

After robust GDP figures, ADB raises India forecast

China is expected to slow down to 4.5% in 2024, says multilateral lender

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India's economy would grow 6.7 per cent in 2023-24 (FY24), said Asian Development Bank (ADB) on Wednesday, raising the estimate from 6.3 per cent it made in September.

The lender revised its estimate based on India's higher-than-expected gross domestic product (GDP) growth, of 7.6 per cent, in the second quarter of FY24.

"Economic data also indicate the industrial sector in particular, including manufacturing, mining, construction, and utilities, grew by double digits. For FY24 as a whole, agriculture is expected to grow slightly slower than expected, but this will be more than offset by industry's much stronger-than-expected growth, hence the upward revision," it said in a report.

ADB's growth forecast for FY25 is unchanged at 6.7 per cent.

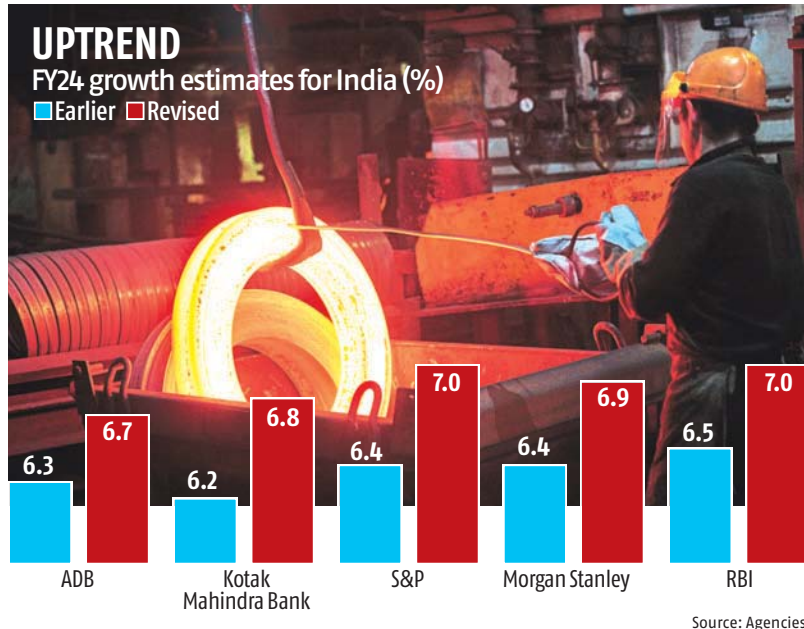
Fixed investments — driven by increased capital spending by the central and state governments — will compensate for lower growth in private consumption expenditure and weaker-than-expected exports in FY24.

ADB kept its earlier forecasts on Indian inflation unchanged, 5.5 per cent in FY24.

About growth in developing Asia, which excludes China, ADB said the outlook is upbeat despite global challenges. It revised the region's growth projection to 4.9 per cent for calendar year 2023 from 4.7 per cent earlier, citing robust domestic demand. It maintained the forecast for 2024, at 4.8 per cent.

"The revision to the region's 2023 growth projection is driven by an upward adjustment to China's and India's growth projections," said the report.

ADB projected growth in China to reach 5.2 per cent in 2023, an increase from the forecast of 4.9 per cent in September.



Source: Agencies

China in 2024 is expected to slow down to 4.5 per cent.

Inflation in Developing Asia is forecast to decline from 4.4 per cent last year to a downward-adjusted 3.5 per cent this year, before rising slightly to 3.6 per cent in 2024.

"Downside risks are mainly associated with higher-for-longer interest rates in advanced economies, which could trigger financial instability. Possible supply disruptions from El Niño and the Russian invasion of Ukraine could renew energy and food security challenges, and rekindle inflation," said ADB.

After numbers about the economy's performance in the second quarter came out on November 30, several economists sharply raised their full-year growth projections.

ADB to lend \$200 mn for U'khand climate resilient power project

Government of India and the Asian Development Bank (ADB) on Wednesday signed an agreement for a \$200 million loan to improve the quality, efficiency, and reliability of power supply in Uttarakhand. "The funding will strengthen power system infrastructure and help Uttarakhand in achieving its goal of providing 24x7 power to its residents," said Juhi Mukherjee, joint secretary, Department of Economic Affairs, after signing the agreement. PTI