



PHD Research Bureau
PHD Chamber of Commerce and Industry



ADB projects India's Economy to Grow by 6.4% in FY2023, Rise to 6.7% in FY2024

According to the Asian Development Bank Outlook April 2023: India's gross domestic product (GDP) to moderate to 6.4% in fiscal year FY2023 and rise to 6.7% in FY2024, driven by private consumption and private investment on the back of government policies to improve transport infrastructure, logistics, and the business ecosystem. The growth moderation for India in FY2023 is premised on an ongoing global economic slowdown, tight monetary conditions, and elevated oil prices. However, FY2024 is expected to see faster growth in investment, thanks to supportive government policies and sound macroeconomic fundamentals, lower nonperforming loans in banks, and significant corporate deleveraging that will enhance bank lending.

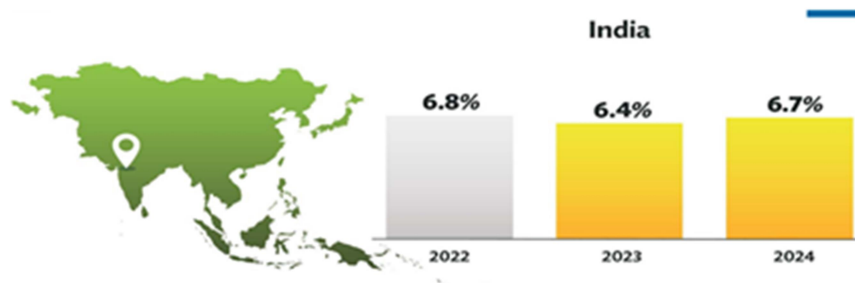
"Despite the global slowdown, India's economic growth rate is stronger than in many peer economies and reflects relatively robust domestic consumption and lesser dependence on global demand,". "The Government of India's strong infrastructure push under the Prime Minister's Gati Shakti (National Master Plan for Multimodal Connectivity) initiative, logistics development, and industrial corridor development will contribute significantly to raising industrial competitiveness and boosting future growth."

Improving labor market conditions and consumer confidence will drive growth in private consumption. The central government's commitment to significantly increase capital expenditure in FY2023, despite targeting a lower fiscal deficit of 5.9% of GDP, will also spur demand. Helped by recovery in tourism and other contact services, the services sector will grow strongly in FY2023 and FY2024 as the impact of COVID-19 wanes. However, manufacturing growth in FY2023 is expected to be tamped down by a weak global demand, but it will likely improve in FY2024. Recent announcements to boost agricultural productivity, such as setting up digital services for crop planning and support for agriculture startups will be important in sustaining agriculture growth in the medium term.

Inflation will likely moderate to 5% in FY2023, assuming moderation in oil and food prices, and slow further to 4.5% in FY2024 as inflationary pressures subside. In tandem, monetary policy in FY2023 is expected to be tighter as core inflation persists, while becoming more accommodative in FY2024. The current account deficit is projected to decline to 2.2% of GDP in FY2023 and 1.9% in FY2024. Growth in goods exports is forecast to moderate in FY2023 before improving in 2024, as production-linked incentive schemes and efforts to improve the business environment, such as streamlined labor regulations, improve performance in electronics and

other areas of manufacturing growth. Services exports growth has been robust and is expected to continue to strengthen India's overall balance of payments position. However, geopolitical tensions and weather-related shocks are key risks to India's economic outlook.

India's GDP Growth Forecast



Source- www.adb.org/outlook

Please access the detail document through the appended link:

<https://www.adb.org/sites/default/files/publication/863591/asian-development-outlook-april-2023.pdf>

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Warm Regards,

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