

ADB retains FY25 growth estimate at 7%

Says this must be weighed
against downside risks

UPWARD TRAJECTORY

GROWTH PROJECTIONS

	2023	2024		2025	
		Earlier (April)	Revised (July)	Earlier (April)	Revised (July)
China	5.2	4.8	4.8	4.5	4.5
Hong Kong	3.2	2.8	2.8	3	3
India*	8.2	7	7	7.2	7.2
Singapore	1.1	2.4	2.4	2.6	2.6
Indonesia	5	5	5	5	5
Thailand	1.9	2.6	2.6	3	3

Note: *2024 refers to FY25, 2025 to FY26

Source: ADB

RUCHIKA CHITRAVANSHI

New Delhi, 17 July

India's stronger-than-expected fiscal position could provide a further boost to its growth, the Asian Development Bank (ADB) said on Wednesday while keeping the Gross Domestic Product (GDP) growth projection for the current financial year (FY25) unchanged at 7 per cent.

The Manila-based bank, however, said in its report that this must be "weighed against downside risks" arising from weather events and geopolitical shocks. India's industrial sector is projected to see robust growth, driven by manufacturing and strong demand in construction led by housing, it said in its July Outlook. Agriculture is expected to rebound amid forecasts for an above-normal monsoon, while investment demand remains strong, led by public investment, it added.

"Bank credit is fueling robust housing demand and improving private investment demand. However, export growth will continue to be led by services, with merchandise exports showing relatively weaker growth," the bank said. The report said that forward-looking services PMI was well above its long-term average.

The International Monetary Fund on Tuesday raised India's GDP growth projection for FY25 by 20 basis points to 7 per cent in its update to the World Economic Outlook, amid a boost to private consumption, especially in rural areas. For FY26, ADB has maintained India's GDP growth projection at 7.2 per cent, as stated in its April Outlook. The GDP expanded at 8.2 per cent in FY24, higher than the 7 per cent recorded in FY23, aided by a greater-than-expected expansion of 7.8 per cent in the fourth quarter, according to the provisional estimates of GDP growth released by NSO.

The Reserve Bank of India has projected the Indian economy to grow at 7.2 per cent in FY25. RBI governor Shaktikanta Das said last month that India was at the threshold of a "major structural shift" in its growth trajectory.