

Moody's raises India's growth forecast for 2024 to 6.8pc from 6.1pc

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On the back of 'stronger-than-expected' economic data of 2023 and fading global economic headwinds, the global rating agency Moody's raised India's growth forecast for the current calendar year to 6.8 per cent from earlier 6.1 per cent.

Capital spending by the government and strong manufacturing activity have meaningfully contributed to the robust growth outcomes in 2023, Moody's said.

With global headwinds fading, the Indian economy should be able to comfortably register 7 per cent real GDP growth, it added.

"India's economy has performed well and stronger-than-expected data in 2023 has caused us to raise our 2024 growth estimate to 6.8 per cent from 6.1 per cent. India is like-



ly to remain the fastest growing among G-20 economies over our forecast horizon," Moody's said in its Global Macroeconomic Outlook for 2024.

As per Moody's, the high-frequency indicators show that the economy's strong September and December quarter momentum carried into the March quarter of 2024.

"Robust goods and serv-

ices tax collections, rising auto sales, consumer optimism and double-digit credit growth suggest urban consumption demand remains resilient. On the supply side, expanding manufacturing and services PMIs add to evidence of solid economic momentum," Moody's said.

Notably, India's real GDP expanded 8.4% year-over-year in the fourth quarter of calendar year 2023, resulting in a 7.7% growth for full-year 2023.

The rise in GDP growth was supported by robust growth in manufacturing, construction sectors and public administration.

Recently, the National Statistical Office (NSO) released its report saying, "GDP at constant (2011-12) prices in Q3 of 2023-24 is estimated at Rs 43.72 lakh crore, against Rs 40.35 lakh crore in Q3 of 2022-23, showing a growth rate

of 8.4 percent. GDP at current prices in Q3 of 2023-24 is estimated at Rs 75.49 lakh crore, as against Rs 68.58 lakh crore in Q3 of 2022-23, showing a growth rate of 10.1%."

Double-digit growth rate of construction sector at 10.7%, followed by a good growth rate of Manufacturing sector at 8.5% have boosted the GDP growth in FY 2023-24.

"We expect policy continuity after the general election and continued focus on infrastructure development," Moody's said.

The agency said while private industrial capital spending has been slow to pick up, it is expected to pick up with ongoing supply chain diversification benefits and investors' response to the government's Production Linked Incentive scheme to boost key targeted manufacturing industries.