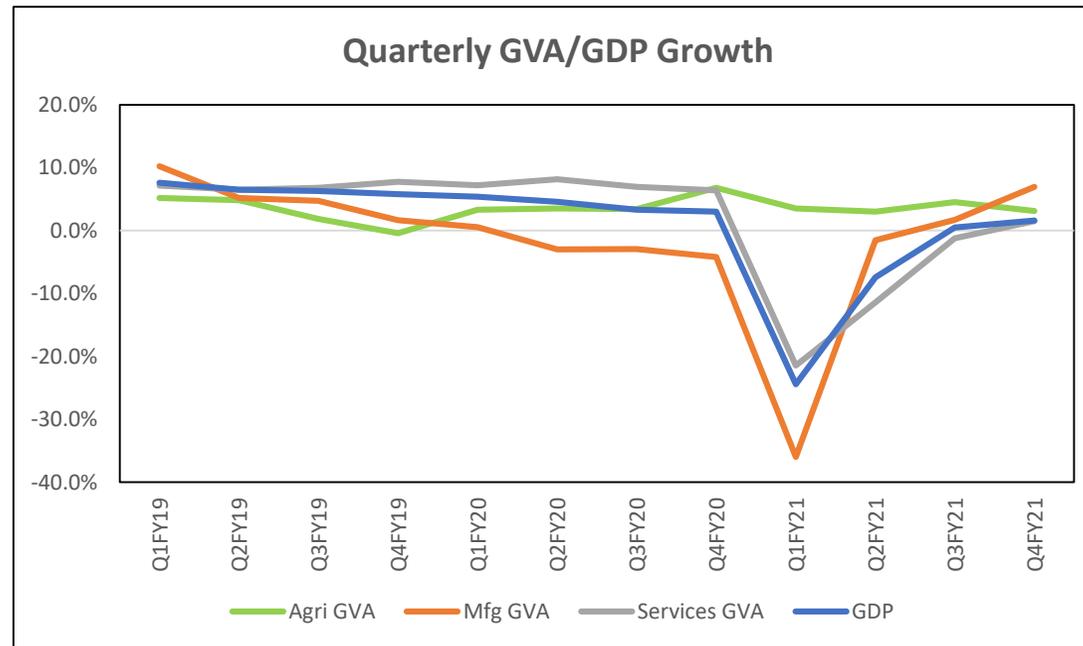


**Comments on:  
Q4 FY21 GDP data**



## GDP data confirms build up of growth momentum in Q4FY21



- Overall GDP contraction at 7.3% in FY21 and positive growth at 1.6% in Q4FY21 are in close proximity to our forecasts and confirms the revival momentum in economy seen since Q3FY21.
- Agriculture was the only sector which remained insulated from the intense Covid headwinds with a healthy GVA growth of 3.6% in FY21.
- All industrial and service segments witnessed a material contraction in GVA except for power

## **Revival in Q4FY21 augurs well for FY22 if Covid 2.0 tapers early**

- Manufacturing sector has delivered a 6.9%YoY GVA growth in Q4 which, despite some base impact, highlights the pickup in industrial activity
- Construction sector has recorded a growth of 14.5%YoY in Q4 which indicates the positive impact of government capital expenditure
- Financial, real estate and other services also recorded a healthy growth of 5.4% in Q4FY21
- While the second wave of Covid is likely to hit these segments again in Q1FY22, the removal of lockdowns and movement restrictions by June should help the economy pickup the lost growth momentum by Q2/Q3FY22
- We continue to hold our forecast of 10.0% GDP growth for FY22 given the uptick in global demand, the expectation of another favourable monsoon to push up rural demand and the expected progress in vaccination within 2 quarters.
- Contact intensive activities however, such as trade, hotels and transport recorded a deep contraction of 18.2% in FY21 and is likely to underperform till a substantial proportion of the population is vaccinated.