

RBI sees India's GDP growth trend surging past seven per cent

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India's GDP growth trend is on the cusp of an upshift, with early signs of it rising above 7 per cent recorded during the 2020s before Covid-19 struck, according to the RBI's monthly bulletin for April released on Tuesday.

"The conditions are shaping up for an extension of a trend upshift in India's real GDP growth, backed by strong investment demand and upbeat business and consumer sentiments," the report states.

It also points out that the global growth momentum has been sustained in the first quarter of 2024 and the outlook for global trade is turn-



ing positive. Treasury yields and mortgage rates are ticking up in major economies on expectations of interest rate cuts.

The positive outlook on global trade is expected to boost Indian exports and spur growth.

India's recent growth per-

formance has surprised many, triggering a flurry of upgrades. For instance, the International Monetary Fund (IMF) has cumulatively revised its forecast for 2023 upwards by 80 basis points between April 2023 and January 2024, the RBI bulletin points out.

In the latest update, it expects India to contribute 16 per cent of global growth, the second largest share in the world in terms of market exchange rates by which metric, India is the fifth largest economy in the world and positioned to overtake Germany and Japan within the ensuing decade.

The RBI bulletin also states that the country's CPI inflation has gravitated to 4.9 per cent in March after averaging 5.1 per cent in the preceding two months.

However, it cautions that in the near term, extreme weather events may pose a risk to inflation, along with prolonged geopolitical tensions that could keep crude oil prices volatile.