



COVID-19 to push 150-175 million more people into extreme poverty: UN expert

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Between 150 million and 175 million more people will fall into extreme poverty due to the COVID-19 pandemic, an expert said at the UN. Special Rapporteur on extreme poverty and human rights Olivier De Schutter said that between 150 million and 175 million more people will fall into extreme poverty, due to the epic fallout from COVID-19.

Schutter told the UN General Assembly Third Committee (Social, Humanitarian and Cultural) Wednesday as delegates raised concerns about the plight of the world's most vulnerable in a series of interactive dialogues.

"We must rethink our development model," De Schutter said, adding that most of those who will fall into extreme poverty will be workers in the informal sector or in precarious employment conditions most of them women.

In order to emerge from the worst crisis since the 1929 Great Depression, "we cannot count, as we did in the 20th century, on economic growth as usual," he said. Environmental sustainability and social justice must be considered prerequisites for shaping the economic recovery that countries envision, he said.

De Schutter was one of five independent experts participating in virtual dialogues with delegates, which covered topics ranging from extreme poverty and internal displacement, to the human rights to education, safe drinking water and adequate housing.

Experts described the interplay between conflict and climate change, and recommended ways to ensure that students can access water and sanitation in school during the pandemic.

Cecilia Jimenez-Damary, Special Rapporteur on the human rights of internally displaced persons, said the intersecting risks of climate change and armed conflict can push people into displacement. She focused on the slow-onset effects of climate change sea-level rise, desertification, glacial retreat and flood which can have disastrous consequences.

Most affected will be people whose livelihoods depend heavily on ecosystems: indigenous peoples, farmers, herders, pastoralists and fisherfolk. Displaced persons also risk being exposed to COVID-19, due to their limited access to health care, water, sanitation and adequate housing, Jimenez-Damary said, according to information on the UN website.

(Financial Express, 23/10/2020)

COVID-19 has resulted in largest global economic contraction in 80 years, say World Bank and IMF

The World Bank and the International Monetary Fund said the global economic contraction caused by the ongoing coronavirus pandemic is the largest in the last eight decades, raising the world poverty rate, exacerbating inequalities and damaging long-term economic growth prospects. The WB and IMF concluded their annual meeting here on Friday, which heavily revolved around the impact of COVID-19.

"The pandemic has resulted in the largest global economic contraction of the last eight decades: it is impacting developing, emerging and developed economies; increasing the global poverty rate; exacerbating inequalities; and damaging long-term economic growth prospects," according to a joint-ministerial communique issued by the two UN-backed institutions.

The associated lockdowns, restrictions and continued uncertainty have caused investments, trade, and remittance flows to plummet, eroded jobs and human capital, kept children out of school, and pressured food and medical supply chains, it said.

The monetary institutions warned that the humanitarian crisis can further exacerbate fragility, conflict, and violence as well as intensify risks, including in small island states.

The economic crisis is threatening the lives and livelihoods of vulnerable populations, including women-led households, youth and the elderly, refugees and displaced people.

It is also widening gender gaps and jeopardising hard-won development gains and prospects for girls and children overall, it said.

Commending the World Bank for the speed and scale of its COVID-19 response across countries, the joint communique said that the bank is supporting countries' efforts to strengthen health systems and should continue to do so.

Early this week, the bank had announced a USD12 billion financial incentive to fund a COVID19 vaccine.

Noting that in the restructuring and recovery stages of the COVID-19 response, the bank and the IMF will need to help countries rebuild better, focusing on promoting the building blocks for an inclusive and sustainable recovery, ensuring affordable energy access and energy security, and addressing the challenges to economic and environmental vulnerabilities, including climate change, the communique said that they look forward to the upcoming Climate Change Action Plan.

To accelerate a resilient recovery centered on jobs and economic transformation, the communique asked the World Bank to provide the knowledge, policy advice, and financial support to help countries strengthen social safety nets and facilitate the movement of capital and labour toward sectors that will be productive and sustainable in the post-pandemic context, while also providing the innovation needed to open up trade finance for SMEs and confront the challenges of informality.

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Editor: **Secretary General**

The joint communique urged the World Bank to support the mobilisation and crowding in of private capital and finance, to create markets and promote investments and quality infrastructure for a broad-based recovery and long-term development.

Supporting the extension of the Debt Service Suspension Initiative (DSSI) by six months and to examine, by the time of the 2021 Spring Meetings of the World Bank and the International Monetary Fund, the joint communique said that all official bilateral creditors should implement this initiative fully and in a transparent manner.

It strongly encouraged private creditors to participate on comparable terms when requested by eligible countries.

(Economic Times, 17/10/2020)

Indian economy to contract by 10.3% in 2020; to bounce back with 8.8% growth in 2021: IMF

"India's GDP is expected to contract 9.6 per cent in the fiscal year that started in March," the World Bank said in its latest issue of the South Asia Economic Focus report.

The IMF in its report said that revisions to the forecast are particularly large for India, where Gross Domestic Product (GDP) contracted much more severely than expected in the second quarter.

The Indian economy, severely hit by the coronavirus pandemic, is projected to contract by a massive 10.3 per cent this year, the International Monetary Fund said on Tuesday.

However, India is likely to bounce back with an impressive 8.8 per cent growth rate in 2021, thus regaining the position of the fastest growing emerging economy, surpassing China's projected growth rate of 8.2 per cent, the IMF said in its latest 'World Economic Outlook' report.

Released ahead of the annual meetings of the IMF and the World Bank, the report said global growth would contract by 4.4 per cent this year and bounce back to 5.2 per cent in 2021.

America's economy is projected to contract by 5.8 per cent in 2020 and grow by 3.9 per cent the next year, the IMF said.

China is the only country, among the major economies, to show a positive growth rate of 1.9 per cent in 2020, it said.

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"As a result, the economy is projected to contract by 10.3 per cent in 2020, before rebounding by 8.8 per cent in 2021," it said.

In 2019, India's growth rate was 4.2 per cent.

According to the IMF, India is among those likely to suffer the greatest damage from global warming, reflecting its initially high temperatures. For India, the net gains from climate change mitigation-relative to inaction-would be up to 60-80 per cent of GDP by 2100.

While estimates of losses from climate change are somewhat smaller for colder regions (for example, Europe, North America, and east Asia), these are likely underestimations as they do not include a number of damages (for example, rise in sea levels, natural disasters, damage to infrastructure from thawing of permafrost in Russia) and negative global spillovers from large economic disruptions in other parts of the world.

Last week, the World bank said India's GDP this fiscal is expected to contract by 9.6 per cent.

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"The situation is much worse in India than we have ever seen before," Hans Timmer, World Bank Chief Economist for South Asia, told reporters during a conference call last week. "It is an exceptional situation in India. A very dire outlook," he said.

There was a 25 per cent decline in GDP in the second quarter of the year, which is the first quarter of the current fiscal year in India.

In the report, the World bank said the spread of the virus and containment measures have severely disrupted supply and demand conditions in India.

(Press Trust of India, 13/10/2020)

EU trade pact high priority, hopeful of working towards a FTA: Piyush Goyal

Synopsis

Goyal said removing barriers to trade between India and Europe is essential to move forward as the EU is India's largest trading partner block, with about \$105 billion trade in goods in 2019. It is also the second largest destination for Indian exports.

Commerce and industry minister Piyush Goyal on Wednesday said India is giving "high priority" to the proposed Broad-based Trade and Investment Agreement (BTIA) with the European Union.

He also said that India is hopeful of working with the EU towards a free trade agreement (FTA), possibly starting with a preferential trade agreement (PTA).

The proposed BTIA is stalled since May 2013 and the two sides are yet to iron out their differences.

"The BTIA with the EU is India's high priority. We are hopeful also of working with the EU towards a free trade agreement, possibly starting with a preferential trade agreement," Goyal said at a diplomatic and industry leadership session on EU-India Collaborative Economic Growth. "We believe we have to work towards balanced, ambitious and mutually beneficial trade and investment agreements," he said.

India exported goods worth about \$54 billion to the EU in 2019-20, while it imported merchandise worth \$52 billion from the block.

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(Economic Times, 8/10/2020)

A vote of confidence from India Inc: Industry captains say worst is over for the economy

Synopsis

India's GDP plunged by a record 23.9% in the first quarter ended June, posting its worst performance since quarterly reporting of data began in 1996. The picture has become slightly better since then with the automotive sector posting its first year-on-year sales growth in six quarters in August.

Some of India's top business chiefs exuded confidence about the strength of the ongoing demand recovery in key sectors and added that the worst is over for the beleaguered economy. Green shoots are visible in macro-economic numbers and high frequency indicators. Rural growth is not only outpacing urban growth but is also leading the recovery, they said.

"The more I converse with CEOs of various organisations, the more I get convinced that there is an improvement in the macro-economic situation, especially over the last month or so," Axis Bank MD Amitabh Chaudhry told ET. "Despite the festive season ahead, I foresee an 'L' shaped recovery wherein the pickup would be slow and gradual but definite."

State Bank of India chairman [Rajnish Kumar](#) said the festive season could bring in strong loan growth. "The economy seems to be improving. Leading indicators from corporates, the RBI and the government seem to be pointing to that and as more data comes in the picture will become clearer," said Kumar. "August 2020 has been better than August 2019 for quite a few segments like deposits where I think there could be pent-up demand."

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RAJNISH KUMAR
 Chairman, SBI

ADI GODREJ
 Chairman, Godrej Group
 Growth is picking up, rural growth this year will surpass urban growth

We are definitely seeing green shoots across all consumer products from FMCG to automobiles. Rural is of course helping. But urban decline is much less than expected and exports are doing well
VENU SRINIVASAN
 Chairman, TVS Motor

Agencies

Growth in Rural Economy

"We are also seeing healthy traction for housing loans, and segments like agriculture and personal loans are doing much better than in June," Kumar said.

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Editor: **Secretary General**

India's GDP plunged by a record 23.9% in the first quarter ended June, posting its worst performance since quarterly reporting of data began in 1996. Industrial production and core sector data for the first four months of the financial year were equally bad with some economists pencilling in a 10% plus fall in GDP for the full year.

The picture has become slightly better since then with the automotive sector posting its first year-on-year sales growth in six quarters in August. The pace of decline in industrial production has slowed and the pick-up in rural India has become more pronounced.

"We see a revival in demand in select pockets over the past two months," said [Pawan Munjal](#), chairman of Hero MotoCorp, the country's largest two-wheeler maker. "Sales have picked up in rural and semi-urban markets owing to growth in the rural economy and the stimulus provided by government schemes. We are now faced with the fortunate situation of having more demand than supply – and we are working closely and collaborating with our supply chain partners." Hero posted a 16.9% increase in domestic two-wheeler sales in September this year, the highest in a single month in 2020.

Southern rival TVS Motor, too, posted decent bike sales in September over the year-ago period while carmaker Maruti Suzuki's sales rose 33%. "We are definitely seeing green shoots across all consumer products from FMCG to automobiles," said [Venu Srinivasan](#), chairman, TVS Motor Company. "Rural is of course helping. But urban decline is much less than expected and exports are doing well," "We still will be down by 15 to 20% for the year as a whole. Government fiscal and monetary policies seem to have helped to ameliorate the economic pain."

A report by brokerage Motilal Oswal on Monday suggested that India's economic activity contracted only 3% in August 2020, after a complete washout in April -June period when GDP contracted nearly 24%. Farm activities continued to show robust growth implying that non-farm GVA shrank 3.9% in August.

Global brokerage house Nomura's India Business Resumption Index, which tracks the normalisation in business activity, rose to 82.1 for the week ended October 4 from 81.6 in the previous week.

"Growth is picking up, rural growth this year will surpass urban growth," says [Adi Godrej](#), chairman of Godrej Group.

Tata Steel CEO [TV Narendran](#) said the worst is over and that the market recovery in September has been better than August. "We are seeing a revival in demand in Q2 led by good monsoons and positive activity in the rural economy. Our production is running at 100% capacity and we are now less dependent on exports than we were in the first quarter." he said.

FICCI president [Sangita Reddy](#), however, sounded a word of caution. "Although the Q2 GDP numbers are likely to see some improvement, it is expected to remain in the contraction zone," she said. "The key concern at present is weak demand and the same has been highlighted in our ground level surveys."

A top corporate CEO, who didn't wish to be named, said more handholding is needed on the part of the government. But Axis Bank's Chaudhry said corporate India should pick the mantle for economic recovery instead of waiting for a stimulus from the government.

"I strongly believe that the RBI and the government have done quite a lot and have been dynamic and flexible, providing the much needed stability in the system," he said. "Now, we should stop waiting for stimulus packages and take the onus of doing whatever is possible in our capacity to get the economy and a sustained upbeat sentiment, back on track.

(Economic Times, 6/10/2020)

Reforms undertaken to contain COVID-19 impact to ensure long-term sustained growth

Saying that the reforms in agricultural sector were overdue, it said the existing laws kept Indian farmers enslaved to the local mandi and their rent-seeking intermediaries.

"The pandemic however is far from over. Yet, the declining positivity rate at all-India level sets the stage to further push up the frontiers of economic recovery," it added. "The pandemic however is far from over. Yet, the declining positivity rate at all-India level sets the stage to further push up the frontiers of economic recovery," it added.

Important structural reforms undertaken by the government to combat risks associated with the coronavirus pandemic will strengthen the country's economic fundamentals and ensure long-term sustained growth, a report by Finance Ministry has said.

"The enabling policy environment and initiatives taken by all stakeholders to seize the available opportunities will actualise the growth potential of the Indian economy," the monthly economic report prepared by the Economic Affairs Department of the Finance Ministry said.

The sustained spread of the virus poses a downside risk to short-term and medium-term growth rate, it said adding that the government has strategically undertaken various important structural reforms, encompassing various sectors, to combat these risks.

The report said data for the 14-day period from September 17 to 30 suggests that India may have crossed the peak of COVID-19 caseload.

During this period, the seven-day moving average of daily positive cases steadily declined from about 93,000 to 83,000, while the seven-day moving average of daily tests rose from about 1,15,000 to 1,24,000, it said.

"The pandemic however is far from over. Yet, the declining positivity rate at all-India level sets the stage to further push up the frontiers of economic recovery," it added.

According to the report, major structural reforms launched by the government in agriculture markets, labour laws and definition of MSMEs provide unparalleled opportunity for the resilient MSME sector to grow and prosper now and thereby, contribute to job creation in the primary and secondary sectors.

The historic labour reforms, discussed for three decades after the conditionality in the 1991 loan from International Monetary Fund (IMF) but never implemented thus far, will benefit MSMEs to increase employment, enhance labour productivity and thereby wages in MSMEs, it said.

Saying that the reforms in agricultural sector were overdue, it said the existing laws kept Indian farmers enslaved to the local mandi and their rent-seeking intermediaries.

The implementation of 'Aatmanirbhar Bharat' package and unlocking of the economy have ensured that economic recovery in India has gained momentum.

During the month, other high-frequency indicators also improved in sync with global activity and India's export rose 5.3 per cent in September on annual basis, the report said.

As on September 25, India's foreign exchange reserves stood at USD 542.02 billion, equivalent to more than 13 months of imports and offer a comfortable buffer to provide for surge in imports following acceleration in the pace of economic activity, it added.

In its latest review, S&P Global Ratings retained India's investment grade (BBB-) credit rating with stable outlook as it expects the country's economy and fiscal position to stabilize and begin to recover from 2021 onwards.

India's probable growth path is visible in this assessment, the report said.

(Financial Express, 5/10/2020)

India and UK in final stages of signing defence logistics pact, will extend reach

Synopsis

The logistics pact, which will enable reciprocal use of bases and airfields for fuel, supplies and spares, has been under discussion with the UK, besides an agreement on joint training. India already has similar pacts with six nations that have interest in the Indo-Pacific region.

India and the UK are in the final stages of signing a defence logistics sharing pact, according to people aware of the development, adding to a host of similar agreements with other Indo-Pacific nations that can expand the reach of Indian warships and aircraft in the region.

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"India's military logistics pacts have the potential to substantially enhance the Indian Navy's operational reach in the Indo-Pacific region. From Reunion to Djibouti and Salalah to Guam, India now has access to the remote reaches of the Indo Pacific. A logistics agreement with the UK will, for the first time, offer India access to naval facilities in the distant Atlantic," said Abhijit Singh, who heads the maritime policy initiative at the Observer Research Foundation.

While the practical use will be determined in the coming years, these pacts can give India access to a range of ports and military bases in the region – from major garrisons in the Gulf to the remote Keeling island in the South Indian Ocean, and strategic military locations like Okinawa and Busan.

India has logistics sharing pacts with the US, France, Singapore, South Korea, Australia and Japan. Advanced discussions are also on with Russia to ink the pact soon – possibly at the next bilateral meeting scheduled for this month.

“The agreement with the UK in a way provides a foundational access map for India across the Indo-Pacific. Depending on political will, through these logistics pacts India would not only have access to the entry and exit points in the Indian Ocean, but reach and presence at strategic locations in the Indo-Pacific,” said Darshana Barua, non-resident scholar, Carnegie Endowment.

While India has been very careful in using these pacts – occasional refuelling at sea and bases has taken place with the US, Indian planes have used the Reunion islands as a turnaround base and Singapore has acted as a hub – the potential to leverage these should be visible in the coming years as the naval footprint increases in the region to counter China’s ambitions.

China has started creating military bases in the Indian Ocean Region – starting with Djibouti – while India has opted for the more benign approach of entering into logistics sharing pacts that ensure adequate reach for forces, without any underlying territorial aspirations.

Major military logistics sharing pacts signed by India give access to warships and aircraft across the Indo-Pacific region, a capability that never existed before. From multiple options in the Gulf to the deep Indian Ocean and the sensitive South China Sea, these pacts will enable easy movement of the military, whenever the need arises.

Busan (South Korea)

Okinawa/Iwo Jima (Japan)

Singapore

Cocoa Keeling (Australia)

Andamans (India)

La Reunion (France),

Djibouti and Bahrain (UK)

Guam (US)

(Economic Times, 9/10/2020)
