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Outlook for the Indian economy in 2023?

GDP grew at 8.7% for the financial year 2021-2022 and in 2022-2023, we are expecting it to touch about 6.97%, according to forecasts from the RBI, our central bank, and even from the World Bank. We are expecting our economy to grow at 6% or 7% in the coming years also. We have exceeded China's population so our oil demand will continue to boom and Russian crude will be a big component. Russia become our top supplier in October-November last year, exceeding our oil imports from Iraq and Saudi Arabia. The share of Russian crude has risen from 2% in 2021 to 25%. We don't have any alternative to oil and if we are getting it at a cheaper price from Russia, then we will continue to take it. That's in fact one reason India was able to tame inflation for the very first time in December 2022 with our wholesale price index reaching a comfortable mark of 4.95%, compared to above 15% in June 2022.

How long can the Indian government continue to subsidise energy costs?

The biggest subsidies are on fertilizers - that burden has almost tripled as a result of high gas prices. At the same time, India is trying to limit importing gas as much as possible, looking for alternatives and pushing clean energy. We are betting big on EVs for the transport sector and pushing green hydrogen, primarily for use in the fertilizer industry. But these options are going to take time and until then, the Indian government will have to continue providing subsidies.

How high is the risk of fiscal or economic contagion from your more vulnerable neighbors - such as Sri Lanka and Pakistan?

One way we are protecting ourselves from high energy costs is by investing in more renewable energy and pushing domestic manufacturers to use that as a resource. That's where, at least on the electricity side, it becomes the crux for higher economic growth because of its high correlation. We are also using our own domestic resources of coal.

Impact for India of Europe and China pulling on global LNG supplies?

If LNG prices remain around \$25 per MMBTU, we will see a decline in LNG consumption going forward. Most sectors in the Indian economy can only absorb a price below \$10. Again, coal can be a substitute and we are also looking at ethanol blending for running transportation. ■

**Paraphrased Comments*

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