

Recent Global Economic Developments on Global Economic Prospects Report, World Bank, The Global Risk Report 2024, World Economic Forum and World Economic Situation and Prospects, UN

The World Bank estimates India's GDP growth rate at 6.3% for 2023, 6.4% in 2024, and 6.5% in 2025, despite further slowdown in global growth this year

According to the Global Economic Prospects Report of the World Bank, January 2024, global growth is anticipated to decline to 2.4% in 2024, the third year in a row. Global GDP is expected to weaken further this year, owing to the lingering impacts of tight monetary policy, tight financial conditions, and weak global trade and investment. An escalation of the recent Middle East conflict and associated commodity market disruptions, financial stress due to elevated debt and high borrowing costs, persistent inflation, weaker-than-expected activity in China, trade fragmentation, and climate-related disasters are the downside risks to the growth outlook. Commodity-exporting emerging markets and developing economies will face challenges due to pro-cyclical fiscal policies and volatility.

Outlook for India

India is expected to maintain the fastest growth rate among the World's top economies, with an expected GDP growth rate of 6.3% in 2023, a forecasted growth of 6.4% in 2024, and 6.5% in 2025, driving the expansion of the South Asia Region. India's sustained resilience results from increased public investment, solid services sector development, strong domestic demand, rising public infrastructure spending, and good private-sector credit growth, all supported by healthy corporate balance sheets. Throughout most of 2023, headline consumer price inflation stayed within the monetary authorities' target zone of 2-6%, with policy rates being steady since February 2023, which is contributing to India's robust growth trajectory.

TABLE 1 Real GDP (Percent change from previous year)

World	6.2	3.0	2.6	2.4	2.7
Advanced economies	5.5	2.5	1.5	1.2	1.6
United States	5.8	1.9	2.5	1.6	1.7
Euro area	5.9	3.4	0.4	0.7	1.6
Japan	2.6	1.0	1.8	0.9	0.8
Emerging market and developing economies	7.0	3.7	4.0	3.9	4.0
East Asia and Pacific	7.5	3.4	5.1	4.5	4.4
China	8.4	3.0	5.2	4.5	4.3
Indonesia	3.7	5.3	5.0	4.9	4.9
Thailand	1.5	2.6	2.5	3.2	3.1
Europe and Central Asia	7.1	1.2	2.7	2.4	2.7
Russian Federation	5.6	-2.1	2.6	1.3	0.9
Türkiye	11.4	5.5	4.2	3.1	3.9
Poland	6.9	5.1	0.5	2.6	3.4
Latin America and the Caribbean	7.2	3.9	2.2	2.3	2.5
Brazil	5.0	2.9	3.1	1.5	2.2
Mexico	5.8	3.9	3.6	2.6	2.1
Argentina	10.7	5.0	-2.5	2.7	3.2
Middle East and North Africa	3.8	5.8	1.9	3.5	3.5
Saudi Arabia	3.9	8.7	-0.5	4.1	4.2
Iran, Islamic Rep. ²	4.7	3.8	4.2	3.7	3.2
Egypt, Arab Rep. ²	3.3	6.6	3.8	3.5	3.9
South Asia	8.3	5.9	5.7	5.6	5.9
India ²	9.1	7.2	6.3	6.4	6.5
Bangladesh ²	6.9	7.1	6.0	5.6	5.8
Pakistan ²	5.8	6.2	-0.2	1.7	2.4
Sub-Saharan Africa	4.4	3.7	2.9	3.8	4.1
Nigeria	3.6	3.3	2.9	3.3	3.7
South Africa	4.7	1.9	0.7	1.3	1.5
Angola	1.2	3.0	0.5	2.8	3.1
Memorandum items:					
Real GDP¹					
High-income countries	5.5	2.8	1.5	1.3	1.8
Middle-income countries	7.2	3.4	4.3	4.0	4.0
Low-income countries	4.2	4.8	3.5	5.5	5.6
EMDEs excluding China	6.0	4.2	3.2	3.5	3.8
Commodity-exporting EMDEs	5.2	3.2	2.5	2.9	3.1
Commodity-importing EMDEs	7.9	3.9	4.8	4.4	4.4
Commodity-importing EMDEs excluding China	7.2	5.3	4.2	4.2	4.5
EM7	7.8	3.3	4.9	4.1	4.1
World (PPP weights) ³	6.4	3.3	3.0	2.9	3.1
World trade volume⁴	11.1	5.6	0.2	2.3	3.1
Commodity prices⁵					
WBG commodity price index	100.9	142.5	108.4	104.9	102.2
Energy index	95.4	152.6	107.5	103.4	100.0
Oil (US\$ per barrel)	70.4	99.8	83.1	81.0	78.0
Non-energy index	112.1	122.1	110.2	107.7	106.6

Source: PHD Research Bureau, compiled from World Bank

EM7 = Brazil, China, India, Indonesia, Mexico, the Russian Federation, and Türkiye. WBG = World Bank Group. World Bank forecasts are frequently updated based on new information. Consequently, projections presented here may differ from those contained in other World Bank documents, even if basic assessments of countries' prospects do not differ at any given date. For the definition of EMDEs, developing countries, commodity exporters, and commodity importers, please refer to table 1.2. The World Bank is currently not publishing economic output, income, or growth data for Turkmenistan and República Bolivariana de Venezuela owing to lack of reliable data of adequate quality.

Turkmenistan and República Bolivariana de Venezuela are excluded from cross-country macroeconomic aggregates.

1. Headline aggregate growth rates are calculated using GDP weights at average 2010-19 prices and market exchange rates.
2. GDP growth rates are on a fiscal year basis. Aggregates that include these countries are calculated using data compiled on a calendar year basis. For India and the Islamic Republic of Iran, the column for 2022 refers to FY2022/23. For Bangladesh, the Arab Republic of Egypt, and Pakistan, the column for 2022 refers to FY2021/22. Pakistan's growth rates are based on GDP at factor cost.
3. World growth rates are calculated using average 2010-19 purchasing power parity (PPP) weights, which attribute a greater share of global GDP to emerging market and developing economies (EMDEs) than market exchange rates.
4. World trade volume of goods and nonfactor services.
5. Indexes are expressed in nominal U.S. dollars (2010 = 100). Oil refers to the Brent crude oil benchmark. The "Level differences from June 2023 projections" (last three columns) are based on an updated non-energy index, which differs slightly from what was reported in the June 2023 edition. For weights and composition of indexes, see <https://worldbank.org/commodities>.

To read the complete report, please click the link below:

<https://openknowledge.Worldbank.org/server/api/core/bitstreams/7a21a380-5c54-4a8d-9c54-22180abb1adb/content>

The Global Risk Report 2024, World Economic Forum

The Global Risk Report 2024, released by the World Economic Forum, analyzes global risks through three-time frames to support decision-makers in balancing current crises and longer-term priorities.

According to the Global Risk Report 2024, the World is undergoing multiple long-term structural transformations: the rise of AI, climate change, a shift in the geopolitical distribution of power, and demographic transitions. These structural forces are global, pervasive, and charged with momentum. Against this backdrop, known and newly emerging risks need preparation and mitigation.

Environmental risks persist as dominant factors across all time frames. Societal polarization is a top-three concern in both current and two-year outlooks, ranking ninth in the longer term. It is closely linked with the Economic downturn as the most influential risk in the global network. The cost-of-living crisis is a major worry for 2024. Inflation and Economic downturn are noteworthy new additions to the top 10 risks over the next two years. Interstate armed conflict enters the top risk rankings for the two-year horizon, posing threats to global stability. The potential divide between power poles and the Global North-South disparity may hinder international governance and divert major powers' focus from urgent global risks. Despite challenges, there are opportunities for impactful actions at local or international levels to mitigate the impact of these global risks.

Outlook for India

As per the report, the identified risks in India encompass infectious diseases, wealth and income inequality, labor shortages, and more.

The report concludes that localized strategies, leveraging investment and regulation, are critical for reducing the impact of global risks, and both the public and private sectors can play a key

role in extending benefits to all. Through prioritizing the future and focusing on breakthrough research and development, the efforts of single entities can make the World a safer place. The actions of individual citizens, companies, and countries – while perhaps insignificant on their own – can move the needle on global risk reduction if they reach a critical mass. Finally, cross-border coordination remains the only viable pathway for the most critical risks to human security and prosperity.

To read the complete report, please click the link below:

https://www3.weforum.org/docs/WEF_The_Global_Risks_Report_2024.pdf

World Economic Situation and Prospects 2024, United Nations

According to the World Economic Situation and Prospects 2024, United Nations, the World economy proved more resilient than expected in 2023 amid significant monetary tightening and lingering policy uncertainties Worldwide, even as multiple shocks arising from conflict and climate change wrought havoc on the lives and livelihoods of millions, further jeopardizing progress towards sustainable development.

Several large developed economies showed remarkable resilience, with robust labor markets supporting consumer spending despite sharp monetary tightening. At the same time, inflation gradually declined in most regions on the back of lower energy and food prices, allowing central banks to slow or pause interest rate hikes.

Gross domestic product in South Asia grew by an estimated 5.3% in 2023 and is projected to increase by 5.2% in 2024, driven by a robust expansion in India, which remains the fastest-growing large economy in the World. Growth in India is projected to reach 6.2% in 2024, slightly lower than the 6.3% estimate for 2023, amid robust domestic demand and strong growth in the manufacturing and services sectors.

Table 2 Growth of World output and Gross domestic product, 2022 to 2025 (in percent)

Annual percentage change					Change from World Economic Situation and Prospects as of mid-2023	
	2022	2023 ^a	2024 ^b	2025 ^b	2023	2024
World	3.0	2.7	2.4	2.7	0.4	-0.1
Developed economies	2.6	1.6	1.3	1.6	0.6	0.1
United States of America	1.9	2.5	1.4	1.7	1.4	0.4
Japan	0.9	1.7	1.2	1.1	0.5	0.2
European Union	3.4	0.5	1.2	1.6	-0.4	-0.3
Euro area	3.4	0.6	1.1	1.5	-0.3	-0.3
United Kingdom of Great Britain and Northern Ireland	4.3	0.5	0.4	1.0	0.6	-0.7
Other developed countries	3.1	1.4	1.4	1.9	0.1	0.0
Economies in transition	-1.7	3.3	2.3	2.4	2.7	0.1
South-Eastern Europe	3.2	2.2	2.9	3.1	0.2	-0.1
Commonwealth of Independent States and Georgia	-1.9	3.3	2.3	2.4	2.7	0.1
Russian Federation	-2.1	2.7	1.3	1.5	3.3	-0.1
Developing economies	3.9	4.1	4.0	4.2	0.0	-0.2
Africa^c	3.5	3.3	3.5	4.2	-0.1	-0.1
North Africa ^c	2.9	3.4	3.2	4.2	-0.1	-0.3
East Africa	5.4	5.0	5.5	5.9	0.0	0.6
Central Africa	3.0	2.5	3.1	3.7	-1.0	-0.5
West Africa	3.9	3.6	3.8	4.1	-0.2	-0.1
Southern Africa	2.8	1.6	2.3	3.0	-0.3	0.0
East and South Asia^d	3.7	5.0	4.7	4.7	0.3	0.1
East Asia	3.2	4.9	4.6	4.5	0.2	0.3
China	3.0	5.3	4.7	4.5	0.0	0.2
South Asia ^{e, f}	6.3	5.3	5.2	5.7	0.6	-0.6
India ^g	7.7	6.3	6.2	6.6	0.5	-0.5
Western Asia ^f	6.5	1.7	2.9	3.7	-1.4	-0.4
Latin America and the Caribbean	3.8	2.2	1.6	2.3	0.8	-0.8
South America	3.9	1.4	1.0	2.3	0.4	-1.2
Brazil	2.9	3.1	1.6	2.3	2.1	-0.5
Mexico and Central America	3.4	3.5	2.6	2.3	1.5	0.0
Caribbean ^h	4.7	3.3	2.4	2.7	0.2	-0.5
Least developed countries^h	3.4	4.4	5.0	5.5	0.0	-0.4
Small island developing States	4.5	2.3	3.1	3.2	-0.2	-0.6
Landlocked developing countriesⁱ	4.1	4.4	4.7	4.8	0.3	0.5
<i>Memorandum items</i>						
World trade ^j	5.7	0.6	2.4	3.2	-1.7	-1.2
World output growth with purchasing power parity (PPP) weights ^j	3.3	3.0	2.9	3.2	0.3	-0.1

Source: UN DESA, based on estimates and forecasts produced with the World Economic Forecasting Model.

Notes: ^a estimate; ^b forecast; ^c excludes Libya for the whole period and Sudan for the period 2023-2025; ^d excludes Afghanistan for the period 2023-2025; ^e growth rates are on a calendar-year basis; ^f excludes the State of Palestine for the period 2023-2025; ^g excludes Guyana for the whole period as the rapid expansion of oil production distorts GDP growth; ^h excludes Afghanistan and Sudan for the period 2023-2025; ⁱ includes goods and services; ^j based on a 2015 benchmark. Estimates and forecasts are based on data and information available up to 1 December 2023.

Outlook for India

India registered strong investment performance in 2023, driven by government infrastructure projects and multinational investments. In the third quarter of 2023, the manufacturing Purchasing Managers' Index – a leading indicator of economic activity – was in contraction territory in all of the World's largest economies except India.

In South Asia, GDP expanded by an estimated 5.3% in 2023 and is projected to grow by 5.2% in 2024, driven by a strong expansion in India, which remains the fastest-growing large economy. India is benefiting from growing interest from multinationals, which see the country as a key alternative manufacturing base in the context of developed economies' supply chain diversification strategies.

The Reserve Bank of India has been cautious about opening the country's financial markets and has been implementing appropriate risk management systems. Economic growth in India is projected to remain strong at 6.2% in 2024, following an estimated expansion of 6.3% in 2023, mainly supported by resilient private consumption and strong public investment. While manufacturing and services sectors will continue to support the economy, erratic rainfall patterns will likely dampen agricultural output.

Headline Inflation is expected to decelerate from 5.7% in 2023 to 4.5% in 2024, staying within the 2% to 6% medium-term inflation target range set by the Central Bank.

To read the complete report, please click the link below:

<https://desapublications.un.org/publications/World-economic-situation-and-prospects-2024>

Please contact, for any query related to this mail, Dr. Mansi Vinaik, Economist|Deputy Secretary, at mansi.vinaik@phdcci.in, and Ms. Mansi Nautiyal, Research Assistant at mansi.nautiyal@phdcci.in, with a cc to Dr S P Sharma, Chief Economist| DSG at spsharma@phdcci.in, PHD Chamber of Commerce & Industry.

Warm Regards,

Dr S P Sharma

Chief Economist | DSG

PHD Chamber of Commerce and Industry

PHD House, 4/2 Siri Institutional Area

August Kranti Marg, New Delhi-110016, India

Tel: +91 49545454

Fax: +91 11 26855450

Email: spsharma@phdcci.in

Website: www.phdcci.in

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PHD House, 4/2 Siri Institutional Area, August Kranti Marg, New Delhi - 110 016 (India) • Tel. : +91-11-2686 3801-04, 49545454, 49545400
Fax : +91-11-2685 5450, 49545451 • E-mail : phdcci@phdcci.in • Website : www.phdcci.in, CIN: U74899DL1951GAP001947

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