

IMF World Economic Outlook (WEO), April 2020

**Global Economy is projected to contract sharply by (-)3% in 2020
India to grow at a modest rate of 1.9% in 2020 and 7.4% in 2021**

Projected Global Economy Growth: (-)3% in 2020 and (+)5.8% in 2021

- ➔ According to the flagship report of IMF - '**World Economic Outlook**' released on 14th April 2020, the global economy is projected to contract sharply by (-)3% in 2020 much worse than during the 2008-09 financial crisis (**Table**).
- ➔ In 2021 the economy is projected to grow by 5.8% based on the assumption of fading of pandemic during the second half of 2020 accompanied with normalisation of economic activities helped by policy support (**Table**).

Projected Growth in Advanced Economies is (-)6.1% and EMDEs (-)1.0% in 2020

- ➔ **Advanced Economies** are projected to contract by (-)6.1% in 2020 which includes USA (-5.9%), Japan (-5.2%), the United Kingdom (-6.5%), Germany (-7.0%), France (-7.2%), Italy (-9.1%), and Spain (-8.0%).
- ➔ The group of **emerging market and developing economies (EMDEs)** is projected to contract by -1.0% in 2020
- ➔ India is expected to record a modest growth of 1.9% in 2020 as against 5.8% predicted in WEO, January 2020.

IMF highlights factors which would determine the economy outcomes

- ➔ The Fund clearly states that there is extreme uncertainty around the global growth forecast and economic outcomes would depend on factors
 - a. the pathway of the pandemic
 - b. the intensity and efficacy of containment efforts,
 - c. the extent of supply disruptions,
 - d. the repercussions of the dramatic tightening in global financial market conditions,
 - e. shifts in spending patterns
 - f. behavioural changes (such as people avoiding shopping malls and public transportation),
 - g. confidence effects
 - h. and volatile commodity prices.

Table
Overview of the World Economic Outlook Projections
(% change)

Particulars	2019	Projections	
		2020	2021
World Output	2.9	-3.0	5.8
Advanced Economies	1.7	-6.1	4.5
USA	2.3	-5.9	4.7
Euro Area	1.2	-7.5	4.7
Germany	0.6	-7.0	5.2
France	1.3	-7.2	4.5
Italy	0.3	-9.1	4.8
Spain	2.0	-8.0	4.3
Japan	0.7	-5.2	3.0
UK	1.4	-6.5	4.0
Canada	1.6	-6.2	4.2
Other Advanced Economies*	1.7	-4.6	4.5
Emerging Market and Developing Economies	3.7	-1.0	6.6
Emerging and Developing Asia	5.5	1.0	8.5
China	6.1	1.2	9.2
India**	4.2	1.9	7.4
ASEAN-54	4.8	-0.6	7.8
Emerging and Developing Europe	2.1	-5.2	4.2
Russia	1.3	-5.5	3.5
Latin America and the Caribbean	0.1	-5.2	3.4
Brazil	1.1	-5.3	2.9
Mexico	-0.1	-6.6	3.0
Middle East and Central Asia	1.2	-2.8	4.0
Saudi Arabia	0.3	-2.3	2.9
Sub-Saharan Africa	3.1	-1.6	4.1
Nigeria	2.2	-3.4	2.4
South Africa	0.2	-5.8	4.0

Source : IMF , *Excludes the Group of Seven (Canada, France, Germany, Italy, Japan, United Kingdom, United States) and euro area countries **For India, data and forecasts are presented on a fiscal year basis, and GDP from 2011 onward is based on GDP at market prices with fiscal year 2011/12 as a base year
