

WB leaves India's 2021-22 growth projection unchanged at 8.3%

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The World Bank said increasing the pace of vaccinations will determine India's economic prospects this year and beyond while leaving the growth projection for the country unchanged at 8.3% from its June forecast.

It flagged higher than expected inflation and slow recovery of the informal sector as the main risks to consumer spending.

Key Highlights

- The Production-Linked Incentives scheme to boost manufacturing and a planned increase in public investment should support domestic demand.
- The trajectory of the pandemic will cloud the outlook in the near-term until herd immunity is achieved. Growth is projected to stabilize around 7% FY23 onwards, helped by recent structural reforms to ease supply-side constraints, and increased infrastructure investment, as per the bank's South Asia report.
- However, the degree of asset-quality deterioration from the pandemic-shock is unclear and may pose downside risks to the outlook, it said.
- The latest South Asia Economic Focus entitled 'Shifting Gears: Digitization and Services-Led Development' cautioned that the persistently high inflation could also put pressure on the RBI's accommodative monetary policy stance.
- The report has prescribed a growth range of 7.5% to 12.5% and it maintains that following the deadly 'second wave', growth in FY22 was expected to be closer to the

lower bound of the range.

SOURCE: *Economic Times*