

India GDP: Govt forecasts FY22 economic growth at 9.2%

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The size of the Indian economy is expected to surpass the pre-pandemic level by growing at 9.2 per cent in the fiscal year ending March 31, 2022, after recovering from a historic contraction in the preceding year, the statistics office said recently.

According to the first Advance Estimates released by the National Statistical Office (NSO), India's nominal GDP may expand to Rs 232.1 trillion in FY22, from Rs 203.5 trillion in FY20.

Key Highlights

- In FY21, nominal GDP had slipped to Rs 197.5 trillion because of the Covid pandemic that led to a nationwide lockdown, which hit both private consumption and output.
- While the economy grew at 13.7 per cent in the first half (April-September) of FY22 (data for which were released on 30 November), the first Advance Estimates of GDP incorporated the factory output data of an additional month (October) and also accounted for some lead indicators until November and December.
- With the government shifting the date of presentation of the Union Budget to February 1 from the last day of February starting FY18 Budget, the statistics department has also advanced the release of the first Advance Estimates, so that the government has

an annual estimate of GDP to be incorporated in the Budget calculations even at the cost of less accuracy.

- Economists, however, believe the first Advance Estimates may have downplayed the imminent impact of the third wave of the pandemic on the Indian economy for the fourth quarter of FY22. Thus, they could have overestimated the overall growth.
- In FY22, agriculture is expected to remain the bright spot, growing at 3.9 per cent on the back of a good monsoon. Manufacturing and construction are estimated to grow in double digits, aided by a favourable base. However, growth in the services sector — which comprises more than half the economy — is expected to remain muted with estimated 8.2 per cent growth in FY22.

SOURCE: *Business Standard*