



World Bank Forecasts India's Economic Growth Rate

Why in News?

The [World Bank](#) has released a report titled "**South Asia Economic Focus: Expanding Opportunities: Toward Inclusive Growth**," which provides an economic forecast for India, Sri Lanka, and Pakistan.

What are the Major Highlights of the World Bank Report?

- **India:**
 - **Growth Rate:**
 - India's [growth rate](#) has been downgraded to **6.3%** for **FY 2023-24**, and the report cites **high borrowing costs and slower income growth** as the primary reasons for this downgrade.
 - The [female labour participation rate](#) and the size and productivity of the informal sector are also concerns in India.
 - However, the [services sector](#) and the **construction sector are the fastest-growing industries in India**, with strong investment growth and high business confidence.
 - India's growth rate is expected to grow at **6.4% in FY 2024-25**, which is an upgrade of **0.3 % points from the previous forecast**.
 - **Sri Lanka and Pakistan:**
 - The outlook for **Sri Lanka and Pakistan is bleak**, with Sri Lanka experiencing a contraction of -4.3% in 2023 and negotiating a [USD 3 billion loan from the IMF](#), while Pakistan is forecasted to have a growth rate of **0.4% for the year ending June 30, 2023**.

What are the Major Projects in India Supported by the World Bank?

- **India Energy Efficiency Scale-up Program:** The development objectives of [Energy Efficiency Scale-up Program for India](#) are to **scale up energy savings in residential and public sectors**, strengthen Energy Efficiency Services Limited's (EESL) institutional capacity, and enhance its access to commercial financing.
- **Pradhan Mantri Gram Sadak Yojana:** The project aims to connect unconnected habitations with all-weather roads. **Key to the program is an all-weather access to the respective roads.**
- **Eastern Dedicated Freight Corridor Project:** The Government of India and the World Bank today signed a **USD 650 million agreement for faster and more efficient movement of raw materials and finished goods** between the north and eastern parts of India.
- **Innovate in India for Inclusiveness:** The development objective of Innovate in India for Inclusiveness is to facilitate **innovation in [biopharmaceutical products](#)** and medical devices that address public health priorities in India.
- **National Dairy Support Project:** The development objective is to increase the **productivity of [milch animals](#)** and **improve market access of milk producers** in project areas.

What is World Bank?

- **About:**

- It was **created in 1944**, as the International Bank for Reconstruction and Development (IBRD) along with the **IMF. The IBRD later became the World Bank.**
- The World Bank Group is a unique global partnership of five institutions working for sustainable solutions that reduce poverty and build shared prosperity in developing countries.
- The World Bank is one of the [United Nations'](#) specialized agencies.
- **Members:**
 - It has **189 member countries.**
 - **India is also a** member country.
- **Major Reports:**
 - [Ease of Doing Business \(Stopped publishing\).](#)
 - [Human Capital Index.](#)
 - [World Development Report.](#)
- **Its Five Development Institutions:**
 - 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)
 - India is not a member of ICSID.

UPSC Civil Services Examination Previous Year Question (PYQ)

Q1. India's ranking in the 'Ease of Doing Business Index' is sometimes seen in the news. Which of the following has declared that ranking? (2016)

- (a) Organization for Economic Cooperation and Development (OECD)
- (b) World Economic Forum
- (c) World Bank
- (d) World Trade Organization (WTO)

Ans: (c)

Q2. With reference to 'IFC Masala Bonds', sometimes seen in the news, which of the statements given below is/ are correct? (2016)

1. The International Finance Corporation, which offers these bonds, is an arm of the World Bank.
2. They are the rupee-denominated bonds and are a source of debt financing for the public and private sector.

Select the correct answer using the code given below:

- (a) 1 only
- (b) 2 only
- (c) Both 1 and 2
- (d) Neither 1 nor 2

Ans: (c)

Source: TH

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