

## South Asia Development Report, April 2024

*The World Bank projects South Asia is expected to remain the world's fastest-growing region, thanks to robust growth in India*

According to the **South Asia Development Update Report of the World Bank, April 2024**, in South Asia, output growth has surprised on the upside and remains stronger than in other emerging market and developing economies (EMDEs). This is largely a consequence of India's robust economic expansion. Output growth in South Asia has continued to exceed that in other EMDEs, largely reflecting a strong expansion in India.

Output growth in South Asia, projected at 6.0–6.1 percent in 2024–25 as growth in India remains robust, and Pakistan and Sri Lanka continue to recover from balance-of-payments challenges (table 1.1).

**TABLE 1.1 Growth in South Asia**

Country fiscal year		Real GDP growth at constant market prices (percent)				Revision to forecast from October 2023 (percentage point)	
		2022	2023(e)	2024(f)	2025(f)	2024(f)	2025(f)
<b>Calendar year basis</b>							
<b>South Asia region (excluding Afghanistan)</b>		<b>5.7</b>	<b>6.6</b>	<b>6.0</b>	<b>6.1</b>	<b>0.4</b>	<b>0.3</b>
Maldives	January to December	13.9	4.0	4.7	5.2	-0.5	-0.3
Sri Lanka	January to December	-7.3	-2.3	2.2	2.5	0.5	0.1
<b>Fiscal year basis</b>		<b>21/22</b>	<b>22/23(e)</b>	<b>23/24(f)</b>	<b>24/25(f)</b>	<b>23/24(f)</b>	<b>24/25(f)</b>
Bangladesh	July to June	7.1	5.8	5.6	5.7	0.0	-0.1
Bhutan	July to June	4.8	4.6	4.9	5.7	0.9	1.1
India	April to March	9.7	7.0	7.5	6.6	1.2	0.2
Nepal	mid-July to mid-July	5.6	1.9	3.3	4.6	-0.6	-0.4
Pakistan	July to June	6.2	-0.2	1.8	2.3	0.1	0.0

Sources: World Bank Macro Poverty Outlook and World Bank staff calculations.  
 Note: (e) = estimate; (f) = forecast. GDP measured in average 2010-19 prices and market exchange rates. Pakistan is reported at factor cost. National accounts statistics for Afghanistan are not available. To estimate forecasts for regional aggregates in the calendar year, fiscal year forecasts are converted to the calendar year by taking the average of two consecutive fiscal years for Bangladesh, Bhutan, Nepal, and Pakistan because quarterly GDP forecasts are not available.

### Outlook for India

In India, output growth is projected to reach 7.5 percent in FY 2023/24 on the back of robust growth in Q3 of FY 2023/24. Growth is expected to moderate to 6.6 percent in FY 2024/25 before picking up in subsequent years as a decade of robust public investment yields growth dividends.

In India, economic activity surprised on the upside in 2023Q4, with growth of 8.4 percent from a year ago. The expansion was supported by rapid increases in investment and government consumption.

In February, India's composite purchasing managers index (PMI) stood at 60.6, well above the global average of 52.1 (a value above 50 indicates expansion). Growth in FY 2023/24 is estimated to have exceeded earlier forecasts.

In India, inflation has remained within the Reserve Bank of India's 2–6 percent target range since a spike in mid-2023, and the policy rate has remained unchanged since February 2023.

In India, financial conditions have remained accommodative. Domestic credit issuance to the commercial sector (including public and private borrowers) grew by 14 percent (year-on-year) in December 2023, the fastest pace since 2013. The nonperforming-loan ratio fell to 3.2 percent last year, well below its recent peak, in March 2018, of about 11 percent.

The report concludes that the growth impact of global uncertainties on South Asia overall would likely be limited because of the resilience of India. The report identifies the various policy challenges ahead. These include raising substantial revenues, building climate resilience, creating jobs to reap demographic dividend and removing distortions in the financial system.

To read the complete report, please click the link below:

<https://openknowledge.worldbank.org/server/api/core/bitstreams/4ec19c2d-65fd-4523-8020-338f0cb98523/content>

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Warm Regards,

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