

# April-June GDP growth to be 'deceptively high' at 20%: ICRA

'GVA seen 9% lower than Q1 FY20; low base masks COVID second wave impact'

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India's GDP is estimated to grow at the "deceptively high" level of 20% for the April-June quarter but would still remain far below the pre-COVID level, ratings agency ICRA said on Wednesday.

ICRA said the low base of the last fiscal year, when GDP had contracted by close to 24%, 'conceals' the impact of the second wave of COVID-19 infections.

Economic activity has been boosted by robust government capital expenditure, merchandise exports and demand from the farm sector, it said, estimating the GDP to grow by 20% and the



**Shifting fortunes:** The organised sector may have gained at the cost of the less formal space. ■ S.R. RAGHUNATHAN

gross value added (GVA) to register a growth of 17% for the June quarter. GVA is estimated to contract 15% compared with the preceding March quarter, showing the impact of the second wave.

"The double-digit expansion expected in YoY terms in Q1FY22 is deceptively high, as it benefits inordinately from last year's contracted base," ICRA chief economist Aditi Nayar said.

"We forecast GVA and the GDP to have shrunk by around 9% each in Q1FY22 relative to the pre-COVID level of Q1FY20, highlighting the tangible distress being experienced by economic agents in the less formal and contact-intensive sectors."

Official data on economic activity is expected by the end of the month.

ICRA cautioned that the organised sector was expected to have gained at the cost of the less formal space. Available statistics were often unable to capture the pain experienced by the latter, which might result in an overestimation of growth under the present circumstances, it added.