



Global Economic Prospects: World Bank

World Bank has released the report “Global Economic Prospects: Heightened Tensions, Subdued Investment”.

- Global Economic Prospects is a biannual report, [last one was published in January 2019](#).

Global Forecast

- World Bank has downgraded global growth prospects by 0.3% to 2.6% for the 2019-20.
- The cause for down grade is weaker-than- expected international trade and investment at the start of 2019.
- However, WB has estimated that economies will begin improving here after and growth might touch 2.8% in 2021.\
- Risks to global growth include rising trade barriers, a build-up of government debt and slowdowns in several major economies.
- Advanced economies as a group are expected to slow down in 2019, particularly the Euro Area, due to weaker investments and exports.
- U.S. growth is expected to slow to 2.5% this year, down from an estimated 2.9% in 2018, and then down to 1.7% and 1.6% in 2020 and 2021 respectively.
- U.S. policy uncertainty is expected to erode growth and investment as protectionist measures impact a wide range of downstream industries and trading partners due to the existence of global value chains.
- A no-deal Brexit could have a severe impact on the U.K. and to a lower extent on its European trading partners in the event of disruptions and delays at the border.

Findings for India

- The World Bank has retained its forecast for growth in India at 7.5% in the 2019-20 fiscal and the succeeding years.
- Report has warned that re-escalation of [India-Pakistan tensions such as the one in February](#) could increase uncertainty and impact investments in the region.
- Private consumption and investment will benefit from strengthening credit growth amid more accommodative monetary policy, with inflation having fallen below the Reserve Bank of India's target.
- It further stated that the Goods and Services Tax (GST) regime is still in the process of being fully established, creating some uncertainty about projections of government revenues