GDP expands 4.1% in March quarter

Manufacturing activity shrunk by 0.2% in the March quarter **(Photo: AFP)**

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Core sectors grow 8.4% in April, the fastest pace in six months

The gap between the real and nominal GDP widened by more than 10 percentage points in the previous fiscal

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the impact of the Russian invasion of Ukraine rippled across the globe, sending energy and raw material prices soaring and weakening demand.

The economy grew 4.1% in the quarter ended 31 March, the slowest pace in a year, official data showed. The third wave of the pandemic in January also impacted business activity.

Losing momentum

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For the full year, the economy expanded by 8.7%, slower than the government's second advance estimate of 8.9%, according to data released by the national statistical office (NSO) on Tuesday. The pace of growth was also partly due to a low base of the previous year when the economy contracted 6.6% because of the pandemic. Nevertheless, India emerged as the fastest-growing major economy in the world in FY22. Still, the GDP was just 1.37% higher than the pre-covid level of FY20.

Economic activity was poised to rebound after the lifting of pandemic restrictions when the Russian invasion of Ukraine sent energy and commodity prices soari further strained global supply chains and hit business confidence. Surging inflation has since forced the central bank to raise interest rates by 40 basis points in May. Further increases in interest rates to tame inflation may dampen demand and slow economic activity.

on India's economy," said Rajani Sinha, chief economist, Care Ratings. While consumer spending could see an improvement as the employment situation in the economy improves, high food and fuel inflation will be a dampener for discretionary spending, Sinha said, adding that Care expects GDP to grow by 7-7.5% in FY23.

Meanwhile, the eight infrastructure sectors of the economy grew at the fastest pace in six months in April, led by sharp growth in coal, refinery products, fertilizers, electricity, and cement output, despite the year-ago high base, indicating brightened prospects for the manufacturing sector.

The eight sectors—coal, crude, natural gas, refinery products, fertilizers, cement, steel, and electricity—expanded by 8.4% in April from 4.9% in March, data released by the ministry of commerce and industry showed on Tuesday.