

April macro data shows strong start to FY24: FinMin

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The current financial year (FY24) has begun strongly with most macroeconomic high-frequency data showing that April carried over the momentum from the January-March FY23 quarter, the Finance Ministry said in its latest Monthly Economic Review on Monday, adding that there is a strong evidence of private sector investment improving.

“A good beginning is a harbinger of positive outcomes... FY24 for the Indian economy opened on the back of strong activity witnessed in the last quarter of the previous fiscal. The first month of the new fiscal has sustained the growth momentum of the previous quarter,” the report stated, noting that indicators such as air passenger traffic had moved beyond pre-pandemic levels and goods and service tax collections remained robust.

“PMI manufacturing was at a four-month high in April 2023, while PMI Services, in the same month, expanded at the fastest pace in 13 years,” it said.

“Buoyed by sustainable growth in activity, increasing capacity utilisation to investment triggering 75 per cent, the corporates have started investing in new capacity. During Q4FY23, the Centre for Monitoring Indian Economy reports the completion of projects worth ₹60,000 crore and the announcement of new projects valued at ₹10.9 trillion,” the report stated.

The report stated that the prospects for the agriculture sector also appear to be bright in FY24. The forecast of a normal monsoon, surplus water reservoir levels, adequate availability of seeds and fertilisers, and robust tractor sales augurs well for a healthy kharif sowing season starting in June 2023, it said.

“Going forward, healthy prospects for the kharif season, higher minimum support prices (MSP) for crops, and increased budg-

YEAR STARTS WITH A BANG

- MER points to strong GST, PMI, manufacturing, transportation data
- Private sector investment coming back strong
- Inflationary pressures have eased; commodity prices remain an X factor
- Strong growth in rural sector
- Bumper harvest to keep food inflation low
- Unfavourable weather, external sector may cause uncertainty

etary spending by the government are likely to enhance farmers’ income and boost the rural economy.

The report stated that inflationary pressures across countries are waning with commodity prices easing in the current year following weakened prospects for global demand and improving supply chains.

“The price level, however, remains above pre-pandemic levels and may continue to do so if the oil supply gets even more restricted than expected, geo-political tension intensifies, and weather conditions become unfavourable,” the report warned.

“The central bank must be pleased. Going forward, the expected bumper harvest of food grains in FY23 and brightened prospects for the kharif season in FY24 are expected to keep food inflation low in the upcoming months,” it said.

The report said that some risks to growth and inflation remain.

“There are downside risks to growth and upside risks to inflation, partly channelled through the external sector and partly originating from weather uncertainties. Yet, a strong point going India’s way is the strength of its domestic demand. Consumption has shown steady and broad-based growth, while investment in capacity creation and real estate is finding traction,” it said.