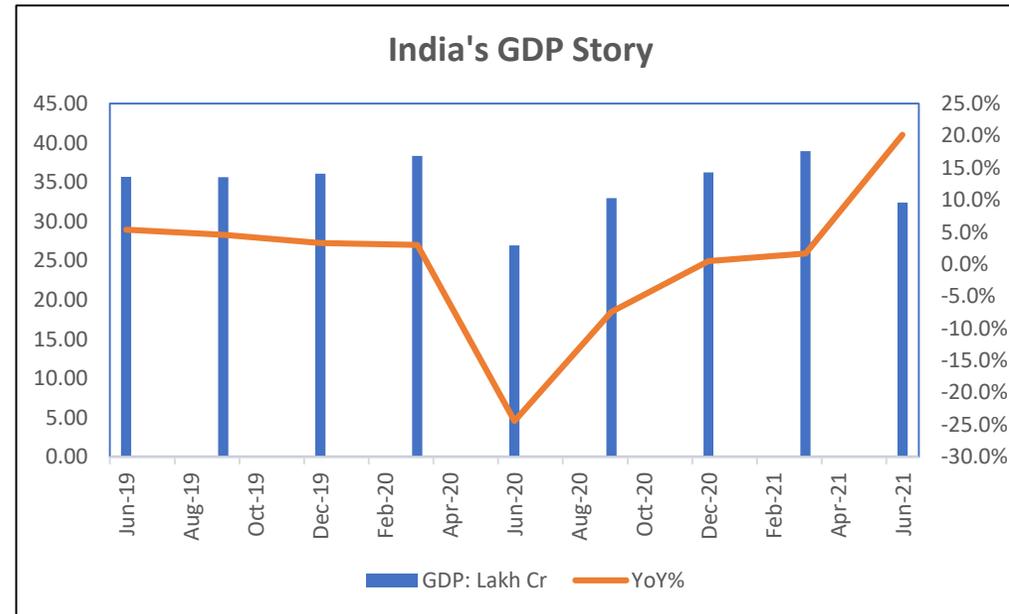


The background of the slide is a collage of blue-tinted images. It includes several Euro coins, various banknotes, and a city skyline with skyscrapers. The images are layered and semi-transparent, creating a complex, textured effect.

**Comments on :
Q1FY22 GDP data**

Optically robust growth print but absolute GDP lower than pre Covid levels



- India's GDP growth rose to the fastest pace on record at 20.1% YoY in Q1 FY22 from 1.6% in Q4 FY21 largely on expected lines supported by the highly favourable statistical base of the previous year.
- Onslaught of the second Covid wave during Q1 FY22 led GDP growth to contract sequentially by 16.9% over the Jan-Mar'21 quarter, after expanding for three consecutive quarters.
- Notably, however, the decline in the sequential print has been nearly half of what was seen in Q1 FY21 as the lockdown restrictions during the second wave were less severe and more localized in nature.

Agriculture sector continues to support the ongoing economic recovery

- GVA has expanded by 18.8% YoY in Q1 FY22 but sequentially it recorded a double-digit contraction of 13.3% given the disruption in Apr-May'21 due to the second Covid wave.
- Nevertheless, the performance of the agricultural sector which has been relatively insulated against the pandemic has been better than expectations in first quarter, posting a growth of 4.5%YoY as compared to 3.5%YoY in Q1FY21.
- While the services sector GVA still lags behind the Jun-19 levels, it has encouragingly climbed up by 11.4%YoY and in particular, the trade, hotels, transport and communication segment clocked 34.3%YoY despite the impact of lockdown restrictions that hit contact intensive services in Apr-May'21. The expansion of 18.8%QoQ in financial services, real estate and professional services also reflects a recovery in real estate and lending activities.
- Acuité continues to maintain a tone of cautious optimism for the remainder of FY22 with the economy expected to be provided a momentum by the approaching festive season, accommodative fiscal and monetary policy backdrop, vaccination progress along with a better global growth outlook which will be favourable for exports.
- We retain our FY22 GDP forecast of 10.0% with some downside risks from the possibility of another wave of Covid which can lead to a persistent weakness in consumer sentiment, jobs and incomes.