

# India Development Report

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## Topic- Growth and Development [GS Paper-3]

**Context-** Recently the World Bank (WB) in its India Development Report titled 'Navigating the Storm', has upgraded its growth forecast for India's economy in 2022-23 to 6.9%.

### Key Highlights

- In October 2022, World Bank had cut India's GDP (Gross Domestic Product) growth forecast to 6.5 % from 7.5 % earlier.

### Growth Projection:

- The World Bank expects the Indian economy to grow at a slightly slower 6.6% in 2023-24 as a challenging external environment and faltering global growth will affect its economic outlook through different channels.

### Growth Drivers:

- The major factor behind the growth is India's resilience in economic activity despite a deteriorating external environment.
- 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 economies.
- Strong private consumption and investment are also contributing towards its growth.
- The government's focus on bolstering capital expenditure supported domestic demand

in the first half of 2022-23.

- India also has a large domestic market and is relatively less exposed to international trade flows
- Continued robust growth of domestic demand at the start of Q3 i.e. October to December quarter, 2022-23.
- A well-crafted and prudent policy response to global spillovers is helping India navigate the global and domestic challenges.

## Challenges to the growth

- The impact of a tightening global monetary policy cycle, slowing global growth and elevated commodity prices (inflation) and rising borrowing costs will affect domestic demand, particularly private consumption in FY2023/24, while slowing global growth will inhibit increase in demand for India's exports.
- These factors indicate that the Indian economy will experience lower growth in FY23 compared to FY22.

## Recommendations

- The renewable energy and green economy sectors can create a lot of employment opportunities.
- The bank also cautions about trade-offs between trying to limit the adverse impact of global spillovers on growth and the available policy space.

## The World Bank

- The World Bank was created in 1944, as the International Bank for Reconstruction and Development (IBRD) along with the International Monetary Fund (IMF).
- The IBRD was later renamed as the World Bank.
- The World Bank Group is a unique global partnership of five institutions working for sustainable solutions which reduce poverty and build shared prosperity in developing countries.
- It is one of the United Nations' specialized agencies.
- The World Bank has 189 member countries.
- And India is also a member country.
- Major Reports published by the World Bank
  - Ease of Doing Business (Stopped publishing).
  - Human Capital Index.
  - World Development Report.
- Its Five Development Institutions are
  - International Bank for Reconstruction and Development (IBRD)
  - International Development Association (IDA)
  - International Finance Corporation (IFC).
  - Multilateral Guarantee Agency (MIGA)
  - International Centre for the Settlement of Investment Disputes (ICSID)