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World Economic Situation and Prospects 2020

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Why in News

The **United Nations Conference on Trade and Development (UNCTAD)**, **United Nations Department of Economic and Social Affairs (UN DESA)** and the **five United Nations Regional Economic Commissions** have jointly released the **World Economic Situation and Prospects 2020 (WESP)** recently.

The report warns about strong economic risks, **deep political polarization** and **increasing scepticism** about the benefits of **multilateralism**.

Key Points Related to India

- The report suggested that India needs to implement **structural reforms** to face a global as well as Indian economic slowdown.
- The **combination of fiscal stimulus, loose monetary policy and financial sector reforms** is expected to support a **recovery in growth to 6.6 %**.
India experienced a sharp drop from 6.8% in 2018 to 5.7 % in 2019
- The report also indicated that India may be among the few countries where the **per capita GDP growth rate** could **exceed 4 % in 2020**.
Per capita GDP is the ratio of the country's gross domestic product by its total population.

Fiscal Stimulus

- It refers to an increase in public spending or a reduction in the level of taxation by a government so as to put more money in the hands of consumers.
- It is an attempt to encourage and support economic growth.

Other Findings

- **World's fastest-growing region: East Asia**, which also remains the largest contributor to global growth.
- **Growth in large emerging countries:** Brazil, India, Mexico, Russia and Turkey are expected to gain economic momentum in 2020.
- **Shift in Global economic decision power:** The shift in global economic decision-making power from the EU, the US and other developed countries towards China, India and other developing countries has been observed. Thus Global cooperation mechanisms will need to recognise this shifting balance.
- **Per capita income:** One in five countries will see per capita income **stagnate or decline** in 2020.

Per capita income measures the average income earned per person in a given area in a specified year.

- **Poverty reduction:** The share of the population living in extreme poverty has declined steadily and significantly over the past few decades, largely owing to successful experiences in China and India.
- **Impact of climate change on economy:** Climate disruption poses a **serious and growing** threat to **short- and long-term economic prospects**.
One of the primary ways to break the link between greenhouse gas emissions and economic activity is to **change the energy supply mix, transitioning from fossil fuels to renewable sources of energy**. This transition will require policies that steer nations towards carbon neutrality by 2050.
- **Roadblocks for Sustainable Development Goals:** The prolonged weakness in global economic activity may severely impact the implementation of **Sustainable Development Goals**.

UNCTAD

- United Nations Conference on Trade and Development (UNCTAD) was established in 1964 to promote development-friendly integration of developing countries into the world economy.
- UNCTAD is a **permanent intergovernmental body** headquartered at **Geneva in Switzerland**.
- Some of the reports published by it are:
 - Trade and Development Report
 - World Investment Report
 - The Least Developed Countries Report
 - Information and Economy Report
 - Technology and Innovation Report
 - Commodities and Development Report

Source: IE