



'Solid performance' to continue in FY24: CEA

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On the back of higher-than-expected economic growth in FY23, the momentum is expected to continue in the current fiscal year (FY24) with solid growth prospects, Chief Economic Advisor (CEA) V Anantha Nageswaran said on Wednesday.

During a media briefing after the release of FY23 GDP print, Nageswaran said downside risks to his FY24 GDP growth projection of 6.5 per cent appeared evenly balanced and there was a good chance this number may be exceeded in the current fiscal year.

"We are very pleased to have been able to present a story of sustained economic momentum combined with macroeconomic, financial, and fiscal stability, and we look forward to another year of solid economic performance by India," he said.

India's economy grew by 6.1 per cent in the January-March quarter of FY23, pushing the annual growth rate to 7.2 per cent on account of better performance by agriculture, manufacturing, mining, and construction sectors.

"The private sector is poised to attain stronger investment growth following the strengthening of corporate and bank balance sheets, supported by the government's capex push," Nageswaran said, adding that a number of sectors had shown a healthy increase in private investment year-on-year (YoY) in FY23.

According to his presentation, the hotels industry had seen more than 80 per cent YoY jump in private investment in FY23, while textiles, metals, and steel

industries had seen more than 50 per cent increase.

"Our preliminary estimates show that private investment increased by 21.4 per cent YoY in FY23," Nageswaran said. Though household consumption numbers were tepid, Nageswaran said it had crossed pre-pandemic levels. "There are signs of a turnaround in rural demand, based on the high-frequency indicators that we are tracking."

"Expansion of public digital platforms and path-breaking measures, such as PM GatiShakti, the National Logistics Policy, and the production-linked incentive schemes to boost manufacturing output," Nageswaran said, adding that in Q4FY23, manufacturing sector had ended two consecutive quarters of YoY contraction.

He did warn that some headwinds remained. Nageswaran said a slowdown in global economy and trade may impact export growth and prolonged geo-political uncertainty and tightened financial conditions

also pose a challenge to the growth outlook.

On inflation, Nageswaran said inflation would moderate in FY24 and was projected to be in the range of 5-6 per cent, which is within the Monetary Policy Committee's medium-term inflation target.

He said core and food inflation both came down, with a bumper harvest and healthy prospects for kharif season. He added that although El Niño conditions were a concern, enough measures were in place, including healthy buffer stock levels, to ensure that there was no spike in prices due to any possible drought-like conditions.

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