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India Development Update by the World Bank: September 2024

PHDCCI Viewpoint

According to the India Development Update by the World Bank: September 2024: The growth forecast at 7% in 2024–25 is highly encouraging as India is continuously increasing its resilience despite many uncertainties at the global front. Growth on the demand side was mostly driven by a significant rise in investment, particularly in the areas of private real estate and public infrastructure. The building industry's stability and low input costs helped the manufacturing sector recover, which supported the supply side.

The macroeconomic fundamentals such as inflation, current account deficit, fiscal deficit, and debt-to-GDP ratio have turned benign in the recent quarters and indicate India's strong growth to continue and remain fastest among the major economies. Going ahead, reducing the cost of trade, lowering trade barriers, and revisiting the Free Trade Agreements would be crucial to strengthening India's growth trajectory and its strong presence in the global ecosystem.

Global Scenario

While the rate of global growth slowed to 2.6% year over year (y-o-y) in 2023, it was still greater than projected in the October 2023 India Development Update (IDU). A number of significant economies—including Saudi Arabia and the United States—performed better than anticipated. There was a discernible decline in the price of commodities globally, and inflationary pressures partially subsided. However, geopolitical tensions continued, and monetary policy remained rather tight. Global growth in 2024 is predicted to be modest at 2.6%, much lower than pre-COVID levels.

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Warm regards,

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