

Macro Insights

06 June 2022

GDP Overview -

Gross Domestic Product (GDP) for FY22 grew by 8.7 per cent as compared to a decline of 6.6 per cent in the previous year. Also, Real **Gross Value Added (GVA)** at basic prices (which captures what accrues to the producer/service provider before a product or service is sold) **in FY22 grew by 8.1 per cent** in comparison to a decline of 4.8 per cent in FY21. For the last quarter of FY22, GDP grew by 4.1 per cent while GVA grew by 3.9 per cent.



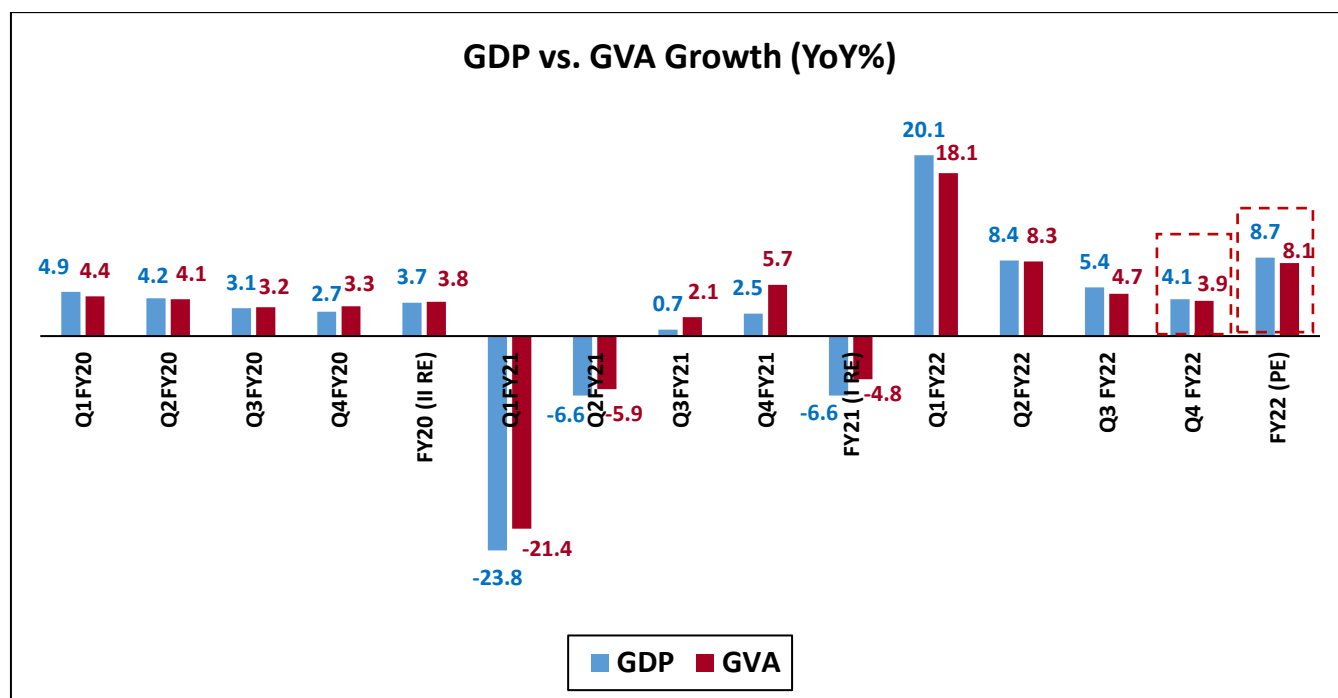
GDP for FY22 grew by 8.7%



Q4 FY22, GDP grew by 4.1 % and GVA grew by 3.9%



India's economy grew on account of better performance by manufacturing, mining and construction sectors.

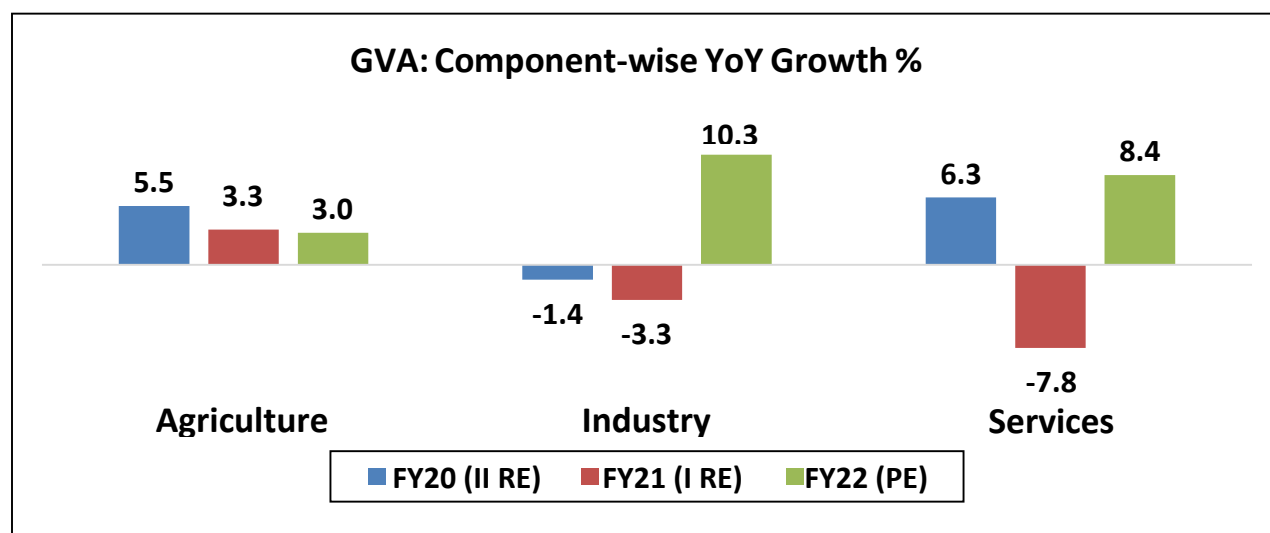


Components of GDP

- Private final consumption expenditure, denoting demand in the economy, rose by 7.9 per cent YoY in FY22 and 1.8 per cent in Q4FY22. However, the share in GDP declined from 57.3 per cent in FY21 to 56.9 per cent in FY22.
- Government consumption expenditure, increased by 2.6 per cent YoY in FY22 and 4.8 per cent in Q4FY22. The share in GDP declined YoY, from 11.3 per cent to 10.7 per cent.
- Gross fixed capital formation, which accounts for the addition of fixed assets in the country, recouped from a contraction of 10.4 per cent in FY21 to expansion of 15.8 per cent in FY22. The share in GDP was 32.5 per cent.
- Both Exports and Imports have shown increase in YoY growth, as well as share in GDP, depicting increase in overall trade in the financial year.

(Details in Annexure, Table 1)

Components of GVA



- Agricultural sector YoY growth declined from 3.3 per cent in FY21 to 3.0 per cent in FY22. For Q4 FY22, the sector rose by 4.1 per cent.
- The growth in the Industry sector was robust, with a rise of 10.3 per cent in FY22 from a decline of 3.3 per cent in FY21.
- The Manufacturing industry, a major part of the industry sector, grew by 9.9 per cent. However, for the quarter, only manufacturing sector showed a contraction of 0.2 %
- The Construction industry, increased by 11.5 per cent in FY22 from a contraction of 7.3 per cent in FY21.
- Electricity, gas, water supply and other utility services segment grew by 7.5 per cent in the financial year while 4.5 per cent for the quarter.
- The services sector registered a growth of 8.4 per cent against a contraction of 7.8% in the previous year.

- The trade, hotel, transport, communication & services related to broadcasting grew by 11.1 per cent compared to 20.2 per cent contraction in the previous year.
- Public Administration, Defence and Other Services grew by 12.6 per cent in FY22 and 7.7 per cent in the last quarter of FY22.

(Details in Annexure, Table 2)

Key Highlights

- India's economy grew by 4.1 per cent in the January-March quarter of 2021-22, leading to an annual growth rate of 8.7 per cent on account of better performance by manufacturing, mining and construction sectors.
- Even though the GDP growth of the country was supported by the base effect, the numbers reflected a solid recovery.
- Data showed strengthening domestic demand conditions and greater capacity utilization in the manufacturing sector, signaling a pick-up in economic activity.
- The impact of the Omicron variant was quite evident from the Q4 GDP growth, where the growth has been a four-quarter low.
- Also, one of the concerning aspect of the data, is the reduction in the consumption-to-GDP ratio in the fourth quarter of FY22, even as the investment-to-GDP ratio has bounced back.
- Rural demand is expected to revive in the coming months on the back of higher agricultural output, better pricing, expectations of a better monsoon and the government's supportive policy for rural India.
- Consumption spending could see an improvement as the employment situation in the economy improves.
- The latest numbers for 2021-22 makes India one of the fastest-growing major economies in the world, although the momentum of expansion in the months ahead would be tested by high inflation and the consequent increase in interest rates to combat price pressures.
- **Going forward, factors like the Russia-Ukraine war, high global commodity prices, pace of monetary tightening by central banks globally, and overall global economic slowdown will test India's resilience.**

ANNEXURE**Table-1: GDP (at Constant Prices) for FY22 & Q4FY22**

Item	Expenditures of Gross Domestic Product (Rs Cr)			Rates To GDP (%)			% YoY Change		
	Q4 FY22	2020-21 (1st RE)	2021-22 (PE)	Q4 FY22	2020-21 (1st RE)	2021-22 (PE)	Q4 FY22	2020-21	2021-22
Private Final Consumption Expenditure (PFCE)	22,62,405	77,63,734	83,77,854	55.5	57.3	56.9	1.8%	-6.0	7.9
Government Final Consumption Expenditure (GFCE)	4,62,316	15,37,603	15,77,132	11.3	11.3	10.7	4.8%	3.6	2.6
Gross Fixed Capital Formation (GFCF)	13,71,090	41,31,279	47,84,054	33.6	30.5	32.5	5.1%	-10.4	15.8
Change in Stocks	51,450	-11,573	1,87,937	1.3	-0.1	1.3	-	-	-
Valuables	51,597	2,07,980	2,95,046	1.3	1.5	2.0	-48.9%	26.4	41.9
Exports	8,46,715	25,53,683	31,74,844	20.8	18.8	21.5	16.9%	-9.2	24.3
Less Imports	10,52,297	28,62,871	38,78,193	25.8	21.1	26.3	18.0%	-13.8	35.5
Discrepancies	84,749	2,38,638	2,16,842	2.1	1.8	1.5	-	-39.8	-9.1
GDP	40,78,025	1,35,58,473	1,47,35,515	100	100	100	4.1%	-6.6	8.7

Table-2: Real GVA at basic prices for FY22

Industry	Gross Value Added (Rs Cr)			% YoY Change		
	Q4 FY22	2020-21 (1st RE)	2021-22 (PE)	Q4 FY22	2020-21	2021-22
Agriculture, Forestry & Fishing	5,68,880	20,48,032	21,09,697	4.1%	3.3%	3.0%
Agriculture	5,68,880	20,48,032	21,09,697	4.1%	3.3%	3.0%
Mining & Quarrying	99,020	2,94,024	3,27,984	6.7%	-8.6%	11.6%
Manufacturing	6,76,414	22,47,740	24,70,822	-0.2%	-0.6%	9.9%
Electricity, Gas, Water Supply & Other Utility Services	78,694	2,89,771	3,11,598	4.5%	-3.6%	7.5%
Construction	3,38,283	9,62,835	10,73,595	2.0%	-7.3%	11.5%
Industry	11,92,411	37,94,370	41,83,999	1.3%	-3.3%	10.3%
Trade, Hotel, Transport, Communication & Services related to broadcasting	7,42,200	21,47,679	23,85,605	5.3%	-20.2%	11.1%
Financial, Insurance, Real Estate & Professional Services	7,11,375	29,61,910	30,87,360	4.3%	2.2%	4.2%
Public Administration, Defence & Other Services	4,93,911	16,33,081	18,38,814	7.7%	-5.5%	12.6%
Services	19,47,486	67,42,670	73,11,779	5.5%	-7.8%	8.4%
GVA at Basic Price	37,08,777	1,25,85,074	1,36,05,474	3.9%	-4.8%	8.1%

*GVA + taxes on products - subsidies on products = GDP

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