

# World Bank raises FY23 India growth forecast to 6.9%

Fitch retains projection, but cuts it for next 2 years

ARUP ROYCHOUDHURY  
New Delhi, 6 December

The World Bank on Tuesday raised its gross domestic product (GDP) growth forecast for India for the current financial year (FY23) to 6.9 per cent from 6.5 per cent because of the economy's relative resilience to external headwinds and the "strong outturn" in the September quarter.

This comes after a spate of downgrades earlier by banks and multilateral institutions. The World Bank, too, had cut India's FY23 GDP forecast to 6.5 per cent from 7.5 per cent in October. In fact, this is the first upgrade of India's growth forecast by any multilateral agency in FY23. The World Bank figure is very close to the Reserve Bank of India's projection for FY23 GDP growth of 7 per cent.

"India's economy has been remarkably resilient to the deteriorating external environment, and strong macroeconomic fundamentals have placed it in good stead compared to other emerging market economies," Auguste Kouamé, World Bank's country director for India, said in the agency's latest India Development Update.

However, he said, continued vigilance was required as adverse global developments persist.

The reason for India's insulation from



## OUTLIER

FY23 GDP growth forecast (in %)

Now	Institution	Earlier
7.0	Reserve Bank of India	7.2
7.0	Asian Development Bank	7.2
7.0	Fitch	7.0
6.9	India Ratings	7.0
6.9	World Bank	6.5
6.8	State Bank of India	7.5
6.8	IMF	7.4
6.6	OECD	6.9

Source: Agency reports

global spillovers is its large domestic market, which is relatively less exposed to international trade flows.

Turn to Page 6 ▶

the plan on November 21.

Vi had said the funds raised via debentures would be used to pay pending dues of ATC under the master lease agreement and any remaining amount could be used for general corporate purposes.

For the past several months Vi has struggled to raise funds leading to delayed vendor payments and subscriber loss. It has been unable to sign contracts with gear manufacturers for 5G network equipment while competition is aggressively rolling out their services.

In a post-result conference call last month, Vi CEO Akshaya Moondra told analysts: "We are trying to close the funding quickly so that some of the backlog of vendor payments that we have can be addressed."

---

*With inputs from Abhijit Lele in Mumbai*

## World Bank...

The report said India's external position had also improved considerably over the past decade. Besides, policy reforms and prudent regulatory measures had also played a role in helping develop this resilience, it said.

"A well-crafted and prudent policy response to global spillovers is helping India navigate global and domestic challenges," said Dhruv Sharma, senior economist at the World Bank, and the lead author of the report.

India's GDP expanded 6.3 per cent in the September quarter, slower than

the 8.4 per cent growth seen a year ago, as manufacturing output contracted and the base effect waned.

However, it was better than analyst expectations, which was one of the reasons cited by the World Bank for its latest growth upgrade. It expected an inflation rate of 7.1 per cent in FY23 before moderating to 5.2 per cent in FY24.

Sharma did warn that India would not be completely insulated from spillovers from the US, Europe, and China, and as a result the GDP growth forecast for FY24 was cut to 6.6 per cent from 7 per cent earlier.

"A challenging external environment will affect India's economic outlook through different channels... rapid monetary policy tightening in advanced economies has already resulted in large portfolio outflows and depreciation of the Indian rupee while high global commodity prices have led to a widening of the current account deficit," the report stated. That the global situation remains precarious was again brought to the fore by a separate report released on Tuesday by ratings agency Fitch. In its latest Global Economic Outlook (GEO) report, Fitch said it now expects world GDP to grow 1.4 per cent in 2023, down from 1.7 per cent forecast earlier. However, it retained its FY23 GDP forecast for India at 7 per cent, though it cut the growth projection for the next two years. It expects lower growth in India at 6.2 per cent in FY24 and 6.9 per cent in FY25, compared with earlier forecasts of 6.7 per cent and 7.1 percent respectively.

