IMF may have erred on India's growth forecast: RBI paper

Actual outcomes may surprise; India Inc profits remain healthy despite many challenges, it says

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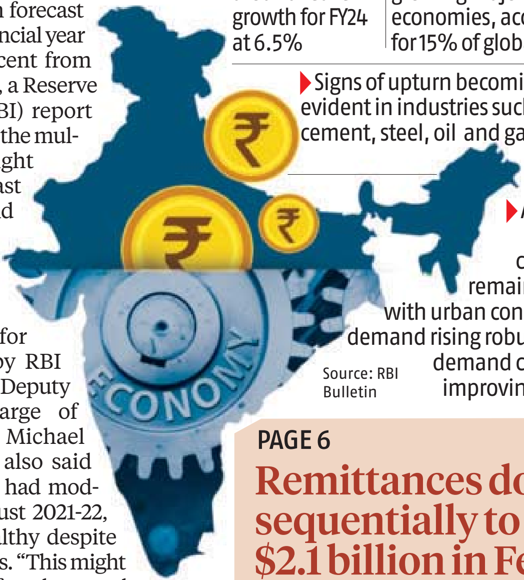
Days after the International Monetary Fund (IMF) cut India's gross domestic product (GDP) growth forecast for the current financial year (FY24) to 5.9 per cent from 6.1 per cent earlier, a Reserve Bank of India (RBI) report said on Friday that the multilateral body might "encounter forecast error" as there could be positive surprises on the growth front.

The State of the Economy report for April, authored by RBI staffers, including Deputy Governor in charge of monetary policy Michael Debabrata Patra, also said India Inc's profits had moderated after a robust 2021-22, but remained healthy despite multiple challenges. "This might provide a fillip for the much-awaited revival in the corporate capex cycle in 2023-24. Signs of upturn are becoming evident in industries such as cement, steel, oil and gas, textiles and data centres, to name a few early birds," it said.

The article said multilateral institutions downgraded their earlier forecasts citing "slower consumption growth and challenging external conditions" besides upward revisions of GDP data of past years. "Although too early to tell, most recent data arrivals suggest that multilateral institutions – the IMF, in particular – might encounter forecast errors, with actual outcomes surprising them positively," it said.

STATE OF THE ECONOMY

- Risks are evenly balanced around real GDP growth for FY24 at 6.5%
- India is expected to be among the fastest growing major economies, accounting for 15% of global growth
- Signs of upturn becoming evident in industries such as cement, steel, oil and gas, textiles
- Aggregate demand conditions remain resilient with urban consumption demand rising robustly; rural demand conditions improving steadily



Source: RBI Bulletin

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Remittances down sequentially to $2.1 billion in Feb

Outward remittances in February under the Reserve Bank of India's (RBI's) liberalised remittance scheme (LRS) fell 23 per cent over January, latest data released by the central bank, in its monthly bulletin, revealed.

FLOWS INTO NRI DEPOSITS JUMP 2.5X IN 11MFY23 TO $6.4 BILLION

The report noted that the downcasting of growth for India was in line with the lowering of global growth projections as well as those for emerging market and developing economies.

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"Yet, India is expected to be among the fastest growing major economies of the world, accounting for 15 per cent of global growth — the second-largest contribution, and higher than that of the US and the EU put together", the RBI report said.

The RBI maintained that the views expressed in the article were those of the authors and did not represent the views of the central bank.

The RBI in its April review of monetary policy revised the FY24 GDP forecast upward, to 6.5 per cent from 6.4 per cent, due to a downward revision in its assumption of global crude oil prices. The monetary policy committee kept the interest rate unchanged in the recent meeting — after raising the rates by 250 bps between May 2022 and February 2023 — but refused to lower its guard against inflation.

The report observed that aggregate demand conditions in India remained resilient with urban consumption demand rising robustly, with the rebound in contact-intensive services providing a strong upside. On the other hand, rural demand conditions are improving steadily, brightened by the expectations of a bumper rabi harvest, it noted. "Damage to standing crops due to unseasonal rains and hailstorms appears contained," it said. The report highlighted the downside risk of El Nino conditions, but said the Indian Ocean Dipole (IOD), which is the difference in sea surface temperature between the western pole in the Arabian Sea and an eastern pole south of Indonesia, is currently neutral and forecast to turn positive. "Its influence on rainfall variability in the region is likely to be beneficial for south-west monsoon (SWM) precipitation," it said.

"The total flow of resources to the commercial sector, including bank credit, has increased by 37 per cent up to March 2023," it said, adding merchandise exports had risen by 6 per cent in 2022-23 and services exports were booming.

"Taking all these factors into consideration the risks are evenly balanced around real GDP growth for 2023-24 at 6.5 per cent as projected by the monetary policy committee (MPC) of the Reserve Bank of India (RBI). Even if El Nino impacts value added in agriculture, real GDP growth in India would be well above 5.9 per cent projected in the IMF's WEO," the report said.

Twitter...

"By monetising the blue-tick feature and making anyone willing to pay the subscription charges eligible to use the badge, the entire sanctity of the blue-tick as an indicator of a verified account has been upended, and to some extent genuine celebrity and brand Twitter profiles have been somewhat devalued,'' said Samit Sinha, founder and managing partner of Alchemist Brand Consulting. The removal of the tick is unlikely to affect the established followers of the celebrities due to continuity but could become an impediment in acquiring new followers, Sinha pointed out.

One of the most infamous instances of coordinated Twitter impersonations occurred in 2020. A group of users pretended to be famous personalities and sent out communally sensitive tweets. In most instances, the initial tweets from such accounts attracted a massive number of followers and boosted re-tweet traffic for these handles.

Faisal Haq, chief operating officer of advertising firm The Crayons Network, said initially there was some panic at both their client end and the agency side itself when the verification marks disappeared on Friday. "The matter was resolved within half an hour, as most of them got the grey tick to state their authenticity as an organisation, but eventually, they will be going for the golden tick." Santosh Desai, MD & CEO of Futurebrands India, said it would be imperative for brands to spend on the verification checkmarks as soon as possible. "Organisations can afford to pay for it. From an organisation's perspective, it is a minor expense for something as important as a Twitter handle."

RIL...

The company said earnings would have been even higher if not for a special additional excise duty (SAED) on the export of transportation fuels imposed in July last year.

The additional taxes hit RIL's net profits by ₹711 crore during the fourth quarter, according to the company.