

OECD pegs India's GDP growth in current fiscal year at 7.4%

OECD in its latest OECD Economic Outlook Report has estimated India's real GDP growth at 7.4% and 7.5% for 2018-19 and 2019-20 thus indicating that India is expected to maintain its status as the world's fastest growing large economy. The India GDP growth forecast of 7.5% for 2019-20 is more than a percentage point higher than the 6.4% growth forecast of China. Increasing growth in India is making the nation the fastest growing G20 economy. According to the Report, "Investment and exports, supported by the smoother implementation of new GST, are becoming major growth engines". The OECD expects the world economy to grow by over 4% over the next year on the back of low interest rates and other support from the governments.

	Average 2010-2017	2016	2017	2018	2019	2017 Q4	2018 Q4	2019 Q4
	Per cent							
Real GDP growth¹								
World ²	3.5	3.1	3.7	3.8	3.9	3.8	3.9	3.9
G20 ²	3.7	3.2	3.8	4.0	4.1	4.1	4.1	4.0
OECD ^{2,3}	2.0	1.8	2.5	2.6	2.5	2.7	2.5	2.4
United States	2.1	1.5	2.3	2.9	2.8	2.6	2.8	2.7
Euro area ⁴	1.1	1.7	2.5	2.2	2.1	2.8	2.0	2.0
Japan	1.1	1.0	1.7	1.2	1.2	1.8	1.3	0.6
Non-OECD ²	4.8	4.2	4.6	4.8	5.1	4.7	5.0	5.1
China	7.6	6.7	6.9	6.7	6.4	6.9	6.6	6.3
India ²	6.8	7.1	6.5	7.4	7.5			
Brazil	0.4	-3.5	1.0	2.0	2.8			
Output gap⁴	-2.0	-1.5	-0.7	0.1	0.6			
Unemployment rate⁵	7.3	6.3	5.8	5.4	5.1	5.5	5.3	5.1
Inflation^{6,6}	1.6	1.1	2.0	2.2	2.3	1.9	2.3	2.4
Fiscal balance⁷	-4.6	-2.9	-2.0	-2.6	-2.7			
World real trade growth¹	4.0	2.6	5.0	4.7	4.5	4.7	4.6	4.4

1. Percentage changes; last three columns show the increase over a year earlier.
2. Moving nominal GDP weights, using purchasing power parities.
3. Fiscal year.
4. Per cent of potential GDP.
5. Per cent of labour force.
6. Private consumption deflator.
7. Per cent of GDP.
8. With growth in Ireland computed using gross value added at constant prices excluding foreign-owned multinational enterprise dominated sectors.
Source: OECD Economic Outlook 103 database.

Source: 2018 OECD Economic Outlook Report

According to OECD Economic Outlook 2018, Indian economy is rebounding after the transitory negative impacts of demonetisation and GST. Further, India's GDP growth will be supported by an acceleration in private investment as excess capacity diminishes, deleveraging by corporates and banks continues and infrastructure projects mature. As per the report, India's current account deficit will increase. Job creation in the formal sector will remain sluggish, leaving the vast majority of workers in low-productivity, low paid activities.

Investing more in education and training, combined with a modernisation of labour laws, would help create better jobs and make growth inclusive. Fiscal and monetary policies are projected to remain broadly neutral.

Please contact for any query related to this mail to Ms. Kriti Khurana, Research Associate at kriti.khurana@phdcci.in with a cc to Dr. S P Sharma, Chief Economist at spsharma@phdcci.in and Ms. Megha Kaul, Associate Economist, megha@phdcci.in, PHD Chamber of Commerce & Industry.

Warm regards,

Dr. S P Sharma
Chief Economist

PHD Chamber of Commerce and Industry
PHD House, 4/2 Siri Institutional Area
August Kranti Marg, New Delhi-110016
Ph.: + 91-11-26863801-04, 49545454
Fax: +91- 26855450, 49545451

Email: spsharma@phdcci.in

Website: www.phdcci.in

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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 : research@phdcci.in • Website : www.phdcci.in, CIN: U74899DL1951GAP001947

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