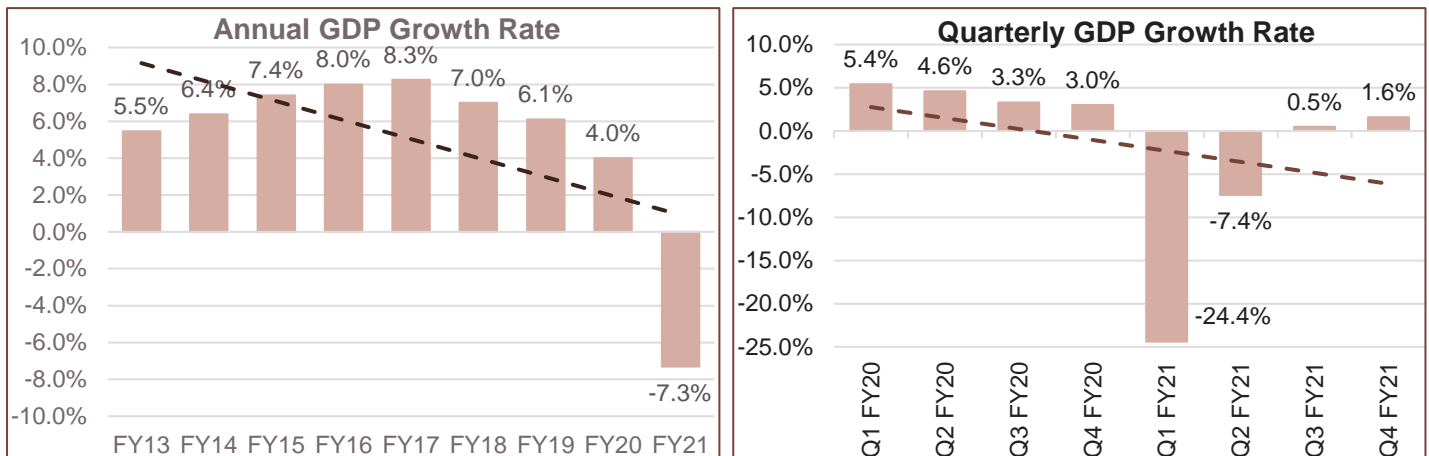


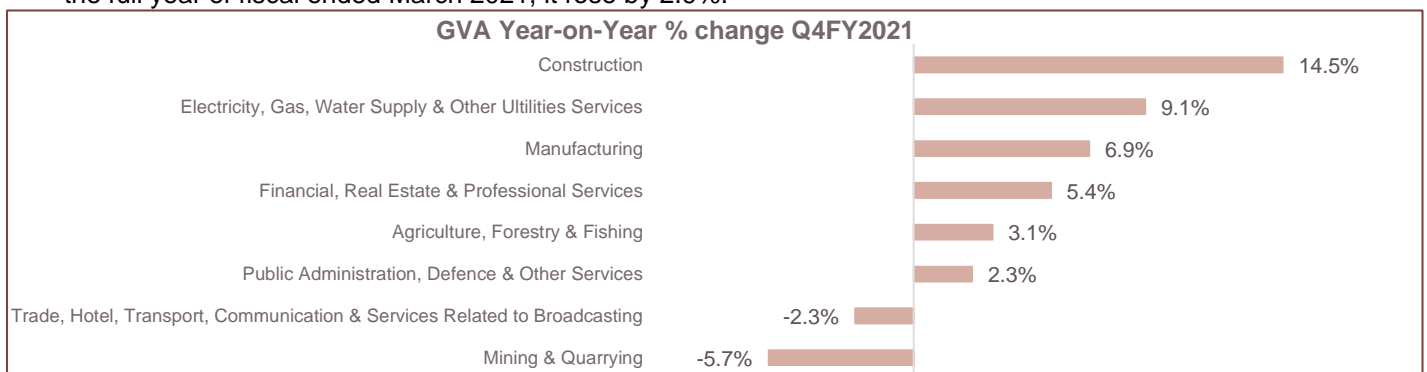
02 June 2021

Q4FY21 GDP in the positive territory for the second straight quarter



Source: MOSPI, News Articles

- For the **January - March quarter of 2021** the Indian economy witnessed a **recovery of 1.6%** before the second wave of the pandemic hit the economy hard once again. While for **FY21 Gross Domestic Product (GDP) shrunk by 7.3%**, the worst performance in the last 40 years, both the quarter and the full-year numbers were above market expectation.
- While **Gross Value Added (GVA) in Q4FY21 grew at a stronger pace (3.7%)** than in Q3FY21 (1.0%), the GDP growth was subdued on account of past subsidy dues paid out in the fourth quarter. For the **full year GVA contracted by 6.2%**. GVA adjusts GDP for the impact of subsidies and indirect taxes. While the latter is a more popular measure of economic growth, the former is more representative of economic activity.
- Private consumption**, reflected in private final consumption expenditure, **rose 2.7% in Q4FY21** compared to a contraction of 2.8% in Q3FY21. For the full year of FY21, private consumption contracted 9.1%.
- Investments**, as reflected by gross fixed capital formation, **rose 10.9% in Q4FY21** after rising by 2.6% in the previous quarter. Investments contracted by 10.8% for the full year FY21.
- Government final consumption expenditure grew 28.3% in Q4FY21** after contracting 1.1% in Q3FY21. For the full year of fiscal ended March 2021, it rose by 2.9%.



Source: MOSPI

- With respect to the **sector based trends** while agriculture was the fastest growing sector for the full year at 3.6% for the fourth quarter construction sector grew by a whopping 14.5%.
- Services is the largest component of the Indian economy is still struggling. The largest component in **services — trade, hotels, transport and communication continued to languish** as a majority of activities falling in this segment are contact intensive in nature.

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