

# India will face slight slowdown: Parekh

SUBRATA PANDA

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India would remain one of the fastest-growing major economies but it is not decoupled from the world and will face some slowdown, HDFC Chairman Deepak Parekh said on Monday.

"I do believe India can grow from a \$3.4 trillion economy to a \$7.5 trillion one within the next five years. For India, it is the pace of growth that is exciting," Parekh said at the World Congress for Accountants.

"India is not decoupled from the world and it, too, will face some slowdown. But there is a consensus across the board that India will still remain amongst the fastest-growing

major economies in the world. Gross domestic product (GDP) growth for 2022 may be slightly lower than 7 per cent, but that is no reason for disappointment. What is important to note is the inherent resilience that is now embedded in the Indian economy," he said.

India's middle class is

expected to rise fivefold to 25 million by 2031 from 5 million, Parekh said, quoting a recent research report. Per capita income is expected to rise from \$2,300 to \$5,200.

"India has a lot going for it right now...I have never been as optimistic about India as I

am today," he said as he listed government reforms encouraging start-ups, rolling out 5G services, and Gati Shakti, a national plan for infrastructure projects.

According to Parekh, India has made strides in digitalisation and financial inclusion. "As a services-driven economy, we are known as the back office of the world and are now positioning ourselves as a high-end manufacturing hub as well," he said.

About world central banks striking a balance between raising interest rates hikes to curb inflation and yet not choking economic growth, Parekh said the organisations have a tough role ahead. "It's a case of damned if they do,

damned if they don't".

With the US seeing a slight dip in the latest inflation print, markets are hoping that the Federal Open Market Committee may opt for a smaller rate increase of say, 50 basis points in early December, rather than force down a fifth consecutive rate increase of another 75 basis points.

"India, fortunately, has not had jumbo rate hikes, but has followed a more calibrated increase in interest rates," Parekh said.

The global business ecosystem is entangled in a web of complexity.

"The world is in the midst of a 'global polycrisis,' Parekh added.

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**DEEPAK PAREKH**

Chairman, HDFC

