



PHD Research Bureau
PHD Chamber of Commerce and Industry



Recent World Bank Reports on India

South Asia Economic Focus 2022: Reshaping Norms a New Way Forward

According to the World Bank's South Asia Economic Focus Reshaping Norms: A New Way Forward, the uneven recovery from the pandemic has left countries in South Asia with multiple policy challenges, which are exacerbated by the impact of the war in Ukraine. While several countries are navigating rising inflation and growing difficulties to finance fiscal deficits and trade deficits, the region must also chart a new way forward to address rising inequality, unleash new growth potential, and accommodate an energy transition. To reshape their economies, the region cannot avoid redesigning tax systems, increasing competition, and challenging vested interests and existing gender norms. This issue of the South Asia Economic Focus describes recent economic developments, analyzes the economic impact on South Asia of the war in Ukraine, presents growth forecasts, provides risk scenarios, and concludes that reshaping economies goes hand in hand with reshaping norms.

India is expected to grow by 8% in FY 2022-23, slightly below its 2021 rate as some of the investment programs spill over into the 2022/23 fiscal year. The recovery in private consumption will be constrained by the incomplete recovery in the labor market, and inflationary pressures weighing on households' purchasing power. The negative impact of the war in Ukraine on FY2022/23 growth is expected to be moderate, so growth will begin to taper off in the second half of 2022. Credit off-take in the infrastructure sector is expected to continue growing in 2022 (power and roads). Business expectations and investment, which had improved, might sour amid elevated input prices and a faster-than-anticipated increase in borrowing costs. The travel services balance may improve as India allows international flights to resume, while exports of computer and professional services are expected to remain strong.

The detailed report can be accessed at:

<https://www.worldbank.org/en/news/press-release/2022/04/12/south-asia-sees-slower-growth-as-war-in-ukraine-impedes-recovery-worsens-existing-challenges>

Poverty in India Has Declined over the Last Decade But Not As Much As Previously Thought: World Bank

World Bank has released a Policy Research Working Paper on Poverty in India Has Declined over the Last Decade But Not As Much As Previously Thought. This paper sheds light on how poverty and inequality have evolved since 2011 using a new household panel survey, the Consumer Pyramids Household Survey conducted by a private data company. The results show that: (1) extreme poverty is 12.3 percentage points lower in 2019 than in 2011, with greater poverty reductions in rural areas; (2) urban poverty rose by 2 percentage points in 2016 (coinciding with the demonetization event) and rural poverty reduction stalled by 2019

(coinciding with a slowdown in the economy); (3) poverty is estimated to be considerably higher than earlier projections based on consumption growth observed in national accounts; and (4) consumption inequality in India has moderated since 2011.

Household consumption expenditure surveys conducted by the National Sample Survey (NSS) organization are the main source of poverty and inequality statistics in India. These surveys support the development of major data-driven policies in India and are used as inputs in the estimation of GDP and India's consumer price index. The latest NSS expenditure survey that is publicly available for India is from 2011. As the Indian economy has undergone significant changes since then, the release of the 2017- 18 round of the survey had been eagerly anticipated. Unfortunately, it was ultimately decided to withhold the unit level survey data and its main results. Using leaked estimates of the empirical distribution function of household consumption, Subramanian (2019) shows that poverty increased in rural India between 2011 and 2017 and that consumption inequality moderated (both in rural and urban areas). The rise in rural poverty neither sits well with consumption trends reported in national accounts data nor with proxy indicators of household welfare derived from official and non-official sources (including labor force surveys, surveys on agricultural household incomes, national family and health surveys of DHS, nighttime lights, etc.).

The detailed report can be accessed at:

<https://documents.worldbank.org/en/publication/documents-reports/documentdetail/099249204052228866/idu0333e60f901267045600be83093783b77e67a>

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Warm Regards,

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