

India can grow 6.5-7% over next decade: CEA

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India could continue to grow at a rate of 6.5-7 per cent over the next decade with better balance sheet strength in the financial and non-financial sectors, Chief Economic Advisor (CEA) V Anantha Nageswaran said on Wednesday.

Speaking at an event organised by the National Council of Applied Economic Research (NCAER), Nageswaran said, "As we go into the rest of the decade beyond FY25, the omens are good for us to continue the steady growth rate between 6.5 and 7 per cent."

For FY24, the International Monetary Fund (IMF) has raised India's gross domestic product (GDP) growth projection to 7.8 per cent from 6.7 per cent in its January report.

Nageswaran said inflation should head to the middle point of the target range and settle around 4 per cent subject to monsoon. "We don't see the scope for nasty upside surprises at this point," he added.

Nageswaran also said there were signs of an uptick in private sector investment with the corporate sector's savings minus investment showing a surplus. "This surplus is shrinking, which means that they are investing," he added.

Speaking at the event, Auguste Kouame, country director, IMF, said its growth forecast for FY24 and FY25 would be updated soon and was likely to be upgraded for India.

He said when the world economy picks up and the global environment becomes more conducive, it would add to India's growth, which could probably reach 8 per cent.

Poonam Gupta, director general, NCAER, said that typical shocks that impacted India's GDP growth in the past mattered less now. "India has become more decoupled from the quality of rainfall. Financial sector is stable. Every unit of GDP we produce, we need less oil with the economy shifting towards services and energy efficiency improving and shift towards renewables," Gupta said.

"WE DON'T SEE THE SCOPE FOR NASTY UPSIDE SURPRISES AT THIS POINT. THERE CAN ALWAYS BE SCENARIOS IN GEOPOLITICS THAT CAN CAUSE INFLATION TO BE MORE THAN WHAT WE EXPECT"

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