

India's economic growth "very robust" as Western companies shift investment focus from China to India: UN expert

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India's growth story has many takers across the globe, and the latest to join the list is Hamid Rashid, chief of the global economic monitoring branch at the UN Department of Economic and Social Affairs. Describing the country's economic growth prospects as "very robust", he recently highlighted the country's increasing attraction for foreign investment as Western companies shift their focus away from China.

"India is benefiting from more investments coming in from other Western sources, as less and less foreign investment is going into China. India has become an alternative investment source or destination for many Western companies," says Rashid, while addressing reporters regarding the mid-year update of the World Economic Situation and Prospects 2024.

The report, published by the UN Department of Economic and Social Affairs, has revised India's growth projection to 6.9% in 2024, up from the 6.2% projected in January. It indicates that this growth will be primarily driven by robust public investment and resilient private consumption.

Despite subdued external demand continuing to weigh on merchandise export growth, pharmaceuticals and chemicals exports are expected to expand strongly, the report adds.

The report also noted that consumer price inflation in India is projected to decrease from 5.6% in 2023 to 4.5% in 2024, staying within the central bank's medium-term target range of 2-6%. Rashid noted that this signifies India's fiscal position is less constrained compared to other countries, with robust support from both monetary and fiscal policies to stimulate growth.

Meanwhile, India's labour market indicators have shown improvement, bolstered by strong economic growth and higher labour force participation. The government also remains dedicated to gradually reducing the fiscal deficit while aiming to boost capital investment.

"Given all these factors, this improvement is a very reasonable modest upward revision that we have done, given that what we see is happening in the Indian economy right now," Rashid concluded.