

# India's growth prospects improve on reforms: IMF

**PRESS TRUST OF INDIA**

NEW DELHI, JULY 5

INDIA'S ECONOMIC growth outlook has improved as impact of demonetisation is fading and some key reforms are paying off, but concerns are growing on corporate debt and banking system vulnerabilities, the IMF said on Wednesday.

In its 'Surveillance Note' prepared for the G20 leaders ahead of their two-day summit on July 7-8 in Hamburg, Germany, the International Monetary Fund (IMF) said there is 'cautious optimism' about the global economy but policy efforts are still needed to strengthen the recovery.

"The global recovery continues, even as the composition of growth is shifting among the large economies... we expect

global growth to be around 3.5 per cent this year and next," IMF managing director Christine Lagarde said.

Even though global growth momentum remains on track, the IMF said some of the forces driving the recovery are adding to already high vulnerabilities and external imbalances.

"At the same time, weak productivity growth and a lack of inclusiveness limit the growth outlook going forward," it said, adding that other downside risks include an abrupt adjustment of financial vulnerabilities and the risk of anti-globalisation sentiment feeding into inward-looking policies.

Touching upon the situation in emerging economies, including India and China, the IMF said the outlook remains for a pick-up in growth.