

# India's economy exits recession, recovery seen gathering pace

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- Economists have raised their forecasts for the current fiscal year and 2021-22
- Investment recorded its first growth since December 2019, growing at 2.6%

Reuters | New Delhi

India's economy returned to growth in the three months to December and the recovery is expected to gather pace as consumers and investors shake off the effects of the coronavirus pandemic, economists said. Fiscal and monetary policy



Commuters wearing protective face masks travel in a suburban train after authorities resumed the train services for all commuters after it was shut down to prevent the spread of the coronavirus disease (COVID-19), in Mumbai, India

could boost India's recovery prospects, they said, amid signs of a pick-up in consumer demand and government spending. Prime Minister Narendra Modi has launched plans for a

massive vaccination drive, while outlining a slew of tax incentives to boost the manufacturing sector. Gross domestic product grew 0.4% in October-December compared with the same period a year earlier, data released by the National Statistics Office on Friday showed. That compared with revised contractions of 7.3% in July-September and 24.4% in April-June. Investment recorded its first growth since December 2019, growing at 2.6% compared to a revised 6.8% fall in the previous quarter, while weakness in consumer demand eased. Consumer spending - the main driver of the economy - dropped 2.4 % year-on-year in Oct-December compared to an 11.3% fall in the previous quarter, data showed. The economy has returned to the "pre-pandemic times of positive growth rates", a finance ministry statement said after the release of the GDP data, which it said reflected a continued V-shaped recovery. "Significant recovery in man-

ufacturing and construction augurs well for the support these sectors are expected to provide to growth in 2021/22," said the statement, which also cautioned that India is not yet beyond "the danger of the pandemic". Economists have raised their forecasts for the current fiscal year and 2021-22, expecting a pick-up in government spending, consumer demand and a resumption of most economic activities curtailed by the COVID-19 pandemic. Annual growth of 3.9% in the farm sector and 1.6% in manufacturing during the three months to December raised hopes of an early recovery as the government rolls out plans to distribute COVID-19 vaccines to India's 1.4 billion people. The Reserve Bank of India (RBI), which has slashed its repo rate by a total of 115 basis points since March 2020 to cushion the economic shock of the pandemic, has projected growth of 10.5% in the fiscal year that starts in April.

## Dr Mirza keynote speaker at Arab Artificial Intelligence Summit



Dr Jassim Haji, Dr Abdulhussain Mirza

TDI | Manama

Dr Abdulhussain bin Ali Mirza, the President of Sustainable Energy Authority, will be a keynote speaker at the opening of the session of second Arab Artificial Intelligence Summit 2021. The summit is organised by Phi Science Institute in Jordan and will be held virtually from 9-10 April 2021. The event offers a platform for A.I. professionals, researchers, startups, decision-makers, and governments to showcase their work, establish programs, and connect for a better A.I. future for

the whole region. In his address, Dr Mirza will shed light on the opportunities and importance of strategic integration of Artificial Intelligence in the transformation to sustainable energy strategies in the region. The sessions of the summit will focus on the prospects of A.I. regionally and globally. Participating in the sessions will also be Dr Jassim Haji, an International researcher and expert in Artificial Intelligence, who will be speaking on the topics related to Artificial Intelligence in Cyber Security, Financial Services, Education and Health Services.

## Oil drops on dollar strength and OPEC+ supply expectations

Reuters | New York

Oil prices fell yesterday as the US dollar rose while forecasts called for crude supply to rise in response to prices climbing above pre-pandemic levels. Brent crude futures for April, which expire on Friday, fell 74 cents, or 1.1%, to \$66.14 a barrel by 12:45 EDT (17:45 GMT). The more actively traded May contract slipped by \$1.08 to \$65.03. US West Texas Intermediate (WTI) crude futures dropped \$1.42, or 2.2%, to \$62.11. The contract was still on track to be up 4.8% on the week. The US dollar rose as US government bond yields held near one-year highs, making dollar-priced oil more expensive for holders of other currencies. "It's a dicey time - it doesn't seem like a time to load up on a risk-asset position," said Bob Yawger, director of Energy Futures at Mizuho in New York, wary of a potential output increase from OPEC and allies at next week's meeting. Also, the US stockpile report this week



showed a surprise build in oil inventories. Friday's gains also reflect profit-taking after both Brent and WTI headed towards monthly gains of about 20% on supply disruptions in the United States and optimism over demand recovery on the back of COVID-19 vaccination programmes. Investors are betting that next week's meeting of the Organisation of the Petroleum Exporting Countries (OPEC) and allies, a group known as OPEC+, will result in more supply re-

turning to the market. US crude production fell in December, the latest month for which data is available, according to a monthly report from the Energy Information Administration. Despite talk of tightening fundamentals, the demand side of the market is nowhere near warranting current oil price levels, they added. US crude prices also face pressure from slower refinery demand after several Gulf Coast facilities were shuttered during the winter storm last week.

## US to allow rule targeting Chinese tech companies next month - WSJ

Reuters

The Biden administration plans to impose a Trump-era rule, effective next month targeting Chinese technology firms that pose a threat to the United States, following objections from US businesses, the Wall Street Journal reported yesterday, citing people familiar with the matter.

## UK seeks G7 consensus on digital competition

Reuters | London

Britain is seeking to build a consensus among G7 nations on how to stop large technology companies exploiting their dominance, warning that there can be no repeat of Facebook's one-week media blackout in Australia.

## IMF, World Bank pledge to support G20 push against global climate risks

Reuters | Washington

The leaders of the International Monetary Fund and the World Bank yesterday vowed to step up efforts to combat climate change by looking more closely at climate-related financial stability risk and using other tools at their disposal. World Bank President Malpass told finance officials from the Group of 20 economies that the Bank, the biggest provider

of climate finance to the developing world, would make record climate investments for a second consecutive year in 2021. To get more bang for the buck in mitigation and adaptation, the World Bank is helping countries update their commitments or "nationally determined commitments" under the Paris climate accord, he said during a video-conference. The Bank is also launching

new reviews to integrate climate into all its country diagnostics and strategies, he said, with an initial focus on developing countries with the largest carbon emissions and the largest climate-vulnerable populations, Malpass said. He said the Bank would work with the IMF and others on the reviews, and planned to complete up to 25 over the next year. "A key focus will be to help

countries achieve a just transition from coal to affordable, reliable, and sustainable energy. We are also developing a framework for fiscal policy and sustainable growth, including carbon taxation and its redistributive impact," he said. IMF chief Kristalina Georgieva told G20 officials she strongly supported a proposal by Italy, which is leading the G20 this year, on global climate risks and



environmental taxation. "We will play our part in the areas ... such as integrating cli-

mate in public revenues and spending policies, climate-related financial stability risks and data," she said. Georgieva told a climate summit last month that climate change posed a fundamental risk to economic and financial stability, but investing in green infrastructure could expand global economic output by an average 0.7% annually over the next 15 years and create millions of jobs.