

India's GDP to cross the US\$ 5 trillion mark by 2020: Dun & Bradstreet India

Dun & Bradstreet, the world's leading provider of global business information, knowledge and insight, launched its publication, India 2020 – Economy Outlook. The study evaluates the prospects of the economy during the next ten years based on the fundamental strength of the Indian economy.

In the publication 'India 2020 – Economy Outlook', D&B attempts to evaluate and analyse the prospects of the Indian economy in achieving this goal during the current decade based on the fundamental strength of the economy. The forecasts for the current decade can help us to prepare for the future challenges and seize opportunities that lie ahead.

Key highlights: India's macro-economic outlook 2020:

- India is expected to be more than US\$ 5 trillion (current market price) economy by FY20
- India's growth would be driven by rapidly expanding services sector
- Strong growth in domestic savings will support domestic investment
- Although consumption will continue to be the major contributor to GDP in the current decade, its share is expected to decline gradually due to significant increase in share of domestic investment
- Substantial rise in private investment activity and surge in infrastructure investment to drive overall investment
- Rising income levels coupled increasing young working-age population will lead to significant growth in private final consumption expenditure
- Under consumption, share of discretionary spending expected to rise significantly to 72.0% of private final consumption expenditure (PFCE) by FY20 as compare to 59.7% during FY10

Economic growth drivers:

- Substantial investments in physical, social and agricultural infrastructure will be the key growth drivers which will enable the economy to achieve 'inclusive growth' over the current decade
- Infrastructure investment (as measured by Gross Fixed Capital Formation) driven by rising demand for infrastructure facilities, bulging of the middle class and an increasing working-age population is expected to surge to 12.1% of GDP by FY20 from an estimated 7.0% of GDP in FY11
- Increased focus is expected on infrastructure development in new townships/rural areas which will provide further impetus to economic growth
- Improvement in expenditure on education is expected to support in moving towards inclusive growth
- Huge expected investment in agriculture sector to around 3.8% of GDP by FY20 as against 2.6% of GDP in FY11 will facilitate agriculture sector to grow by around 4.3% during FY11-FY20

A decade of more inclusive growth–State-wise analysis:

- Maharashtra, Gujarat and Andhra Pradesh will lead the development sweeps in the country by 2020
- The BIMAROU states, (Bihar, Madhya Pradesh, Rajasthan, Orissa & Uttar Pradesh) which have been considered sick in terms of development are expected to begin leveraging their huge potential in terms of vast natural resources and manpower to contribute significantly to India’s growth story during the current decade
- Growth in the BIMAROU states is expected to gain traction, especially in the second half of the current decade; their GSDP (gross state domestic product) contribution to incremental real GDP would expand to 28.0% during FY16-FY20 as compared to 24.0% during FY11–FY15
- Four of the five BIMAROU states expected to see double digit average growth during the current decade
- Per capita income of Bihar and MP expected to triple by 2020, although remaining below national average

Moving ahead on the reform agenda – need of the hour:

The centre and state governments are expected to continue to create growth-enabling policies in the field of agriculture, industry, fiscal, financial and environment and increase their emphasis on development of social infrastructure. As India moves ahead to achieve economic and social development, we anticipate significant improvement in governance and reduction in corruption.
