

UNCTAD projects Indian economy to expand to 7.2% in 2021

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The United Nations Conference on Trade and Development (UNCTAD) has pegged India's economic growth rate to hit a four-year high of 7.2 per cent for 2021 against a contraction of 7 per cent in 2020.

At this rate, India would be the fastest growing economy after China, which is projected to grow by 8.3 per cent. Calculations are based on GDP at constant dollars in 2015.

Key Highlights

- In its Trade and Development report released recently, UNCTAD projected India's economy to outpace all other major economies in the next year even though the growth would be slower, at 6.7 per cent, than this year's projected figure.
- The report said India's economy, which shrank by seven per cent in 2020, showed strong growth of 1.9 per cent in the first quarter of Calendar 2021, on the back of the momentum of the second half of 2020 and supported by government spending in goods and services.
- The report said while other Asian economies have, throughout 2020 and into 2021, seen the largest portfolio outflows of all regions—including substantive non-resident investor flight from domestic sovereign bond markets in some cases—the region overall

has benefited most from inflows of other investments as well as from strong FDI, in particular, into India.

- UNCTAD flagged the issue of high retail inflation in India, but did not take into account the easing of the rate of price rise in recent times.

SOURCE: *Business Standard*