

India to drive global growth for 30 yrs: IMF

'Policies Like GST Make Growth Prospects Bright'

TIMES NEWS NETWORK

New Delhi: India's economy is picking up and growth prospects look bright — partly due to the implementation of recent policies, such as the nationwide goods and services tax (GST), the International Monetary Fund (IMF) has said.

ted to rise to 7.75%, reflecting continued robustness in private consumption and a recovery in investment, supplemented by progress in bank balance sheet repair, improved credit growth, and ongoing structural reforms, most notably the productivity-enhancing effects of GST.

As one of the world's fastest-growing economies — accounting for about 15% of global growth — India's economy has helped to lift millions out of poverty and could help power global growth.

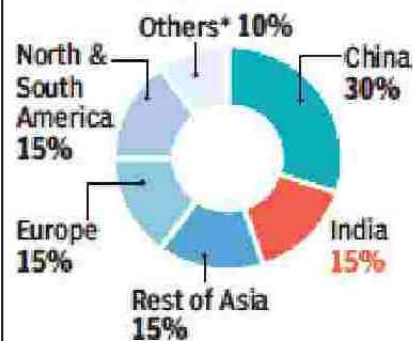
Ranil Salgado, the head of the IMF team for India, said the country's economy can be a long-run source of global growth. "After all, it is a key driver of global economic growth, next only to China and the US," he said.

"India has three decades before it hits the point where the working-age population starts to decline. So that's a long time. For the next three decades, it is a source of growth for the global economy and could be even longer. But for three decades India can be almost what China was for the world economy for a while," Salgado said.

It said economic risks are tilted to the downside. On the external side, risks include a further increase in international oil prices, tighter global financial conditions, a retreat from cross-border integration, including spillover risks from a global trade conflict, and rising regional geopolitical tensions. The IMF supported the recent tightening of interest rates.

SECOND ONLY TO CHINA

Contribution to global GDP (in PPP terms)



Note: These are approximate numbers from IMF

*include Middle East, central Asia, Africa and other countries

IMF'S PRESCRIPTION

- ▶ Better management of government finances
- ▶ Fewer GST rates
- ▶ Tighter monetary policy if fiscal deficit worsens
- ▶ Revive bank credit, accelerate cleanup of bank and corporate balance sheets

The IMF expects economic growth to pick up to about 7.3% for fiscal year 2018-19 and 7.5% in 2019-20 on strengthening investment and robust private consumption.

Over the medium term, the economic outlook is projected to continue to improve and GDP growth is expected