

Indian economy to contract by 4 per cent in 2020-21: ADB

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Hit hard by the coronavirus pandemic, the Indian economy is expected to contract by 4 per cent during the current financial year, the ADB said in a supplement to its Asian Development Outlook (ADO).

Countries in Developing Asia will “barely grow” in 2020, as per the ADB forecast.

Key Highlights

- China, however, is expected to record a positive growth of 1.8 per cent in 2020, sharply down from 6.1 per cent in 2019, said the ADO.
- Growth in Indian GDP slowed to 3.1 per cent in the last quarter of fiscal year 2019 (FY2019, ended 31 March 2020), it's slowest since early 2003. Economic growth slowed to 4.2 per cent in the whole of FY2019 as both exports and investment started to contract.
- In its annual flagship ADO published on April 3, ADB had projected that India's economic growth rate will slip to 4 per cent in the current fiscal on account of the global health emergency created by the COVID-19 pandemic.
- Developing Asia will barely grow in 2020, as containment measures to address the coronavirus disease (COVID-19) pandemic is expected to hamper economic activity and weaken external demand, ADB said.
- For the countries in developing Asia, ADB forecasts growth of 0.1 per cent for the region in 2020. This is down from the 2.2 per cent forecast in April and would be the slowest growth for the region since 1961, it said.
- Hit hard by COVID-19, South Asia is forecast to contract by 3 per cent in 2020, compared to

4.1 per cent growth predicted in April. Growth prospects for 2021 are revised down to 4.9 per cent from 6 per cent, ADB said. As per the ADB forecast, risks to the outlook remain on the downside.

- International rating agencies like Moody's Investors Service, Fitch Rating and S&P Global Ratings have all predicted a 4-5 per cent contraction in India's economic growth rate during April 2020 to March 2021 fiscal. Crisil has said this would be the country's fourth recession since Independence, first since liberalization, and perhaps the worst to date.

SOURCE: *The Hindu, Outlook India*