

Indian economy expected to grow by 7.1% in FY23: CareEdge Ratings

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Indian rating agency CareEdge Ratings recently said the **domestic economy is expected to grow** by 7.1 per cent in this fiscal due to steady performance by services, manufacturing and the farm sectors. **Government investment** will play a key role in the growth rate boost and improving industrial capacity utilisation levels will help boost private investment cycle, it said in a report.

“The main challenge to India’s GDP [gross domestic product] growth projection would be any further deterioration of the global environment, which will impact India through exports and investment routes,” the CareEdge report said.

Several high-frequency economic indicators like goods and services tax collections, E-way bill registrations and credit growth have performed well in the first four months, reflecting an improvement in economic activity.

CareEdge expects the industrial sector GDP to grow at a pace of 5.4 per cent in fiscal 2022-23 (FY23). India’s manufacturing sector has been reeling under pressure due to high input costs due to which the sector witnessed a contraction in the fourth quarter of 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.

Fears of global growth slowdown could hamper India’s export outlook, observed CareEdge, whose analysts believe the services sector will drive growth. They expect the agriculture sector to grow at a steady pace of 3 per cent in fiscal 2022-23 assuming monsoon is normal. Rainfall has gathered pace in July supporting the sowing of crops like pulses, oilseeds and cotton, the CareEdge 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, according to Indian media reports.