

India's Macroeconomic Outlook

Short Term Vulnerabilities and Medium Term Promise

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India - Macroeconomic Outlook

Short Term Vulnerabilities and Medium Term Promise

- Current Macroeconomic Situation
- Short Term Vulnerabilities
- Short Term Policy Dilemmas
- Medium Term Policy Priorities
- Is the India Growth Story Still Credible?

India

Current Macroeconomic Situation

- Growth has significantly moderated.
- Investment has decelerated.
- Inflation has come off the peak, but remains high and stubborn.
- Balance of Payments has stabilized, but needs structural adjustment.

India's Macroeconomic Outlook

Short Term Vulnerabilities

- Current Account Deficit - Sustainability and Quality of Adjustment
- Dependence on Costly and Volatile Capital Flows
- Unsustainable Fiscal Deficit
- Stubborn Inflation
- Investment Deceleration
- Supply Constraints

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Short term Prospects and
Dilemmas

India's Macroeconomic Outlook

Policy Priorities

- Remove policy and implementation bottlenecks.
- Ease supply constraints.
- Raise productivity.
- Improve quantum and quality of fiscal adjustment.
- Accelerate financial sector reforms.

India and China

Is the “India Growth Story” still credible?