

Q2 GDP showing not a systemic slowdown: FM

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The slow pace of gross domestic product (GDP) growth in the second quarter does not show systemic slowdown; it was impacted by a reduction in capital expenditure due to general elections in the first quarter, Finance Minister Nirmala Sitharaman said on Friday.

“Growth numbers are not necessarily going to get badly affected. I expect the third quarter to also make up for all this. There are very good chances and opportunities for India to remain the fastest-growing economy,” Sitharaman said. She was in conversation with 15th Finance Commission Chairman N K Singh at the India-Japan Forum 2024 here.

India’s GDP growth slowed to a seven-quarter low of 5.4 per cent in the July–September period of FY25. Data released by the Controller General of Accounts for the period April–October FY25 showed a year-on-year decline of nearly 15 per cent in capital expenditure. In its policy review, the Reserve Bank of India on Friday lowered its growth forecast for FY25 to 6.6 per cent from its earlier forecast of 7.2 per cent.

Sitharaman said the latest GDP growth numbers should be considered in the context of an economy and governance structure that were entirely focused on elections in the first quarter, which had a bearing on Q2.

While highlighting that the purchasing power of Indians was improving, the FM flagged concerns about stagnating wages within India as one of the factors affecting domestic consumption. “We are quite seized of these factors which might have a play on India’s own consumption... India has opportunities as much as its share of challenges,” she said.

She pointed out that the plateauing of demand, particularly in developed



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Nirmala Sitharaman
Union Minister for Finance

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FinMin holds pre-Budget talks with economists

The need for a manufacturing policy, reining in food inflation and raising investment in the country were among key suggestions given by economists who met Finance Minister Nirmala Sitharaman and senior ministry officials in the first round of pre-Budget consultations on Friday.

countries, was a matter of concern, as was climate change with respect to agriculture and allied products. Turn to Page 7 ▶

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India will continue to be voice for Global South: FM

Addressing a query on states undertaking reforms relating to factors of production, Sitharaman said it was in the interest of the country and the momentum the economy would need to sustain. She said some states were already aligning with central policies for regulatory ease and business facilitation. “The government is talking with many states to understand where their difficulties arise. This engagement will continue; we will talk with the states and take them on board,” the FM said.

Sitharaman also emphasised that in a global reset, India would continue its role as a voice for the Global South. She said technolo-



gy, the aspirations of the people, and the needs of the economy are complementary for India and Japan. The two countries, she said, should work together to provide technology and stability to the Global South and the global commons.

