

Eco Has Staged Smart Recovery After Bruising Impact Of Covid Waves | Key Indicators Point To Growth Getting Back On Track

India Is Standout Nation In Global Gloom, Caution Ahead

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New Delhi: The economic recovery that is under way is likely to get a boost in the New Year but global headwinds and the uncertainty created by the Covid surge in China will emerge as major roadblocks.

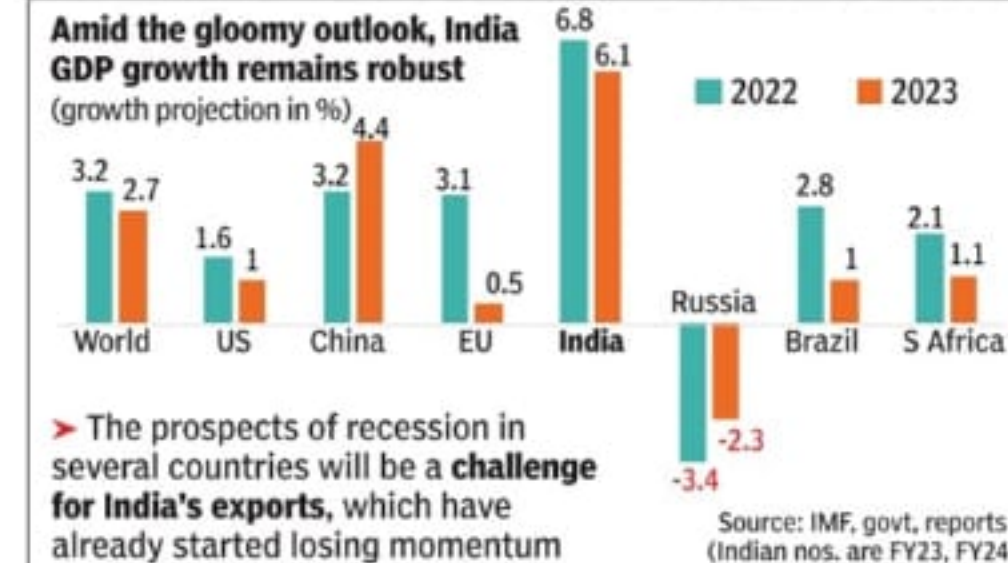
Amid the sharp slowdown in global growth, India has emerged as a standout nation and estimates show that growth is likely to be around 7% for 2022-23 riding on the momentum of robust domestic demand.

The economy has so far staged a smart recovery after the bruising impact of Covid waves. Several indicators

have pointed to growth getting back on track. While the Reserve Bank of India (RBI) in its latest monetary policy review has cut its GDP growth forecast to 6.8% for 2022-23, economists reckon that expansion will be around 7% — not a bad number amid the likely recession in many countries.

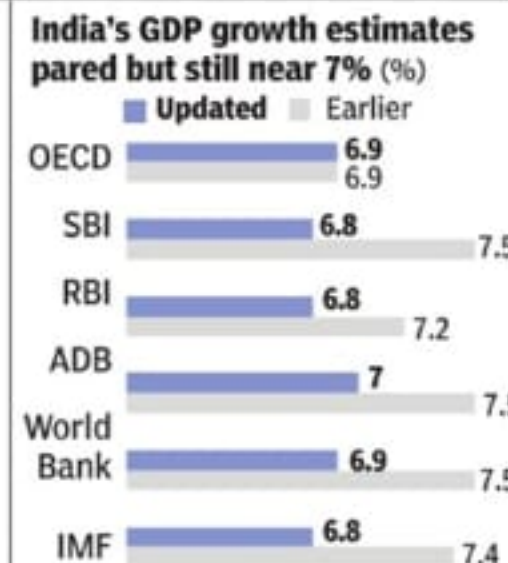
There are several challenges that may confront policymakers in the New Year. The first is the sudden development on the Covid front. The government has moved swiftly to take precautionary measures against the backdrop of the surge in China

INSULATED FROM GLOBAL SPILLOVERS?



and some other countries. The solid track record on vaccination is expected to hold

India in good stead but the situation in China will likely remain an uncertainty calling



for strong vigil and deft navigation of the economy.

The prospects of recession in several countries will also be

a major challenge for the country's exports, which have already started losing momentum. But there are several positives that are likely to hold on their own. Domestic demand remains robust, the farm sector has remained resilient and consumption has shown signs of a revival after the reopening of contact-intensive sectors.

"India's economy is relatively more insulated from global spillovers than other emerging markets. India is less exposed to international trade flows and relies on its large domestic market. India's external position has also improved considerably over the last decade," says a

recent World Bank report.

The report, titled 'Navigating the Storm', finds that while the deteriorating external environment will weigh on India's growth prospects, the economy is relatively well positioned to weather global spillovers compared to most other emerging markets.

Inflation, which had emerged as a major policy concern for India, now appears to be moderating with the latest data on retail and wholesale price inflation showing a sharp fall. This could mean less aggressive interest rate increases by the RBI. The Budget for 2023-24 to be unveiled in February is al-

so likely to have measures to push growth and shield the economy from the global headwinds. Economists reckon that 2023 should be a year of consolidation and protecting growth amid global challenges and keeping a close watch for any unexpected storm.

"How resilient domestic demand is will have a significant bearing on how much we grow next year. The emergence of the new strain of Covid in China adds to the list of downside risks to the global economy such as high inflation, rising interest rates and the Ukraine conflict," said D K Joshi, chief economist at ratings agency Crisil.