

## World Bank Global Economic Perspectives, January 2021

**Global economy to expand by 4% in 2021.**

**India to grow at a rate of 5.4 % in 2021 and 5.2 % in 2022.**

### **Projected Global economy Growth: (+)4% in 2021 and (+)3.8% in 2022**

- According to World Bank's Flagship report- '**Global Economic Perspectives 2021**' released on 5<sup>th</sup> January 2021, the global economy is projected to expand by (+)4% in 2021 based on the assumption that effective vaccination and pandemic management becomes widespread throughout the year. **(Table)**.
- In 2022 the global economy is projected to grow modestly by 3.8 % due to the long-term damage by the COVID-19 **(Table)**.

### **Projected Growth in Advanced Economies is (+)3.3% and EMDEs (+)5.0% in 2021**

- **Advanced Economies** are projected to expand by (+)3.3 % in 2021 which includes the USA (+3.5%), Japan (+2.5 %), and Euro area (+2.6 %).
- The group of **emerging market and developing economies (EMDEs)** is projected to expand by +5.0% in 2021.
- **India is expected to record a firm growth of 5.4% in 2021 as against -3 % predicted in Global Economic Perspectives, June 2020.**

### **Projected Growth in Global Trade is (+) 5 % in 2021 and (+) 5.1 % in 2022.**

- Global trade is projected to grow by an average of 5.1 % in 2021-22 which reflects the persistently subdued global investment and the gradual and incomplete recovery of global travel and is expected to decline in the trade intensity of activity.

### **World Bank highlights factors that would determine the economic outcomes.**

- The World Bank states that there is extreme uncertainty around the global growth forecast and economic outcomes would depend on factors.
  - a. Further increase in the spread of the virus
  - b. Delays in vaccine procurement and distribution.
  - c. Long-lasting impact on potential output from the pandemic
  - d. Financial stress triggered by high debt levels and weak growth.

**Table**  
**Overview of the Global Economic Perspectives Projections**  
**(Real GDP\*\* % change)**

Particulars	2020	Projections	
		2021 f	2022 f
World Output	-4.3	4.0	3.8
<b>Advanced Economies</b>	<b>-5.4</b>	<b>3.3</b>	<b>3.5</b>
USA	-3.6	3.5	3.3
Euro Area	-7.4	3.6	4.0
Japan	-5.3	2.5	2.3
<b>Emergent Market and Developing Economies</b>	<b>-2.6</b>	<b>5.0</b>	<b>4.2</b>
<b>East Asia and Pacific</b>	<b>0.9</b>	<b>7.4</b>	<b>5.2</b>
China	2.0	7.9	5.2
Thailand	-6.5	4.0	4.7
<b>Europe and Central Asia</b>	<b>-2.9</b>	<b>3.3</b>	<b>3.9</b>
Russian federation	-4.0	2.6	3.0
<b>Latin America and Caribbean</b>	<b>-6.9</b>	<b>3.7</b>	<b>2.8</b>
Brazil	-4.5	3.0	2.5
Mexico	-9.0	3.7	2.6
<b>Middle East and North Africa</b>	<b>-5.0</b>	<b>2.1</b>	<b>3.1</b>
Saudi Arabia	-5.4	2.0	2.2
<b>South Asia</b>	<b>-6.7</b>	<b>3.3</b>	<b>3.8</b>
India *	-9.6	5.4	5.2
Bangladesh	2.0	1.6	3.4
<b>Sub-Saharan Africa</b>	<b>-3.7</b>	<b>2.7</b>	<b>3.3</b>
South Africa	-7.8	3.3	1.7
Nigeria	-4.1	1.1	1.8

Source: World Bank, \*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 the fiscal year 2011/12 as a base year \*\* Headline aggregate growth rates are calculated using GDP weights at 2010 prices and market exchange rates.

f = forecast

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