

## IMF raises India's FY24 GDP growth forecast to 6.3% from 6.1% on stronger demand

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IMF raises India's FY24 GDP growth forecast to 6.3% (AFP)

India's economic growth forecast for the current fiscal year has been raised to 6.3 per cent from 6.1 per cent earlier, the International Monetary Fund (IMF) said in its October 2023 World Economic Outlook (WEO) report that was released on Tuesday, October 10. The global lender expects retail inflation in the country to rise to 5.5 per cent in fiscal 2023-24 before easing to 4.6 per cent in 2024-25.

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The Reserve Bank of India (RBI) has projected consumer price index (CPI)-based inflation for the current fiscal year at 5.4 per cent while gross domestic product (GDP) **growth is seen at 6.5 per cent.**

In its bi-monthly monetary policy announced on October 6, RBI Governor Shaktikanta Das said the domestic economic activity exhibits resilience on the back of strong domestic demand in contrast to global trends.

The IMF's latest growth projection comes over a month after official data released by the statistics ministry on August 31 showed the Indian economy expanded by 7.8 per cent in April-June - marginally higher than Street estimates with private consumption growing 6.0 per cent as against 2.8 per cent in January-March.

Monetary policy projections are consistent with achieving the Indian central bank's inflation target over the medium term, said the IMF. The country's current account deficit is expected to remain at 1.8 per cent of GDP in FY24 and FY25, the IMF added.

IMF cut its growth forecasts for China and the euro area and said overall global growth remained low and uneven despite what it called the "remarkable strength" of the US economy.

"The strongest recovery among major economies has been in the United States, where GDP in 2023 is estimated to exceed its pre-pandemic path. The euro area has recovered, though less strongly—with output still 2.2 per cent below pre-pandemic projections, reflecting greater exposure to the war in Ukraine and the associated adverse terms-of-trade shock, as well as a spike in imported energy prices," said the IMF in its report.

Additionally, the IMF left its forecast for global real GDP growth in 2023 unchanged at 3 per cent in its latest WEO, but cut its 2024 forecast by 0.1 percentage point to 2.9 per cent from its July forecast.