

# ECONOMIC INSIGHTS

By Eco Marvels (The Economics Club)

## EVERYONE IN BUSINESS IS SEEKING INVESTMENT IN INDIA RIGHT NOW

The potential economic growth of Indian economy has been arising from a large working-age population, which signifies a major opportunity. India will overtake Germany as the world's fourth largest economy in 2026 and knock Japan from the number three spot in 2032, according to analysis by the Centre for Economics and Business Research. India's working-age population stands at more than 900 million, according to 2021 data from the Organisation for Economic Cooperation and Development. In the next few years, its workforce could be bigger than China's, according to Capital Economics. Its vast consumer market and pool of affordable labor is also drawing more attention from global brands and trading partners.

Cozying up

Indian government has signed free trade agreements with many countries like Australia, the United Arab Emirates, Mauritius, the European Union, the United Kingdom, Canada, Russia and US to boost the industrial sector and lift exports. In recent month United States and India have signed an agreement to strengthen their ties, particularly in defence and technology and also raise investment in semiconductor industries. Air India has also bought more than 200 aircraft from Boeing which is said to be one of the biggest sale ever done by the American plane maker.

**We live an inter-dependent world . An isolated India is not our interest.**

**Hon. PM. Shri Narendra Modi**



## AJAY BANGA AS PRESIDENT OF THE WORLD BANK

Ajay Banga, an Indian American is selected as President of the World Bank for a five-year term beginning June 2, 2023.

The President of the World Bank Group is also the Chair of the Board of the Executive Directors of the International Bank for Reconstruction and Development (IBRD). The President is also ex officio chair of the Board of Directors of the International Development Association (IDA), International Finance Corporation (IFC), the Multilateral Investment Guarantee Agency (MIGA), and of the Administrative Council of the International Centre for Settlement of Investment Disputes (ICSID).

Source: World Bank Press Release

# GLOBAL ECONOMIC SCENARIO

## GLOBAL ECONOMY: SINGAPORE JUST RESOUND AN ALARM



The Monetary Authority of Singapore paused its tightening and gave a sobering commentary on global and domestic prospects. It's getting hard to be an optimist about the world economy. China's reopening is proving solid but unspectacular. Talk of a US recession has resurfaced with vigor. To this unsettling picture, Singapore added its own warning Friday. It's been a run of wins lately – for the bumpy-landing camp.

The Monetary Authority of Singapore paused its tightening and gave a sobering commentary on global and domestic prospects. In a separate report, the government described a rough first quarter: Gross domestic product shrank 0.7 percent from the prior three months, a worse outcome than economists anticipated. Little wonder the MAS, which uses the exchange rate as its primary policy tool, was ready for a break. Inflation will end the year markedly lower.

### IMF INDICATES ON INDIA & CHINA TO ACCOUNT FOR HALF OF GLOBAL ECONOMIC GROWTH IN 2023

The IMF chief on Thursday said that the world economy is expected to grow at less than 3 per cent this year, with India and China expected to account for half of global growth in 2023.

International Monetary Fund (IMF) managing director Kristalina Georgieva warned that a sharp slowdown in the world economy last year following the raging pandemic and Russia's military invasion of Ukraine would continue this year.

The period of slower economic activity will be prolonged, with the next five years witnessing less than 3 per cent growth, "our lowest medium-term growth forecast since 1990, and well below the average of 3.8 percent from the past two decades," she said.

"Some momentum comes from emerging economies — Asia especially is a bright spot. India and China are expected to account for half of global growth in 2023." she explained

### HOW THE SURPRISE OIL REDUCTION WILL IMPACT THE ECONOMY?

The Organisation of Petroleum Exporting Countries (OPEC) and its allies, called OPEC+, announced oil production cuts of around 1.16 million barrels per day (bpd) in a surprise move earlier this month. OPEC+ defends its surprise output reduction as being aimed at oil market 'stability'. However, oil prices surged over 8 percent to \$83.95 a barrel after the announcement, the highest rise in more than a year. The voluntary cuts start from May 2023 and will last until the end of the year.

By putting the prospect of \$100 a barrel oil back in view after it had dropped to \$70, the decrease in production has invited potentially ominous signs of global inflation, adding to worries that higher prices and an aggressive monetary tightening by central banks could tip the world economy into recession.

# CREDIT SUISSE

## CREDIT SUISSE CRISIS

### Main Highlights on Swiss crisis

Credit Suisse was organized into five divisions: Wealth Management, **Swiss Bank**, Asset Management, Investment Bank, and Capital Release Unit.

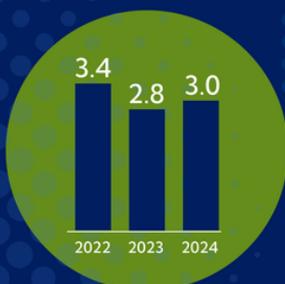
- Credit Suisse, the second-largest bank in Switzerland, collapsed in March 2023 and was bought by its rival UBS for 3 billion CHF (about \$3.3 billion USD).
- the group faced numerous scandals in recent years, including a spying scandal, and the collapse of two investment funds in which the bank was heavily involved, and a rotating group of executives.
- Immediately prior to Credit Suisse's collapse, two U.S. banks—Silicon Valley Bank and Signature Bank—also collapsed, sending shock waves through the global financial system.
- UBS has planned to sell off parts of the newly acquired Credit Suisse in the coming months and years.
- The impact on Switzerland's reputation as a global banking hub and a stable financial center may be significant.

Source: Investopedia

### WORLD ECONOMIC OUTLOOK APRIL 2023

## GROWTH PROJECTIONS BY REGION

### GLOBAL GROWTH



(Real GDP growth, percent)

### UNITED STATES



### LATIN AMERICA & THE CARIBBEAN



### EURO AREA



### SUB-SAHARAN AFRICA



### MIDDLE EAST & CENTRAL ASIA



### EMERGING & DEVELOPING ASIA



Source  
IMF, World Economic Outlook, April 2023.

Note  
Order of bars for each group indicates (left to right): 2022, 2023 projections, and 2024 projections.

# STATISTICS IN GLANCE - INDIA



Source: KPMG

Graphic © Asia Briefing Ltd.

## India's Economic Indicators



## India's Forex Reserves on an upswing To USD 588.78 Billion

The Reserve Bank of India reported on Friday that India's foreign exchange reserves increased by USD 4.532 billion to USD 588.78 billion for the week ending April 28. The general stores had dropped USD 2.164 billion to USD 584.248 billion in the past detailing week. The nation's foreign exchange reserves had reached an all-time high of \$645 billion in October 2021. The stores had been declining as the national bank conveyed the kitty to shield the rupee in the midst of tensions caused predominantly by worldwide turns of events. According to the RBI's Weekly Statistical Supplement, foreign currency assets, a major component of reserves, increased nearly USD 5 billion to USD 519.485 billion for the week ending April 28.



Source: Press Information Bureau

# Eco Marvels



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Economics is  
everywhere, and  
understanding  
Economics can help you  
make better decisions  
and a happier life.  
By Tyler Cowen

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