

# India's Economy Grew 20.1% In April-June Quarter

India's economic growth surged to 20.1 per cent in the April-June quarter of this fiscal, helped by a low base of the year-ago period, despite a devastating second wave of COVID-19.

The gross domestic product (GDP) had contracted by 24.4 per cent in the corresponding April-June quarter of 2020-21, according to data released by the National Statistical Office (NSO) on Tuesday.

"The GDP figures for the first quarter came in marginally weaker than our expectations (21.7% growth). However, economic activity has been reviving since July and has picked up momentum. As vaccination pace picks up we expect the momentum to pick up further, although we remain wary of the evolution of delta variant cases," said Upasna Bhardwaj, senior economist, Kotak Mahindra Bank.

"GDP growth recorded at 20.1% for Q1FY22, was largely in line with expectations of 18-22%. However, the double-digit growth is slightly deceptive given the low base effect when the economy had contracted by 24.4% in the corresponding quarter last year. Visibility of revival in consumer demand increases with household consumption up by 19%, compared to a contraction in FY21.

Pick-up in construction by 68% also shows signs of green shoots. Though the general traction is still below pre-Covid levels, the severity of lockdowns is clearly lower this year compared to last year," said Naveen Kulkarni, Chief Investment Officer, Axis Securities.