

World Bank sees India growing by 8.3%

Lender says forecast, however, masks damage from COVID second wave; pegs global growth at 5.6%

SRIRAM LAKSHMAN
WASHINGTON DC

India's economy is expected to grow by 8.3% in the fiscal year that began in April 2021, the World Bank forecast in its June 2021 *Global Economic Prospects* released on Tuesday. The forecast, however, masked the significant expected economic damage caused by the "enormous" second wave of COVID-19, the Bank said.

Raising its projection for global growth, the bank said the world economy would expand at 5.6% in 2021, the fastest post-recession growth rate in 80 years, underpinned by U.S. stimulus spending and faster growth in China. Observing that global output would still end up 2% below pre-pandemic projections by the year end, the development lender said



Widening gap: 'Highly unequal' access to vaccines is a factor in the uneven global recovery, says World Bank. ■ FILE PHOTO

"highly unequal" access to COVID-19 vaccines was a factor in the uneven recovery.

"In India, an enormous second COVID-19 wave is undermining the sharper-than-expected rebound in activity

seen during the second half of FY2020/21, especially in services. With surging COVID-19 cases, foot traffic around work and retail spaces has again slowed to more than one-third below pre-

pandemic levels since March, in part due to greater restrictions on mobility," the bank noted.

'Collapse and recovery'
Economic activity in India would likely follow a similar but less pronounced 'collapse and recovery' trend seen during the first wave, the bank said in its outlook.

"The pandemic will undermine consumption and investment as confidence remains depressed and balance sheets damaged. Growth in FY2022/23 is expected to slow to 7.5% reflecting lingering impacts of COVID-19 on household, corporate and bank balance sheets; possibly low levels of consumer confidence; and heightened uncertainty on job and income prospects," the global lender added.

For the world as a whole, losses to per capita income would not be reversed by 2022 for some two-thirds of emerging market and developing economies, the bank said. Low income countries that had lagged in vaccinations had witnessed a reversal in poverty reduction, with the pandemic exacerbating insecurity and other long-standing challenges.

"While there are welcome signs of global recovery, the pandemic continues to inflict poverty and inequality on people in developing countries," World Bank Group President David Malpass said in a press release.

"Globally coordinated efforts are essential to accelerate vaccine distribution and debt relief, particularly for low-income countries," Mr. Malpass added.