

OECD ups India's FY25 GDP forecast to 6.7%

ADB retains projection, expects faster growth in coming quarters

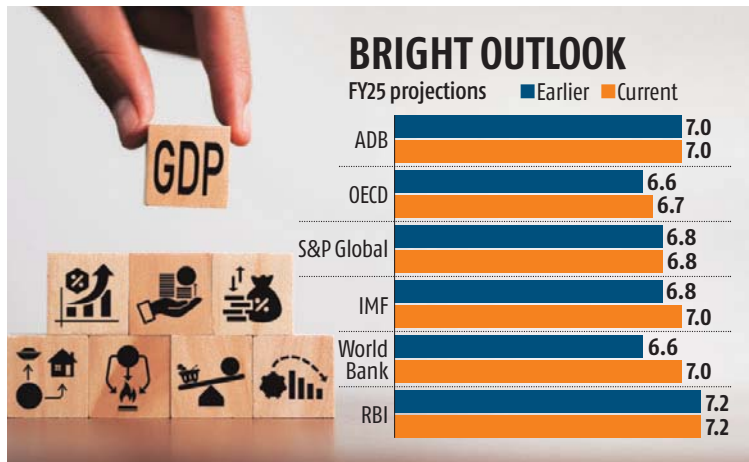
**RUCHIKA CHITRAVANSHI
& YASH KUMAR SINGHAL**
New Delhi, 25 September

The Asian Development Bank (ADB) said on Wednesday that India's growth rate is set to accelerate from the July-September quarter onwards, with improvements in agriculture and increased government spending, while maintaining its gross domestic product (GDP) growth projection for 2024-25 (FY25) at 7 per cent.

The Organisation for Economic Co-operation and Development (OECD) raised its growth forecast for India by 10 basis points to 6.7 per cent for FY25.

In its latest biannual Asian Development Outlook (ADO), the multilateral lender highlighted India's robust growth prospects.

"While GDP growth slowed to 6.7 per cent year-on-year (Y-o-Y) in the first quarter of 2023-24 (FY24), it is expected to accelerate in the coming quarters with improvements in agriculture and a largely robust outlook for industry and services. Exports in FY24



will be higher than earlier projected, led by larger services exports, particularly in information technology and professional services," the report added.

The Indian economy grew by 8.2 per cent in the previous financial year (FY24). The Reserve Bank of India projects growth of 7.2 per cent for FY25.

"India's economy has shown remarkable resilience in the face of global geopolitical challenges and is poised for steady growth," said Mio Oka, ADB country director for India.

ADB expects private consumption to improve, driven by rural consumption supported by stronger agricultural output and already robust urban consumption.

"The outlook for private investment is upbeat, but growth in public capital expenditure (capex), heretofore high, will moderate in FY25," the report noted. ADB flagged the government's "failure" to meet its capex target for FY25 as a downside risk.

"To achieve the planned capex target, central government spending

Chief economists bullish on India: WEF

A majority of chief economists have shown a cautious optimism about the global economy with India's robust performance making South Asia the best performer worldwide, a survey showed on Wednesday. "Easing inflation and strong global commerce are fuelling cautious optimism for recovery but elevated debt levels are becoming a growing concern in both advanced and developing economies," the World Economic Forum said in its latest Chief Economists Outlook. **PTI**

needs to grow by 39 per cent Y-o-Y in the remaining nine months, which may be difficult," it said.

Highlighting near-term risks to India's growth, the report said, "Geopolitical shocks may affect global supply chains and commodity prices, while weather shocks may pose risks to agricultural output."

The report noted that in the first half of 2024, India's GDP expanded by 7 per cent, partly due to a surge in government spending and private consumption.