

# OECD raises India's growth forecast for FY25 to 6.2%



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The Organization for Economic Co-operation and Development (OECD), in its latest interim economic outlook released on Monday, raised India's growth outlook for 2024-25 (FY25) to 6.2 per cent from the 6.1 per cent estimated earlier in its November outlook.

"The emerging-market (EM) economies have generally continued to grow at a solid pace, despite tighter financial conditions, reflecting the benefits of improved macroeconomic policy frameworks, strong investment in infrastructure in many countries, including India, and steady employment gains," the outlook notes.

For 2025-26, OECD has kept its growth forecast for India unchanged at 6.5 per cent. The outlook notes that high-frequency activity indicators generally suggest a continuation of recent moderate growth, with business surveys pointing to stronger activity developments in services than in manufacturing.

"Across countries, there continue to be clear signs of strong near-term momentum in India, relative weakness in Europe, and mild near-term growth in most other major economies," the outlook notes.

On inflation, the report notes that in the EM economies, it is projected to remain generally higher than in the advanced economies while easing gradually through FY25. Tighter monetary policy and energy and food price cycles have also been the key drivers of inflation in many of these economies.

"In Brazil, India, Indonesia, Mexico, and South Africa, inflation is projected to continue easing and converge on or towards central bank targets by the end of 2025," it says.

Earlier last week, the economic division of the finance ministry in its review of the economy said that the Indian economy is expected to expand at around 7 per cent in FY25, marking the fourth consecutive post-pandemic year for the Indian economy to register growth at or over 7 per cent.

"It now appears very likely that the Indian economy will achieve a growth rate at or above 7 per cent for 2023-24, and some predict it will achieve another year of 7 per cent real growth in FY25 as well. If the prognosis for FY25 turns out to be right, that will mark the fourth year post-pandemic that the Indian economy will have grown at or over 7 per cent. That would be an impressive achievement, testifying to the resilience and potential of the Indian economy. It augurs well for the future," the review noted.

At a global level, the OECD projects gross domestic product growth to ease to 2.9 per cent in 2024, from 3.1 per cent in 2023, before recovering to 3 per cent in 2025 as financial conditions ease.