

## India Maintaining Growth Momentum: Asian Development Outlook, December 2018

Growth forecasts for developing Asia remain unchanged at 6.0% for 2018 and 5.8% for 2019, despite challenges brought about by trade conflict, as envisaged in September in Asian Development Outlook 2018 Update. Backed by robust domestic demand, developing Asia continues to weather external headwinds.

### Highlights of the December Asian Development Outlook Update:

- East Asia growth projections are maintained at 6.0% for 2018 and 5.7% for 2019. Growth in the People's Republic of China is still expected at 6.6% in 2018, moderating to 6.3% in 2019.
- The Southeast Asia growth forecast is retained at 5.1% for 2018, assuming robust consumption and infrastructure investment. Adjustments for Indonesia, Malaysia, and Thailand lower the 2019 outlook by 0.1 percentage points to 5.1%.
- Realized and prospective performances in a number of large Central Asian economies prompt an upward revision to the growth forecast to 4.2% for 2018 and 4.3% for 2019. Projections for the Pacific are largely unchanged.
- Softer international commodity prices and domestic factors have kept consumer prices in check regionally, prompting downward revisions to inflation forecasts from 2.8% to 2.6% for 2018 and from 2.8% to 2.7% for 2019.
- A truce between the People's Republic of China and the US provides temporary respite from new tariffs, but the unresolved trade conflict remains the foremost downside risk to forecasts.

### **Gross Domestic Product Growth (%)**

	2017	2018		2019	
		ADO 2018 Update	ADO Supplement	ADO 2018 Update	ADO Supplement
<b>Developing Asia</b>	<b>6.1</b>	<b>6.0</b>	<b>6.0</b>	<b>5.8</b>	<b>5.8</b>
<b>Developing Asia excluding the NIEs</b>	<b>6.6</b>	<b>6.5</b>	<b>6.5</b>	<b>6.3</b>	<b>6.3</b>
<b>Central Asia</b>	<b>4.3</b>	<b>4.1</b>	<b>4.2</b>	<b>4.2</b>	<b>4.3</b>
Kazakhstan	4.1	3.7	4.0	3.9	3.8
<b>East Asia</b>	<b>6.3</b>	<b>6.0</b>	<b>6.0</b>	<b>5.7</b>	<b>5.7</b>
Hong Kong, China	3.8	3.7	3.4	3.0	2.8
People's Republic of China	6.9	6.6	6.6	6.3	6.3
Republic of Korea	3.1	2.9	2.7	2.8	2.6
Taipei, China	2.9	3.0	2.6	2.8	2.6
<b>South Asia</b>	<b>6.5</b>	<b>7.0</b>	<b>7.0</b>	<b>7.2</b>	<b>7.1</b>
India	6.7	7.3	7.3	7.6	7.6
<b>Southeast Asia</b>	<b>5.2</b>	<b>5.1</b>	<b>5.1</b>	<b>5.2</b>	<b>5.1</b>
Indonesia	5.1	5.2	5.2	5.3	5.2
Malaysia	5.9	5.0	4.7	4.8	4.7
Philippines	6.7	6.4	6.4	6.7	6.7
Singapore	3.6	3.1	3.3	2.9	2.9
Thailand	3.9	4.5	4.3	4.3	4.1
Viet Nam	6.8	6.9	6.9	6.8	6.8
<b>The Pacific</b>	<b>2.3</b>	<b>1.1</b>	<b>1.1</b>	<b>3.1</b>	<b>3.1</b>

Source: PHD Research Bureau, compiled from Asian Development Bank 2018 Asian Development Outlook 2018 Update; ADB estimates.

ADO is Asian Development Outlook, ADOS is ADO Supplement, NIEs is newly industrialized economies (Hong Kong, China; Republic of Korea; Singapore; and Taipei, China).

Note: Developing Asia refers to the 45 members of the Asian Development Bank listed below. Central Asia comprises Armenia, Azerbaijan, Georgia, Kazakhstan, the Kyrgyz Republic, Tajikistan, Turkmenistan, and Uzbekistan. East Asia comprises Hong Kong, China; Mongolia; the People's Republic of China; the Republic of Korea; and Taipei, China. South Asia comprises Afghanistan, Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan, and Sri Lanka. Southeast Asia comprises Brunei Darussalam, Cambodia, Indonesia, the Lao People's Democratic Republic, Malaysia, Myanmar, the Philippines, Singapore, Thailand, and Viet Nam. The Pacific comprises the Cook Islands, the Federated States of Micronesia, Fiji, Kiribati, the Marshall Islands, Nauru, Palau, Papua New Guinea, Samoa, Solomon Islands, Timor-Leste, Tonga, Tuvalu, and Vanuatu.

### **Outlook for India:**

- India GDP growth moderated to 7.1% in Q2 of FY2018 (ending 31 March 2019) from 8.2% in Q1, for 7.6% growth in the first half due to slowdown, which came mainly from weak food prices dampening rural consumption, higher oil prices delivering a negative shock in the terms of trade, and rising costs for raw materials.
- While a gradual slowdown across the quarters in FY2018 was forecast in the Update, the slowdown in Q2 was a bit steeper than anticipated.
- Further, growth forecasts of 7.3% for FY2018 and 7.6% for FY2019 are retained in the December Update despite some downside risks, such as tighter credit as the nonbank finance sector experiences stress, limited fiscal space for public capital expenditure, and escalating trade tensions.
- Some of these risks could be offset by a recent decline in oil prices and by exports becoming more competitive as the Indian rupee weakens, down by 10% since the beginning of 2018 despite a recent rebound.

Please contact for any query related to this mail to Ms. Kritika Bhasin, Research Officer at [kritika.bhasin@phdcci.in](mailto:kritika.bhasin@phdcci.in) with a cc to Dr. S P Sharma, Chief Economist at [spsharma@phdcci.in](mailto:spsharma@phdcci.in), and Ms. Megha Kaul, Economist, [megha@phdcci.in](mailto:megha@phdcci.in), PHD Chamber of Commerce & Industry.

Regards,

Dr S P Sharma

Chief Economist

PHD Chamber of Commerce and Industry



NATIONAL APEX CHAMBER

PHD House, 4/2 Siri Institutional Area  
August Kranti Marg, New Delhi-110016, India

Tel: +91 49545454

Fax: +91 11 26855450

Email: [spsharma@phdcci.in](mailto:spsharma@phdcci.in)

Website: [www.phdcci.in](http://www.phdcci.in)

Follow us on



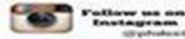
*"Towards a Prosperous India"*



PHD CHAMBER OF COMMERCE AND INDUSTRY

PHD House, 4/2 Siri Institutional Area, August Kranti Marg, New Delhi - 110 016 (India) • Tel: ; +91-11-2686 3801-04, 49545454, 49545400  
Fax ; +91-11-2685 5450 • E-mail : [phdcci@phdcci.in](mailto:phdcci@phdcci.in) • Website : [www.phdcci.in](http://www.phdcci.in), CIN: U74899DL1951GAP001947

Connect with us:



**COPYRIGHT:** All rights reserved. No part of this publication/Release may be reproduced, distributed, or transmitted in any form or by any means, without the prior written permission of the publisher. For permission requests, write to the publisher.

**DISCLAIMER:** This message and its attachments contain confidential information. If you are not the intended recipient, you are strictly prohibited to disclose, copy, distribute or take any action in reliance on the contents of this information. E-mail transmission cannot be guaranteed to be secure or error-free, as information could be intercepted, corrupted, lost, destroyed, arrive late or incomplete, or contain viruses. The sender therefore does not accept liability for any errors or omissions in the contents of this message, which arise as a result of e-mail transmission. If verification is required please request a hard-copy version.