

India's GDP growth to accelerate in Q3: RBI

Investment demand appears to be resilient with the govt's infrastructure spending

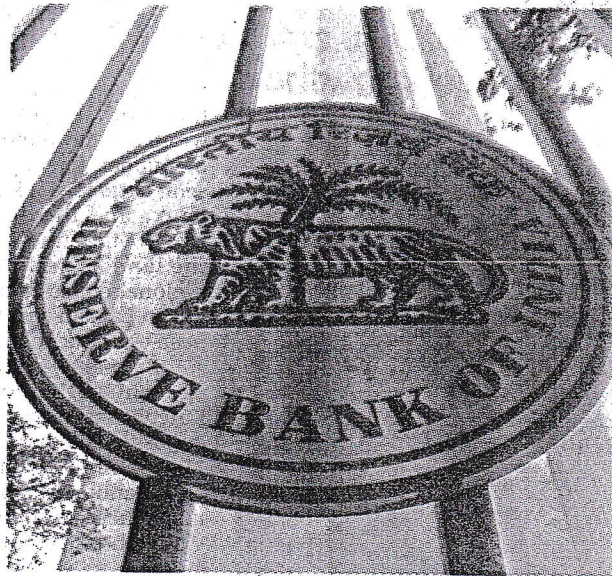
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The momentum of India's GDP growth is sequentially expected to be higher in Q3:2023-24, "with festival demand remaining ebullient", even as the global economy shows signs of slowing down, according to the RBI Bulletin released on Thursday.

Investment demand appears to be resilient with the government's infrastructure spending, an uptick in private capex, automation, digitalisation, and indigenisation providing a boost. Headline inflation came down to 4.9 per cent in October from the average of 6.7 per cent in 2022-23 and 7.1 per cent in July-August 2023, the article on the State of the Economy in the RBI Bulletin for November states.

However, at the same time the article states: "We are not out of the woods yet and have miles to go, but readings of



around 5 per cent and 4.9 per cent in September and October, respectively, are a welcome relief from the average of 6.7 per cent in 2022-23 and 7.1 per cent in July-August 2023."

A combination of monetary policy action and supply

side interventions guided inflation down from the high reaches to which it had climbed through the first seven months of 2022-23; in fact, November 2022 was the first month when headline inflation dropped back into

the RBI's tolerance band in the whole calendar year, the article states.

"In urban areas, consumer appliances are in strong demand, especially in the mid- and premium segments. Consumer sentiment is upbeat," the RBI bulletin article added. India's external sector has remained viable, with a modest current account deficit (CAD) financed by resilient capital flows, one of the least volatile currencies in the world, and a healthy level of foreign exchange reserves. The momentum of growth has picked up, taking GDP well above pre-pandemic levels to becoming the fifth largest economy in the world at market exchange rates, it adds.

The authors of the monthly State of the Economy article include Deputy Governor Michael Patra and other senior officials of the central bank. However, the views expressed are those of the authors and do not reflect the RBI's official stand.