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# Indian economy likely to grow at 7.1% in FY23, govt investment to boost growth rate: CareEdge

*The Indian economy is likely to grow by 7.1% in the current fiscal on the back of steady performance by services, manufacturing and the farm sector*

Written by [Surbhi Jain](#)

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CareEdge expects the services sector to register a growth of 8.7% in FY23.

The Indian [economy](#) is likely to grow by 7.1% in the current fiscal on the back of steady performance by services, manufacturing and the farm sector. The government investment will play a crucial role in boosting the growth rate. The improving industrial capacity utilization levels will help boost the private investment cycle, CareEdge said in a

central banks.

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Analysts at CareEdge believe that the services sector will drive growth. They expect the agriculture sector to grow at a steady pace of 3% in FY23 on the assumption of a normal monsoon. Rainfall has gathered pace in July supporting the sowing of crops like pulses, oilseeds and cotton, the report noted. The report highlighted that the sowing of crops like rice and sugarcane is still lagging compared with last year's level due to a shortfall of rains so far in major rice producing states.

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CareEdge expects the industrial sector GDP to grow at a pace of 5.4% in FY23. India's manufacturing sector has been reeling under pressure due to high input costs due to which the sector witnessed a contraction in Q4 FY22., "The recent easing of metals and fuel prices if sustained along with improved economic activities could aid the sector's growth in the coming months. However, the revival of consumption demand would remain a crucial factor," the report added.

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CareEdge expects the services sector to register a growth of 8.7% in FY23. The report noted that with relaxation in restrictions, the services sector bounced back strongly. It also noted that the slowdown in the US economy poses risk for India's IT sector. CareEdge report expects the Indian economy to grow at 7.1% in FY23. "The main challenge to India's GDP growth projection would be any further deterioration of the global environment, which will impact India through exports and investment routes," CareEdge said.

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