

# 'Economy resilient amid global headwinds'

**Our Bureau**  
Mumbai

The Indian economy continues to demonstrate resilience in the current turbulent global environment, as the growth momentum is supported by robust sectoral performance and improving consumption trends, according to the RBI's latest monthly bulletin.

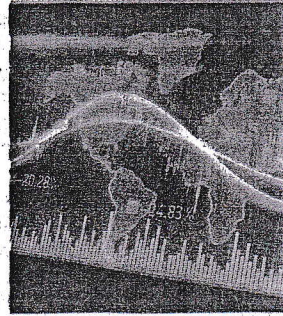
In an article on 'State of the Economy', RBI staffers observed that the resilience of the global economy is being tested by escalating trade tensions and a heightened wave of uncertainty around the scope, timing and intensity of tariffs.

"While engendering heightened volatility in global financial markets, these have also caused apprehensions about the slowdown in global growth."

"Amidst these challenges, the Indian economy continues to demonstrate resilience as evident in the robust performance of the agriculture sector and improving consumption," said the authors.

## **FPI OUTFLOWS**

They emphasised that In-



dia's macroeconomic fundamentals remain strong, and economic growth is poised to sustain momentum driven by robust domestic demand, steady investment activity, and ongoing policy-driven infrastructure development along with a pick-up in government spending.

They noted that sustained foreign portfolio outflows exerted significant pressures on domestic equity markets in February and engendered currency depreciation.

## **INFLATION OUTLOOK**

Going forward, India's structural strengths—sound fiscal policies, a well-calibrated monetary framework, and digital transformation initiatives—are expected to provide a strong foundation for long-term sustainable economic growth.

Referring to the decline in headline CPI inflation to a seven-month low of 3.6 per cent in February 2025 on account of a further correction in food prices, the staffers opined that the decline in overall inflation is expected to further support recovery in consumption and bolster macroeconomic strength, which would ward off the myriad of external challenges.

The authors said robust kharif production, better rabi sowing coupled with higher reservoir levels and seasonal winter correction in vegetable prices augur well for food inflation, although volatility in

commodity prices and weather anomalies remain potential upside risks to the overall inflation outlook.