



India Development Report: WB

For Prelims: World Bank, GDP, GVA, Capital Expenditure, Investment, Human Capital Index, World Development Report.

For Mains: India Development Report: WB, GDP.

Why in News?

The [World Bank \(WB\)](#) in its **India Development Report** titled '**Navigating the Storm**', upgraded its growth forecast for **India's economy in 2022-23 to 6.9%**.

- In October 2022, the WB had cut India's [GDP \(Gross Domestic Product\)](#) growth forecast to 6.5 % from 7.5 % earlier.

What are the Key Highlights?

- **Growth Projection:**
 - The 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:**
 - 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 market economies.
 - Strong private consumption and [investment](#).
 - The government's **focus on bolstering [capital expenditure](#)** also supported domestic demand in the first half of 2022-23.
 - India 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 (October to December quarter), 2022-23.
 - A well-crafted and prudent policy response to global spillovers is helping India navigate **global and domestic challenges.**
- **Challenges:**
 - 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 growth in demand for India's exports. These factors mean that the Indian economy will experience lower growth in FY23 compared to FY22.
- **Suggestions:**
 - The renewable energy and green economy sectors can create a lot of jobs.
 - It cautions about trade-offs between trying to limit the adverse impact of global spillovers on growth and the available policy space.

What is the World Bank?

▪ About:

- It was **created in 1944**, as the International Bank for Reconstruction and Development (IBRD) along with the [International Monetary Fund \(IMF\)](#). **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 this.

UPSC Civil Services Examination, Previous Year Questions (PYQs)

Q. 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)

Source: IE

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