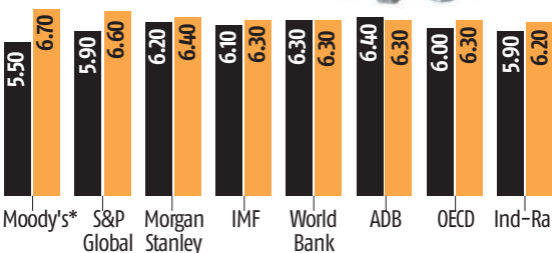


IMF ups India's FY24 growth forecast to 6.3%

CHANGING VIEW

India growth forecast for FY24, in %

■ Earlier ■ Revised



*For calendar year 2023

Source: Respective agency/organisation

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New Delhi, 10 October

The International Monetary Fund (IMF) on Tuesday raised its FY24 growth projection for India by 20 basis points to 6.3 per cent, citing stronger than expected consumption between April and June.

“India is one of the large emerging economies that (have) been doing better than expected for quite a while now. (It) is one of the one of the growth engines in the world economy,” said Pierre-Olivier Gourinchas, economic counsellor and director of the research department, IMF.

The IMF’s latest World Economic Outlook (WEO) kept its global growth forecast unchanged at 3 per cent for 2023 and pared down the 2024 projection by 10 basis points to 2.9 per cent.

“Growth in India is projected to remain strong, at 6.3 per cent in both 2023 (FY24) and 2024 (FY25), with an upward revision of 0.2 percentage (points) for 2023 (FY24), reflecting stronger-than-expected consumption during April-June,” said the IMF.

The IMF’s inflation projection for India has been revised upward to 5.5 per cent for FY24. It expects the inflation rate to remain in the range 2-6 per cent this financial year, and 4.6 per cent next year.

“This is conditional on the monetary policy continuing to be very focused on delivering price stability, and a continuing data-dependent approach. More fiscal consolidation, especially in terms of a medium-term plan will also support monetary policy in reducing inflation,” said Daniel Leigh, division chief, research department, IMF.

The IMF report comes against the backdrop of the conflict between Israel and Hamas. Economists said if the war between Israel and Hamas drew out and countries such as the US and Saudi Arabia took sides, oil prices could come under pressure.

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et estimates of direct taxes for the year. BE is 9.75 per cent higher than ₹16.61 trillion mopped up last fiscal.

The CBDT chief also spoke about the department resolving some 140,000 entries under a new demand management facilitation system launched last year. About 3.5 million cases for issuance of refunds are currently held up due to mismatch and validation of the taxpayers' bank accounts, he pointed out.

A total of 72.7 million ITRs were filed, out of which 71.5 million were verified by taxpayers. Of these, the department has processed 68 million ITRs. About 93.5 per cent of duly verified ITRs have been processed till now for the assessment year 2023-24.

Talking about updated returns, Gupta said the department has collected Rs 1,300 crore in additional tax after 1.68 million such returns were filed by taxpayers during the current financial year. Responding to queries on shifting to the new tax regime announced during the last Budget, he said around 60-70 per cent of individual taxpayers would make the transition. The new tax regime aims to end various deductions and claims and offer a flat and lower rate to the taxpayers.

IMF...

“We are monitoring this situation very carefully in terms of the economic impact it can have on the region and beyond. It is too early to assess. This happened after the round of the current projection was closed,” said Gourinchas. In its July WEO, the IMF had projected a growth rate of 6.1 per cent for

India in FY24, a 0.2 percentage point upward revision as against the April projection, driven by strong domestic investment.

Earlier this month, the World Bank too said its economic growth forecast for India remained at 6.3 per cent, underpinned by strong investment growth. Both the finance ministry and Reserve Bank of India (RBI) have retained their 6.5 per cent GDP growth estimate for FY24. The IMF report said monetary policy projections were consistent with achieving the RBI's inflation target over the medium term. In the monetary policy review last week, RBI Governor Shaktikanta Das said headwinds from geopolitical tensions and geoeconomic fragmentation, volatility in global financial markets, a global economic slowdown, and uneven monsoon posed risks to the economic outlook.

Stubble...

Water woes at the centre of Punjab's smoke screen “For farmers with more than 5 acres of land, the government is supposed to provide subsidies worth 50 per cent of the cost of the machines. But we also need tractors to which these machines are attached and tractors cost up to Rs 10 lakh,” Singh added. In any case, it is only a small proportion of the farmers who have received this incentive, he adds.

Some say that the prices of the machinery are inflated before they get the subsidies. “So a machine that costs Rs 3 lakh is often sold for Rs 4.5 lakh by designated sellers. So even with the subsidy, the