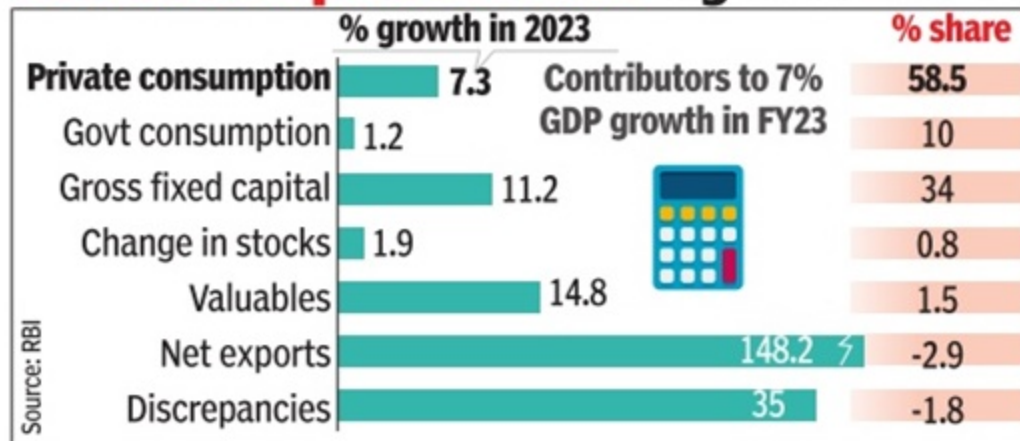


Growth pace intact amid easing inflation, says RBI

GDP Growth For FY24 Is Likely To Be 6.5%, Inflation 5.2%

TIMES NEWS NETWORK

Pvt Consumption's Share Highest In GDP



Mumbai: The RBI has said that growth momentum in India is likely to be sustained as inflationary pressures ease. The central bank has said that unless an El Nino event strikes — the inflation trajectory is expected to move down in the current financial year, with headline inflation edging down to 5.2% from the average level of 6.7% in the previous year.

In its annual report released on Tuesday, the RBI said that India has demonstrated macroeconomic and financial stability, with a consistent rise in growth momentum, despite the challenging global economic environment. It said that real GDP growth for FY24 is likely to be 6.5% with risks evenly balanced. The growth forecast

takes into account, softer global commodity and food prices, good rabi crop prospects, buoyancy in contact intensive services and the government's thrust on capital expenditure.

The report noted that even as global economic outlook looks benign on the lagged impact of tighter monetary policy, India has consistently been among the fastest-growing major economies in the world,

contributing over 12% global growth on average over the past five years.

The easing of inflation has been attributed to the combined efforts of monetary policy actions and effective supply management. "Fiscal consolidation has also played a role in reducing debt and deficit levels, which had escalated due to the pandemic. The current account deficit has remained within

sustainable levels. These factors have contributed to the entrenchment of macroeconomic stability in the country," the RBI said. It expects sustained government capital expenditure over recent years to stimulate higher private investment in FY24.

"In the external sector, the current account deficit is expected to remain moderate, drawing strength from robust services exports and the salubrious impact of moderation in commodity prices of imports," the RBI said. It also cautioned that with global uncertainties persisting, foreign portfolio investment (FPI) flows may remain volatile. "Traction in construction activity is likely to be sustained as reflected in steady expansion in its proximate indicators: steel consumption and cement production," the report said.