

Press Notice

IMF Resident Representative Office in India

January 22, 2013

Understanding IMF Real GDP Growth Forecasts for India

The IMF January World Economic Outlook (WEO) forecasts were released last night in Washington. The Fund's current global economic outlook is available at www.imf.org/weo.

For India, we wish to clarify the basis on which our forecasts are produced. To be comparable across countries, the IMF WEO growth projections are done at *market prices*, which differs somewhat from the *factor cost* definition used by Government and most analysts in India. GDP growth estimates at market prices equal the factor cost estimates, minus subsidies but including indirect taxes.

IMF Real GDP growth forecasts

	2012/13 Actual	2013/14 Proj.	2014/15 Proj.	2015/16 Proj.
GDP growth at factor cost	5.0	4.6	5.4	6.4
GDP growth at market prices	3.2	4.4	5.4	6.4

Source: World Economic Outlook

In the first half of FY 2013/14 (April – September), real GDP growth was estimated by India's Central Statistics Office at 4.6 percent on a factor cost basis, and at 4.0 percent on a market price basis.

In India, factor cost GDP generally provides a more accurate picture of economic developments. The factor cost projections above are reported in footnote 2 to table 1 of the January WEO Update. We also report these data in our annual Article IV Staff Reports (www.imf.org/india). To enhance comparability with Indian data, IMF WEO data are published on a *fiscal year* basis only.

IMF World Economic Outlook projections are produced four times a year. The next round of WEO forecasts will be released in April 2014.