

India's GDP growth in Q4 FY18 seen at 7.4%, says Icra

Mild growth likely in services sector

NEW DELHI: Rating agency Icra expects GDP growth in January-March 2017-18 at 7.4% on account of good rabi crop harvest and improved corporate earnings, up from 7.2% in the third quarter.

The Central Statistics Office (CSO) is scheduled to come out with GDP estimate for the fourth quarter (Q4) of fiscal 2017-18 and provisional annual estimates for the year 2017-18 on May 31. "The domestic GDP growth rate is expected to improve to 7.4% in Q4 FY2018 from 7.2% in Q3 FY2018, exceeding the implicit forecast of 7.1% embedded in the CSO's Second Advance Estimate of National Income for 2017-18," Icra said in a release.

As per Icra, the growth of the Indian gross value added (GVA) at basic prices in year-on-year (YoY) terms is likely to record a considerable recovery to 7.3% in Q4 FY2018 from 6.7% in Q3 FY2018, thereby rebounding above 7% after a



gap of five quarters.

This revival in the fourth quarter, relative to the previous three months, is expected to be broad-based, supported by an uptick in industry (to 7.7% from +6.8%), agriculture, forestry and fishing (to 4.5% from 4.1%), and services (to 7.8% from +7.7%), it said.

"The uptick in economic activity that set in during the second half of 2017, is expected to have strengthened in Q4 FY2018, led by a healthy rabi harvest, robust volume growth

in various sectors, an improvement in corporate earnings and a favourable base effect," said Principal Economist of ICRA Aditi Nayar.

The rating agency further said it expects a mild pickup in growth in the services sector, reflecting the improvement in diesel and petrol consumption, service sector exports, passengers carried by domestic airlines, cargo handled at major ports and railway revenue carrying freight.

PTI