

# Indian economy contracted by 8% in 2020-21: Govt

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The growth in India's real GDP during 2020-21 is estimated at -8 per cent as compared to the growth rate of 4.0 per cent in 2019-20, said the government as part of its second advance estimates of the economic growth. The government had projected a GDP contraction of 7.7 per cent in its first advance estimate.

Real GDP or GDP at Constant Prices (2011-12) in the year 2020-21 is likely to attain a level of Rs 134.09 trillion, as against the First Revised Estimate of GDP for the year 2019-20 of Rs 145.66 trillion, according to the data released on Feb 26, 2021.

## **Key Highlights**

- The per capita income in real terms during 2020-21 is estimated to attain a level of Rs 85,929 as compared to Rs 94,566 in the year 2019-20.
- GDP at Current Prices or Nominal GDP in the year 2020-21 is estimated to attain a level of Rs 195.86 trillion, as against Rs 203.51 trillion in 2019-20, showing a growth rate of -3.8 percent.
- Agriculture sector is estimated to see a growth of 3 per cent in 2020-21. However, it will be lower than 4.3 per cent growth recorded in 2019-20.
- As per the second advance estimates released, the manufacturing sector is estimated to contract 8.4 percent during FY21, while electricity is likely to grow at 1.8 per cent. Among services sectors, trade, hotel, transport are projected to contract 18 per cent.
- The National Statistics Office (NSO), meanwhile, estimates that the mining and quarrying output will contract by 9.2 per cent.
- Meanwhile, the third quarter GDP data released on Friday showed that the Indian economy came out of the recession and expanded by 0.4 per cent. The economy had contracted by a

record 24.4 per cent in the first quarter of the current financial year due to the coronavirus pandemic and consequent lockdowns.

- Real Gross Value Added (GVA) in manufacturing has improved from a contraction of 35.9 per cent in Q1 to a positive growth of 1.6 percent in Q3 while in construction the recovery has been from a contraction of 49.4 per cent in Q1 to a positive growth of 6.2 percent in Q3.
- Real GVA in Services has also improved from a contraction of 21.4 in Q1 to a negligible contraction of 1.0 percent in Q3 of 2020-21. Meanwhile, the real GVA in Agriculture continues to provide vital support to the economy having grown from 3.3 per cent in Q1 to 3.9 percent in Q3.

**SOURCE:** *Business Standard*