

Monthly Economic Review

June 2024

PRESS RELEASE

Growth dynamism continues in Q1 of FY2024-25; Annual growth may materialize at close to 7.5 percent: NCAER Monthly Review

The latest monthly data released in June show resilience and growth dynamism of the Indian economy, according to the Monthly Economic Review released by National Council of Applied Economic Research (NCAER) on Wednesday.

High-frequency indicators reveal that the domestic economy continues to remain resilient. The Purchasing Managers' Index (PMI) for both manufacturing and services kept the expansionary momentum despite slowing down a bit in May. Growth in Index of Industrial Production (IIP) for Core industries accelerated in April 2024; Goods and Services Tax (GST) collections remained buoyant year-over-year; bank credit growth remained above 20 percent despite some deceleration in personal credit growth; and expectations of 'above normal' monsoon despite deficient rainfall in June held out strongly for the farm sector.

The RBI raised its projections for India's real Gross Domestic Product (GDP) growth for FY2024-25 to 7.2 percent from 7 percent. Growth projections have been upgraded by various other agencies as well with the median projection at 6.9 percent.

NCAER Director General Dr Poonam Gupta said, "GDP growth during 2024-25 may turn out to be higher than 7 percent and even closer to 7.5%." This outlook is underpinned by the buoyancy in economic activity witnessed in the first quarter; a keen policy focus on investment, growth, and macroeconomic stability; and the expectations of normal monsoon. Besides, with inflation seemingly having peaked, monetary policy is unlikely to be tightened any further. If anything, it may be eased during the year. Finally, global environment seems benign as well in the absence of any known global risks so far, she said.

Meanwhile, retail inflation eased to a 12-month low of 4.7% in May, though food inflation remained elevated. Dr Gupta said that taming food prices remains a challenge. "A broader policy framework may be needed to address it, including building climate-resilient food supply as also a gentle shift toward packaged and preserved food supply to bridge the periodical supply and demand gap that has become routine," she added.

Media citations

Business Standard: [FY25 GDP growth may come close to 7.5%: NCAER's Monthly Economic Review](#)

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The Times of India: [Indian economy expected to achieve higher than 7 per cent growth in 2024-25: NCAER](#)

Money Control: [Economic growth momentum stays the course to reach 7.5 % in FY25: NCAER](#)

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Magzter.com: [FY25 GDP growth likely to be close to 7.5%: NCAER](#)