



Economic Growth Forecast

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According to the **IMF's World Economic Outlook**, July 2019, India's economy will grow at 7% in the year 2019, picking up to 7.2 % in the year 2020.

- In its April Report, **International Monetary Fund (IMF)** expected India to grow at 7.3% and 7.5% in the year 2019 and 2020 respectively.
- The **downward revision of 0.3%** for both years is due to **weaker-than-expected outlook for domestic demand**. However, India will still be the fastest growing major economy of the world.

Both investment and consumption demand is low in India. This is partly a reflection of the uncertainties associated with the just concluded general elections in India, as well as tightening of borrowing conditions for small and medium enterprises.

- The 7% forecast for the year 2019 is in line with the projections made by the **Reserve Bank of India**, Chief Economic Adviser and the Asian Development Bank.
- Global growth has been forecast at 3.2% in 2019, picking up to 3.5% in 2020 (0.1 percentage point lower than in the April WEO projections for both years).
- The emerging market and developing economy group is expected to grow at 4.1% in 2019, rising to 4.7% in 2020 (a cut by 0.3% points for 2019 and by 0.1% points for 2020).
- **Reasons:** Among the factors cited by the report **for the lower growth forecast** includes **increased trade and technology tensions** between the United States and China, **prolonged uncertainty on Brexit**, and **weaker-than-expected activity in emerging market** and developing economies.
- **Solution:** As per the IMF, multilateral and national policy actions are vital to place global growth on a stronger footing. Also, fiscal policy should balance multiple objectives such as **smoothing demand as needed, protecting the vulnerable, bolstering growth potential** with spending that supports structural reforms, and **ensuring sustainable public finances** over the medium term.

- If growth weakens relative to the baseline, macroeconomic policies will need to turn more accommodative, depending on country circumstances. Priorities across all economies are **to enhance inclusion, strengthen resilience, and address constraints on potential output growth.**

World Economic Outlook

- It is a survey by the IMF that is usually published **twice a year** in the months of April and October.
- It analyzes and predicts **global economic developments** during the near and medium term.
- It is also updated twice a year, usually in the months of July and October.

Source: The Hindu