

OECD PARES INDIA'S GROWTH OUTLOOK IN THIS FISCAL TO 9.7%

Relevant for: International Relations | Topic: OECD

OECD data showed India is the worst hit among major economies, with its real GDP in June quarter 15% less than pre-pandemic forecast while relative to December quarter of 2019, its GDP is around 7% less

NEW DELHI : The Organisation for Economic Co-operation and Development (OECD) has pared its growth forecast for India by 20 basis points to 9.7% for this fiscal, citing continuing risks from the pandemic.

The Paris-based organization also raised its inflation forecast for India by 50 basis points to 5.9% for this fiscal and by 70 basis points to 5.5% for the year after.

"The risk of lasting costs from the pandemic also persists. The output shortfall from the pre-pandemic path at the end of 2022 in the median G20 emerging-market economy is projected to be twice that in the median G20 advanced economy, and particularly high in India and Indonesia," OECD, the 38-member intergovernmental organization, said in its latest interim economic outlook issued on Tuesday. OECD had in June cut India's growth projection for the fiscal to 9.9% from 12.6% estimated in March as a resurgence of covid cases and lockdowns threatened to stall the country's nascent economic recovery.

According to OECD data, India is the worst hit among major economies, with its real GDP in the June quarter 15% lower than the pre-pandemic forecast and around 7% lower than the December quarter.

For FY23, OECD reduced India's growth projection by 30 basis points to 7.9%.

"High-frequency activity indicators, such as the Google location-based measures of retail and recreation mobility, suggest global activity continued to strengthen in recent months, helped by improvements in Europe and a marked rebound in both India and Latin America," the report said.

OECD said global GDP has now surpassed the pre-pandemic level, but output and employment gaps remain, particularly in emerging-market and developing economies where vaccination rates are low. "The economic impact of the Delta variant has so far been relatively mild in countries with high vaccination rates but has lowered near-term momentum elsewhere and added to pressures on global supply chains," it said.

Inflation has risen sharply in the US, UK, Canada and some emerging-market economies but remains relatively low in many other advanced economies, particularly in Europe and Asia, OECD said.

The difficult policy choices faced by some emerging-market economies with high debt and rising inflation are also potential downside risks. "Governments need to ensure that all resources necessary are used to deploy vaccinations as quickly as possible throughout the world to save lives, preserve incomes and bring the virus under control," the report said.

OECD said the fiscal situation varies considerably among emerging-market economies and

developing countries, but many face difficult trade-offs between supporting incomes, providing adequate resources for the deployment of vaccines, and ensuring debt sustainability.

“Robust policy frameworks, improved revenue collection, and the reorientation of spending towards health and social priorities would help to maintain investor confidence and strengthen efforts to reduce the pandemic-related surge in poverty. Longer government debt maturities would reduce the impact of any fluctuations in interest rates,” the report said.

Never miss a story! Stay connected and informed with Mint. [Download](#) our App Now!!

Log in to our website to save your bookmarks. It'll just take a moment.

Oops! Looks like you have exceeded the limit to bookmark the image. Remove some to bookmark this image.

Your session has expired, please login again.

You are now subscribed to our newsletters. In case you can't find any email from our side, please check the spam folder.

END

Downloaded from **crackIAS.com**

© **Zuccess App** by crackIAS.com

CrackIAS