

# WORLD BANK SEES INDIA'S GDP GROWING AT 8.3% IN FY22, UPGRADES FY23 FORECAST

Relevant for: International Relations | Topic: World Bank and India

The World Bank on Tuesday retained its forecast for India's [GDP growth](#) for FY22 at 8.3%, according to its global economic prospectus report.

Further, the Washington-based agency has upgraded its forecast for FY23 and FY24 at 8.7% and 6.8% respectively.

The World Bank's projections come after India's government advance estimates projected India's GDP to grow at 9.2% in the current financial year ending March 2022.

The global agency further its forecasts for economic growth in the United States, the Euro area and China and warned that high debt levels, rising income inequality and new Covid-19 variants threatened the recovery in developing economies.

It said global growth is expected to decelerate "markedly" to 4.1% in 2022 from 5.5% last year, and drop further to 3.2% in 2023 as pent-up demand dissipates and governments unwind massive fiscal and monetary support provided early in the pandemic.

The forecasts for 2021 and 2022 were 0.2 percentage points lower than in the bank's June Global Economic Prospects report. The International Monetary Fund is also expected to downgrade its growth forecasts in its update on 25 January.

The bank's latest semi-annual forecast cited a big rebound in economic activity in advanced and developing economies in 2021 after contractions in 2020, but warned that longer-lasting inflation, ongoing supply chain and labor force issues, and new Covid-19 variants were likely to dampen growth worldwide.

"There is a pronounced slowdown underway," Ayhan Kose, director of the World Bank's Prospects group, told Reuters in an interview. "Policy support is being withdrawn and there is a multitude of risks ahead of us."

Kose said the rapid spread of the highly contagious Omicron variant showed the continuing disruption caused by the pandemic, and said a surge that overwhelmed healthcare systems could knock up to 0.7 further percentage points off the global forecast.

Covid-19 has caused nearly 300 million reported infections worldwide and over 5.8 million deaths, according to data compiled by Reuters. While 59% of the world's population has received at least one dose of a Covid-19 vaccine, only 8.9% of people in low-income countries have received at least one dose, according to the Our World in Data website.

Kose said the pandemic had widened diverging growth rates between advanced and developing economies, as well as within countries, which could spark increased social tensions and unrest.

He said the risks of a "hard landing" for developing countries were increasing given their limited options to provide fiscal support as needed, persistent inflationary pressures and elevated financial vulnerabilities.

The report forecast growth in advanced economies declining to 3.8% in 2022 from 5% in 2021, and dropping further to 2.3% in 2023, but said their output and investment would still return to their pre-pandemic trend by 2023.

The bank cut its 2021 U.S. gross domestic product growth by 1.2 percentage points to 5.6%, and forecast sharply lower growth of 3.7% in 2022 and 2.6% in 2023. It said Japan's GDP growth would reach 1.7% in 2021, 1.2 percentage points less than forecast in June, rising to 2.9% in 2022.

China's GDP was expected to expand by 8% in 2021, about 0.5 percentage points less than previously forecast, with growth seen slowing to 5.1% in 2022 and 5.2% in 2023.

Growth in emerging and developing economies is expected to drop to 4.6% in 2022 from 6.3% in 2021, edging lower to 4.4% in 2023, which means their output would remain 4% below the pre-pandemic trend.

Fragile and conflict-affected economies will remain 7.5% below their pre-pandemic trend, while small island states, rocked by the collapse of tourism, will be 8.5% below.

The bank noted that rising inflation — which hits low-income workers particularly hard — was at its highest since 2008 in advanced economies, and the highest since 2011 in emerging and developing economies.

Rising interest rates posed additional risks, and could further undermine the growth forecasts, especially if the United States and other large economies begin jacking up rates this spring, months earlier than expected, Kose said.

He said the pandemic had also pushed total global debt to the highest level in half a century, and concerted efforts were needed to accelerate debt restructuring efforts for countries facing debt distress, and get private sector creditors engaged.

The pandemic had sharply increased global inequality in income, healthcare, economic growth and the scale of job losses, hitting women and low-skilled and informal workers much harder.

"This trend has the potential to leave lasting scars," Kose said, noting that disruptions in education could affect human capital for generations.

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