

# IMF: Investment, pvt consumption helping India grow

RUCHIKA CHITRAVANSHI

New Delhi, 1 November

India remains the world's fastest growing economy with investment and private consumption driving its growth, the International Monetary Fund (IMF) said on Friday in its Regional Economic Outlook for Asia-Pacific.

The IMF, in its World Economic Outlook report released on October 2, had retained India's gross domestic product growth forecasts at 7 per cent and 6.5 per cent for FY25 and FY26, respectively. The financial agency said that pent-up demand accumulated during Covid-19 has been exhausted as the economy "reconnects" with its potential growth.

The Fund revised the growth, compared to its April forecast, by 0.2 percentage points amid rural consumption benefiting from an improved agricultural season, and public infrastructure investment continuing to expand.

While growth in Asia is expected to slow down in CY2024 and CY2025— reflecting fading support from the pandemic recovery and factors like ageing— short-term prospects were more favourable than expected in April, the regional economic outlook report said.

The Asia and Pacific region is expected to contribute roughly 60 per cent to global growth this year. "This said, the outlook is subject to sizable economic and geopolitical uncertainties," IMF said in its report.

A blog post released by IMF alongside the regional outlook said that while manufacturing has been the driver of growth



## REGIONAL OUTLOOK

- Growth in Asia is expected to slow down in CY2024, CY2025
- Reflects fading support from pandemic recovery and factors like ageing
- Short-term prospects were more favourable than expected in April
- APAC region is expected to contribute nearly 60% to global growth this year

in Asia, a transition to modern, tradable services could be a new source of growth and productivity.

It said that the growth of services has already drawn about half of the region's workers into the sector, up from just 22 per cent in 1990, as hundreds of millions moved from farms and factories. "This shift is likely to accelerate with expansion of international trade in modern services such as finance, information, and communication technology, as well as business outsourcing, as already done in India and the Philippines," the blog post said.