

World Bank Group Flagship Report **Global Economic Prospects- January 2024**

**Global Economy is projected to slow from 2.7% in 2023 to (+) 2.4% in 2024.
India to grow at a rate of 6.2% in 2024, slightly lower than 6.3% in 2023.**

Projected Global Economy Growth: (+) 2.7% in 2023, 2.4% in 2024 & 2.7% in 2025.

→ According to the flagship report of World Bank - 'Global Economic Prospects' published in January 2024, the global economy is projected to slow for the third year in a row, from 2.6% last year to 2.4% in 2024. **(Refer Table)**. This is almost three-quarters of a percentage point below the average of the 2010s. This slowdown reflects the lagged and ongoing effects of tight monetary policy to rein in inflation, restrictive credit conditions, and anemic global trade and investment.

→ Developing economies are projected to grow just 3.9%, more than one percentage point below the average of the previous decade. Many of these economies are struggling to recover from pandemic-induced losses, with many facing high debt and investment shortfalls.

→ For the advanced economies, the report projects a slowdown to 1.3% in 2024 from 1.6% in 2023.

Projected Growth in Advanced Economies is (+) 1.5% and EMDEs (+) 4% in 2023.

→ **Advanced Economies** are projected to slow down to (+) 1.3 % in 2024 which includes the USA (+ 1.4 %), Japan (+ 1.2%), the United Kingdom (+ 0.4 %), and European Union (+ 1.2 %)

→ The group of **developing economies** are projected to expand by +4 % in 2024.

Projected Growth in Global Trade is (+) 0.6 % in 2023 and (+) 2.4 % in 2024.

→ Global trade growth in 2024 is expected to be only half the average in the decade before the pandemic.

Indian economy is expected to record a growth of 6.3 % in 2023 as against 6.1 % predicted in WEO, July 2023.

→ Growth in India is projected to remain strong, largely driven by robust investment and services.

→ The slowdown in growth to 7.2 percent in fiscal year (FY) 2022/23, which ended in March 2023, was primarily due to a weakening post-pandemic rebound, particularly in private investment and consumption.

→ However, a strong performance in 2023 was underpinned by robust public investment growth and vibrant services activity, thanks to resilient domestic demand for consumer services and exports of business services.

→ India is anticipated to maintain the fastest growth rate among the world's largest economies, but its post-pandemic recovery is expected to slow, with estimated growth of 6.3 percent in FY2023/24 (April 2023 to March 2024).

Trends in major economies in comparison to IMF, WEO, July 2022 forecasts

- **United States:** The economy is projected to grow by 1.4% in 2024, down from an estimated 2.5% in 2023. The growth has been fuelled by robust consumer spending, a robust housing market, and buoyant household balance sheets. However, amid falling household savings, high interest rates, and a gradually softening labour market, consumer spending is expected to weaken in 2024, and investment is projected to remain sluggish.
- **China:** The recovery from COVID-19-related lockdowns has been more gradual than expected amid domestic and international headwinds. The economy turned a corner during the second half of 2023, with the growth rate reaching an estimated 5.3% for the year, up from 3.0% in 2022. However, a combination of property sector correction and faltering external demand is projected to push growth down moderately to 4.7% in 2024.
- **European Union:** The region faces a challenging economic outlook amid sticky and elevated inflation, high interest rates and geopolitical conflicts. GDP is projected to expand by 1.2% in 2024, up from 0.5% in 2023. The mild recovery is expected to be driven by a pick-up in consumer spending as price pressures ease, real wages rise, and labour markets remain robust.
- **Japan:** Growth is projected to slow from 1.7% in 2023 to 1.2% in 2024 despite accommodative monetary and fiscal policy stances. Rising inflation may signal an exit from the deflationary trend that persisted for more than two decades.
- **East Asia:** Growth is projected to moderate from 4.9% in 2023 to 4.6% in 2024. In most countries, private consumption growth remained firm, supported by easing inflationary pressure and steady recovery in the labour market.
- **South Asia:** GDP expanded by an estimated 5.3% in 2023 and is projected to grow by 5.2% in 2024.

Major observations of the report

The key observations of the report are as follows: -

- Global growth is expected to slow further this year, reflecting the lagged and ongoing effects of tight monetary policies to rein in inflation, restrictive credit conditions, and anemic global trade and investment.
- Downside risks include an escalation of the recent conflict in the Middle East, financial stress, persistent inflation, weaker-than-expected activity in China, trade fragmentation, and climate-related disasters.
- Against this backdrop, policy makers face enormous challenges. In emerging market and developing economies (EMDEs), commodity exporters face the enduring challenges posed by fiscal policy procyclicality and volatility, which highlight the need for robust fiscal frameworks.
- To boost longer-term growth, structural reforms are needed to accelerate investment, improve productivity growth, and close gender gaps in labor markets.
- The report emphasizes the need for a major course correction to avoid the 2020s going down as a decade of wasted opportunity.

Table: Growth of world output and gross domestic product, 2022 to 2025

Annual percentage change	2022	2023 ^a	2024 ^b	2025 ^b	Change from <i>World Economic Situation and Prospects</i> as of mid-2023	
					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 ^{d,e}	6.3	5.3	5.2	5.7	0.6	-0.6
India ^e	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 ^g	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 countries^d	4.1	4.4	4.7	4.8	0.3	0.5
<i>Memorandum items</i>						
World trade ⁱ	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.