

Fitch cuts India growth forecast for FY23 to 7%

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Global rating agency Fitch has lowered India's economic growth forecast for fiscal 2022-23 (FY23) to 7 per cent from its June 2022 estimate of 7.8 per cent. It now expects India's gross domestic product (GDP) to slow further to 6.7 per cent in FY24 as compared to its earlier forecast of 7.4 per cent.

"The (Indian) economy recovered in Q2FY22 with growth of 13.5 per cent year-on-year (YoY), but this was below our June expectation of an increase of 18.5 per cent YoY. Seasonally adjusted estimates show a 3.3 per cent quarter-on-quarter (QoQ) decline in 2Q22 though this seems to be at odds with high-frequency indicators. We expect the economy to slow given the global economic backdrop, elevated inflation and tighter monetary policy," Fitch said.

THE EXPECTATIONS

	Revised	Earlier
SBI	6.8	7.5
Goldman Sachs	7.0	7.2
Citigroup	6.7	8.0
Moody's	7.7	8.8
Fitch	7.0	7.8
India Ratings	6.9	7.0

Source: Economists' notes, Bloomberg

India Ratings cuts forecast to 6.9%

India Ratings became the latest agency to cut its FY23 GDP forecast. On Thursday, the ratings agency cut the forecast to 6.9 percent from 7 percent.

"Despite private final consumption expenditure (PFCE) and gross fixed capital formation (GFCF) growth coming in better than our expectations in Q1, the agency expects the slowdown in the growth of government final consumption expenditure (GFCE) and worsening of net exports to weigh on the FY23 GDP growth," India Ratings said in a statement.