

IMF projects 7.3% growth for 2018; fastest among major economies

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THE INTERNATIONAL Monetary Fund Monday projected a growth rate of 7.3 per cent in 2018 and 7.5 per cent in 2019 for India as against 6.7 per cent in 2017, making it the fastest growing country among major economies.

However, the latest growth rate projection for India is slightly less — 0.1 per cent in 2018 and 0.3 per cent in 2019 — than its April projections.

“India’s growth rate is expected to rise from 6.7 per cent in 2017 to 7.3 per cent in 2018 and 7.5 per cent in 2019, as drags from the currency exchange initiative and the introduction of the goods and services tax fade,” said the IMF’s latest World Economic Outlook (WEO) update.

“The projection is 0.1 and 0.3 percentage points lower for 2018 and 2019, respectively, than in the April WEO, reflecting negative effects of higher oil prices on domestic demand and faster than-anticipated monetary policy tightening due to higher expected inflation,” it said. Despite this slight downgrade in its projections, India continues to outperform China, IMF’s WEO update figures reflect. “Growth in China is projected to moderate from 6.9 per cent in 2017 to 6.6 per cent in 2018 and 6.4 per cent in 2019, as regulatory tightening of the financial sector takes hold and external demand softens,” the report said.

For India, data and forecasts are presented on a fiscal year basis and GDP from 2011 onward is based on GDP at market prices with FY2011/12 as a base year.

The IMF said global growth is projected to reach 3.9 per cent in 2018 and 2019, in line with the forecast of the April 2018 WEO, but the expansion is becoming less even, and risks to the outlook are mounting. The rate of expansion appears to have peaked in some major economies and growth has become less synchronised. In the US, near-term momentum is strengthening in line with the April forecast, and the US dollar has appreciated by around five per cent in recent weeks, it said.

Growth projections have been revised down for the Euro zone, Japan, and the UK, reflecting negative surprises to activity in early 2018, it said.

“Among emerging market and developing economies, growth prospects are also becoming more uneven, amid rising oil prices, higher yields in the United States, escalating trade tensions, and market pressures on the currencies of some economies with weaker fundamentals,” the IMF said. **PTI**

LATEST PROJECTIONS (IN %)

Expansion continues at a less even pace

	2017	PROJECTIONS	
		2018	2019
World output	3.7	3.9	3.9
Advanced economies	2.4	2.4	2.2
United States	2.3	2.9	2.7
Euro Area	2.4	2.2	1.9
Germany	2.5	2.2	2.1
France	2.3	1.8	1.7
Japan	1.7	1.0	0.9
Canada	3.0	2.1	2.0
Russia	1.5	1.7	1.5
China	6.9	6.6	6.4
India	6.7	7.3	7.5
Brazil	1.0	1.8	2.5

Source: IMF