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IMF pegs Indian eco growth at 7.3% in '06

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NRIs No Min Bal for the next 20 yrs!

WASHINGTON: The IMF on Wednesday said India needed to speed up reforms, particularly labour, infrastructure push up economic growth, projected at 7.3 per cent in 2006 and 7 per cent in 2007.

In the face of strong momentum in the manufacturing and services sectors, India's growth rates have been revised for 2006 and 2007 but reforms will have to be accelerated to sustain high growth, it said in its latest World Economic report.

Welcoming the move to chalk out a roadmap for full float of rupee, the report, however, regretted "broadly uncorrected deficit situation in 2005-06 after three years of fiscal consolidation.

This observation has been significant as Finance Minister P Chidambaram has ruled out full capital account convertibility by wiping out revenue deficit by 2009.

"Exports have continued to grow robustly but the current account has moved into deficit as strong domestic demand and oil prices resulted in a surge in imports," the report, released ahead of the Spring Meetings of the Fund-Bank, said.

IMF said the full pass through of higher international energy prices into domestic prices, with adequate mechanisms for the poor is needed to curb the rising quasi fiscal costs of petroleum subsidies and encourage energy efficiency.

It forecast world output to grow at 4.9 per cent in 2006, or a 0.6 percentage point higher than what was expected in 2005, and easing to 4.7 per cent in 2007.

The report said economic growth in most emerging and developing countries remains "solid" with the "buoyant growth in China, India and Russia...being particularly striking."



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