

OECD slashes India's growth rate for FY21

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Global agency Organization of Economic Cooperation and Development (OECD) recently lowered India's GDP growth forecast to 5.1% from its earlier projection of 6.2% for the financial year 2020-21 on concerns over the impact of the deadly coronavirus in the domestic as well as global economy. The Organization said that the adverse impact on confidence, financial markets, travel sector and disruption to supply chains contribute to the downward revisions in all the G20 economies in 2020, particularly the ones strongly interconnected with China.

Key Highlights

- According to the latest OECD Interim Economic Outlook Forecasts, India's real GDP growth is expected at 5.1 per cent during the fiscal year starting April 1, 2020, and improve to 5.6 per cent in the following year.
- The latest projection for 2020-21 is 1.1 percentage point lower than the November 2019 forecast.
- The Economic Survey tabled by the government in Parliament has projected India's economic growth at 6 -6.5 per cent in the next fiscal year. The National Statistical Office (NSO) estimates India's GDP growth at 5 per cent during 2019-20.
- The OECD has projected India's growth at 4.9 per cent

for the financial year ending March 2020. The report said coronavirus (COVID-19) outbreak has already brought considerable human suffering and major economic disruption.

- Output contractions in China are being felt around the world, reflecting the key and rising role China has in global supply chains, travel and commodity markets.
- Global economic growth will sink to levels not seen in over a decade as the coronavirus outbreak hammers demand and supply, challenging central banks and governments to respond to a fast-changing situation, according to the OECD.

As the Central Banks around the world try to calm a market panic, the Paris-based group also warned of possible global contractions this quarter. It cut its full-year growth to just 2.4% from 2.9%, which would be weakest since 2009.

SOURCE: *The Hindu, Business Standard*