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World Bank projects India's GDP to grow at 6.5% for FY 2022-23

The World Bank in its report on South Asian Economic Focus says that India's most of the recovery from the major COVID waves is already reflected in the last fiscal year's growth numbers. Economic growth in India will slow down in the fiscal year ending March 2023, as the country is coming off a strong recovery in FY2022 (April 2021-March 2022). The spillovers from the Russia-Ukraine war and global monetary policy tightening will continue to weigh on India's economic outlook: elevated inflation on the back of higher prices of key commodities and rising borrowing costs will affect domestic demand, particularly private consumption in FY 2023/24, while slowing global growth will inhibit growth in demand for India's exports. Private investment growth is likely to be dampened by heightened uncertainty and higher financing costs.

The ongoing simplification of various business regulations will help ease the transition by creating new jobs and facilitating business transactions. Private consumption for both domestic goods and imports will be the most affected by the expected erosion of purchasing power from high inflation. The erosion in consumer purchasing power mainly results from a trade loss, as high commodity prices push import prices higher than the prices of domestic production. Inflation continues to be perceived as the top risk to recovery according to experts surveyed in the region.

Moreover, the recent import quantity restrictions, scarce foreign exchange for all but India and Nepal amid balance of payments pressures, as well as currency depreciation against the dollar will quickly take a toll on import demand: growth in imports is estimated to halve from 29.8 percent in 2021 to a projected 14.2 percent expected in 2022 and then stabilize to around 9 percent in the outer years. Exports are also expected to decelerate during the same period, so that net exports will contribute negatively to overall GDP growth over the forecast horizon.

TABLE 1: **The recovery in South Asia downgraded but remains strong**

Country	fiscal year	Real GDP growth at constant market prices (percent)				Revision to forecast from June 2022 (percentage point)		Revision to forecast from April 2022 (percentage point)
Calendar year basis		2021	2022(f)	2023(f)	2024(f)	2022(f)	2023(f)	2022(f)
South Asia region (excluding Afghanistan)		7.8	5.8	5.8	5.8	-1.0	0.0	-0.8
Maldives	January to December	37.0	12.4	8.2	8.1	4.8	-2.0	4.8
Sri Lanka	January to December	3.3	-9.2	-4.2	1.0	-1.4	-0.5	-11.6
Fiscal year basis		FY21/22	FY22/23(e)	FY23/24(f)	FY24/25(f)	FY22/23(f)	FY23/24(f)	FY22/23(f)
India	April to March	8.7	6.5	7.0	6.1	-1.0	-0.1	-1.5
		FY20/21	FY21/22(e)	FY22/23(f)	FY23/24(f)	FY21/22	FY22/23(f)	FY21/22
Bangladesh	July to June	6.9	7.2	6.1	6.2	0.8	-0.6	0.8
Bhutan	July to June	-3.3	4.6	4.1	3.7	0.2	-0.6	0.2
Nepal	mid-July to mid-July	4.2	5.8	5.1	4.9	2.1	1.0	2.1
Pakistan	July to June	5.7	6.0	2.0	3.2	1.7	-2.0	1.7

Source: World Bank Macro Poverty Outlook and staff calculations.
Note: (e)=estimate, (f)=forecast. GDP measured in 2015 prices and market exchange rates. To estimate regional aggregates in the calendar year, fiscal year data is converted to calendar year data by taking the average of two consecutive fiscal years for Bangladesh, Bhutan, Nepal, and Pakistan at 2015 constant US dollar, for which quarterly GDP data are not available. Pakistan is reported at factor cost. Afghanistan is not producing national accounts statistics since August 2021, so its data are excluded from the table.

Please access the detail document through the appended link:
https://openknowledge.worldbank.org/bitstream/handle/10986/38066/Chapter2.pdf

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Warm Regards,

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