

UN report revises India's 2024 GDP growth estimate to 6.2%

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The United Nations World Economic Situation and Prospects Report 2024 on Friday revised India's gross domestic product (GDP) growth estimate for the 2024 calendar year to 6.2 per cent, compared to 6.7 per cent earlier.

The report stated: "Economic growth in India is projected to remain strong at 6.2 per cent in 2024, following an estimated expansion of 6.3 per cent in 2023, mainly supported by resilient private consumption and strong public investment." Despite revising the growth estimates for 2024

downward by 0.5 percentage points, the report projects a rebound in 2025, with a GDP growth projection of 6.6 per cent.

Zheng Jian, economic affairs officer at the United Nations' Economic and Social Commission for Asia and the Pacific (ESCAP), said, "India's economy is expected to remain strong in 2024, driven by resilient private consumption, strong public investment, and further moderation in consumer price inflation." While robust domestic demand and strong growth in the manufacturing and services sectors will continue to support the economy, the United Nations (UN)'s flagship economic

report mentioned that erratic rainfall patterns are likely to dampen agricultural output.

The report has revised its 2023 GDP growth projection for India upwards by 0.5 percentage points to 6.3 per cent.

Speaking at the launch of the report, Nagesh Kumar, director of the Institute for Studies in Industrial Development, suggested that the UN's estimate should be reconfigured in the light of the strong second-quarter GDP growth numbers. "I expect India to grow upwards of 7 per cent in the financial year 2024 and continue this momentum in the following year with growth ranging

between 6.8 and 7 per cent."

However, global economic growth is projected to slow from 2.7 per cent in 2023 to 2.4 per cent in 2024, trending below the pre-pandemic growth rate of 3 per cent, according to the UN report.

"India's macro fundamentals are far more robust than ever before. Our dependence on world trade growth has decreased, and the Indian economy can stand on its own," Kumar stated.

Consumer price inflation (CPI) in India, according to the UN's

report, is expected to decelerate from 5.7 per cent in 2023 to 4.5 per cent in 2024, staying within the 2 to 6 per cent medium-term inflation target range set by the Reserve Bank of India (RBI). "The risk of a

surge in inflation in the coming months cannot be ruled out, however, as potential increases in commodity prices and the adverse impact of climate events on food prices could disrupt the pace of disinflation," the report cautioned.

It also mentioned that while economic growth in India

rebounded in 2022 and 2023, the country suffered significant output losses in 2020 and 2021 compared with the pre-crisis trend, implying large base-level effects.

The report also noted India's strong investment performance in 2023, driven by government infrastructure projects and multinational investments. It stated that India is benefiting from growing interest from multinationals, which view the country as a key alternative manufacturing base in the context of developed economies' supply chain diversification strategies.

Another driver of fixed capital formation in the country, the

report said, is the increased government spending on roads, railways, and renewable energy projects, which can have a crowding-in effect on private sector investment.

From April to September 2023, government capital expenditure in India increased by 43.1 per cent year-on-year, according to the RBI.

"I am confident that the current push on infrastructure spending will continue and crowd in private investment in the next full budget. One also feels encouraged by the goods and services tax collections as the fiscal space is enhancing in India," Kumar added.

The report projects a rebound in 2025, with a GDP growth projection of 6.6 per cent