

World Bank: India will continue to grow at fastest pace

Global growth forecast lifted to 2.1%

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The World Bank on Tuesday said India would remain the fastest-growing economy in terms of both aggregate and per capita gross domestic product (GDP) among the largest emerging market and developing economies.

It retained India's FY24 growth forecast at 6.3 per cent.

"Greater than expected resilience in private consumption and investment, and a robust services sector in India, is supporting growth in 2023. Growth is projected to pick up slightly through FY26 as inflation moves back toward the midpoint of the tolerance range and reforms payoff," the multilateral development bank said in its "Global Economic Prospects" report.

In its India Development

Update released in April, the World Bank had revised its growth forecast for India by 30 basis points to 6.3 per cent for FY24. The World Bank said India's growth in early 2023 remained below what it achieved in the decade before the pandemic as higher prices and rising borrowing costs weighed on private consumption.

"However, manufacturing rebounded into 2023 after contracting in the second half of 2022, and investment growth remained buoyant as the government ramped up capital expenditure. Private investment was also likely boosted by increasing corporate profits. Unemployment fell to 6.8 per cent in the first quarter of 2023, the lowest since the onset of the Covid-19 pandemic, and labour force participation increased."

