COVID-19 and World reports

Part of: GS Prelims and GS-III- Economy (PT-MAINS-PERSONALITY TEST)

1. Asia Development Bank assures India 2.2 billion support to fight COVID: Asian Development Bank today assured India of 2.2 billion US dollar support to fight against the COVID-19 pandemic. The financial support of about 16,500 crore rupees. In a call, Asakawa commended the Indian Government's decisive response to the pandemic, including a National Health Emergency programme. He commended tax and other relief measures provided to businesses. ADB President also appreciated 1.7 lakh crore rupees economic relief package to provide immediate income and consumption support to the poor, women, and workers affected by the nationwide lockdown.

ADB in a statement said that weakening global economic growth is causing disruptions in India's trade and manufacturing supply chains, along with the slowdown in tourism and other economic activities. ADB said, it is also engaged with the private sector to meet its financing needs during this period.

On 18th of March, ADB announced an initial package of approximately 6.5 billion US Dollars to address the immediate needs of its developing member countries, including India, as they respond to the COVID-19 pandemic.

2. Global economy is expected to go in recession - RBI REPORT

In its latest Monetary Policy report, the Reserve Bank of India - RBI has stated that the global economy is expected to go into recession after taking into account the impact of the COVID-19 pandemic. It also says that aggregate demand is expected to be impacted adversely by likely recession in the global economy, caused by disruptions in global supply chains, travel and tourism, and lock downs in many economies.

The report suggests that while efforts are being mounted on a war footing to arrest its spread, COVID-19 would impact economic activity in India directly through domestic lockdown. Second round effects would operate through a severe slowdown in global trade and growth. It also says that the lockdown is expected to significantly lower aggregate demand in both rural and urban areas.

3. Global Trade growth expected to plummet as per WTO

The World Trade Organisation today said that global trade growth is expected to plummet by up to a third in 2020 due to the Coronavirus pandemic. It has warned that the numbers would be ugly and world trade is expected to fall by between 13 percent and 32 percent in 2020 as the COVID-19 pandemic disrupts normal economic activity and life around the world. WTO said in a statement that there were a wide range of possibilities for how trade would be hit by the unprecedented health crisis. However, WTO chief Roberto Azevedo warned the downturn may well be the deepest economic recession or downturn of our lifetimes.

4. World banks report predicts India’s growth at 1.5 to 2.8% in FY 21, slowest since
economic reform 30 years ago.

India is likely to record its worst growth performance since the 1991 liberalisation this fiscal year as the coronavirus outbreak severely disrupts the economy.

India’s economy is expected to grow 1.5% to 2.8% in the 2020-21 fiscal which started on April 1, the World Bank said in its South Asia Economic Focus report.

It estimated India will grow 4.8% to 5% in the 2019-20 fiscal that ended on March 31. The COVID-19 outbreak came at a time when India’s economy was already slowing due to persistent financial sector weaknesses, the report said.

To contain it, the government imposed a lockdown, shutting factories and businesses, suspending flights, stopping trains and restricting mobility of goods and people.

“The resulting domestic supply and demand disruptions (on the back of weak external demand) are expected to result in a sharp growth deceleration in FY21 (April 2020 to March 2021),” it said, adding that the services sector will be particularly impacted.

PT PICKSUP

Asian Development Bank (ADB)

- The Asian Development Bank (ADB) is a regional development bank established on 19 December 1966.
- ADB is headquartered in Manila, Philippines. It aims to promote social and economic development in Asia.
- ADB now has 67 members, of which 48 are from within Asia and the Pacific and 19 outside.
- Japan holds the largest proportion of shares in ADB followed by the USA.