India may contribute 15% to global growth in '23: IMF

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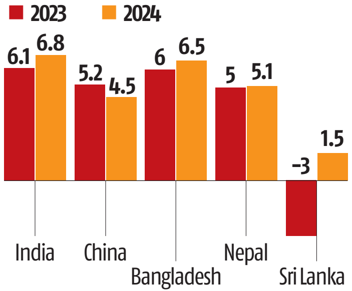
India is expected to contribute 15 per cent to the global growth in 2023, an International Monetary Fund (IMF) official said on Tuesday.

"Both India and China are expected to contribute 50 per cent of the global growth in the upcoming year (2023). However, the share of India's contribution to global growth is expected to be around 15 per cent," Krishna Srinivasan, director of Asia and Pacific Department (APD) at IMF, said at a roundtable with reporters from south Asian countries. The Washington-based multilateral lender has projected the Indian economy to grow at 6.1 per cent in FY24 compared to 6.4 per cent estimated by the RBI.

Responding to a question on the challenges to India's growth prospects, the IMF director said that despite doing better than the rest of the world, inflation remains a key challenge. "Inflation is a concern. When the core inflation remains sticky, interest rates have to be tightened. So how that bears on the domestic demand is a key challenge for the Indian economy, because the external environment is weak due to the Ukraine war and the slowdown in western economies," said Srinivasan. On February 8, the RBI had raised the repo rate by 25 basis points to 6.5 per cent.

Despite a cumulative hike of 250 bps in the key rate since last year, retail inflation in January came above the RBI's upper tolerance limit of 6 per cent — at 6.52 per cent — leading experts to project more rate hikes in the coming months. Srinivasan said intervention by the central banks through exchange rate seldom helps in arresting the depreciation in currencies and that the market should be allowed to run its own course. "In general, when you have these persistent shocks, intervention seldom helps. You rather allow the exchange rate to move and adjust [on its own]", he added.

PROJECTIONS



Source: IMF

Economy to grow at 5.9% in FY24: Ind-Ra

India's gross domestic product (GDP) is expected to grow at 5.9 per cent in FY24 amid normalising pent-up demand, global slowdown, and higher borrowing costs, India Ratings & Research said on Tuesday. "Although there are few positives for India such as sustained government capex, deleveraged corporates, low non-performing asset (NPA) in the banking sector, production-linked incentive scheme, and likelihood of global commodity prices remaining subdued, the agency believes that they are still not sufficient to take the FY24 GDP growth beyond 6 per cent," it said in its latest macro-economic outlook for FY24. The International Monetary Fund has projected the Indian economy to grow at 6.1 per cent in FY24 compared to 6.4 per cent estimated by the Reserve Bank of India. The Economic Survey has estimated economic growth to be in the range of 6-6.8 per cent in FY24, depending on the trajectory of economic and geo-political developments. **NIKESH SINGH**