



India remains the fastest growing economy in developing Asia at 7.8% growth for Q1 2024

According to the ADB's "Asian Development Outlook: Steady Growth, Slowing Inflation", July 2024, growth in developing Asia accelerated in the first quarter of 2024 on resilient domestic demand and strong export growth, particularly in electronics. The region's growth forecast for 2024 is increased slightly to 5%, while the 2025 projection is maintained at 4.9%.

The growth forecast for South Asia remains steady at 6.3% for 2024, with the 2025 projection down marginally to 6.5%. Growth forecasts for Southeast Asia remain at 4.6% in 2024 and 4.7% in 2025, and for the Pacific at 3.3% in 2024 and 4% in 2025 despite some changes in individual economies.

East Asia's 2024 growth projection is revised up to 4.6% on strong exports of semiconductors and other goods driven by the artificial intelligence boom, with the 2025 projection maintained at 4.2%. The outlook for growth in the Caucasus and Central Asia is raised to 4.5% from 4.3% in 2024 and 5.1% from 5% in 2025.

Headline inflation in developing Asia is now forecast to ease further from 3.3% last year to 2.9% this year, stabilizing at 3% in 2025. Interest rates in the United States and other advanced economies continue to shape the outlook, which is subject to several downside risks.

Uncertainty on the United States election outcome, elevated geopolitical tensions and trade fragmentation, property market fragility in the People's Republic of China, and weather-related events could hurt growth. Meanwhile, La Niña is an upside risk due to expected higher rainfall and cooler temperatures.

GDP Growth Rate and Inflation (%)

Growth in developing Asia remains robust, inflation moderates.

	GDP Growth					Inflation				
	2023	2024		2025		2023	2024		2025	
		April	July	April	July		April	July		
Developing Asia	5.1	4.9	5.0	4.9	4.9	3.3	3.2	2.9	3.0	3.0
Developing Asia excluding the PRC	5.1	5.0	5.1	5.3	5.3	6.3	5.1	5.2	4.4	4.4
Caucasus and Central Asia	5.3	4.3	4.5	5.0	5.1	10.2	7.9	7.6	7.0	6.8
Kazakhstan	5.1	3.8	3.8	5.3	5.3	14.5	8.7	8.7	6.3	6.3
East Asia	4.7	4.5	4.6	4.2	4.2	0.6	1.3	0.8	1.6	1.6
People's Republic of China	5.2	4.8	4.8	4.5	4.5	0.2	1.1	0.5	1.5	1.5
Hong Kong, China	3.2	2.8	2.8	3.0	3.0	2.1	2.3	2.3	2.3	2.3
Republic of Korea	1.4	2.2	2.5	2.3	2.3	3.6	2.5	2.5	2.0	2.0
Taipei, China	1.3	3.0	3.5	2.7	2.7	2.5	2.3	2.3	2.0	2.0
South Asia	6.9	6.3	6.3	6.6	6.5	8.4	7.0	7.1	5.8	5.8
India	8.2	7.0	7.0	7.2	7.2	5.4	4.6	4.6	4.5	4.5
Southeast Asia	4.1	4.6	4.6	4.7	4.7	4.1	3.2	3.2	3.0	3.0
Indonesia	5.0	5.0	5.0	5.0	5.0	3.7	2.8	2.8	2.8	2.8
Malaysia	3.7	4.5	4.5	4.6	4.6	2.5	2.6	2.6	2.6	2.6
Philippines	5.5	6.0	6.0	6.2	6.2	6.0	3.8	3.8	3.4	3.4
Singapore	1.1	2.4	2.4	2.6	2.6	4.8	3.0	3.0	2.2	2.2
Thailand	1.9	2.6	2.6	3.0	3.0	1.2	1.0	0.7	1.5	1.3
Viet Nam	5.1	6.0	6.0	6.2	6.2	3.3	4.0	4.0	4.0	4.0
The Pacific	3.5	3.3	3.3	4.0	4.0	3.0	4.3	4.3	4.1	4.1

GDP = gross domestic product, PRC = People's Republic of China.

Note: **Developing Asia** refers to the 46 developing members of the Asian Development Bank. **Caucasus and Central Asia** comprises Armenia, Azerbaijan, Georgia, Kazakhstan, the Kyrgyz Republic, Tajikistan, Turkmenistan, and Uzbekistan. **East Asia** comprises the People's Republic of China; Hong Kong, China; the Republic of Korea; Mongolia; and Taipei, China. **South Asia** comprises Afghanistan, Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan, and Sri Lanka. **Southeast Asia** comprises Brunei Darussalam, Cambodia, Indonesia, the Lao People's Democratic Republic, Malaysia, Myanmar, the Philippines, Singapore, Thailand, Timor-Leste, and Viet Nam. **The Pacific** comprises the Cook Islands, Fiji, Kiribati, the Marshall Islands, the Federated States of Micronesia, Nauru, Niue, Palau, Papua New Guinea, Samoa, Solomon Islands, Tonga, Tuvalu, and Vanuatu.

Source: Asian Development Outlook database.

Outlook for India

The Indian economy is on track to grow by 7% in FY2024 (ending 31 March 2025) and 7.2% in FY2025, as projected in the Asian Development Outlook, April 2024. India's economic growth stands at 7.8% in Q1 and remains the fastest in the region.

The industry is also expected to grow robustly, driven by manufacturing and strong demand for construction led by housing. After muted growth in FY2023, a rebound in agriculture is expected given the above-normal monsoon projections. This is notwithstanding the slower advance of the monsoon in June.

A rebound in agriculture will be important to sustain growth momentum in rural areas. Investment demand continues to be strong, led by public investments. Bank credit is fueling robust housing demand and improving private investment demand. However, export growth will continue to be led by services, with merchandise exports showing relatively weaker growth. The stronger-than-expected fiscal position of the central government could provide a further boost to growth. However, this must be weighed against downside risks arising from weather events and geopolitical shocks.

Manufacturing Purchasing Managers' Indexes in Selected Developing Asian Economies

Manufacturing activity continued to expand in June in several economies.

Economy	2023						2024					
	Q3			Q4			Q1			Q2		
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
India	57.7	58.6	57.5	55.5	56.0	54.9	56.5	56.9	59.1	58.8	57.5	58.3
Viet Nam	48.7	50.5	49.7	49.6	47.3	48.9	50.3	50.4	49.9	50.3	50.3	54.7
Taipei, China	44.1	44.3	46.4	47.6	48.3	47.1	48.8	48.6	49.3	50.2	50.9	53.2
Republic of Korea	49.4	48.9	49.9	49.8	50.0	49.9	51.2	50.7	49.8	49.4	51.6	52.0
PRC	49.2	51.0	50.6	49.5	50.7	50.8	50.8	50.9	51.1	51.4	51.7	51.8
Thailand	50.7	48.9	47.8	47.5	47.6	45.1	46.7	45.3	49.1	48.6	50.3	51.7
Philippines	51.9	49.7	50.6	52.4	52.7	51.5	50.9	51.0	50.9	52.2	51.9	51.3
Indonesia	53.3	53.9	52.3	51.5	51.7	52.2	52.9	52.7	54.2	52.9	52.1	50.7
Singapore	49.8	49.9	50.1	50.2	50.3	50.5	50.7	50.6	50.7	50.5	50.6	50.4
Malaysia	47.8	47.8	46.8	46.8	47.9	47.9	49.0	49.5	48.4	49.0	50.2	49.9

Q = quarter; PRC = People's Republic of China.

Notes: Pink to red indicates deterioration (<50) and white to green indicates improvement (>50). All series are seasonally adjusted except for Singapore.

Source: CEIC Data Company.

Services continued to expand robustly in Q4 of FY2023, and the forward-looking services PMI is well above its long-term average.

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