SOUTH ASIA

GLOBAL ECONOMIC PROSPECTS | June 2014 | Chapter 2

South Asia's GDP grew 4.7 percent in 2013, about 2.6 percentage points below average growth in 2003-12, mainly reflecting weak manufacturing performance and slowing investment in India. Growth is expected to pick up modestly in 2014, and then rise to about 6 percent in 2015 and 2016, with firming global demand and easing domestic constraints offsetting a tightening of international financial conditions. Key risks include weak monsoon rains and stressed banking sectors.

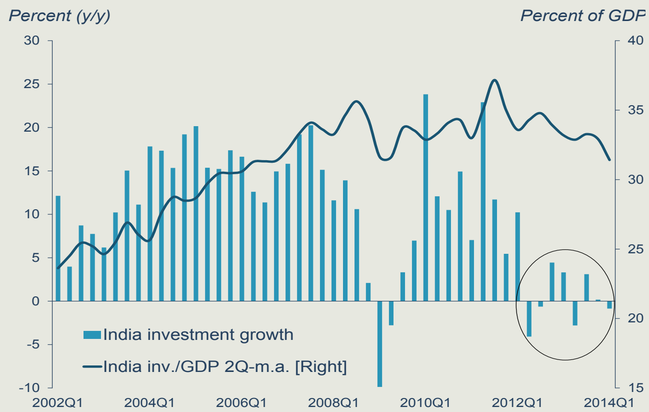
Recent developments

South Asian regional GDP measured at market prices grew an estimated 4.7 percent in 2013, down from 5.0 percent in 2012. Growth in both years was more than 2 percentage points lower than the average growth of the preceding decade. South Asia's sub-par growth performance in recent years can be mainly attributed to subdued growth in India, the largest regional economy, where growth fell-off sharply after a stimulus-induced cyclical rebound following the 2008-09 global financial crisis. Since 2012, investment growth has slowed sharply in India (figure 2.21) amidst high inflation and weakened business confidence. The effect of slowing investment and weak manufacturing performance on GDP growth in 2013 was partially offset by robust agricultural growth and a positive contribution to growth from net exports. India's GDP growth (measured at factor cost) of 4.7 percent in the 2013-14 fiscal year ending in March was a modest improvement on the 4.5 percent growth in the previous fiscal year.

Among other South Asian countries, growth in Pakistan, the second largest economy, remains below the regional average but improving, with GDP (measured at factor cost) in the 2013-14 fiscal year estimated to have grown 3.7 percent, broadly stable from previous fiscal year, but significant in the context of fiscal adjustment required to overcome the threat of a balance of payment crisis. Pakistan's weaker growth relative to its peers mainly reflects significantly lower investment rates (as a share of GDP), in part due to energy-supply bottlenecks and security uncertainties. Growth in Bangladesh averaged 6.3 percent during 2010-2013, but slowed to an estimated 5.4 percent during the fiscal year ending in June 2014, adversely affected by social unrest and disruptions prior to national elections in January, and by capacity constraints that have resulted in persistent inflationary pressures. Domestic demand in Bangladesh has been supported partly by robust agricultural harvests and migrant remittances. By contrast, Sri Lanka's annual growth picked up to a 7.3 percent pace in 2013 from 6.3 percent the previous year, led by services, stronger manufacturing activity and a pickup in domestic demand (in part reflecting easing of monetary policy), and robust agricultural growth.

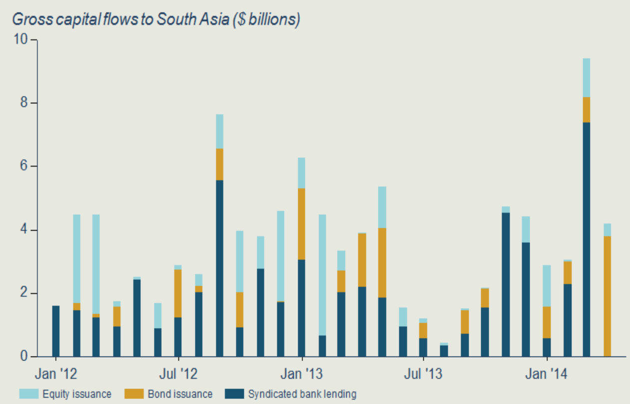
Currency depreciation and firming high-income demand supported regional exports and activity in the second half of 2013, but the momentum of exports waned by Q1 2014. Regional industrial production and exports posted modest gains in the second half of 2013. India's exports received a temporary boost from steep currency depreciation during the second half of

Figure 2.21 **Fixed investment growth in India slowed markedly since 2012**



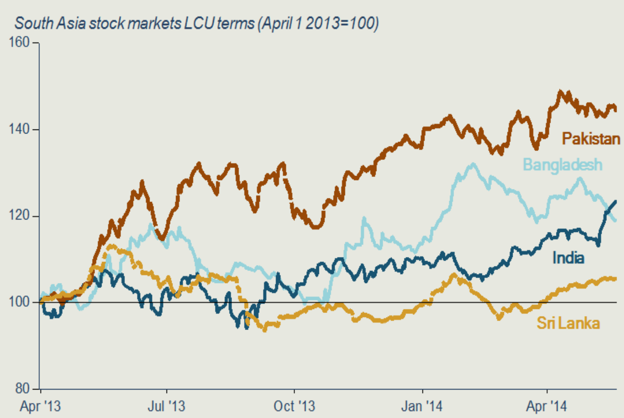
Source: Datastream, Haver Analytics, World Bank.
Note: Does not include acquisition of valuables such as gold.

Figure 2.22 **Gross private capital flows to South Asia have strengthened since Q4 2013**



Source: Dealogic, World Bank.

Figure 2.23 **Equity markets in South Asia gained significantly since Q4 2013**



Source: Datastream, Haver Analytics, World Bank.

2013 following the U.S Federal Reserve's "tapering talk" in late May, and from firming demand in high income countries. A large current account deficit of 5 percent of GDP in 2012 and openness to portfolio capital flows had made India (along with Brazil, Indonesia, South Africa, and Turkey) vulnerable to slowing of capital flows during the mid-2013 turmoil. Measures to curb gold imports and policy tightening helped to achieve a sharp current account adjustment in the second half of 2013 (to less than 1 percent of Q4 2013 GDP). By Q1 2014, the rupee appreciated and export momentum waned—but exports picked up again in April. Industrial production momentum in India picked up to a 3.4 percent annualized pace in Q1 2014 (q/q saar) after contracting in the previous quarter, but industrial output in March was still 0.5 percent lower (y/y) than the level a year earlier, reflecting a number of structural constraints. Business sentiment in India improved modestly in May reflecting increases in both domestic and export orders, suggesting that industrial activity could strengthen further.

As demand from the Euro Area and U.S improved in the second half of 2013, exports in Bangladesh and Sri Lanka grew rapidly. Bangladesh's export growth, however, slowed in Q1 2014, partly due to the lagged effect of disruptions caused by political unrest. Pakistan's export growth slowed more sharply in the first months of 2014 (with a decline in exports in April), reflecting in part pervasive electricity and natural gas shortages. In parallel, Pakistan's industrial production growth decelerated from 11.2 percent (y/y) at end-2013 to a 2.6 percent decline in March.

Capital flows have performed strongly since Q4 2013, reflecting reduced vulnerabilities and improved growth expectations. Mainly due to reduced inflows during the mid-2013 financial market turmoil, annual capital flows to the region are estimated to have fallen by 28 percent to $91 billion in 2013 from $127 billion in 2012—led by a 71 percent decline in portfolio investment (mainly bond) flows and 33 percent fall in bank lending (table 2.13). Equity flows fell by a smaller 12 percent, while foreign direct investment was relatively resilient, rising by 16 percent in 2013. Through the first four months of 2014, gross private capital flows to South Asia have been robust, despite the start of U.S tapering and emerging market financial tensions in January (figure 2.22). Pakistan issued $2 billion of international bonds in April, while Sri Lanka raised $1 billion and $500 million respectively in January and April. Stock markets in the region have risen strongly since Q4 2013 despite some short-lived reversals in early 2014 (figure 2.23). This better performance of capital flows and equity markets may be due to reduced external vulnerability (after current account adjustment in India), expectations of improved growth performance in future,

Table 2.13 **Net capital flows to South Asia ($ billions)**

	2008	2009	2010	2011	2012	2013e	2014f	2015f	2016f
Capital Inflows	67.7	67.2	115.0	98.7	126.5	90.6	115.3	123.7	131.6
Foreign direct investment	50.9	39.5	31.3	40.4	27.5	32.0	35.3	38.1	43.6
Portfolio investment	-15.7	17.0	36.9	3.6	32.6	9.5	29.8	33.5	33.7
Equity	-15.8	24.1	29.9	-4.3	23.3	20.4	23.7	25.7	27.4
Debt instruments	0.1	-7.1	7.0	7.9	9.3	-10.9	6.1	7.8	6.3
*Other investment**	32.6	10.7	46.8	54.7	66.4	49.1	50.2	52.1	54.3
o/w									
Bank lending	11.2	10.8	13.2	18.5	22.7	15.2	12.5	15.7	16.2
Short-term debt flows	7.9	2.6	11.7	22.7	13.4	13.1	15.4	16.7	19.2
Official inflows	8.9	11	10.8	6.6	4	5.9	5.1	4.7	3.8
World Bank	1.4	2.4	3.3	2	0.9	0.5	..	..	..
IMF	3.2	3.6	2	0	-1.5	0.5	..	..	..
Other official	4.2	4.9	5.6	4.5	4.6	4.9	..	..	..
Memo items (as a percentage of GDP)									
Current account balance	-3.2	-1.7	-2.7	-3.1	-4.1	-2.2	-2.0	-2.2	-2.5
Capital inflows	4.4	4.2	5.7	4.4	5.6	3.9	4.5	4.5	4.4
Capital outflows	1.4	1.2	2.0	1.5	1.6	1.0	..	..	..

Source: World Bank.
* including short-term and long-term private loans, official loans, other equity and debt instruments, and financial derivatives and employee stock options.
Note: e = estimate, f = forecast.

and continued accommodative policies in high income countries and a search for yield.

Remittance growth moderated in 2013. The pace of increase in regional migrant remittances (which are an important source of foreign currency in several countries) moderated to 2.3 percent in 2013 ($111 billion) from 12.1 percent the previous year, mainly reflecting slower growth in annual flows to India (although quarterly flows have picked up again since Q2 2013) and a decline in flows to Bangladesh. A part of investment-related remittances to India were likely diverted to non-resident bank deposits, which have surged after efforts to mobilize capital since the mid-2013 turmoil. In Bangladesh, restrictions imposed by countries in the Gulf on the intake of Bangladesh migrants have resulted in reduced remittances. Nevertheless, remittances provide a vital source of revenues to the smaller countries, for instance, accounting for a quarter of Nepal's GDP and financing more than three-quarters of its goods imports.

Notwithstanding slower growth and modest policy tightening, inflation remains persistently high. Regional inflation peaked in Q4 2013 and declined in subsequent months, helped by: declining international commodity prices; monetary tightening in India and Pakistan (partly in response to external pressures); robust domestic agricultural harvests; and a gradual fading of the pass-through effects of the mid-2013 currency depreciation on inflation (see discussion in Special Topic). After peaking at 11.2 and 10.9 percent (y/y) respectively in India and Pakistan in November 2013, retail inflation fell to about 8 percent in both countries in February, but most recently shows signs of having picked up again. Inflation in Bangladesh declined during the second and third quarters of 2013, but picked up since Q4 2013, partly due to disruptions caused by political unrest. Nepal's inflation rate was close to 9 percent in Q1 2014. Region-wide, retail inflation continues to be influenced heavily by food inflation. Sharp seasonal price fluctuations (especially for vegetables and proteins) mostly reflect inefficient supply-chains and weak storage infrastructure, while price increases in grains have been driven in part by increases in official minimum support prices. Earlier loose policies have contributed to entrenching inflationary expectations at high levels, which influence price- and wage-setting behavior. By contrast, despite acceleration in growth, Sri Lanka's inflation fell from 6.7 percent in October 2013 to 3.2 percent in May, (partly due to base effects) although inflation momentum is starting to pick up.

Despite some fiscal consolidation, more remains to be done in South Asia. India's fiscal deficits grew rapidly during the global financial crisis of 2008-09, supporting a sharp post-crisis rebound in GDP growth. This stimulus has been withdrawn gradually—although India's general government deficit in 2013 is estimated to be more than 2 percentage points of GDP higher than in 2007, indicating that depleted fiscal buffers have yet to be fully restored. In Pakistan, after the fiscal deficit ballooned to over 8 percent of GDP in FY2011-12, fiscal restraint is estimated to have reduced it to about 6 percent of GDP in FY2013-14. Sri Lanka's deficit has also fallen in recent years, while Nepal's fiscal balance moved into surplus in 2013, partly because of delays caused by insufficient capacity for public expenditure on capital projects. However, sustaining fiscal consolidation could prove challenging for various reasons. With the exception of Nepal and Maldives, all countries in South Asia face significant revenue shortfalls vis-à-vis budgeted amounts. South Asian economies raise less tax revenue, relative to GDP, than would be expected given their level of economic development (World Bank *South Asia Economic Focus* Oct. 2013 and Apr. 2014). This in part stems from frequent tax exemptions and rampant tax evasion. Further pressures could arise on the expenditure side if there are demands to provide stimulus to support weak growth or there is a failure to reform subsidies (fuel, food and fertilizer subsidies accounted for an estimated 2.2 percent of India's GDP in FY2013-14). A projected decline in international crude oil prices in 2014-16 (see chapter 1) could provide governments in the region with an opportunity to gradually reduce subsidies without big hits to household pocket books. Measures to simplify the tax system, broaden the tax base, and improve compliance can help to raise tax revenues as a share of GDP and help in fiscal consolidation.

Outlook

Together with a projected firming of global growth, regional investment is expected to rise helping to gradually boost regional growth to 5.3 percent in 2014 and to about 6 percent in 2015 and 2016. A substantially weaker than average carry-over and a weak start to the year in India, the largest regional economy, means that even though its quarterly growth is expected to pick up during the course of the 2014 calendar year, the level of annual GDP growth for India, and in turn, for South Asia, would rise only modestly in 2014 (table 2.14). Over the medium-term, regional GDP is forecast to strengthen to 5.9 percent in 2015 and 6.3 percent in 2016 (with the acceleration focused mainly on India), supported by a gradual pickup of domestic investment and stronger demand in the U.S. and Euro Area. But a variety of domestic factors—including supply-side constraints in physical infrastructure and human capital, electricity and natural gas shortages, a weak business and regulatory environment, and high inflation—as well as tightening of international financial conditions are likely to act as headwinds. Reforms to alleviate these structural constraints and to improve productivity would help to raise the region's underlying growth potential. Continued fiscal consolidation would create additional space for private investment, while maintaining monetary policy credibility (together with a gradual easing of supply-side constraints) would help to reduce entrenched inflationary pressures.

Investment growth is expected to pick up during the forecast horizon conditional on easing of structural constraints and continued reform momentum. A large number of projects, particularly in the infrastructure, steel, and energy sectors, have been stalled in recent years in India. These have contributed to a slowing of investment growth and a rise in stressed loans of banks. As these investment projects come on stream during the forecast period (2014-16), overall investment activity should pick up. In Pakistan, after declining for several years, the country's investment rate is projected to rise during the forecast period. The projected gradual revival of regional investment growth will depend to a large extent on credible efforts to reduce infrastructure and energy supply bottlenecks, create a predictable regulatory environment, implement labor market reforms, and continue fiscal consolidation.

A projected strengthening of external demand will contribute to a pickup in regional exports. South Asia's exports led by India are expected to accelerate during the forecast period, in line with strengthening global import demand, particularly in the U.S and the Euro Area (the two largest markets for South Asian exports). In Pakistan, preferential market access by the EU (GSP Plus) could help export performance, but energy supply shortages may hamper exporters. In Bangladesh, exports are projected to improve after short-lived effects of political turmoil and transition to better compliance with factory safety standards and working conditions. But upward wage pressures in absence of productivity gains could erode its competitiveness in global markets.

Consumption growth is expected to rise during the forecast period, but the near term outlook is dependent on monsoon rains. A projected gradual increase in regional consumption growth reflects increased income growth as overall growth picks up, and a modest reduction in inflation helped by a projected decline in international non-oil commodity and crude oil prices. The fall in inflation will depend on whether monetary credibility is maintained, fiscal consolidation continues, and there are resolute efforts to address supply-side constraints. In the baseline forecasts for 2014, agricultural production

Table 2.14 **South Asia forecast summary**
(annual percent change unless indicated otherwise)

	00-09[a]	2010	2011	2012	2013e	2014f	2015f	2016f
GDP at market prices[b,e]	5.9	9.7	7.3	5.0	4.7	5.3	5.9	6.3
GDP per capita (units in US$)	4.4	8.2	5.8	3.5	3.3	3.9	4.5	5.0
PPP GDP[c]	5.8	9.6	7.3	4.9	4.7	5.3	5.9	6.3
Private consumption	5.2	6.8	9.0	5.4	4.1	5.3	5.9	6.2
Public consumption	5.6	6.9	6.0	7.5	4.7	5.3	5.6	5.8
Fixed investment	8.9	14.7	10.7	4.4	-0.3	2.9	6.0	7.1
Exports, GNFS[d]	11.6	13.3	17.9	7.2	5.5	6.7	6.6	7.0
Imports, GNFS[d]	9.4	15.5	16.0	9.4	-0.1	4.1	6.3	7.0
Net exports, contribution to growth	-0.2	-1.4	-0.7	-1.2	1.4	0.4	-0.3	-0.4
Current account bal/GDP (%)	-0.6	-2.7	-3.1	-4.1	-2.2	-2.0	-2.2	-2.5
GDP deflator (median, LCU)	6.5	9.7	8.9	7.4	7.4	6.4	6.2	6.3
Fiscal balance/GDP (%)	-7.4	-7.8	-7.5	-7.2	-6.9	-6.7	-6.6	-6.4
Memo items: GDP at market prices[e]								
South Asia excluding India	4.4	4.3	5.1	5.5	5.3	4.9	5.1	5.2
India (at factor cost)	7.3	8.9	6.7	4.5	4.7	5.5	6.3	6.6
Pakistan (at factor cost)	4.9	2.6	3.6	3.8	3.7	3.7	3.9	4.0
Bangladesh	5.2	6.1	6.7	6.2	6.0	5.4	5.9	6.2

Source: World Bank.
a. Growth rates over intervals are compound weighted averages; average growth contributions, ratios and deflators are calculated as simple averages of the annual weighted averages for the region.
b. GDP at market prices and expenditure components are measured in constant 2010 U.S. dollars.
c. GDP measured at PPP exchange rates.
d. Exports and imports of goods and non-factor services (GNFS).
e. National income and product account data refer to fiscal years (FY) for the South Asian countries, while aggregates are presented in calendar year (CY) terms. The fiscal year runs from July 1 through June 30 in Bangladesh, Bhutan, and Pakistan, from July 16 through July 15 in Nepal, and April 1 through March 31 in India. Due to reporting practices, Bangladesh, Bhutan, Nepal, and Pakistan report FY2012/13 data in CY2013, while India reports FY2012/13 in CY2012.

growth is expected to be marginally lower than the longer-term average, with limited impact on consumption and GDP growth. However, if rains are well below average due to El Niño weather conditions, it could significantly moderate agricultural and overall GDP growth (see below).

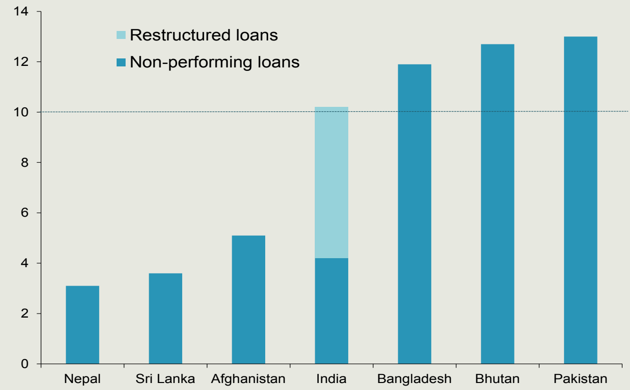
Capital flows are expected to remain below 2012 levels as a share of regional GDP, as international financial conditions tighten. After falling by more than a quarter in 2013, capital flows to South Asia are forecast to rebound by 27 percent in USD terms in 2014 to $115 billion (4.5 percent of GDP). In the medium-term, flows would rise broadly in line with GDP to 4.5 percent of GDP in 2016—below the level of 5.6 percent of GDP in 2012, mainly reflecting tighter international financial conditions. Incentives of international investors to repatriate capital will maintain pressure on emerging market financial assets and exchange rates. A credible monetary policy stance and gradual reduction of fiscal deficits would help to reduce both external vulnerabilities and inflationary pressures.

Overall, GDP in most South Asian countries is expected to expand in line with underlying potential. GDP growth in the largest regional economy India (measured at factor cost) is projected to rise to 5.5 percent in the 2014-15 fiscal year, after remaining below 5 percent for two consecutive years, as investment and exports pick up during the course of 2014. India's growth is projected to accelerate to 6.3 percent in FY2015-16 and 6.6 percent in FY2016-17. This forecast assumes that reforms are undertaken to ease supply-side constraints (particularly in energy and infrastructure), improve productivity, and strengthen the business environment, and that fiscal consolidation continues and a credible monetary policy stance is maintained. Medium-term growth in Pakistan and Nepal is projected at about 4 percent, and in Bangladesh at about 6 percent, broadly in line with potential growth. In Sri Lanka, where output is currently above potential, annual growth is forecast to remain broadly stable at 7.2 percent in 2014, and over time, to moderate to about 6.7 percent by 2016, slightly higher than estimates of medium-term potential growth for the country.

In Afghanistan, uncertainty surrounding the political and security transition in 2014 is expected to see growth remain weak at 3.2 percent in 2014. Assuming a smooth transition on both fronts, agriculture, services, and the mining sector would contribute to a pickup in growth to 4.6 percent by 2016. Bhutan's growth eased to 5.6 percent in FY2012-13 from 6.5 percent the previous fiscal year, in part due to policy efforts to moderate credit expansion and a rupee shortage. Growth is projected to pick up to a 6.8 percent pace in FY2013-14 and then rise to 8 percent by FY2015-16, supported by investment in hydropower projects. Maldives' outlook is positive, with growth projected at 4.5 percent in 2014. This will be driven by strong tourist arrivals, particularly by robust growth in the Chinese tourist segment. In the medium term, the economy is projected to grow at a more sustainable pace of about 4 percent annually, as tourism revenues from Europe pick up.

Figure 2.24 **Stressed loans are more than 10 percent of loans in four South Asian countries**

Stressed loans as percent of total loans (H2 2013)



Source: IMF, World Bank estimates based on national sources.

Risks

El Niño is a key near-term risk for regional growth prospects. Weak monsoon rains can have significant impacts on agricultural production, consumption, and GDP growth. Although the share of agriculture in GDP has declined progressively in recent decades, its large share of overall employment in the region implies that weaker than average monsoons, perhaps triggered by El Niño weather conditions, could reduce regional GDP growth by half a percentage point or more (as of May, the likelihood of El Niño conditions in 2014-15 was assessed at 60-70 percent). Strong El Niño conditions resulting in deficient rainfalls or drought can have more significant impacts. Although ample grain stocks should mitigate adverse effects on food security, weak agricultural performance could keep food inflation, and in turn, retail inflation, high—perhaps necessitating a tighter monetary policy stance than otherwise, which may have adverse implications for investment and growth.

Domestic downside risks include stressed banking sectors, slow pace of reforms, and security uncertainties. Weak economic growth in recent years has taken a toll on corporate and bank balance sheets. Stressed bank loans (including restructured loans) exceed 10 percent of loans in Bangladesh, Bhutan, India, and Pakistan (figure 2.24). Non-performing loans (NPLs) in Bangladesh are concentrated in state-owned banks, which account for about a third of banking sector assets. NPLs as a share of total loans were the lowest in Nepal at 3.1 percent, although there is anecdotal evidence of substantial "ever-greening" of problem loans by banks. Recognizing restructured and problem loans as NPLs in South Asian countries would increase capital needs (with possible need for fiscal support), but is essential for the banking system to provide adequate financing for a resumption of the investment cycle. Institutional reforms, including strengthening human resources, systems, and NPL management and capitalization—including in India where state-owned banks account for close to three-quarters of banking assets—would also help to improve financial intermediation and availability of credit for the private sector. Other domestic risks to the outlook include a slow pace of reforms in the region and security uncertainties in Afghanistan and, to a lesser extent, in Pakistan.

External risks include both geopolitical and financial risks. Given the reliance of the South Asia region on imported crude oil, it remains vulnerable to political developments in Ukraine and Russia that could result in tighter international oil supplies. An escalation of geopolitical tensions that cause crude oil prices to spike can significantly impact current account sustainability in the region. Financial market volatility on the path to monetary policy normalization in high income countries represents another external risk for the region. A disorderly adjustment to policy normalization in the U.S. can cause capital flows to fall sharply, with adverse effects on exchange rates, perhaps necessitating a tightening of monetary policy. A sharp slowdown in China's growth would represent a risk for the global economy, and in turn, for regional growth prospects.

Table 2.15 South Asia country forecasts

	00-09[a]	2010	2011	2012	2013e	2014f	2015f	2016f
Calendar year basis [b]								
Afghanistan								
GDP at market prices (% annual growth)[c]	11.9	8.4	6.1	14.4	3.6	3.2	4.2	4.6
Current account bal/GDP (%)	-0.3	2.8	3.1	3.9	3.6	3.0	-0.5	-2.0
Bangladesh								
GDP at market prices (% annual growth)[c]	5.2	6.4	6.5	6.1	5.7	5.7	6.1	6.2
Current account bal/GDP (%)	0.6	1.8	-0.1	1.9	2.1	0.9	0.6	0.3
Bhutan								
GDP at market prices (% annual growth)[c]	8.2	11.7	8.6	4.6	6.5	7.2	7.8	8.0
Current account bal/GDP (%)	-12.7	-26.5	-25.3	-22.5	-22.2	-21.6	-20.7	-19.8
India								
GDP at factor cost (% annual growth)[c]	7.4	9.3	7.7	4.8	4.7	5.3	6.1	6.6
Current account bal/GDP (%)	-0.5	-3.2	-3.4	-5.0	-2.6	-2.2	-2.5	-2.9
Maldives								
GDP at market prices (% annual growth)[c]	6.3	7.1	6.5	3.4	3.7	4.5	4.2	4.1
Current account bal/GDP (%)	-14.4	-9.2	-19.1	-23.0	-20.5	-19.5	-19.0	-18.5
Nepal								
GDP at market prices (% annual growth)[c]	3.4	4.1	4.1	4.2	4.0	4.4	4.3	4.3
Current account bal/GDP (%)	0.6	-0.8	1.4	3.4	3.7	2.8	2.0	1.1
Pakistan								
GDP at factor cost (% annual growth)[c]	4.9	2.2	3.1	4.0	4.1	3.8	3.9	4.0
Current account bal/GDP (%)	-1.3	-0.7	-1.0	-1.0	-1.9	-1.8	-1.7	-1.5
Sri Lanka								
GDP at market prices (% annual growth)[c]	4.4	8.0	8.2	6.3	7.3	7.2	6.9	6.7
Current account bal/GDP (%)	-3.4	-2.2	-7.8	-6.6	-3.9	-3.8	-3.5	-3.3
Fiscal year basis [b]								
Bangladesh								
GDP at market prices (% annual growth)[c]	5.2	6.1	6.7	6.2	6.0	5.4	5.9	6.2
Bhutan								
GDP at market prices (% annual growth)[c]	8.2	9.3	10.1	6.5	5.6	6.8	7.6	8.0
India								
GDP at factor cost (% annual growth)[c]	7.3	8.9	6.7	4.5	4.7	5.5	6.3	6.6
Nepal								
GDP at market prices (% annual growth)[c]	3.4	4.8	3.4	4.9	3.6	4.5	4.3	4.3
Pakistan								
GDP at factor cost (% annual growth)[c]	4.9	2.6	3.6	3.8	3.7	3.7	3.9	4.0

Source: World Bank.
World Bank forecasts are frequently updated based on new information and changing (global) circumstances. Consequently, projections presented here may differ from those contained in other Bank documents, even if basic assessments of countries' prospects do not significantly differ at any given moment in time.
a. GDP growth rates over intervals are compound average; current account balance shares are simple averages over the period.
b. National income and product account data refer to fiscal years (FY) for the South Asian countries with the exception of Afghanistan, Maldives and Sri Lanka, which report in calendar year (CY). The fiscal year runs from July 1 through June 30 in Bangladesh, Bhutan, and Pakistan, from July 16 through July 15 in Nepal, and April 1 through March 31 in India. Due to reporting practices, Bangladesh, Bhutan, Nepal, and Pakistan report FY2012/13 data in CY2013, while India reports FY2012/13 in CY2012. GDP figures presented in calendar years (CY) terms for Bangladesh, Nepal, and Pakistan are calculated taking the average growth over the two fiscal year periods to provide an approximation of CY activity. Historical GDP data in CY terms for India are the sum of GDP in the four calendar quarters and for Bhutan are actual calendar year data, while forecasts in CY terms for these two countries are based on average growth rates of corresponding fiscal years.
c. GDP measured in constant 2010 U.S. dollars.