

# World Bank cuts India's FY23 GDP forecast to 6.5%

Cites Ukraine war, global policy tightening

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The World Bank on Thursday slashed its growth estimate for India by one percentage point to 6.5 per cent for FY23, citing the blowback of the Russia-Ukraine war and ongoing global monetary policy tightening.

This is the lowest growth estimate by any multilateral agency for FY23. The International Monetary Fund, which projected India's economy to grow at 7.4 per cent, is expected to revise its estimate next week.

**EDIT: LOSING MOMENTUM**  
**PAGE 9**

In its South Asia Economic Update, the World Bank said

economic growth in India would slow in FY23 as the nation was coming off a strong recovery in FY22.

"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 FY2023/24, while slowing global growth will inhibit growth in demand for India's exports," the World Bank said.

Turn to Page 6 ▶



GROWTH OUTLOOK	Now	Earlier
	6.5 ▶ World Bank	7.5
4.7 ▶ Nomura	5.4	
India projections for FY23 (YoY in %)	7.0 ▶ Morgan Stanley	7.2
	7.3 ▶ S&P	7.3
	7.0 ▶ Fitch	7.8
	6.9 ▶ OECD	6.9
	7.0 ▶ RBI	7.2
	7.0 ▶ ADB	7.2

Source: BS Research

## IMF warns of higher recession risk

The global economy is at increasing risk of recession and it could lose \$4 trillion in output through 2026, a "massive setback" roughly equivalent to the size of Germany's economy, the International Monetary Fund's top official said.

8 ▶

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in directly through China would not be the only source of Chinese money. Some may also come through other jurisdictions, as is the case with many major investing countries.

Other jurisdictions like the Cayman Islands and Hong Kong would also have FPIs investing Chinese money, according to the expert. It is also unusual that there has been no increase in the number of Chinese FPIs for so long, notwithstanding the lack of official restrictions, he observed.

“There is no bar,” he said.

The total number of China-based FPIs has remained at 16 since December 2019, said the regulator in response to the RTI.

The total number of registered FPIs has risen by 1,895 (or 14.6 per cent) since December 2019. There are 10,895 registered FPIs as on date, according to the depository data.

## World Bank...

Last week, the Reserve Bank of India pared its growth estimate for FY23 to 7 per cent from 7.2 per cent estimated earlier.

The World Trade Organization (WTO) on Wednesday slashed its forecast for global trade volume growth

to 1 per cent from 3.4 per cent estimated earlier, which could adversely impact exports from India, which contracted in September for the first time in 19 months.

“In India, services exports have recovered more strongly than in the rest of the world, and India’s ample foreign reserve buffers have afforded resilience to the country’s external sector,” the World Bank said.

The World Bank said private investment growth in India was likely to be dampened by heightened uncertainties and higher financing costs.

“The ongoing simplification of various business regulations will help ease the transition by creating new jobs and facilitating business transactions,” it added. India’s economy is estimated to have expanded by 13.5 per cent in the June quarter of FY23, although it contracted sequentially when compared to the previous quarter.

“The continued improvement in economic activities in India is in part thanks to relaxed Covid measures and a pick-up in domestic demand including for contact-intensive services as Covid risk subsides,” the World Bank said.

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