



PHD Research Bureau
PHD Chamber of Commerce and Industry



GDP growth to remain steady at more than 8% in 2022-23: PHD Chamber

India's growth to remain highest among leading economies, FDI Inflow to touch US \$ 100 billion in 2022-23. Decriminalization of the minor offences will boost the size of the economy to US \$ 5 trillion by 2026-27.

India's growth trajectory is expected to remain steady in 2022-23 supported by various dynamics reforms undertaken by the government during the last two years. Though GDP growth is seen consolidating at around 9% in FY 2021-22 which is highest among the leading economies; the current financial year 2022-23 is expected to attain a normal GDP growth curve of more than 8% in 2022-23. Geo-political conflicts, high inflation and renewed corona variants are the major worrying factors in 2022-23.

India is expected to attract a US \$ 100 billion FDI inflow in 2022-23 supported by various ground touching economic reforms and significant ease of doing business in the recent years. At this juncture, the percolation of Ease of Doing Business at the factory level would go a long way to enhance the size of the economy to US\$ 5 trillion by 2026-27.

The analysis undertaken by the industry body PHDCCI, Economy to resume Normal Growth Curve in 2022-23 (report attached), envisages that the nominal GDP will grow at 12-12.5% (8% real GDP and 4-4.5% inflation) in the current financial year and economy will attain a size of USD 3350-3400 billion in 2022-23. The size of the economy is expected to touch USD 5 trillion by 2026-27. The nominal GDP is expected to grow at more than 12% (average) in the next 5 years.

The agriculture and food processing sector has emerged as one of the most prominent sectors to move forward and to achieve a size of US \$ 5 trillion by 2026-27. The sector is growth promising both in production and exports. However, the inflation scenario has been stoked by rising international commodities prices particularly crude oil prices. Though geo-political conflicts will undermine the world GDP growth by 0.5 percentage points, the Indian Economy is expected to remain resilient on the back of its inherent strengths, strong economic fundamentals and growth promising sectors.

The industry body has suggested a 10 prolonged strategy to strengthen the economic growth and to achieve US \$ 5 trillion in the next 5 years by 2026-27.

1. **Refueling of consumption demand** will have a multiplier effect on production possibilities, private investments and employment creation.
2. **Accommodative policy stance should be continued by RBI** to strengthen the growth till it becomes more strong and sustainable.
3. **Speedy Infrastructure Investments** to give a multiplier effect. The robust growth of infrastructure is the key ingredient to realize the vision to become Atmanirbhar Bharat.
4. **PLI scheme to become more robust** -- More and more sectors should be covered under the PLI scheme. PLI scheme has to be instrumental in accelerating domestic manufacturing capabilities and strengthening economies of scale.
5. **Level playing field for the Indian industry** should be focused for the competitiveness of enterprises. Free Trade Agreements must be looked into the scenario of Market Access Opportunities in the destination economies.
6. **Mitigating the impact of recent geo political developments** -- As the recovery process has been coincided with the geo political developments; economy should be supported with continued reforms for the businesses particularly for the MSMEs and agriculture sector.
7. **Increase public investments in agriculture sector** -- The increase in public investments in agricultural infrastructure would attract private investments in cold storage, warehousing and supply chain of agriculture produce in order to reduce food wastages and get them to urban citizens at moderate rates.
8. **Address the high commodity prices and shortages of raw materials** -- to support the consumption and private investments in the country. Escalation in the international commodity prices should be addressed with reduction in the excise duties on the key raw materials and easing the supply chains. The petroleum products which stoke the inflation to higher level should be brought in the ambit of GST.
9. **Reduce the costs of doing business** -- Although, procedural requirements have been relatively reduced and the communication between Government departments has become transparent and hassle free, however, the **cost aspect** still needs to be relaxed further. There must be a focus on **reducing the cost of doing business** with ease of doing business becoming robust at the factory level.
10. **Decriminalisation of minor offences** -- The government should handhold the industry with a major focus on manufacturing to achieve a higher and sustainable economic growth trajectory to create new avenues for job creation and competitiveness of the enterprises at global level. The decriminalisation of the minor offences would go a long way to build confidence of the entrepreneurs and attract large chunk of investments from domestic and international investors.

FY 2022-23: PHDCCI Growth Projections So Far

S. No.	Indicators	Growth Estimations	Descriptions
1	Real GDP Growth	8.0% - 8.3%	Various reforms will become more robust and support growth.
2	Size of the Economy (US \$ Billion)	3350 - 3400	We estimate around 12.5% normal GDP growth.

3	GDP Per Capita, Current Prices (US \$)	Around 2325	We expect the per capita GDP to become robust in the coming years.
4	Export (Merchandise) (US \$ Billion)	470 - 500	Promising sectors such as Agriculture, Food Processing, Pharmaceuticals and Chemicals will continue to support the high growth of exports
5	Export Service (US \$ Billion)	275 - 290	Service Experts like IT, Education, Health and Transportation.
6	Inflation CPI (Average)	< 4.5 %	We expect diminishing of negative base effect and ease of supply chains in the coming months.
7	FDI	USD 100 billion	More and more Ease of Doing Business and liberalized policy environment will attract more capital flows.

Source: PHD Research Bureau, PHD Chamber of Commerce and Industry, Estimates.

Full report is attached for your reference. The report was widely covered by media in more than 50 newspapers/ dailies.

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Warm Regards,

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