Pvt investment still slack in India, says IMF

RUCHIKA CHITRAVANSHI
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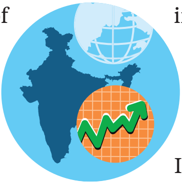
Private investment in India remains a worry and continues to be muted in areas that can boost the economy's productivity, such as products and machinery, said Krishna Srinivasan, director of the Asia and Pacific department at the International Monetary Fund (IMF), at a press conference.



"We are worried about private investment, which is still lackadaisical... If India wants to become a developed economy by 2047, then private investment needs to gain more momentum," Srinivasan said.

On Tuesday, the IMF pared its 2025-26 (FY26) growth forecast for India by 30 basis points to 6.2 per cent, citing escalating trade tensions and global uncertainty in its latest World Economic Outlook.

"India could benefit if it opens up to trade, undertakes structural and labour reforms, and engages in longer-term work on education and a push towards public infrastructure, which would increase opportunities for trade and allow India to benefit from greater regional and global integration," said Thomas Helbling, deputy director, Asia and Pacific department, IMF. The IMF said that the main reason for the growth forecast downgrade was increased tariffs, even though India is less exposed to trade shocks compared to other countries.

It also noted that India was among the economies improving the efficiency of public spending and implementing tax reforms to raise more revenue.

"In India, growth was driven by a pickup in exports and consumption in late 2024. However, the overall outturn surprised slightly to the downside, reflecting a slow start to public investment post-elections and temporary factors," the IMF said.

On Wednesday, the World Bank trimmed its FY26 growth forecast for India to 6.3 per cent, down by 0.4 percentage points from its October 2024 projection, citing an "increasingly challenging global environment".