

India is set to grow by 6.1% in 2019 and 7% in 2020: IMF's Regional Economic Outlook- Asia Pacific, October 2019

According to International Monetary Fund's (IMF) Regional Economic Outlook of Asia Pacific, October 2019, headwinds from prolonged global policy uncertainty, distortionary trade measures, and growth deceleration in the economies of important trading partners are influencing economic growth in Asia and the Pacific. Although the region is still the world's fastest growing major region, contributing more than two-thirds to global growth, near-term prospects have deteriorated.

Growth in Asia is expected to moderate to 5.0% in 2019 and 5.1% in 2020 (0.4 and 0.3 percentage point lower than projected last April, respectively). A marked deceleration in merchandise trade and investment, driven by distortionary trade measures and an uncertain policy environment, is weighing on activity, particularly in the manufacturing sector.

For advanced economies, growth is projected at 1.3% in 2019 and 2020, 0.4 and 0.3 percentage points lower than in April, respectively, reflecting broad-based downward revisions. Emerging market and developing economies are expected to grow by 5.9% in 2019 and 6.0% in 2020, 0.4 and 0.3 percentage point lower than in April, respectively, with downward revisions in Brunei Darussalam, China, India, Indonesia, Malaysia, the Philippines, and Thailand.

Asia: Real GDP (Year-on-Year change; in %)

	2018	2019	2020
Asia	5.5	5.0	5.1
Advanced Economies	1.8	1.3	1.3
Australia	2.7	1.7	2.3
New Zealand	2.8	2.5	2.7
Japan	0.8	0.9	0.5

Hong Kong SAR	3.0	0.3	1.5
Korea	2.7	2.0	2.2
Singapore	3.1	0.5	1.0
Emerging Markets and Developing Economies (EMDEs)¹	6.4	5.9	6.0
Bangladesh	7.9	7.8	7.4
China	6.6	6.1	5.8
India²	6.8	6.1	7.0
Malaysia	4.7	4.5	4.4
Nepal	6.7	7.1	6.3
Sri Lanka	3.2	2.7	3.5
Pacific Island Countries and Other Small States	1.4	4.7	3.8
ASEAN³	5.2	4.6	4.8
ASEAN-5⁴	4.9	4.3	4.5
EMDEs excluding China and India	5.5	5.1	5.2

Sources: PHD Research bureau, PHDCCI compiled from IMF, World Economic Outlook database; and IMF staff estimates and projections. ¹EMDEs excluding Pacific island countries and other small states. ²India's data are reported on a fiscal year basis. Its fiscal year starts April 1 and ends on March 31. ³ASEAN comprises Brunei Darussalam, Cambodia, Indonesia, Lao PDR, Malaysia, Myanmar, Philippines, Singapore, Thailand, and Vietnam. ⁴ASEAN-5 comprises Indonesia, Malaysia, Philippines, Singapore, and Thailand.

In China, growth is expected to decline moderately to 6.1% and 5.8% in 2019 and 2020, respectively. Growth projections were revised down due to the adoption of new distortionary trade measures by the United States and China since May. In Japan, growth is expected to be 0.9% in 2019 and will likely slow down to 0.5% in 2020.

India is set to grow by 6.1% in 2019 and 7% in 2020 (down 1.2 percentage points for 2019 and 0.5 percentage point for 2020 since the April forecast), due to weaker private consumption and investment. Growth will be supported by the lagged effects of monetary policy easing, a reduction in corporate income tax rates, recent measures to address corporate and environmental regulatory uncertainty, and government programs to support rural consumption.

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