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**THE TIMES OF INDIA**

# World Bank pegs India's growth at 7% in FY25

TNN | Sep 4, 2024, 07.35 AM IST



New Delhi: The World Bank has forecast India's GDP growth at 7% for 2024-25, despite a subdued external environment and the dissipation of post-pandemic rebound effects. This is an upgrade from the 6.6% estimated earlier and the multilateral agency joins other agencies in raising India's growth forecast after a strong 8.2% growth in the previous year.

The India Development Update report said external risks to the outlook are significant. In particular, geopolitical tensions could put pressure on commodity prices and critical supply chains and resurgent inflation could still keep global interest rates "higher for longer."

"These risks notwithstanding, medium-term prospects are positive. The significant expansion of public investment in recent years should crowd in corporate investments and a recovery of agriculture and declining inflation should boost private consumption growth. Under this baseline scenario, robust growth and declining inflation are expected to reduce extreme and moderate poverty," according to the report.

It said the positive outlook is anchored on sustained growth of the services sector (including expansion of Global Capability Centers and an expected strengthening of the manufacturing sector, supported by govt initiatives, such as the PM Gati Shakti master plan to enhance logistics infrastructure, the trade infrastructure for exports scheme, and increased tax efficiency and rationalised tax rates to improve business environment.

It said headline inflation is expected to continue to decline from an average of 5.4% in FY23-24 to 4.5% in FY24-25.

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