



South Asia Economic Focus: World Bank

For Prelims: World Bank, South Asia Economic Focus, GDP, GVA, High Oil and food Prices.

For Mains: Issues Related to Women, South Asia Economic Focus Report, Factors affecting GDP Growth in South Asia.

Why in News?

Recently, the [World Bank](#) in its report [South Asia Economic Focus \(Bi- Annual\)](#) cut its economic growth forecast for India and the whole South Asian region.

- South Asia Economic Focus describes **recent economic developments, analyses the economic impact on South Asia of the war in Ukraine, presents growth forecasts, provides risk scenarios**, and concludes that reshaping economies goes hand in hand with reshaping norms.

What are the Gross Domestic Product (GDP) Estimates?

- Lowered **India's growth to 8% from previous estimate of 8.7%** for the current fiscal year 2022-23.
- **Cut by a full percentage (1%)** points the growth **outlook for South Asia**, excluding Afghanistan, to 6.6%.
- **Raised its growth forecast for Pakistan**, the region's second-largest economy, for the current year ending in June, to 4.3% from 3.4% and kept next year's growth outlook unchanged at 4%.

What are the Factors Responsible for Low GDP Estimates?

- Worsening supply chain and **rising inflation** risks caused by the **Ukraine crisis**.
- In India, household consumption will be constrained by the incomplete recovery of the **labour market** from the **pandemic** and inflationary pressures..
- **High oil and food prices** caused by the war in Ukraine will have a strong negative impact on peoples' real incomes
- The region's dependence on energy imports meant **high crude prices** forced its economies to pivot their **monetary policies** to focus on inflation rather than reviving economic growth after nearly two years of pandemic restrictions.

What is Gross Domestic Product (GDP)?

- It is a **measure of economic activity** in a country. It is the **total value of a country's annual output** of goods and services. It gives the economic output from the consumers' side.
- **GDP** = Private consumption + Gross investment + Government investment + Government spending + (exports-imports).

How does the GDP differ with Gross Value Added (GVA)?

- GVA is a **measure of total output and income in the economy**. It provides the rupee value for the number of goods and services produced in an economy after deducting the cost of inputs and raw materials that have gone into the production of those goods and services.
- It also **gives a sector-specific picture like what is the growth in an area, industry or sector of an economy**.
- At the macro level, from a national accounting perspective, GVA is the sum of a country's GDP and net of subsidies and taxes in the economy.
 - **Gross Value Added** = GDP + subsidies on products - taxes on products

What are the Women Related Findings?

- **Traditional Attitudes:** Traditional attitudes and **deeply rooted social norms towards gender** have persisted or become more conservative over time.
 - They can be a **key obstacle towards gender equality**, the welfare of children as well as broader economic growth.
- **Women Facing Disadvantage:** Women continue to face great disadvantages in accessing economic opportunities in the region, despite decades of economic growth, rising education, and declining fertility.
- **Labour Force Participation:** Many **South Asian countries rank among the lowest in the world in terms of female labour force participation**, as well as other forms of gender disparities, such as freedom of movement, social interactions, asset ownership, and son preference.
- **Low Economic Activity:** Across the world, at higher levels of development women tend to spend less time doing household chores and more time in paid employment. However, for most South Asian women engagement in **economic activity is lower than what would be expected given the level of development of the region**.
- **Conservative Belief:** With few exceptions, conservative beliefs about household labour division in South Asian countries account for a **large share of these gaps in women's economic engagement**.

What are the Major Suggestions?

- **Plan Policies:** Governments need to carefully plan monetary and **fiscal policies** to counter external shocks and protect the vulnerable.
- **Interventions for Women:** Countries **need to implement interventions that tackle barriers to women's economic participation**, including norms that are biased against women.
- **Low-Carbon Development:** Countries should also **accelerate the transition to a low-carbon development path** and move towards a greener economy to reduce reliance on fuel imports.

UPSC Civil Services Exam Previous Year Question

Q. Which of the following gives 'Global Gender Gap Index' ranking to the countries of the world? (2017)

- World Economic Forum
- UN Human Rights Council
- UN Women
- World Health Organization

Ans: (a)

- The **Global Gender Gap Report** is published by the **World Economic Forum**.

Source: IE

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