

ಪತ್ರಿಕಾ ತುಣುಕುಗಳು
PAPER CLIPPINGS

18

ಇಲಾಖೆ / ವಿಷಯ : DEPARTMENT / SUBJECT: Financeಪತ್ರಿಕೆಯ ಹೆಸರು : NAME OF THE NEWS PAPER: the hinduದಿನಾಂಕ : DATE: 31/8/2020

Economy to see a record plunge in Q1

May contract by up to 25%, worst since 1996page 1
31/8/20ANNAPURNA SINGH
NEW DELHI, DHNS

India's economy is expected to see a record plunge in the April-June quarter, contracting by up to 25% or the worst since the country started publishing the quarterly GDP data in 1996.

The government is set to release the April-June GDP numbers on Monday. That will set the tone for the overall revision in GDP numbers for 2020-21.

The government has initially projected a 6.5% growth for the economy this year but Covid-19 pandemic has turned it into a contraction.

Manufacturing and services sectors are expected to contract deeply weighed down by the Covid-19 pandemic and the lockdown that severely hit businesses and industry output. Agriculture sector, driven by a healthy rabi harvest, is expected to post a positive growth.

Manufacturing is likely to contract 35-45% in the quarter under review. Trade, hotels, transport, communication and services will see sharp dip. Various economists and brokerages have given their projections on the April-June quarter GDP, with Goldman Sachs cutting it sharply to 45%.

While ICRA and HDFC Bank have projected a contraction of 25%, State Bank of India has projected 16.5% contraction and India Ratings has said the plunge will be to the tune of 13.5%.

Former Chief Statistician of India Pronab Sen has estimated the economic contraction to the tune of 20%. According to him, quarterly GDP estimates are largely linked to corporate results, which have reflected a better-than-expected status in the first quarter.

FMCG goods, pharmaceuticals continued to be produced and supplied. Their contribution to manufacturing is roughly 40%.

However, the extent of loss to the informal sector - small businesses - which have taken a severe hit, may not be reflected in the April-June quarter number due to non-collection of data.

The National Statistics Office, in that case, is expected to use the formal sector data as a proxy to the informal sector's decline. This according to the economists may overstate the GDP print but when it is revised further later this year, the contraction will be deeper than what may be projected on Monday's review.

The farm sector is expected to register a growth of up to 4%. Favourable monsoon, improved availability of water in reservoirs, robust kharif sowing, large procurement of food grains and robust rabi production are likely to provide support to farm growth.