

# Goldman Sachs downgrades India's GDP growth forecast

Goldman Sachs Group Inc. has lowered India's growth forecast by 20 basis points each for this year and the next, citing a contraction in government expenditure.

The bank now expects the nation's economy to expand at 6.7 per cent in 2024, and 6.4 per cent in 2025. The current year's downgrade factors a 35 per cent year-on-year contraction in government expenditure during the April-June quarter that coincided with the general election, the U.S.

bank's economists wrote Friday.

India's growth next year will be hampered by the government's commitment to bring down the fiscal deficit to below 4.5 per cent of GDP. Expansion will also face headwinds from slower real consumption growth.

However, easier monetary policy may offset some of the drag on real GDP growth next year as Goldman Sachs expects the RBI "to start its easing cycle in December 2024."

*Bloomberg*