

IMF retains India's FY25 growth at 7%

EXUDING CONFIDENCE. Finance Minister sees 2% rise in India's contribution to global growth in 5 years

Shishir Sinha
New Delhi

The International Monetary Fund (IMF) has retained India's economic growth at 7 per cent during the current fiscal (2024-25).

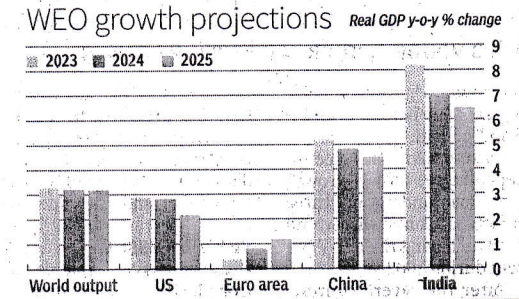
This comes as Finance Minister Nirmala Sitharaman said that India's contribution to global growth is projected to see an increase of 2 percentage points in the next five years.

"The outlook is for GDP growth to moderate from 8.2 per cent in 2023 to 7 per cent in 2024 and 6.5 per cent in 2025 because pent-up demand accumulated during the pandemic has been exhausted as the economy re-connects with its potential," IMF said in its annual publication of the 'World Economic Outlook.'

For FY26, it retained its forecast of 6.5 per cent. IMF's projection is lower than the RBI's forecast of 7.2 per cent but at par with the upper end of the Economic Survey's forecast of 6.5-7 per cent. Many other agencies have projected India's growth between 7 per cent and 7.5 per cent.

ON GLOBAL ECONOMY

Talking about global economy, the outlook maintained the growth projection at 3.2 per cent for 2024 but lowered the forecast by 10



Source: IMF, World Economic Outlook (WEO), Oct 2024

Note: For India, data and forecasts are presented on a fiscal year basis

basis points to 3.2 per cent in 2025.

Further, it said the level of uncertainty surrounding the outlook is high. Newly-elected governments (about half of the world population has gone or will go to the polls in 2024) could introduce significant shifts in trade and fiscal policy.

Moreover, the return of financial market volatility over the summer has stirred old fears about hidden vulnerabilities.

"This has heightened anxiety over the appropriate monetary policy stance — especially in countries where inflation is persistent and signs of slowdown are emerging. Further intensification of geopolitical rifts could weigh on trade, investment, and the free flow of ideas. This could affect long-term growth, threaten the resilience of supply chains and

create difficult trade-offs for central banks," the report said.

FM'S OPTIMISM

The release of the report is part of the IMF and World Bank annual meeting taking place in Washington, which will also be attended by Finance Minister Nirmala Sitharaman, who has already reached the US.

Addressing an event at Columbia University, she said that despite an increasingly complex global environment, India's macroeconomic fundamentals remain sound, acting as a strong foundation upon which to build future growth.

"In 2013, India was the 10th largest economy in the world at market exchange rates. Presently, it is the fifth-largest economy, and the IMF has projected it to become the third-largest



LEADING THE WAY. Finance Minister Nirmala Sitharaman during her visit to the New York Stock Exchange

economy by 2027," she said.

According to her, India's good economic growth can be attributed to its astute Covid-19 management, coupled with a series of measures undertaken by the government to strengthen its manufacturing capabilities, focus on digital and financial systems, simplification of regulatory procedures, and enhancement in the ease of doing business.

She said that India's role in the world is expanding and it stands ready to engage constructively with the international community,

sharing innovations and contributing to global peace and prosperity.

"The coming decades will be defined by how effectively India manages its demographic dividend, strengthens its global partnerships and navigates the complexities of a rapidly changing world.

"While there are challenges ahead, there are also abundant opportunities for India to lead the way not just in economic terms but in shaping the global discourse on technology, sustainability and inclusive growth," she said.