

# OECD trims India's GDP forecast for FY23 to 6.6%

Global economy may grow just 3.1% this year, down from 5.9% in 2021

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The Organisation for Economic Cooperation and Development (OECD) on Tuesday cut its gross domestic product (GDP) growth forecast for India to 6.6 per cent for FY23 from the earlier 6.9 per cent. While doing this, it cited higher medium-term global uncertainty and slowing domestic economic activity.

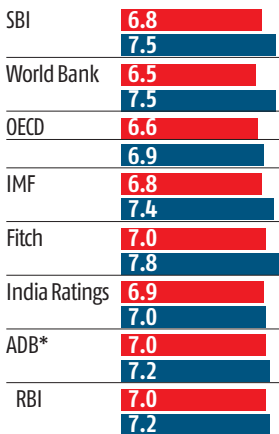
OECD is the latest of a host of banks, agencies and multi-lateral institutions, which have recently cut their India GDP forecast for FY23. "Economic growth has lost momentum over the summer, due to a combination of erratic rainfall, which impacted sowing activities, and falling purchasing power. Concerns over demand conditions are considerable in services and infrastructure sectors. And, consumers have become cautious regarding non-essential spending due to higher prices for food and energy," the agency said.

In OECD's estimation, the world economy will grow just 3.1 per cent this year, down sharply from a robust 5.9 per cent in 2021. The OECD predicts that next year will be even worse. The international economy will expand only 2.2 per cent in 2023, it estimates.

## SLOWING DOWN

Agencies that have cut India's FY23 GDP forecast

■ New Forecast ■ Earlier Forecast



\*Asian Development Bank  
Source: Economists' reports

OECD said tighter financial market conditions were weighing on the demand for capital goods. Also, the monthly energy and food import bill kept rising and the current account deficit widened during the July-September quarter to 2.9 per cent of GDP. It said India is set to be the second-fastest growing economy in the G20 during FY23. This is despite decelerating global demand and the tightening of policy to manage inflationary pressures.