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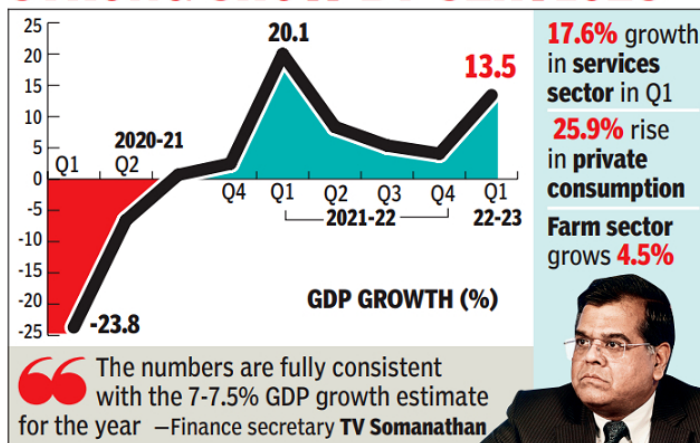


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NEW DELHI: The Indian economy expanded at its fastest in a year, helped by a favourable base effect and robust growth in the farm, services, construction and private consumption, as economic activity gathered pace after the lifting of Covid-19 curbs and revival in contact-intensive sectors. Data released by the National Statistical Office (NSO) showed the country's GDP rose by an annual 13.5% in the April-June quarter of the current fiscal year, higher than the 4.1% in the previous quarter, but below the 20.1% recorded in the first quarter of 2021-22. The 13.5% growth was lower than the Reserve Bank of India's estimate of 16.2% for the first quarter of 2022-23.

Economists said investments continued to improve in the June quarter on government spending on capital expenditure on infrastructure. But estimates showed GDP growth at 3.8% compared to the pre-pandemic period of the first quarter of the 2020 fiscal.

STRONG SHOW BY SERVICES



The farm sector growth was robust at 4.5% in the June quarter while services sector rose 17.6%. Private consumption grew 25.9%.

Gross fixed capital formation also remained solid, highlighting a pick-up in domestic investments. The manufacturing sector growth was at 4.8% in the June quarter compared to the 49% in the year-ago quarter. Mining, manufacturing and electricity sectors displayed weaknesses and trailed economists' expectations.

Finance secretary TV Somanathan said the numbers are fully consistent with the 7-7.5% GDP growth estimate for the year.

"Gross fixed capital formation (used to assess investment in the economy) and private consumption were very strong in the first quarter, something that bodes very well for the economy. Other high frequency data is also showing good growth," economic affairs secretary Ajay Seth said. He also said that the base effect was at play for contact-intensive sectors such as travel and tourism while manufacturing activity had picked up post the 2020 lockdown and was not very significantly hit during the Delta wave.

At the current level, India's first quarter GDP growth is way above other major economies. China's first quarter GDP growth was at 4.8% as several key sectors such as real estate were hit and the economy grappled with several other stresses. India is expected to be the fastest growing major economy amid the global slowdown.

"Post-pandemic tailwinds essentially lifted the GDP in Q1 FY23 - even if we were to discount the low base, this marks a stellar rise in sequential momentum. This marks a confluence of tailwinds, such as the catch-up in contact-intensive services, public capex push and lagged impact of easy financial conditions," according to Aurodeep Nandi, India Economist and VP at Japanese investment bank Nomura.