



# **Economic Outlook Survey**

*May 2024*

---

### HIGHLIGHTS

***GDP growth estimated at 6.8 percent for 2024-25***

***CPI based inflation rate projected at 4.5 percent for 2024-25***

- FICCI's latest Economic Outlook Survey puts forth median GDP growth forecast for 2024-25 at 6.8 percent.
- The median growth forecast for agriculture and allied activities has been put at 3.5 percent for 2024-25; while industry and services sector are anticipated to grow by 6.3 percent and 7.3 percent respectively.
- CPI based inflation has a median forecast of 4.5 percent for 2024-25, with a minimum and maximum range of 4.2 percent and 4.7 percent respectively.
- The median forecast for exports has been put at USD 450.0 billion and for imports at USD 724.0 billion in 2024-25.
- RBI's policy repo rate is expected at 6.5 percent by the end of June 2024 and 6.0 percent by the end of the fiscal year 2024-25.

### Views of Economists

#### Suggestions for consideration of the new government

India is in the midst of election season and the next government will be in place in June 2024. To drive India's economic agenda forward, the participating economists were requested to share ideas on what should be the key priorities for the government in near future.

#### Agriculture Development and Food Security

- India's agricultural landscape has undergone a remarkable transformation. However, despite the progress, significant challenges persist. The participants echoed the need to build a robust agriculture eco-system that is sustainable, climate resilient, and minimizes wastages.
- It was stressed that sustained investments in storage infrastructure, cold chain, and food processing facilities remains essential to mitigate the issue of price volatility. For instance, the gaps in first-mile cold chain infrastructure (packhouses and ripening chambers, milk chillers, and ice plants) for priority value chains (F&V, fish, dairy) between farmgate and post-harvest handling need to be bridged.
- The participating economists were of the view that there is a need to further facilitate and promote farmer producer organizations (FPOs) to empower farmers by increasing their collective bargaining, improving access to inputs, value addition chains, and market linkages. Setting up a national board for FPOs (NBFPO) will ensure continuous technical support and guidance.

#### Education, Skilling and Healthcare

- The participants suggested that greater attention to the education and skilling sectors is paramount. A focus on skill-based learning, practical training, and integration of digital technologies for interactive learning experiences was highlighted. Leveraging digital tools such as virtual reality and artificial intelligence can ensure accessible learning environments, particularly for those in remote areas.
- Further, it was recommended that education-employment corridors be established by integrating vocational education with mainstream academic pathways and mentorship opportunities be provided to students at schools.
- The healthcare system in India demands a multifaceted strategy encompassing infrastructure, personnel, and patient care. Ramping up of infrastructure such as new colleges and hospitals as well as investments in human resources are equally important.

## **Employment**

- Enhancing employment opportunities is crucial for ensuring economic growth with social development. Collaboration between the public and private sectors should be encouraged, especially in infrastructure projects and renewables sector to stimulate job creation. Additionally, the possibility of introducing a parallel program to MGNREGA tailored for urban areas should be explored.
- There is a need to encourage the growth of small firms, by providing incentives for scaling up. India has a dearth of mid-sized firms. To grow, the small firms require timely and easier access to low-cost capital, simpler one-stop processes to start and run their businesses, and support for resources they cannot always afford to hire.
- For creating high quality jobs, there are a lot of opportunities in the Global Capability Centres being set up in India. Government could focus on this aspect and come out with an enabling policy for setting up and supporting GCCs in India.

## **Manufacturing**

- India has made significant strides in strengthening the domestic manufacturing sector over the past decade. However, the participants echoed that the country needs to further work on its competitiveness in order to become a world class manufacturing hub. A rapid rollout of multimodal logistics parks was suggested by a majority of the participants. Additionally, rationalising GST / custom duty rates where duty inversions exist and ending of cross subsidy in electricity were put forth as other recommendations. The need for undertaking police reforms, judicial reforms and having a facilitative regulatory environment for businesses was also highlighted.

### Survey Profile

The present round of FICCI's Economic Outlook Survey was conducted in the month of April 2024 and drew responses from leading economists representing industry, banking and financial services sector. The economists were asked to provide forecast for key macro-economic variables for the year 2024-25 and for the quarters Q4 (January-March) of FY24 and Q1 (April-June) of FY25.

In addition, economists were asked to share their views on certain topical subject. Given that India is in the midst of general elections and the next government will be formed soon, suggestions were sought from the participating economists on ideas to improve agriculture, education and healthcare sector and a possible strategy to boost employment opportunities.

### Survey Results: Part A Projections – Key Economic Parameters

#### National Accounts

#### GDP growth at 2011-12 prices

Growth (in %)	Annual 2024-25			Q4 FY24			Q1 FY25		
	Median	Min	Max	Median	Min	Max	Median	Min	Max
<b>GDP@ market prices</b>	<b>6.8</b>	6.5	7.0	<b>6.0</b>	5.9	8.0	<b>6.8</b>	5.5	7.7
<b>GVA@ basic prices</b>	<b>6.4</b>	6.1	6.8	<b>5.5</b>	5.3	6.8	<b>6.3</b>	5.1	7.2
<b>Agriculture &amp; Allied activities</b>	<b>3.5</b>	1.8	4.4	<b>0.5</b>	-0.6	2.7	<b>2.9</b>	0.4	4.0
<b>Industry</b>	<b>6.3</b>	5.0	8.4	<b>6.7</b>	5.2	7.8	<b>6.5</b>	3.6	7.7
<b>Services</b>	<b>7.3</b>	6.4	8.8	<b>6.8</b>	5.8	7.1	<b>7.0</b>	5.3	8.9

The latest round of FICCI's Economic Outlook Survey puts forth median GDP growth forecast for 2024-25 at 6.8 percent - with a minimum and maximum growth estimate of 6.5 percent and 7.0 percent respectively. The projection is marginally higher vis-à-vis 6.5 percent growth estimate for 2024-25 reported in the last survey round. While the uptick in investments and rural demand bode well for the economy; the escalation in geopolitical stress, volatility in energy prices, and moderate global trade prospects remain as downside risks to the growth trajectory.

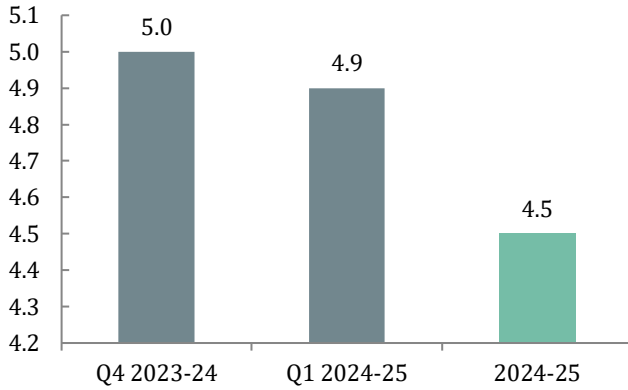
The median growth forecast for agriculture and allied activities has been put at 3.5 percent for 2024-25, indicating a noticeable improvement from 0.7 percent growth expected in the year 2023-24. Besides, base effect, the withdrawal of El Niño conditions and the IMD predicting a normal southwest monsoon this year bode well for the sector. Kharif production is anticipated to be normal in the current year.

The median growth for industry and services sectors are anticipated at 6.3 percent and 7.3 percent respectively during the current fiscal. The capacity utilization rates have improved – while the government capex has been supporting investment activity, the private capex is likely to gain a firmer ground post-election.

Further, according to the latest results, the median GDP growth is estimated at 6.0 percent and 6.8 percent for Q4 2023-24 and Q1 2024-25 respectively.

Consumer Price Inflation

CPI Growth Forecast (%)

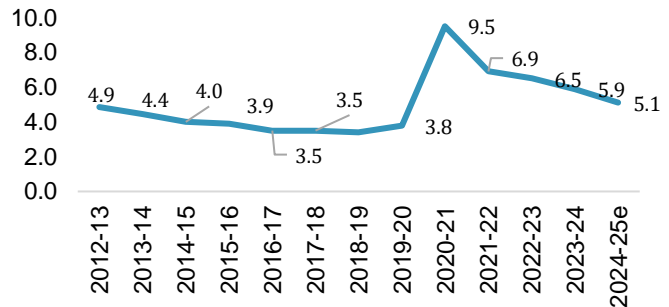


CPI based inflation has a median forecast of 4.5 percent for 2024-25, with a minimum and maximum range of 4.2 percent and 4.7 percent, respectively. This is in line with RBI’s projection indicated in the latest monetary policy announcement in April 2024.

The headline inflation dropped to a 10-month low of 4.9 percent in the month of March 2024. Going forward, subdued fuel and light prices and expected normal kharif production backed by normal south-west monsoon are projected to keep a check on inflationary pressures.

Fiscal Deficit

Fiscal Deficit (% of GDP)

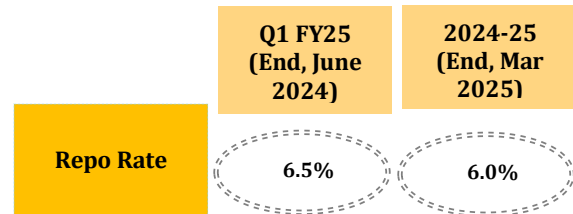


The median fiscal deficit to GDP ratio has been put at 5.1 percent for the fiscal year 2024-25 by the participants. This is in line with the budgeted fiscal deficit for 2024-25.

\*e- expected

Money & Banking

Policy repo rate is forecasted to remain unchanged at 6.5 percent at end of Q1 2024-25 and may be lowered to 6.0 percent by the end of the fiscal year 2024-25 (with a minimum and maximum range of 5.75 percent and 6.25 percent respectively). Despite tapering inflation, volatility in food prices remains a concern, and therefore, the RBI is expected to continue with its cautious approach. A rate cut seems plausible in the latter part of the current financial year.



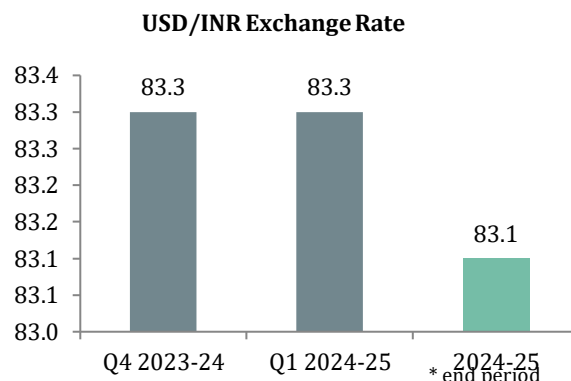
External Sector

2024-25	Export	Import
USD billion	450.0	724.0
Growth (in %)	4.2	5.7



Based on the responses of the participating economists, the median forecast for exports has been put at USD 450.0 billion and for imports at USD 724.0 billion in 2024-25. CAD as percent of GDP is projected at 1.2% for the current fiscal year.

The participants expect the USD/INR exchange rate at 83.1 by the end of the current financial year. The growing geo-political concern in the Middle East has added to the rupee volatility in recent times. However, rupee is expected to remain range bound and gain on account of anticipated inflows from global bond inclusion.



**Survey Results: Part B  
Views of Economists**

**Suggestions for consideration of the new government**

India is in the midst of election season and the next government will take office in June 2024. To drive India's economic agenda forward, the participating economists were requested to share ideas on what should be the key priorities for the government in near future.

The participating economists opined that India is the fastest growing major economy in the world with a large and growing domestic market. Even though the domestic economy has remained resilient amidst the recent challenges emanating from external sector, downside risks remain on fore. It thus remains critical to keep up the momentum on reforms to ensure inclusive and sustainable growth.

Food inflation remains elevated and has become persistent, making the need for a next leap in agricultural reforms absolutely imperative. The participants also emphasized on the need to improve performance in the realm of education and skills development. A significant shortage of quality skilled labour across sectors remains. With millions of young people entering the workforce every year, right matching of jobs and skills continues to witness a glaring gap. Besides, the economists also reiterated the need to position India as a competitive/ high quality manufacturing hub. Rationalizing cost of doing business, enhancing the healthcare ecosystem, and undertaking judicial reforms also remain pertinent.

**Agriculture Development and Food Security**

India's agricultural landscape has undergone a remarkable transformation. However, despite the progress, significant challenges persist in form of frequent bouts of price volatility, weather-induced vulnerabilities etc necessitating forward-looking reforms. The participants echoed the need to build a robust agriculture ecosystem that is sustainable, climate resilient, and minimizes wastages.

It was stressed that substantial and sustained investments in storage, cold chain, and food processing facilities remains essential to mitigate the issue of price volatility. The participating economists were of the view that there is a need to further facilitate and promote farmer producer organizations (FPOs) to empower farmers by increasing their collective bargaining, access to inputs, value addition chains, and market linkages. Setting up a national board for FPOs (NBFPO) to promote, upskill, provide a network for and monitor progress of FPOs, linking each FPO with KVK/Agri-university/ development institutions (ICAR, IARI, etc.) will ensure continuous technical support and guidance.

The participants also alluded to a need for further enhancement of financial safety nets for farmers. For instance, broadening the scope of crop/livestock insurance could play a vital role in safeguarding farmers against natural calamities, diseases, and market uncertainties. It was suggested that innovation in micro-insurance should be expanded and encouraged to strengthen the financial security of farmers.

Additionally, deepening agriculture commodities derivatives market to enable better price discovery, crop production and sales planning was recommended. This would in-turn facilitate stabilization of farm incomes and enhance easier credit availability for farmers.

It was also suggested that protected cropping be encouraged particularly for vegetables, to mitigate climate risks, optimize resource utilization, improve crop quality, and yield, and extend cropping seasons, thereby strengthening the supply chain.

### **Education, Skilling and Healthcare**

Next, the participants suggested that dedicated attention to the education and skilling sectors is paramount to enhance individual capabilities and leverage the demographic dividend thereby laying the foundation for a thriving nation.

The participants emphasized the need to ensure a basic level of education and skills training for the eligible. There is a need to guarantee access to quality education for every child in line with the Right to Education Act. A focus on skill-based learning, practical training, and integration of digital technologies for interactive learning experiences was endorsed by the participants. Leveraging digital tools such as virtual reality and artificial intelligence can foster engaging and accessible learning environments, particularly for those in remote areas.

The participants also felt the need for investing in upskilling of primary/secondary school teachers with modern aids and techniques to enhance educational quality. Adopting innovative teaching methods, such as AI-based support systems, mandatory training in cybersecurity, and exposure to emerging technologies, is essential in order to prepare students for the evolving skill demands.

Furthermore, it was recommended that education-employment corridors be established by integrating vocational education with mainstream academic pathways and mentorship opportunities be provided at schools.

Enhancing the healthcare system in India demands a multifaceted strategy encompassing infrastructure, personnel, and patient care. It is crucial to prioritize improving accessibility and quality of healthcare services for the well-being of citizens. Participating economists proposed decentralizing public health services in order to improve healthcare responsiveness to local needs and resource allocation.

In fact, not only ramping up of infrastructure development, such as establishing new colleges and hospitals was impressed upon but also prioritizing investment in human resources was emphasized. Well-trained and motivated healthcare professionals, committed to patient-centred care and evidence-based practices, play a pivotal role in enhancing the quality and accessibility of healthcare services overall.

### **Employment**

Enhancing employment opportunities is crucial for ensuring economic growth with social development. Collaboration between the public and private sectors should be encouraged, especially in infrastructure projects and renewable energy sector to stimulate job creation. Additionally, the possibility of introducing a parallel program to MGNREGA tailored for urban areas should be explored.

It is also important to focus on India's services exports. There are a lot of opportunities in the Global Capability Centres being set up in India. Government should continue the focus on this aspect and come out with an enabling policy for supporting GCCs in India. Digitalization and technological advancements should be leveraged effectively to open new avenues for employment, particularly in emerging sectors.

There is a need to encourage the growth of small firms, by providing incentives for scaling up. Given that a substantial portion of jobs are generated by small-scale units, incentivizing their expansion is crucial for fostering economic growth and employment opportunities. India has a dearth of mid-sized firms. To grow, the small firms require timely and easier access to low-cost capital, simpler one-stop processes to start and run their businesses, and support for resources they cannot always afford to hire.

### **Manufacturing**

India has made significant strides in strengthening the domestic manufacturing sector over the past decade. However, the participants echoed that the country needs to further work on its competitiveness in order to become a world class manufacturing hub. A rapid rollout (both in terms of speed & scale) of multimodal logistics parks was suggested by a majority of the participants. Additionally, rationalising GST / custom duty



rates where duty inversions exist (for products such as textiles, aluminium, coke, and various chemical products) and ending of cross subsidy in electricity were put forth as other recommendations. A proposal for extension of the concessional tax regime for manufacturing operations for at least five years was also made.

Federation of Indian Chambers of Commerce and Industry  
Federation House  
Tansen Marg, New Delhi 110001

Follow us on

