

# IMF cuts India's FY23 growth forecast to 7.4%

For FY24, too, the agency has pared its estimates to 6.1% from 6.9%

**SHISHIR SINHA**

New Delhi, July 26

The International Monetary Fund (IMF) has lowered India's growth forecast by 80 basis points to 7.4 per cent for FY23. In April, it projected growth rate at 8.2 per cent.

Even for FY2023-24, it has cut the growth forecast to 6.1 per cent from 6.9 per cent as said in April.

"For India, the revision (for FY 23) reflects mainly less favourable external conditions and more rapid policy tightening," IMF said in its latest update of World Economic Outlook (WEO), titled 'Gloomy and More Uncertain', released on Tuesday. Further it said that downgrades for India, China and the US are driving the downward revisions to global growth during 2022-23, which reflect the materialisation of downside risks highlighted in the April 2022 WEO.

## Real GDP growth

IMF's revision appears to be in line with what Finance Min-



**The downgrades for India, China and the US are driving the downward revisions to global growth during 2022-23, which reflect the materialisation of downside risks highlighted in the April 2022 WEO**

istry said in Parliament last week. In a written response, Minister of State for Finance Pankaj Chaudhury said as per the Provisional Estimates of Annual National Income, 2021-22, growth of Real Gross Domestic Product (GDP) during 2021-22 is estimated at 8.7 per cent, which has more than recovered the pandemic induced loss of GDP in 2020-21.

"The growth momentum is expected to continue in 2022-23 as well as seen in several high frequency indicators. Though the geopolitical situation and the consequent el-

evated commodity prices have imparted considerable uncertainty to the global growth momentum, India's real GDP growth is expected to be still above 7 per cent in 2022-23," he said.

Earlier, Asian Development Bank (ADB) revised projection to 7.2 per cent from 7.5 per cent.

The Monetary Policy Committee (MPC), in April, revised its projection to 7.2 per cent from 7.8 per cent. In June, it retained the projection in June but with cautious optimism.

Meanwhile, the government is hopeful that India's growth story will be different from many of other economies. It feels various initiatives to drive economic growth while managing inflation and mitigating its impact on weaker sections of the society, will have impact on overall growth. It says successful launch of the Production Linked Incentive Schemes (PLIs), Gati Shakti Scheme, National Infrastructure Pipeline, development of renewable sources of energy while diversifying import dependence on crude oil, and strengthening of financial sector are key developments that will sustain economic growth in 2022-23.