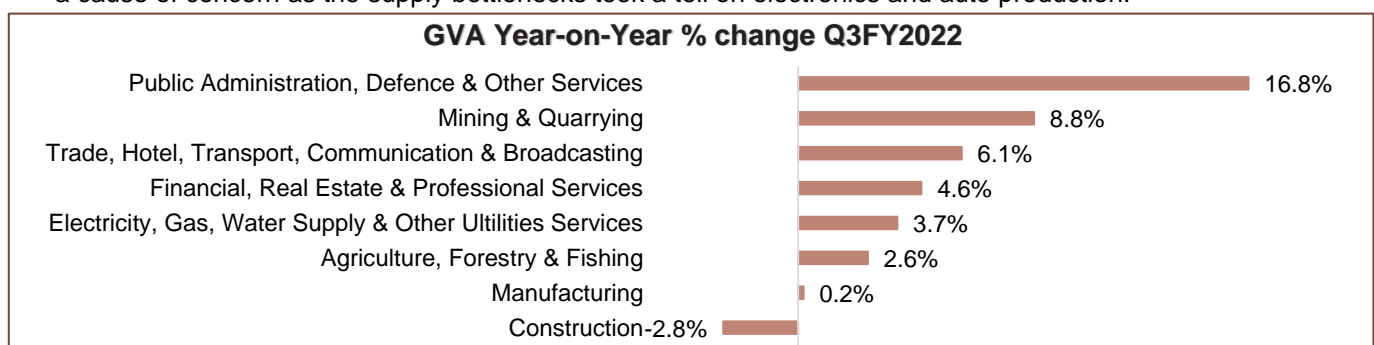
03 March 2022

Q3FY22 GDP in the positive territory for the fifth straight quarter



Source: MOSPI; News Articles

- Data released by the Ministry of Statistics and Programme Implementation on February 28 showed **India's GDP grew by 5.4% in the October – December quarter of 2021** which was 120 basis points lower than the Reserve Bank of India's (RBI) forecast of 6.6%, made in December 2021. **In absolute terms for 9 months ended GDP just inched down the 2019-20 levels** of Rs. 106.95 lakh crore v/s 2021-22 levels of Rs. 106.67 lakh crore.
- The statistics ministry's **second advance estimate** also saw it peg **GDP growth for FY22 at 8.9%**, 30 basis points lower than the first advance estimate of 9.2% on the back of dampening of activity levels is expected in Q3 and Q4 due to the Omicron wave.
- Gross Value Added (GVA) in Q3FY22 grew at a stronger pace (4.7%)** as against a growth of 2.1% during the same period last year.
- The silver lining was that the **Private Final Consumption Expenditure (PFCE)**, which is a significant component of overall Gross Domestic Product (GDP) numbers, rose by 7.03% in Q3FY22 over Q3FY21 number, and came in at Rs. 23.22 lakh crore. At the same time, when calculated against Q3FY20, PFCE grew at 7.63%.
- Government final consumption expenditure (GFCE)** rose by 3.42%, after the Centre announced a slew of schemes hoping to raise demand in the economy. At 3.56 lakh crore, GFCE constituted 9.3% of the GDP, down from 9.8% in Q1FY22. This too remained marginally above the FY19-20 levels by 3.07%.
- Investments, as reflected by gross fixed capital formation (GFCF)**, rose by a marginal 2.01% in quarter y-o-y, compared to 0.61% contraction in the same quarter previous year. The tepid growth in investment despite benign interest rates shows that the heavy lifting will have to be done by the government to hasten the recovery.
- The **Construction sector** saw a slowdown in the third quarter as it contracted by 2.8%. When compared to the pre-pandemic level the construction GVA was higher.
- Manufacturing** slowed to 0.2% from 5.6% growth in the previous quarter. The slowdown in industrial recovery is a cause of concern as the supply bottlenecks took a toll on electronics and auto production.



Source: MOSPI; News Articles

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