

India's GDP to grow at 5.1% in 2020-21 and 5.6% in 2021-22: Forecasts by OECD Interim Economic Outlook, March 2020

According to OECD's Interim Economic Outlook; Coronavirus: The World Economy at Risk, March 2020, the coronavirus (COVID-19) outbreak has already brought considerable human suffering and major economic disruption. Output contractions in China are being felt around the world, reflecting the key and rising role China has in global supply chains, travel and commodity markets. Subsequent outbreaks in other economies are having similar effects, albeit on a smaller scale. Growth prospects remain highly uncertain.

- On the assumption that the epidemic peaks in China in the first quarter of 2020 and outbreaks in other countries prove mild and contained, global growth could be lowered by around ½ percentage point this year relative to that expected in the November 2019 Economic Outlook.
- Accordingly, annual global GDP growth is projected to drop to 2.4% in 2020 as a whole, from an already weak 2.9% in 2019, with growth possibly even being negative in the first quarter of 2020.
- Prospects for China have been revised markedly, with growth slipping below 5% this year, before recovering to over 6% in 2021, as output returns gradually to the levels projected before the outbreak.
- The adverse impact on confidence, financial markets, the travel sector and disruption to supply chains contributes to the downward revisions in all G20 economies in 2020, particularly ones strongly interconnected to China, such as Japan, Korea and Australia.

- Provided the effects of the virus outbreak fade as assumed, the impact on confidence and incomes of well-targeted policy actions in the most exposed economies could help global GDP growth recover to 3¼ per cent in 2021.
- A longer lasting and more intensive coronavirus outbreak, spreading widely throughout the Asia Pacific region, Europe and North America, would weaken prospects considerably. In this event, global growth could drop to 1½ per cent in 2020, half the rate projected prior to the virus outbreak.
- According to the OED Interim Economic Outlook, India's GDP is expected to grow at 5.1% in 2020-21 and 5.6% in 2021-22.

Global Growth Projections
Real GDP Growth; YoY Change (%)

	2019	2020	2021
World¹	2.9	2.4	3.3
G20^{1,2}	3.1	2.7	3.5
Australia	1.7	1.8	2.6
Canada	1.6	1.3	1.9
Euro Area	1.2	0.8	1.2
Germany	0.6	0.3	0.9
France	1.3	0.9	1.4
Italy	0.2	0.0	0.5
Japan	0.7	0.2	0.7
Korea	2.0	2.0	2.3
Mexico	-0.1	0.7	1.4
Turkey	0.9	2.7	3.3
United Kingdom	1.4	0.8	0.8
United States	2.3	1.9	2.1
Argentina	-2.7	-2.0	0.7
Brazil	1.1	1.7	1.8
China	6.1	4.9	6.4

India³	4.9	5.1	5.6
Indonesia	5.0	4.8	5.1
Russia	1.0	1.2	1.3
Saudi Arabia	0.0	1.4	1.9
South Africa	0.3	0.6	1.0

Source: PHD Research Bureau, PHDCCI compiled from OECD

1. Aggregate using moving nominal GDP weights at purchasing power parities.

2. The European Union is a full member of the G20, but the G20 aggregate only includes countries that are also members in their own right.

3. Fiscal years, starting in April.

According to OECD Interim Outlook, governments need to act swiftly and forcefully to overcome the coronavirus and its economic impact. Governments need to ensure effective and well-resourced public health measures to prevent infection and contagion, and implement well-targeted policies to support health care systems and workers, and protect the incomes of vulnerable social groups and businesses during the virus outbreak. Supportive macroeconomic policies can help to restore confidence and aid the recovery of demand as virus outbreaks ease, but cannot offset the immediate disruptions that result from enforced shutdowns and travel restrictions. If downside risks materialise, and growth appears set to be much weaker for an extended period, co-ordinated multilateral actions to ensure effective health policies, containment and mitigation measures, support low-income economies, and jointly raise fiscal spending would be the most effective means of restoring confidence and supporting incomes.

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Regards,

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