



PHD Research Bureau
PHD Chamber of Commerce and Industry



Global Economic Prospects Report: World Bank estimates India's GDP to grow at 7.5% for FY2023 and projects the same at 7.1% for FY2024, 6.5% for FY2025

According to the Global Economic Prospects Report by World Bank, following more than two years of pandemic, spillovers from the Russian Federation's invasion of Ukraine are set to sharply hasten the deceleration of global economic activity, which is now expected to slow to 2.9% in 2022.

The war in Ukraine is leading to high commodity prices, adding to supply disruptions, increasing food insecurity and poverty, exacerbating inflation, contributing to tighter financial conditions, magnifying financial vulnerability, and heightening policy uncertainty. Growth in emerging market and developing economies (EMDEs) this year has been downgraded to 3.4%, as negative spillovers from the invasion of Ukraine more than offset any near-term boost to some commodity exporters from higher energy prices.

Despite the negative shock to global activity in 2022, there is essentially no rebound projected next year: global growth is forecast to edge up only slightly to a still-subdued 3% in 2023, as many headwinds—in particular, high commodity prices and continued monetary tightening—are expected to persist. Moreover, the outlook is subject to various downside risks, including intensifying geopolitical tensions, growing stagflationary headwinds, rising financial instability, continuing supply strains, and worsening food insecurity.

Global inflation has risen sharply from its lows in mid-2020, on rebounding global demand, supply bottlenecks, and soaring food and energy prices, especially since Russia's invasion of Ukraine. Markets expect inflation to peak in mid-2022 and then decline, but to remain elevated even after these shocks subside and monetary policies are tightened further.

Growth in South Asia is projected to moderate to 6.8 and 5.8% in 2022 and 2023, respectively, as the momentum of the recovery wanes, and the war in Ukraine undermines external demand and erodes real incomes through higher food and energy prices. Weakening net exports and eroded consumer demand amid higher prices are expected to remain a significant drag on activity, the former reducing growth in 2022 by 2 percentage points. As the recovery from the pandemic recession matures, growth will be supported by private consumption, which is projected to contribute about 4 percentage points a year to GDP growth over 2022-24. The contribution to growth from government consumption will peak in 2022 and wane thereafter as fiscal support is withdrawn.

TABLE 1.1 Real GDP¹

	2019	2020	2021e	2022f	2023f	2024f	2022f	2023f	Percentage point differences from January 2022 projections
World	2.6	-3.3	5.7	2.9	3.0	3.0	-1.2	-0.2	
Advanced economies	1.7	-4.6	5.1	2.6	2.2	1.9	-1.2	-0.1	
United States	2.3	-3.4	5.7	2.5	2.4	2.0	-1.2	-0.2	
Euro area	1.6	-6.4	5.4	2.5	1.9	1.9	-1.7	-0.2	
Japan	-0.2	-4.6	1.7	1.7	1.3	0.6	-1.2	0.1	
Emerging market and developing economies	3.8	-1.6	6.6	3.4	4.2	4.4	-1.2	-0.2	
East Asia and Pacific	5.8	1.2	7.2	4.4	5.2	5.1	-0.7	0.0	
China	6.0	2.2	8.1	4.3	5.2	5.1	-0.8	-0.1	
Indonesia	5.0	-2.1	3.7	5.1	5.3	5.3	-0.1	0.2	
Thailand	2.2	-6.2	1.6	2.9	4.3	3.9	-1.0	0.0	
Europe and Central Asia	2.7	-1.9	6.5	-2.9	1.5	3.3	-5.9	-1.4	
Russian Federation	2.2	-2.7	4.7	-8.9	-2.0	2.2	-11.3	-3.8	
Turkey	0.9	1.8	11.0	2.3	3.2	4.0	0.3	0.2	
Poland	4.7	-2.2	5.9	3.9	3.6	3.7	-0.8	0.2	
Latin America and the Caribbean	0.8	-6.4	6.7	2.5	1.9	2.4	-0.1	-0.8	
Brazil	1.2	-3.9	4.6	1.5	0.8	2.0	0.1	-1.9	
Mexico	-0.2	-8.2	4.8	1.7	1.9	2.0	-1.3	-0.3	
Argentina	-2.0	-9.9	10.3	4.5	2.5	2.5	1.9	0.4	
Middle East and North Africa	0.9	-3.7	3.4	5.3	3.6	3.2	0.9	0.2	
Saudi Arabia	0.3	-4.1	3.2	7.0	3.8	3.0	2.1	1.5	
Iran, Islamic Rep. ³	-6.8	3.4	4.1	3.7	2.7	2.3	1.3	0.5	
Egypt, Arab Rep. ²	5.6	3.6	3.3	6.1	4.8	5.0	0.6	-0.7	
South Asia	4.1	-4.5	7.6	6.8	5.8	6.5	-0.8	-0.2	
India ³	3.7	-6.6	8.7	7.5	7.1	6.5	-1.2	0.3	
Pakistan ²	3.1	-0.9	5.7	4.3	4.0	4.2	0.9	0.0	
Bangladesh ²	7.9	3.4	6.9	6.4	6.7	6.9	0.0	-0.2	
Sub-Saharan Africa	2.6	-2.0	4.2	3.7	3.8	4.0	0.1	0.0	
Nigeria	2.2	-1.8	3.6	3.4	3.2	3.2	0.9	0.4	
South Africa	0.1	-6.4	4.9	2.1	1.5	1.8	0.0	0.0	
Angola	-0.7	-5.2	0.7	3.1	3.3	3.2	0.0	0.5	
Memorandum items:									
Real GDP¹									
High-income countries	1.7	-4.6	5.1	2.7	2.2	2.0	-1.1	-0.2	
Middle-income countries	4.0	-1.3	6.8	3.3	4.2	4.5	-1.3	-0.3	
Low-income countries	4.8	1.9	3.9	4.1	5.3	5.7	-0.8	-0.6	
EMDEs excl. Russian Federation and Ukraine	3.9	-1.5	6.7	4.2	4.5	4.5	-0.5	0.0	
EMDEs excl. China	2.5	-4.0	5.6	2.7	3.4	4.0	-1.5	-0.4	
Commodity-exporting EMDEs	1.8	-3.8	4.8	1.2	2.6	3.2	-2.1	-0.5	
Commodity-exporting EMDEs excl. Russian Federation and Ukraine	1.8	-4.0	4.8	3.7	3.3	3.4	0.3	-0.1	
Commodity-importing EMDEs	4.9	-0.4	7.5	4.4	4.9	5.0	-0.8	-0.1	
Commodity-exporting EMDEs excl. Russian Federation and Ukraine	1.8	-4.0	4.8	3.7	3.3	3.4	0.3	-0.1	
Commodity-importing EMDEs	4.9	-0.4	7.5	4.4	4.9	5.0	0.3	-0.1	
Commodity-importing EMDEs	4.9	-0.4	7.5	4.4	4.9	5.0	-0.8	-0.1	
Commodity-importing EMDEs excl. China	3.2	-4.2	6.6	4.6	4.5	4.9	-0.7	-0.1	
EM7	4.5	-0.5	7.3	3.3	4.3	4.7	-1.5	-0.4	
World (PPP weights) ⁴	2.9	-3.0	6.0	3.1	3.4	3.5	-1.3	-0.2	
World trade volume⁵	1.4	-8.0	10.3	4.0	4.3	3.8	-1.8	-0.4	
Commodity prices⁶									
Oil price	-9.9	-33.9	66.5	42.0	-8.0	-13.0	35.0	3.8	
Non-energy commodity price index	-4.2	3.3	32.7	17.9	-8.1	-3.1	19.9	-4.1	

Source: World Bank.

1. Headline aggregate growth rates are calculated using GDP weights at average 2010-19 prices and market exchange rates. The aggregate growth rates may differ from the previously published numbers that were calculated using GDP weights at average 2010 prices and market exchange rates. Data for Afghanistan and Lebanon are excluded.

2. GDP growth rates are on a fiscal year basis. Aggregates that include these countries are calculated using data compiled on a calendar year basis. Pakistan's growth rates are based on GDP at factor cost. The column labeled 2022 refers to FY2021/22.

3. GDP growth rates are on a fiscal year basis. Aggregates that include these countries are calculated using data compiled on a calendar year basis. The column labeled 2022 refers to FY2022/23.

4. World growth rates are calculated using average 2010-19 purchasing power parity (PPP) weights, which attribute a greater share of global GDP to emerging market and developing economies (EMDEs) than market exchange rates.

5. World trade volume of goods and nonfactor services.

6. Oil price refers to the Brent crude oil benchmark. The non-energy index is the weighted average of 39 commodity prices (7 metals, 5 fertilizers, and 27 agricultural commodities). For additional details, please see <https://www.worldbank.org/commodities>.

Note: e = estimate; f = forecast. World Bank forecasts are frequently updated based on new information. Consequently, projections presented here may differ from those contained in other World Bank documents, even if basic assessments of countries' prospects do not differ at any given date. For the definition of EMDEs, commodity exporters, and commodity importers, please refer to table 1.2. EM7 includes Brazil, China, India, Indonesia, Mexico, the Russian Federation, and Turkey. The World Bank is currently not publishing economic output, income, or growth data for Turkmenistan and República Bolivariana de Venezuela owing to lack of reliable data of adequate quality. Turkmenistan and República Bolivariana de Venezuela are excluded from cross-country macroeconomic aggregates.

Outlook for India

In India, growth is forecast to edge down to 7.5% in fiscal year 2022/23, with headwinds from rising inflation, supply chain disruptions, and geopolitical tensions offsetting buoyancy in the recovery of services consumption from the pandemic. Growth will also be supported by fixed investment undertaken by the private sector and by the government, which has introduced incentives and reforms to improve the business climate. This forecast reflects a 1.2 percentage point downward revision of growth from the January projection. Growth is expected to slow further to 7.1% in 2023/24 back towards its longer-run potential.

Please access the detail document through the appended link:

<https://www.worldbank.org/en/publication/global-economic-prospects>

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Warm Regards,

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