

Survey of Professional Forecasters on Macroeconomic Indicators– Results of the 60th Round¹

Growth is expected to moderate in 2019-20 but improve in 2020-21. Consumer price inflation is expected to remain at or below 4.0 per cent till Q2:2020-21.

The Reserve Bank has been conducting the Survey of Professional Forecasters (SPF) since September 2007. Twenty-nine panellists participated in the 60th round of the survey conducted during September 2019². The survey results are summarised in terms of their median forecasts and consolidated in Annexes 1-7, along with quarterly paths for key variables.

Highlights:

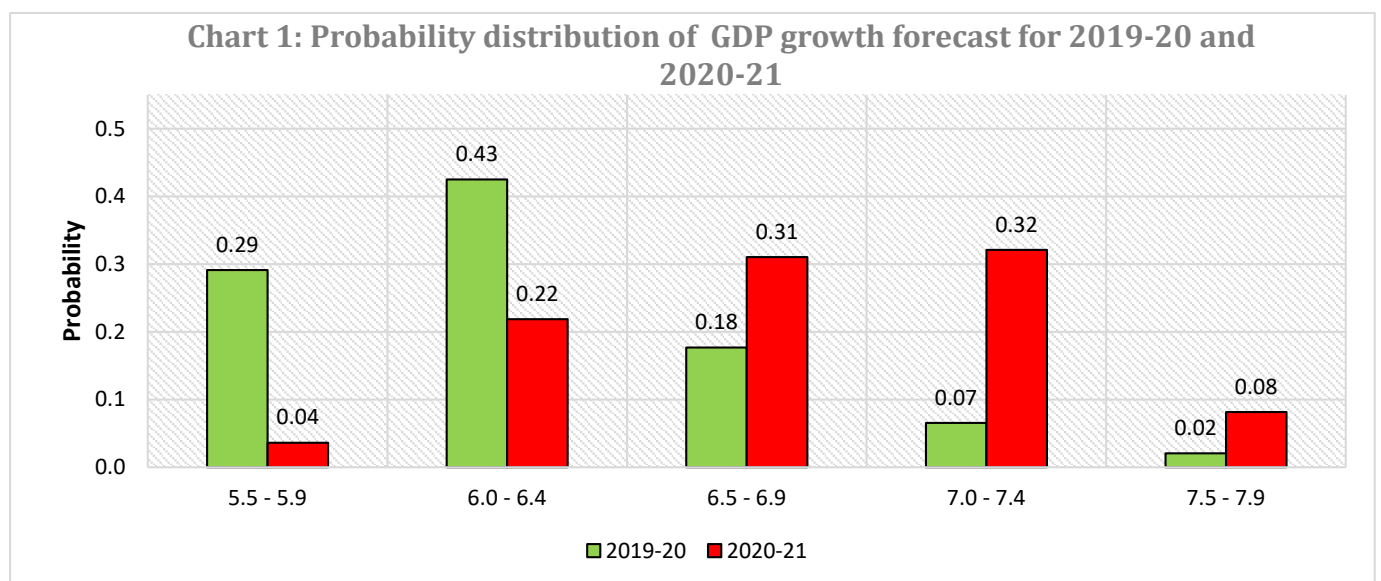
1. Output

- Real gross domestic product (GDP) is likely to grow at 6.2 per cent in 2019-20 and by 7.0 per cent in 2020-21 (Table 1).
- Real private final consumption expenditure (PFCE) growth is expected at 5.5 per cent during 2019-20 and would improve to 7.0 per cent during 2020-21.
- The growth of real gross fixed capital formation (GFCF) is likely to moderate to 6.0 per cent in 2019-20, but improve to 7.4 per cent in 2020-21.
- Forecasters have assigned the maximum probability to real GDP growth being in the range of 6.0-6.4 per cent in 2019-20; for 2020-21, the ranges of 6.5-6.9 per cent and 7.0-7.4 per cent had equal probability (Chart 1).
- Real gross value added (GVA) is expected to grow by 6.0 per cent in 2019-20 and further by 6.7 per cent in 2020-21, supported by upticks in industrial and services sector activity.

¹ The results of the previous survey round were released on [August 7, 2019](#) on the Reserve Bank's website.

² The results presented here represent the views of the respondent forecasters and in no way reflect the views or forecasts of the Reserve Bank.

Table 1: Median Forecast of Growth in GDP, GVA and Components (in per cent)		
	2019-20	2020-21
Real GDP growth rate	6.2 (-0.7)	7.0 (-0.2)
Real PFCE growth rate	5.5 (-2.1)	7.0 (-1.0)
Real GFCF growth rate	6.0 (-1.6)	7.4 (-1.7)
Private Final Consumption Expenditure (nominal) (growth rate in per cent)	9.1 (-2.4)	10.2 (-1.8)
Real GVA Growth	6.0 (-0.7)	6.7 (-0.4)
a. Agriculture and Allied Activities	3.0 (0.0)	3.4 (0.0)
b. Industry	4.4 (-2.1)	6.2 (-0.9)
c. Services	7.4 (-0.4)	7.8 (-0.2)
Gross Saving Rate [per cent of gross national disposable income]	30.1 (-0.1)	30.5 (0.0)
Gross Capital Formation (GCF) Rate [per cent of GDP at current market prices]	31.0 (-0.5)	31.0 (-1.0)
Note: In all the tables, the figures in parentheses indicate the extent of revision in median forecasts (percentage points) relative to the previous SPF round.		



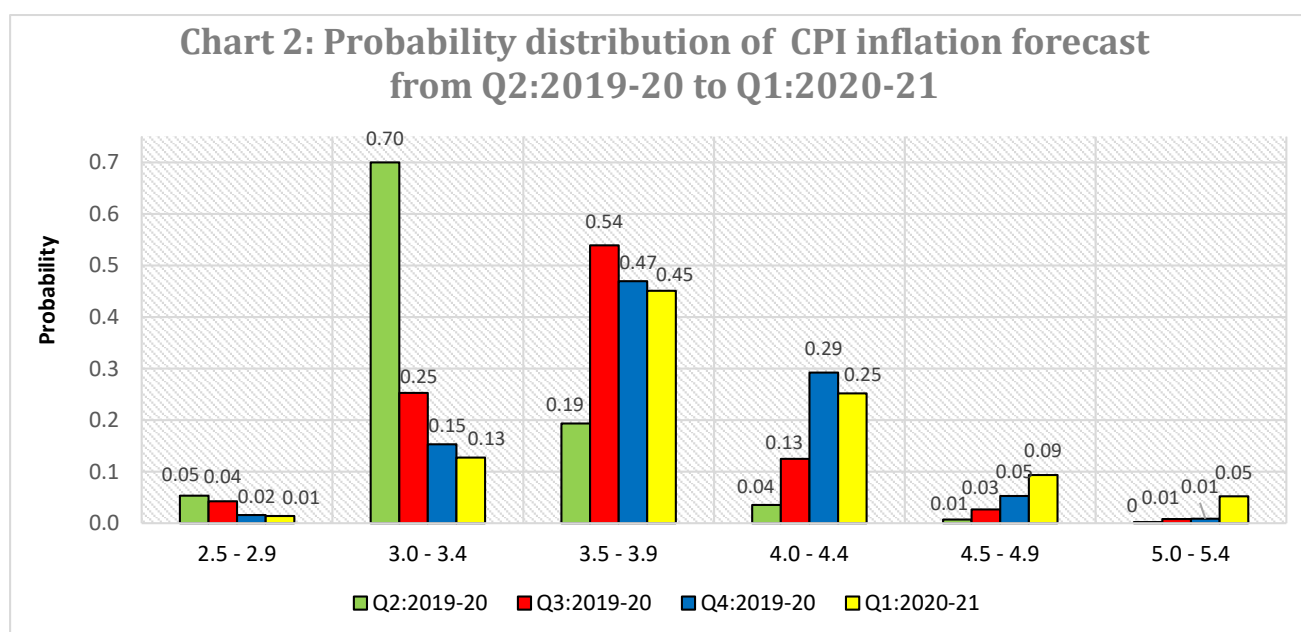
Note: Tails of the distribution are not presented in the chart. Detailed probability distributions are given in Annex 6.

2. Inflation

- Headline consumer price index (CPI) inflation is expected at 3.3 per cent in Q2:2019-20, gradually increasing to 4.0 per cent in Q2:2020-21.
- CPI inflation excluding food and beverages, pan, tobacco and intoxicants and fuel and light is expected to remain between 3.9 per cent and 4.4 per cent till Q2:2020-20.

	Q2:19-20	Q3:19-20	Q4:19-20	Q1:20-21	Q2:20-21
CPI - Combined	3.3 (0.0)	3.7 (-0.1)	3.9 (-0.1)	3.9 (+0.1)	4.0
CPI excluding <i>food and beverages, pan, tobacco and intoxicants and fuel and light</i>	4.2 (0.0)	3.9 (0.0)	4.2 (+0.1)	4.4 (0.0)	4.3
WPI All Commodities	1.1 (-0.8)	1.0 (-0.9)	2.2 (-0.8)	2.2 (-0.6)	2.8
WPI Non-food Manufactured Products	0.0 (-0.8)	-0.2 (-0.7)	0.6 (-1.1)	1.1 (-1.0)	2.0

- Forecasters have assigned the highest probability to CPI inflation being in the range of 3.0-3.4 per cent in Q2:2019-20 and 3.5-3.9 per cent during Q3:2019-20 to Q1:2020-21 (Chart 2).



Note: Tails of the distribution are not presented in the chart. Detailed probability distributions are given in Annex 7.

3. External Sector

- The growth of merchandise exports and merchandise imports during 2019-20 are expected

at 1.5 per cent and 0.5 per cent, respectively, and both are expected to improve in the next year (Table 3).

- The current account deficit is expected at 1.9 per cent of GDP at current market prices in 2019-20 and at 2.0 per cent in 2020-21.
- The Indian rupee is likely to remain stable at around ₹72.0 per US Dollar till Q2:2020-21 (Annex 3).

Table 3: Median Forecast of Select External Sector Variables		
	2019-20	2020-21
Merchandise Exports in US \$ terms <i>(annual growth in per cent)</i>	1.5 <i>(-2.8)</i>	6.3 <i>(-0.8)</i>
Merchandise Imports in US \$ terms <i>(annual growth in per cent)</i>	0.5 <i>(-3.9)</i>	7.1 <i>(-0.3)</i>
Current Account Deficit <i>(per cent of GDP at current market prices)</i>	1.9 <i>(-0.1)</i>	2.0 <i>(-0.1)</i>

The Reserve Bank thanks the following institutions for their participation in this round of the Survey of Professional Forecasters (SPF):

Aditi Nayar (ICRA Limited); Ashish Kumar (Adani Group); CRISIL Limited; Debopam Chaudhuri (Piramal Enterprises Limited); Devendra Kumar Pant (India Ratings & Research Private Limited); Edelweiss Professional Investor Research; Gaurav Kapur (IndusInd Bank Limited); ICICI Securities Primary Dealership; Indranil Pan (IDFC FIRST Bank); Nikhil Gupta (Motilal Oswal Securities Ltd.); PHD Chamber of Commerce and Industry; Sameer Narang (Bank of Baroda); Shailesh Kejariwal (Batlivala & Karani Securities India Pvt Ltd); Upasna Bhardwaj (Kotak Mahindra Bank) and Yes Bank.

The Bank also acknowledges the contribution of fourteen others SPF panellists, who prefer to remain anonymous.

Annex 1: Annual Forecasts for 2019-20

	Key Macroeconomic Indicators	Annual Forecasts for 2019-20					
		Mean	Median	Max	Min	1st quartile	3rd quartile
1	GDP at constant (2011-12) prices: Annual Growth (per cent)	6.2	6.2	7.0	5.6	6.0	6.3
a	Private Final Consumption Expenditure (PFCE) at constant (2011-12) prices: Annual Growth (per cent)	5.6	5.5	7.8	3.9	5.0	6.1
b	Gross Fixed Capital Formation (GFCF) at constant (2011-12) prices: Annual Growth (per cent)	6.2	6.0	10.2	4.0	5.1	7.1
2	Private Final Consumption Expenditure (PFCE) at current prices: Annual Growth (per cent)	8.8	9.1	11.9	6.3	8.0	9.3
3	Gross Capital Formation (GCF) Rate (per cent of GDP at current market prices)	30.8	31.0	32.1	29.0	30.2	31.6
4	GVA at constant (2011-12) prices: Annual Growth (per cent)	6.0	6.0	6.6	5.4	5.8	6.2
a	Agriculture & Allied Activities at constant (2011-12) prices: Annual Growth (per cent)	3.0	3.0	4.3	2.0	2.8	3.4
b	Industry at constant (2011-12) prices: Annual Growth (per cent)	4.5	4.4	7.0	0.4	3.9	5.1
c	Services at constant (2011-12) prices: Annual Growth (per cent)	7.2	7.4	8.3	1.7	7.3	7.7
5	Gross Saving Rate (per cent of Gross National Disposable Income) - at current prices	30.1	30.1	30.9	29.4	30.0	30.3
6	Fiscal Deficit of Central Govt. (per cent of GDP at current market prices)	3.4	3.3	3.8	3.1	3.3	3.4
7	Combined Gross Fiscal Deficit (per cent to GDP at current market prices)	6.2	6.1	6.9	5.8	6.0	6.4
8	Bank Credit of Scheduled commercial banks: Annual Growth (per cent)	12.0	12.0	15.0	10.0	11.6	12.4
9	Yield on 10-Year G-Sec of Central Govt. (end-period)	6.3	6.3	7.1	5.8	6.0	6.6
10	Yield on 91-day T-Bill of Central Govt. (end-period)	5.2	5.2	6.2	4.9	5.0	5.3
11	Merchandise Exports (BoP basis in US\$ terms): Annual Growth (per cent)	1.8	1.5	10.0	-5.0	-0.7	3.2
12	Merchandise Imports (BoP basis in US\$ terms): Annual Growth (per cent)	1.3	0.5	12.0	-5.9	-1.2	3.8
13	Current Account Balance in US\$ bn.	-56.3	-55.5	-40.1	-70.0	-58.7	-54.2
14	Current Account Balance (per cent to GDP at current market prices)	-2.0	-1.9	-1.3	-2.8	-2.1	-1.8
15	Overall BoP in US\$ bn.	16.5	15.1	44.0	-18.4	6.7	25.2
16	Inflation based on CPI Combined: Headline	3.6	3.5	4.0	3.2	3.5	3.7
17	Inflation based on CPI Combined: excluding Food and Beverages, Pan, Tobacco and Intoxicants and Fuel and Light	4.2	4.2	5.2	4.0	4.0	4.3
18	Inflation based on WPI: All Commodities	2.0	1.8	3.2	1.1	1.5	2.6
19	Inflation based on WPI: Non-food Manufactured Products	0.9	0.5	3.3	0.0	0.3	1.7

Annex 2: Annual Forecasts for 2020-21

	Key Macroeconomic Indicators	Annual Forecasts for 2020-21					
		Mean	Median	Max	Min	1st quartile	3rd quartile
1	GDP at constant (2011-12) prices: Annual Growth (per cent)	6.8	7.0	7.4	6.1	6.7	7.0
a	Private Final Consumption Expenditure (PFCE) at constant (2011-12) prices: Annual Growth (per cent)	7.0	7.0	8.5	5.5	6.5	7.5
b	Gross Fixed Capital Formation (GFCF) at constant (2011-12) prices: Annual Growth (per cent)	7.5	7.4	10.1	5.2	6.8	8.0
2	Private Final Consumption Expenditure (PFCE) at current prices: Annual Growth (per cent)	10.5	10.2	14.0	8.7	10.0	11.1
3	Gross Capital Formation (GCF) Rate (per cent of GDP at current market prices)	31.2	31.0	33.0	29.2	30.3	32.2
4	GVA at constant (2011-12) prices: Annual Growth (per cent)	6.6	6.7	7.1	6.0	6.5	6.8
a	Agriculture & Allied Activities at constant (2011-12) prices: Annual Growth (per cent)	3.4	3.4	4.7	2.6	3.0	3.5
b	Industry at constant (2011-12) prices: Annual Growth (per cent)	6.3	6.2	8.0	5.1	5.7	6.5
c	Services at constant (2011-12) prices: Annual Growth (per cent)	7.9	7.8	10.0	6.7	7.5	8.0
5	Gross Saving Rate (per cent of Gross National Disposable Income) - at current prices	30.5	30.5	32.0	28.9	30.2	31.0
6	Fiscal Deficit of Central Govt. (per cent of GDP at current market prices)	3.3	3.3	3.4	3.0	3.2	3.3
7	Combined Gross Fiscal Deficit (per cent to GDP at current market prices)	6.1	6.0	6.7	5.7	5.9	6.3
8	Bank Credit of Scheduled commercial banks: Annual Growth (per cent)	13.4	12.9	18.0	11.0	12.5	13.5
9	Yield on 10-Year G-Sec of Central Govt. (end-period)	6.5	6.5	7.5	5.0	6.2	7.0
10	Yield on 91-day T-Bill of Central Govt. (end-period)	5.3	5.4	6.3	4.0	5.2	5.6
11	Merchandise Exports (BoP basis in US\$ terms): Annual Growth (per cent)	6.9	6.3	12.0	4.0	5.4	8.2
12	Merchandise Imports (BoP basis in US\$ terms): Annual Growth (per cent)	7.7	7.1	14.0	3.9	6.1	9.0
13	Current Account Balance in US\$ bn.	-63.8	-64.2	-55.0	-75.2	-66.2	-60.0
14	Current Account Balance (per cent to GDP at current market prices)	-2.0	-2.0	-1.8	-2.5	-2.1	-1.9
15	Overall BoP in US\$ bn.	11.6	10.0	40.0	-9.8	0.9	21.2
16	Inflation based on CPI Combined: Headline	3.9	3.9	4.5	3.4	3.8	4.0
17	Inflation based on CPI Combined: excluding Food and Beverages, Pan, Tobacco and Intoxicants and Fuel and Light	4.5	4.4	5.6	4.0	4.2	4.7
18	Inflation based on WPI: All Commodities	2.8	2.8	3.9	1.7	2.2	3.4
19	Inflation based on WPI: Non-food Manufactured Products	2.3	2.1	4.3	1.3	1.7	2.5

Annex 3: Quarterly Forecasts from Q2:2019-20 to Q2:2020-21

	Key Macroeconomic Indicators	Quarterly Forecasts											
		Q2: 2019-20				Q3: 2019-20				Q4: 2019-20			
		Mean	Median	Max	Min	Mean	Median	Max	Min	Mean	Median	Max	Min
1	GDP at constant (2011-12) prices: Annual Growth (per cent)	5.8	5.8	6.6	4.9	6.5	6.4	7.3	5.5	7.1	7.2	7.7	5.8
a	PFCE at constant (2011-12) prices: Y-o-Y Growth (per cent)	4.9	4.5	8.0	2.5	6.3	6.1	10.0	4.5	6.9	6.8	10.0	4.6
b	GFCF at constant (2011-12) prices: Y-o-Y Growth (per cent)	5.4	4.8	10.0	2.5	6.0	5.5	11.0	1.5	7.9	7.9	11.0	5.4
2	PFCE at current prices: Y-on-Y Growth (per cent)	7.7	7.3	12.7	4.1	9.4	9.9	12.0	6.2	10.0	10.1	12.0	7.0
3	GFCF Rate (per cent of GDP at current market prices)	29.4	29.1	31.0	27.8	30.2	29.7	32.0	28.4	29.4	28.4	33.0	27.8
4	GVA at constant (2011-12) prices: Annual Growth (per cent)	5.7	5.7	6.4	4.8	6.3	6.2	7.0	5.3	6.8	6.9	7.4	5.6
a	Agriculture & Allied Activities (growth rate in per cent)	2.8	2.7	5.5	1.2	3.4	3.5	4.1	2.2	4.2	4.3	6.0	2.5
b	Industry (growth rate in per cent)	3.4	3.6	5.5	1.4	4.9	5.1	6.4	2.0	6.1	6.6	8.0	2.5
c	Services (growth rate in per cent)	7.2	7.2	8.0	6.5	7.8	7.8	8.7	6.7	7.8	8.0	8.8	6.5
5	IIP (2011-12=100): Quarterly Average Growth (per cent)	3.4	3.5	4.9	0.3	4.0	4.0	7.0	1.5	4.9	4.5	9.7	2.3
6	Merchandise Exports - BoP basis (in US\$ bn.)	82.5	81.3	88.3	78.5	84.7	84.8	91.0	76.2	88.0	88.8	93.5	78.1
7	Merchandise Imports - BoP basis (in US\$ bn.)	126.4	128.0	136.1	118.6	132.0	132.9	142.3	115.0	131.7	131.5	149.0	120.1
8	Rupee – US Dollar Exchange rate (RBI reference rate) (end-period)	-	-	-	-	71.4	72.0	73.0	67.7	71.5	71.5	74.0	68.3
9	Crude Oil (Indian basket) price (US \$ per barrel) (end-period)	-	-	-	-	64.5	65.0	70.0	60.0	64.8	65.0	71.2	60.0
10	Repo Rate (end-period)	-	-	-	-	4.98	5.00	5.15	4.40	4.91	5.00	5.15	4.00

	Key Macroeconomic Indicators	Quarterly Forecasts							
		Q1: 2020-21				Q2: 2020-21			
		Mean	Median	Max	Min	Mean	Median	Max	Min
1	GDP at constant (2011-12) prices: Annual Growth (per cent)	7.1	7.2	7.8	5.9	7.0	7.0	7.9	6.2
a	Private Final Consumption Expenditure (PFCE) at constant (2011-12) prices: Annual Growth (per cent)	7.5	7.3	11.0	6.1	7.5	7.5	11.0	6.0
b	Gross Fixed Capital Formation (GFCF) at constant (2011-12) prices: Annual Growth (per cent)	7.7	7.0	11.0	5.9	7.6	7.0	12.0	6.1
2	Private Final Consumption Expenditure (PFCE) at current prices: Annual Growth (per cent)	10.4	10.7	11.9	7.5	10.5	10.7	11.5	8.2
3	Gross Fixed Capital Formation (GFCF) Rate (per cent of GDP at current market prices)	30.0	29.8	32.0	28.0	30.0	29.3	33.2	28.3
4	GVA at constant (2011-12) prices: Annual Growth (per cent)	7.0	7.0	7.6	5.8	6.9	6.9	7.6	6.1
a	Agriculture & Allied Activities at constant (2011-12) prices: Annual Growth (per cent)	3.5	3.7	4.2	2.2	3.3	3.3	4.3	1.8
b	Industry at constant (2011-12) prices: Annual Growth (per cent)	6.6	6.8	8.3	3.8	6.6	6.6	7.8	5.2
c	Services at constant (2011-12) prices: Annual Growth (per cent)	7.9	7.9	9.0	6.8	7.7	7.6	9.0	6.7
5	IIP (2011-12=100): Quarterly Average Growth (per cent)	4.7	4.7	5.8	3.0	4.8	4.9	7.6	2.8
6	Merchandise Exports - BoP basis (in US\$ bn.)	87.1	86.8	92.3	80.2	88.4	88.6	94.7	82.4
7	Merchandise Imports - BoP basis (in US\$ bn.)	134.8	134.0	153.0	122.4	138.8	137.9	159.0	125.6
8	Rupee – US Dollar Exchange rate (RBI reference rate) (end-period)	71.7	71.8	74.0	68.0	72.0	72.0	76.0	69.0
9	Crude Oil (Indian basket) price (US \$ per barrel) (end-period)	65.3	65.0	70.1	60.0	65.5	65.0	72.4	60.0
10	Repo Rate (end-period)	4.85	5.00	5.00	4.00	4.84	4.95	5.00	4.00

Annex 4: Forecasts of CPI-Combined Inflation (per cent)

	CPI Combined Headline				Core CPI Combined (excluding Food and Beverages, Pan, Tobacco and Intoxicants and Fuel and Light)			
	Mean	Median	Max	Min	Mean	Median	Max	Min
Q2:2019-20	3.3	3.3	3.6	3.2	4.2	4.2	4.6	3.7
Q3:2019-20	3.7	3.7	4.1	3.1	4.0	3.9	4.6	3.2
Q4:2019-20	4.0	3.9	5.1	3.4	4.2	4.2	4.7	3.6
Q1:2020-21	3.9	3.9	4.6	3.2	4.4	4.4	5.1	4.0
Q2:2020-21	3.9	4.0	4.6	3.2	4.4	4.3	5.1	4.0

Annex 5: Forecasts of WPI Inflation (per cent)

	WPI Headline				WPI Non-food Manufactured Products			
	Mean	Median	Max	Min	Mean	Median	Max	Min
Q2:2019-20	1.4	1.1	3.2	0.6	0.3	0.0	2.8	-0.4
Q3:2019-20	1.3	1.0	2.9	0.0	0.3	-0.2	3.7	-1.0
Q4:2019-20	2.2	2.2	3.8	0.8	1.0	0.6	3.8	-0.4
Q1:2020-21	2.1	2.2	3.9	0.7	1.3	1.1	3.2	0.1
Q2:2020-21	2.8	2.8	4.0	1.1	2.0	2.0	3.0	0.9

Annex 6: Mean probabilities attached to possible outcomes of Real GDP growth

Growth Range	Forecasts for 2019-20	Forecasts for 2020-21
10.0 per cent or more	0.00	0.00
9.5 to 9.9 per cent	0.00	0.00
9.0 to 9.4 per cent	0.00	0.00
8.5 to 8.9 per cent	0.00	0.00
8.0 to 8.4 per cent	0.00	0.02
7.5 to 7.9 per cent	0.02	0.08
7.0 to 7.4 per cent	0.07	0.32
6.5 to 6.9 per cent	0.18	0.31
6.0 to 6.4 per cent	0.43	0.22
5.5 to 5.9 per cent	0.29	0.04
5.0 to 5.4 per cent	0.01	0.00
4.5 to 4.9 per cent	0.00	0.00
4.0 to 4.4 per cent	0.00	0.00
3.5 to 3.9 per cent	0.00	0.00
3.0 to 3.4 per cent	0.00	0.00
2.5 to 2.9 per cent	0.00	0.00
2.0 to 2.4 per cent	0.00	0.00
Below 2.0 per cent	0.00	0.00

Annex 7: Mean probabilities attached to possible outcomes of CPI (Combined) inflation

Inflation Range	Forecasts for Q2:2019-20	Forecasts for Q3:2019-20	Forecasts for Q4:2019-20	Forecasts for Q1:2020-21
8.0 per cent or above	0.00	0.00	0.00	0.00
7.5 to 7.9 per cent	0.00	0.00	0.00	0.00
7.0 to 7.4 per cent	0.00	0.00	0.00	0.00
6.5 to 6.9 per cent	0.00	0.00	0.00	0.00
6.0 to 6.4 per cent	0.00	0.00	0.00	0.00
5.5 to 5.9 per cent	0.00	0.00	0.00	0.00
5.0 to 5.4 per cent	0.00	0.01	0.01	0.05
4.5 to 4.9 per cent	0.01	0.03	0.05	0.09
4.0 to 4.4 per cent	0.04	0.13	0.29	0.25
3.5 to 3.9 per cent	0.19	0.54	0.47	0.45
3.0 to 3.4 per cent	0.70	0.25	0.15	0.13
2.5 to 2.9 per cent	0.05	0.04	0.02	0.01
2.0 to 2.4 per cent	0.01	0.00	0.00	0.01
1.5 to 1.9 per cent	0.00	0.00	0.00	0.00
1.0 to 1.4 per cent	0.00	0.00	0.00	0.00
0.5 to 0.9 per cent	0.00	0.00	0.00	0.00
0 to 0.4 per cent	0.00	0.00	0.00	0.00
Below 0 per cent	0.00	0.00	0.00	0.00

Note: CPI: Consumer Price Index; GDP: Gross Domestic Products; GNDI: Gross National Disposable Income; GVA: Gross Value Added; IIP: Index of Industrial Production; WPI: Wholesale Price Index.