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WBG releases 'Global Economic Prospects' report

The World Bank Group has recently released its flagship 'Global Economic Prospects' report. The report suggests that, the global economy is set to expand 5.6 percent in 2021—its strongest post-recession pace in 80 years. This recovery is uneven and largely reflects sharp rebounds in some major economies... In many emerging market and developing economies (EMDEs), elevated COVID-19 caseloads, obstacles to vaccination, and a partial withdrawal of macroeconomic support are offsetting some of the benefits of strengthening external demand and elevated commodity prices. By 2022, global output will remain about 2 percent below pre-pandemic projections, and per capita income losses incurred last year will not be fully unwound in about two-thirds of EMDEs.

Following are a few excerpts of the report:

Sharp resurgences of new COVID-19 cases have continued to weigh on the recovery in many emerging market and developing economies. Services trade remains anemic, as international tourism continues to be dampened by ongoing travel restrictions, while retail sales have stabilized below pre-pandemic trends. Subdued FDI is constraining investment. Nevertheless, activity has benefited from improving goods trade and robust remittance inflows, which are recovering more quickly than in the aftermath of the global financial crisis...

The pandemic is expected to worsen the slowdown in labor productivity growth, as it has damaged the process of both physical and human capital accumulation. It is possible that the pandemic spurs productivity by accelerating technology adoption, innovation, and a shift in activity toward more productive sectors, but this has not yet been observed on a global scale, whereas the damage to investment and human capital is readily apparent...

Policies to facilitate employment in high-growth sectors, protect vulnerable groups, and reduce trade costs—combined with increased investments in education, connectivity, and green infrastructure—will be needed to bolster growth prospects and steer the recovery onto a green, resilient, and inclusive development path...

For India, GDP in fiscal year 2021/22, starting April 2021, is expected to expand 8.3 percent. Activity will benefit from policy support, including higher spending on infrastructure, rural development, and health, and a stronger-than-expected recovery in services and manufacturing. Although the forecast has been revised up by 2.9 percentage points, this masks significant expected economic damage from an enormous second COVID-19 wave and localized mobility restrictions since March 2021.

Activity is expected to follow the same, yet less pronounced, collapse and recovery seen during the first wave. The pandemic will undermine consumption and investment as confidence remains depressed and balance sheets damaged. Growth in FY2022/23 is expected to slow to 7.5 percent reflecting lingering impacts of COVID-19 on household, corporate and bank balance sheets; possibly low levels of consumer confidence; and heightened uncertainty on job and income prospects.

Notifications

PIB

Prime Minister's participation in 47th G7 Summit

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2nd Tranche of Auction of Coal Mines for Commercial Mining

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Agriculture Exports during 2020-21

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Cabinet approves Allotment of spectrum to Indian Railways

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