

GDP growth of India to remain robust: UN's World Economic Situation Prospects, 2019

According to the World Economic Situation and Prospects 2019, global growth is expected to remain at 3.0% in 2019 and 2020, however, the steady pace of expansion in the global economy masks an increase in downside risks that could potentially exacerbate development challenges in many parts of the world. The global economy is facing a confluence of risks, which could severely disrupt economic activity and inflict significant damage on longer-term development prospects. These risks include an escalation of trade disputes, an abrupt tightening of global financial conditions, and intensifying climate risks.

In many developed countries, growth rates have risen close to their potential, while unemployment rates have dropped to historical lows. Among the developing economies, the East and South Asia regions remain on a relatively strong growth trajectory, amid robust domestic demand conditions. Beneath the strong global headline figures, however, economic progress has been highly uneven across regions. Despite an improvement in growth prospects at the global level, several large developing countries saw a decline in per capita income in 2018. Even among the economies that are experiencing strong per capita income growth, economic activity is often driven by core industrial and urban regions, leaving peripheral and rural areas behind. While economic activity in the commodity-exporting countries, notably fuel exporters, is gradually recovering, growth remains susceptible to volatile commodity prices. For these economies, the sharp drop in global commodity prices in 2014/15 has continued to weigh on fiscal and external balances, while leaving a legacy of higher levels of debt.

Growth of World Output and Gross Domestic Product, 2018–2020 (in %)

	2018E	2019F	2020F
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World	3.1	3.0	3.0
Developing Economies	2.2	2.1	1.9
US	2.8	2.5	2.0
Japan	1.0	1.4	1.2
European Union	2.0	2.0	2.0
Euro Area	2.0	1.9	1.9
Other Developed Countries	2.5	2.3	2.2
Economies in Transition	2.1	2.0	2.6
South Eastern Europe	3.9	3.7	3.7
Commonwealth of Independent States and Georgia	2.1	2.0	2.6
Russian Federation	1.5	1.4	2.1
Developing Economies	4.4	4.3	4.6
Africa	3.2	3.4	3.7
East and South Asia	5.8	5.6	5.5
India	7.4	7.6	7.4
Western Asia	3.0	2.4	3.4
Latin America and Caribbean	1.0	1.7	2.3
Least Developed Countries	5.0	5.0	5.7

Source: PHD Research Bureau compiled from UN World Economic Situation Prospects, 2019

Outlook for India:

- Economic conditions in India are largely positive, with GDP growth projected to remain robust in the near term.
- The Indian economy is expected to expand by 7.6 and 7.4 per cent in 2019 and 2020, respectively, after expanding by 7.4 per cent in 2018. Economic growth continues to be underpinned by robust private consumption, a more expansionary fiscal stance and benefits from previous reforms.
- Many of the major developing economies also experienced a pick-up in investment growth in 2018. In India, the acceleration in investment growth was mainly driven by public infrastructure spending. Yet, a more robust and sustained recovery of private investment remains a crucial challenge to uplifting medium-term growth.
- In India, for example, job creation rates in the formal sector have been feeble, leaving many workers underemployed or in low-salary jobs, with the situation for youth particularly worrisome. Well-educated youths are struggling to find jobs in the formal sector, and most of them are absorbed into low-paying and vulnerable jobs in the informal sector.

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