

India's GDP growth forecast revised downward to 7.0% for 2019 and 7.2% for 2020: Asian Development Outlook Supplement, July 2019

According to Asian Development Outlook Supplement, July 2019, projections for growth in developing Asia are maintained at 5.7% in 2019 and 5.6% in 2020, with domestic demand supporting expansion as trade tensions persist. Excluding the newly industrialized economies, the 2019 regional growth forecast is revised down marginally to 6.1%, while the 2020 projection is maintained at 6.1%.

The People's Republic of China (PRC) is expected to grow by 6.3% in 2019 and 6.1% in 2020, but East Asia's growth projection for 2019 is revised down by 0.1 percentage points in line with a downgrade for the Republic of Korea. The South Asian outlook remains robust, with growth projected at 6.6% in 2019 and 6.7% in 2020. India is expected to grow by 7.0% in 2019 and 7.2% in 2020, slightly slower than projected in April because the fiscal 2018 outturn fell short.

Gross Domestic Product Growth (%)

	2019		2020	
	ADO	ADOS	ADO	ADOS
Developing Asia	5.7	5.7	5.6	5.6
Developing Asia excluding the NIEs	6.2	6.1	6.1	6.1
Central Asia	4.2	4.3	4.2	4.2
Kazakhstan	3.5	3.6	3.3	3.3
East Asia	5.7	5.6	5.5	5.5
Hong Kong, China	2.5	2.5	2.5	2.5
People's Republic of China	6.3	6.3	6.1	6.1
Republic of Korea	2.5	2.4	2.5	2.5
Taipei, China	2.2	2.2	2.0	2.0
South Asia	6.8	6.6	6.9	6.7

India	7.2	7.0	7.3	7.2
Southeast Asia	4.9	4.8	5.0	4.9
Indonesia	5.2	5.2	5.3	5.3
Malaysia	4.5	4.5	4.7	4.7
Philippines	6.4	6.2	6.4	6.4
Singapore	2.6	2.4	2.6	2.5
Thailand	3.9	3.5	3.7	3.6
Viet Nam	6.8	6.8	6.7	6.7
The Pacific	3.5	3.5	3.2	3.2

Source: PHD Research Bureau compiled from Asian Development Outlook Supplement, July 2019. Note: ADO- Asian Development Outlook 2019; ADOS- Asian Development Outlook Supplement July 2019; NIEs- Newly Industrialised Economies (Hong Kong, China; Republic of Korea; Singapore; and Taipei, China).

According to the data, Southeast Asia grew less than anticipated, resulting in slight downward revisions to the growth forecasts, now 4.8% for 2019 and 4.9% for 2020. An improved outlook for Kazakhstan prompts an upward revision to the 2019 growth projection for Central Asia. The Pacific is on track to meet April growth forecasts.

Higher global oil prices and domestic food price inflation in the PRC call for a slight upward revision to regional inflation projections, to 2.6% for both 2019 and 2020. Trade tensions persist between the world's two largest economies, albeit with a truce called in June after escalation in May. The trade conflict is now having discernible effects on regional investment and trade patterns.

Projections for India:

The GDP growth forecast for FY2019 is revised down from the ADO 2019 forecast of 7.2% to 7.0%, mainly reflecting the unexpectedly weak FY2018 outturn. Growth is expected to inch up again to 7.2% in FY2020, helped by recent reforms to improve the business climate, strengthen banks, and relieve from agrarian distress. Moderation in growth prospects for the advanced economies could adversely affect tradable services, this drag on growth mitigated by a more competitive currency and benign oil prices.

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