

FY25 forecast: 7% growth, 4.5% inflation

Reforms Agenda: Eyes On Default Provisions, Climate Risks

TIMES NEWS NETWORK

Mumbai: RBI has forecast 7% GDP growth for the current fiscal, with inflation settling at 4.5%. In its FY24 annual report, RBI said the Indian economy is successfully navigating adverse global macroeconomic and financial environments. The projections for FY25 come a week before the MPC's meeting between June 5 and 7 — days after the general election results.

"Real GDP growth is robust, supported by solid investment demand, healthy balance sheets of banks and corporates, govt's focus on capital expenditure, and prudent monetary, regulatory, and fiscal policies," the report said. At 7%, India will remain among the fastest-growing economies in the current fiscal.

In its agenda for FY25, RBI said there will be tightening of norms requiring banks to make provisions

Among Fastest-Growing Ecos...



based on expected defaults, norms to tackle climate risks and conducting a review of the grievance redressal mechanism.

It has asked banks to address trading and banking book risks, and diversify deposit sources to mitigate risks associated with interest rate fluctuations.

RBI is also developing a framework to identify, assess, and manage climate risks. The regulatory approach will be principle-based and activity-oriented, moving away from an entity-specific focus to better address systemic risks.

Future initiatives inclu-

de the establishment of a large cloud (data storage) facility for the Indian financial sector and the creation of a fintech repository, which are expected to enhance operational efficiency, reduce complexity, and promote financial innovations.

To enhance customer service and ensure public confidence in the financial system, RBI plans to embed artificial intelligence in its complaint management system (CMS). A review of the grievance redressal systems of lenders is also in the offing.

During 2024-25, RBI will review priority sector len-

ding guidelines and work towards formulating the next iteration of the National Strategy for Financial Inclusion (NSFI) for 2025-30.

The regulations under review include income recognition and asset classification norms, guidelines for project finance, and instructions on interest rates on advances.

On the digital currency front, RBI has said that it will increase the number of projects for the digital rupee both in retail and wholesale segment.

The central payments fraud information registry (CPFIR) will be extended to more banks to improve payment fraud reporting. A risk-based authentication mechanism will be implemented as an alternative to SMS-based OTPs for additional factor authentication. RBI will also explore fast payment systems and multilateral inter-linkages with groups like the EU and SAARC.