

World Economic Outlook (WEO) 'Managing Divergent Recoveries'

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In News: Recently, World Economic Outlook (WEO): Managing Divergent Recoveries, released by the IMF as the World Bank IMF Spring Meetings.

About WEO 'Managing Divergent Recoveries'

- Global growth is projected at 6% in 2021, moderating to 4.4% in 2022.
- The projections for 2021 and 2022 are stronger than in the October 2020 WEO.
- The upward revision reflects additional fiscal support in a few large economies, the anticipated vaccine-powered recovery in the second half of 2021, and continued adaptation of economic activity to subdued mobility.
- High uncertainty surrounds this outlook, related to the path of the pandemic, the effectiveness of policy support to provide a bridge to vaccine-powered normalization, and the evolution of financial conditions.

About Global Growth

- The U.S.'s 1.3 percentage point forecast upgrade, especially, contributed to this, resulting in U.S. growth projections of 6.4% and 3.5% this calendar year and next.
- The U.S. GDP level in 2022 is forecast to be higher than in a non-pandemic scenario – the only large economy for which this is true. Other economies are also expected to rebound this year albeit at a slower rate, as per the

IMF.

- The Euro Area is projected to grow at 4.4% and 3.8% over these time periods; China, at 8.4% and 5.6%.
- Global growth is projected to settle at 3.3% in the medium term due to damage inflicted on supply potential as well factors that pre-date the pandemic such as ageing (which has resulted in slower labour force growth in advanced economics and some emerging markets).
- The average annual loss in per capita GDP over the 2020-24 period relative to pre-pandemic forecasts is expected to be 5.7% in low-income countries and 4.7% in emerging markets, For advanced economies, this number is a lower: 2.3%.
- Pandemic pushed another 95 million into extreme poverty in 2020.

About India's Growth

- After an estimated contraction of 8% in the fiscal year that ended March 31, India is projected to grow at 12.5 % during the current year, settling down to 6.9% growth year (FY 22/23), according to the World Economic Outlook (WEO),Managing Divergent Recoveries.

Additional

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