## World Bank says India has huge potential, projects 7.3% growth in 2018

With an "ambitious Government undertaking comprehensive reforms", India has "enormous growth potential" compared to other emerging economies, the World Bank said, as it projected country's growth rate to 7.3 per cent in 2018 and 7.5 for the next two years.

India, despite initial setbacks from demonetisation and Goods and Services Tax (GST), is estimated to have grown at 6.7 per cent in 2017, according to the 2018 Global Economics Prospect released by the World Bank. "In all likelihood India is going to register higher growth rate than other major emerging market economies in the next decade. So, I wouldn't focus on the short-term numbers. I would look at the big picture for India and big picture is telling us that it has enormous potential," Ayhan Kose, Director, Development Prospects Group, World Bank, said.

He said the World Bank is expecting India to gradually accelerate. "The growth numbers of the past three years were very healthy," Kose, author of the report, said.

To materialise its potential, India, Kose said, needs to take steps to boost investment prospects. There are measures underway with regard to non-performing loans and productivity, he said.

"On the productivity side, India has enormous potential with respect to secondary education completion rate. All in all, improved labor market reforms, education and health reforms as well as relaxing investment bottleneck will help improve India's prospects," Kose said.

Noting that India has a favourable demographic profile, he said it is rarely seen in other economies. "In that context, improving female labour force participation rate is going to be important. Female labour force participation still remains low relative to other emerging market economies. Bringing force right now idle outside of the productive activities will make a huge difference," he said.

"In fact, we expect India to do better than its potential in 2018 and move forward," he said. India's growth potential, he said, would be around 7 per cent for the next 10 years.

The Indian government is "very serious" with GST being a major turning point and banking recapitalisation programme is really important, Kose said. "The Indian government has already recognised some of these problems and undertaking measures and willing to see the outcomes of these measures," he said.

"India is a very large economy. It has a huge potential. At the same time, it has its own challenges. This Government is very much aware of these challenges and is doing its best in terms of dealing with them," the World Bank official said. (PTI: January 10, 2018)