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TO ALL MEMBERS:

Indian Economy to Grow at 7.5% in 2015-16, Outpace China

India will overtake China as the fastest growing emerging economy in 2015-16 by growth rate of 7.5 per cent on back of recent policy initiatives, pick-up in investments and lower oil prices, International Monetary Fund (IMF) said on April 14, 2015.

While India's growth rate is expected to improve from 7.2 per cent in last fiscal to 7.5 per cent this year and next fiscal, China will witness a deceleration with growth rate sliding from 7.4 per cent in 2014 to 6.8 per cent in 2015 and 6.3 per cent a year after.

IMF's growth projection, however, is lower than the estimates of the Finance Ministry and the RBI. The Finance Ministry expects GDP growth to be 8-8.5 per cent in 2015-16, while RBI has estimated it at 7.8 per cent.

"India's growth is expected to strengthen from 7.2 per cent last year to 7.5 per cent this year and next. Growth will benefit from recent policy reforms, a consequent pick-up in investment, and lower oil prices," said the IMF's World Economic Outlook released ahead of the IMF-World Bank meetings beginning April 17.

In its 2015 World Economic Outlook, the IMF has improved India's growth prospects for the current fiscal as well as next fiscal by 1.2 per cent and 1 per cent over its January projection.

The upward projection for India by IMF comes at a time when other economies are not likely to show improvement in economic performance.

Global growth, the IMF report said, will remain moderate, with uneven prospects across the main countries and regions.

The global growth rate for 2015 is projected at 3.5 per cent.

"Relative to last year, the outlook for advanced economies is improving, while growth in emerging market and developing economies is projected to be lower, primarily reflecting weaker prospects for some large emerging market economies and oil-exporting countries," it said.

It has projected a retail inflation of 6.1 per cent in 2015-16 and 5.7 per cent in 2016-17 for India.

On the Current Account Deficit (CAD), the report said, it would improve to 1.3 per cent in current fiscal from 1.4 per cent a year ago. However, it may worsen to 1.6 per cent in 2016-17.

This is for information of the members.

Eapen Kalapurakal
Secretary