



India and Emerging Asia: Perspectives and challenges

- Economic Outlook for Southeast Asia, China and India 2024

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OUTLINE

Regional Economic Outlook

Regional and Indian Macroeconomic perspectives

Thematic focus – examples from Outlook 2024



The *Economic Outlook for Southeast Asia, China and India* is composed of three main parts

**1. Economic
Outlook &
Macroeconomic
Assessments**

**2. Thematic
focus**

**3. Country
notes**



The Outlook has been evolving since 2007... A core pillar of SEARP





Thematic focus of the Outlook

2025 Financing Disaster Risk (TBC)

2024: Developing amid disaster risks

2023 *Update*: Resilience under uncertainty

2023: Reviving tourism post-pandemic

2022: Financing sustainable recovery from COVID-19

2021: Reallocating resources for digitalisation

2020: *November Update*: Ongoing Challenges of COVID-19

2020: *July Update*: Meeting the Challenges of COVID-19

2020: Rethinking education for the digital era

2019 *Update*: Responding to environmental hazards in cities

2019: Towards smart urban transportation

2018 *Update*: Promoting opportunities in e-commerce

2018: Fostering growth through digitalisation

2017: Addressing energy challenges

2016: Enhancing regional ties

2015: Strengthening institutional capacity

2014: Beyond the middle-income trap

2013: Narrowing development gaps

2011/12: Green growth

2010: Infrastructure development





Why do we focus on “Southeast Asia, China and India” in our regional economic outlook?

- **DEV Membership – India, Indonesia, Thailand, Viet Nam and China**
- **OECD South-East Asia Regional Programme (SEARP)**
- **Increasing presence in the global economy**



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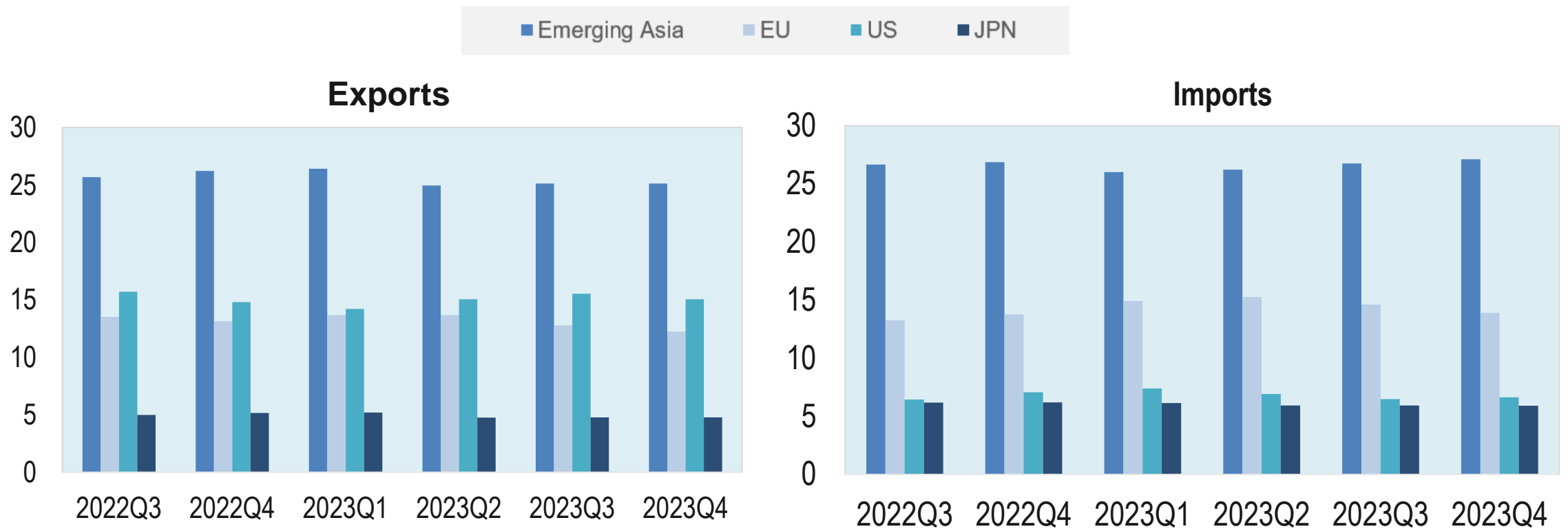
Outlook for Emerging Asia (May 2024)

- **GDP growth** in Emerging Asian economies is showing resilience, supported by robust domestic and regional demand.
- **Trade** in Emerging Asia shows signs of recovery. Trade in intermediate goods will strengthen.
- The **services sector** continued to expand, becoming the largest contributor to growth. For major economies in the region, the development of high-technology-based services is becoming a driver of economic expansion.
- **FDI** should pick up. The region's attractiveness for manufacturing investments remains robust, supported by growth in greenfield project announcements.
- **Financial markets** in the region are stable in general, though monetary authorities need to monitor the market carefully. Inflation continued to moderate in the region in 2023 thanks to prudent monetary policies. However, sticky service price inflation could increase inflation pressures and trigger financial market volatility.
- **Key macroeconomic challenges and risks:** **external headwinds**; the impact of **extreme weather** (causing disasters that cost lives, reduce agricultural output, destabilise energy markets and increase inflationary pressures); and **elevated levels of debt**, particularly mounting private debt (stemming from rising interest rates and increased costs of energy and staple foods).



Regional demand continues to sustain export activity amid global challenges

Emerging Asia's exports to and imports from regional and global destinations (% of total)



Note: Data as of 06 May 2024.

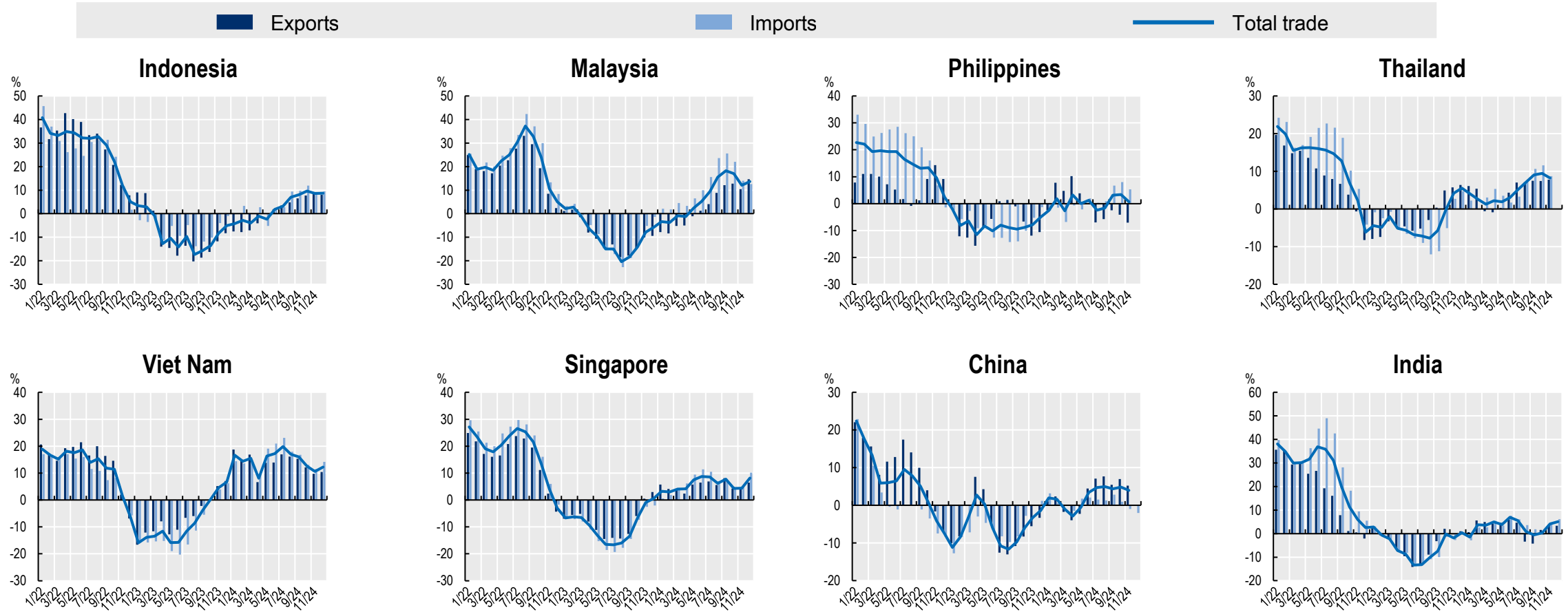
Source: Authors' calculations based on data from CEIC.

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Merchandise trade is recovering

Total merchandise trade in selected Emerging Asia economies: January 2022 to December 2024

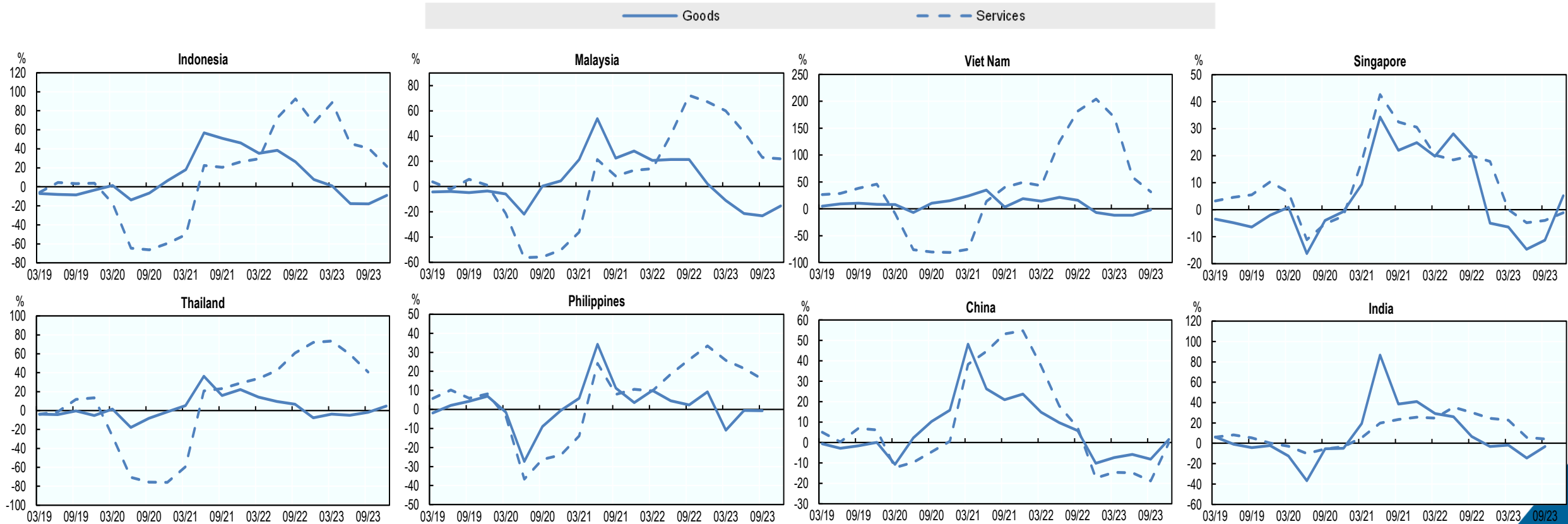


Note: Data as of 20 January 2025.
Source: CEIC.



Services trade will remain stronger than goods export growth

Export growth in goods vs. services in selected Emerging Asian countries
Q1 2019 to Q4 2023 (year-on-year percentage change)



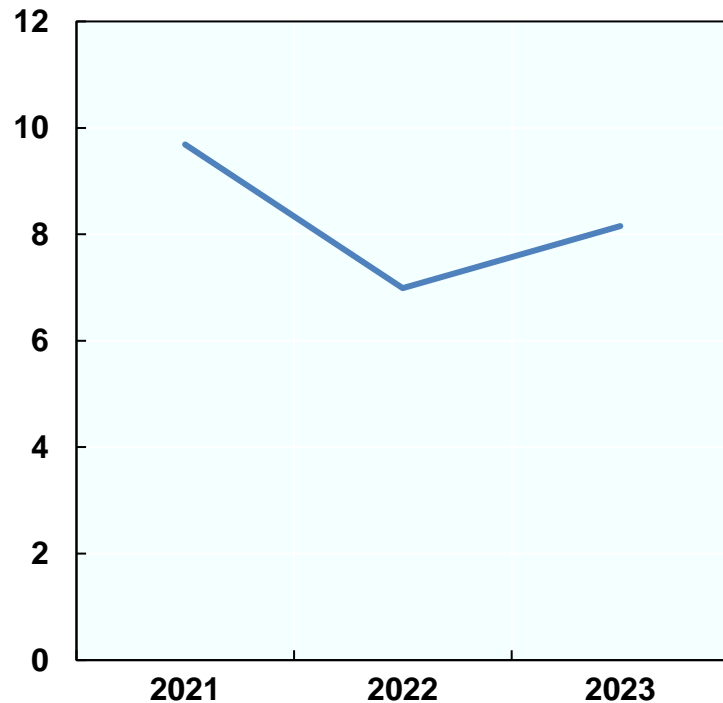
Note: Data as of March 5, 2024.
Source: CEIC.



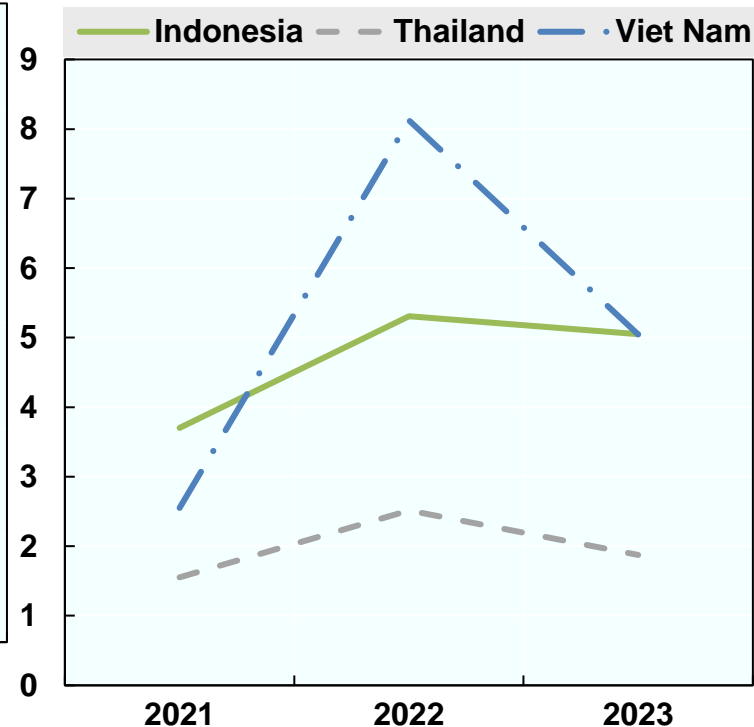
India: Strong growth trends

Real GDP from 2021-2023 (yoy % change)

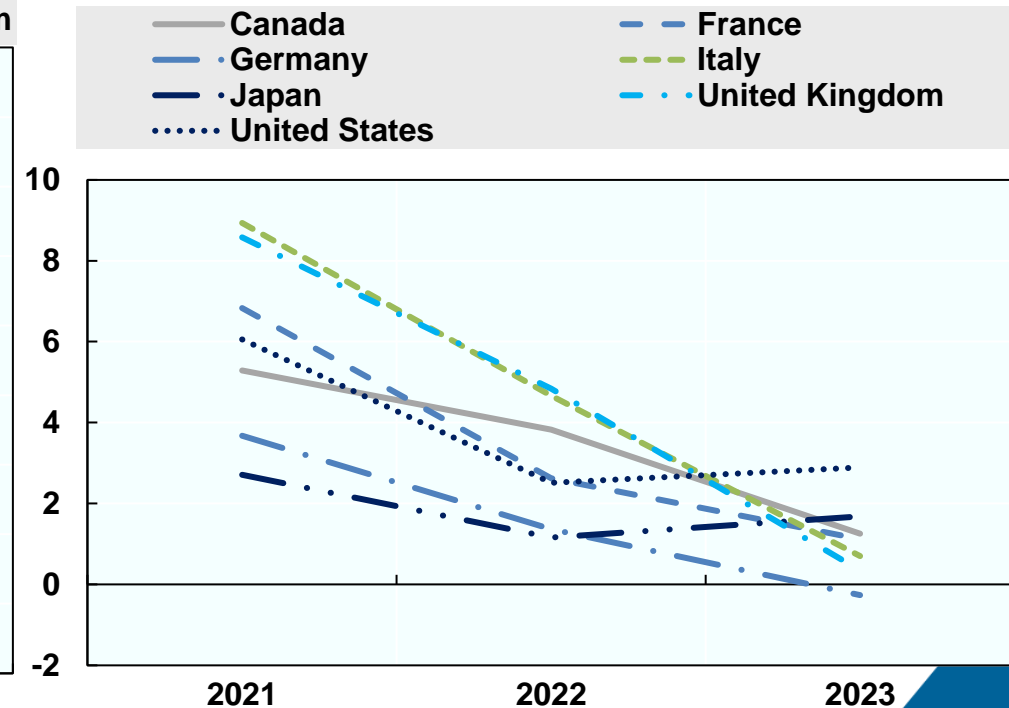
India



ASEAN



G7





India: key findings

- GDP is expected to grow by 6.8% in fiscal year 2024-25, down from 8.2%. OECD projects similar rates for FY 2025-26 and 2026-27.
- The economy has been reaping the benefits of strong macroeconomic fundamentals and financial stability, large infrastructure and real estate investment and the expansion of e-commerce, which supports a transformation in the retail market.
- The main macroeconomic risks come from abroad: a weaker economic environment and higher commodity import prices, a worsening global geopolitical environment or greater protectionism.
- December: food inflation went up and the pressure on the rupee increased (“rupee broke through the psychological barrier of 85 to the US dollar”).

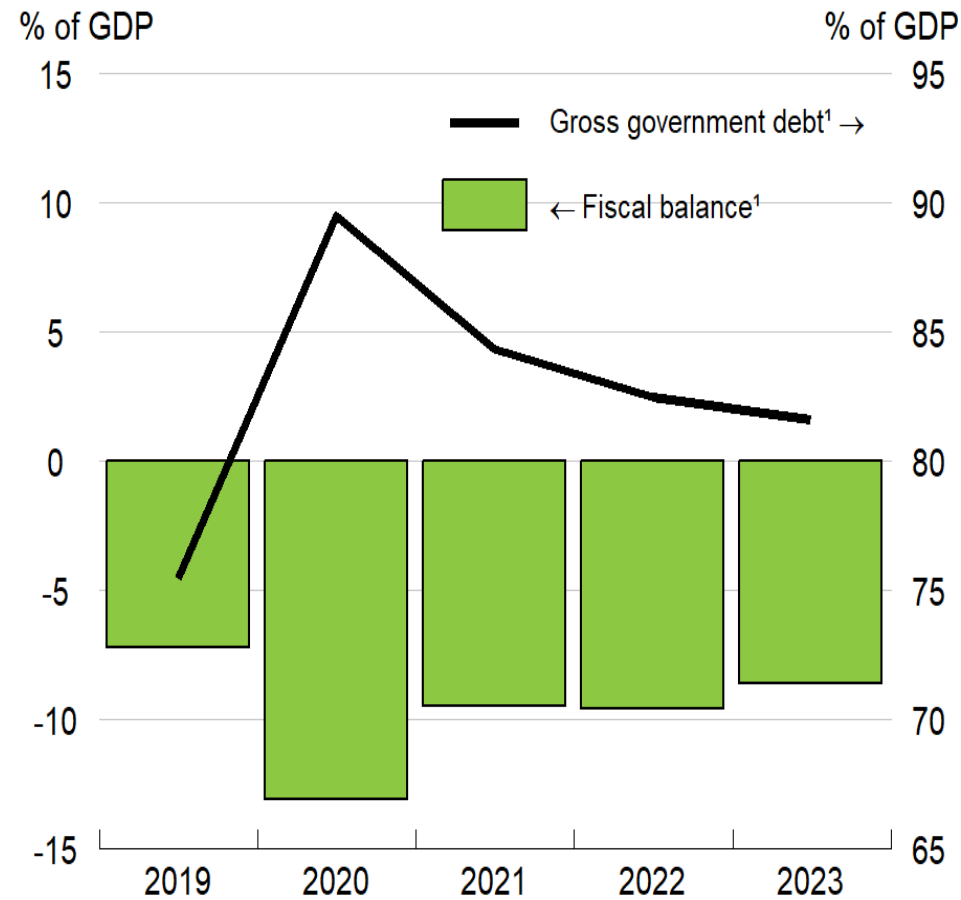


India: key findings

- India aims to reach advanced economy status by 2047. According to the WB, even if the current growth rates can be sustained through the 2030s and 2040s, it would reach high-income status about a decade later than desired.
- Labour market challenges:
 - need to create 8 million non-farm jobs each year to accommodate demographic trends and the employment shift out of agriculture (still 45% of the labour force).
 - Skilling and labour force participation remain major challenges.



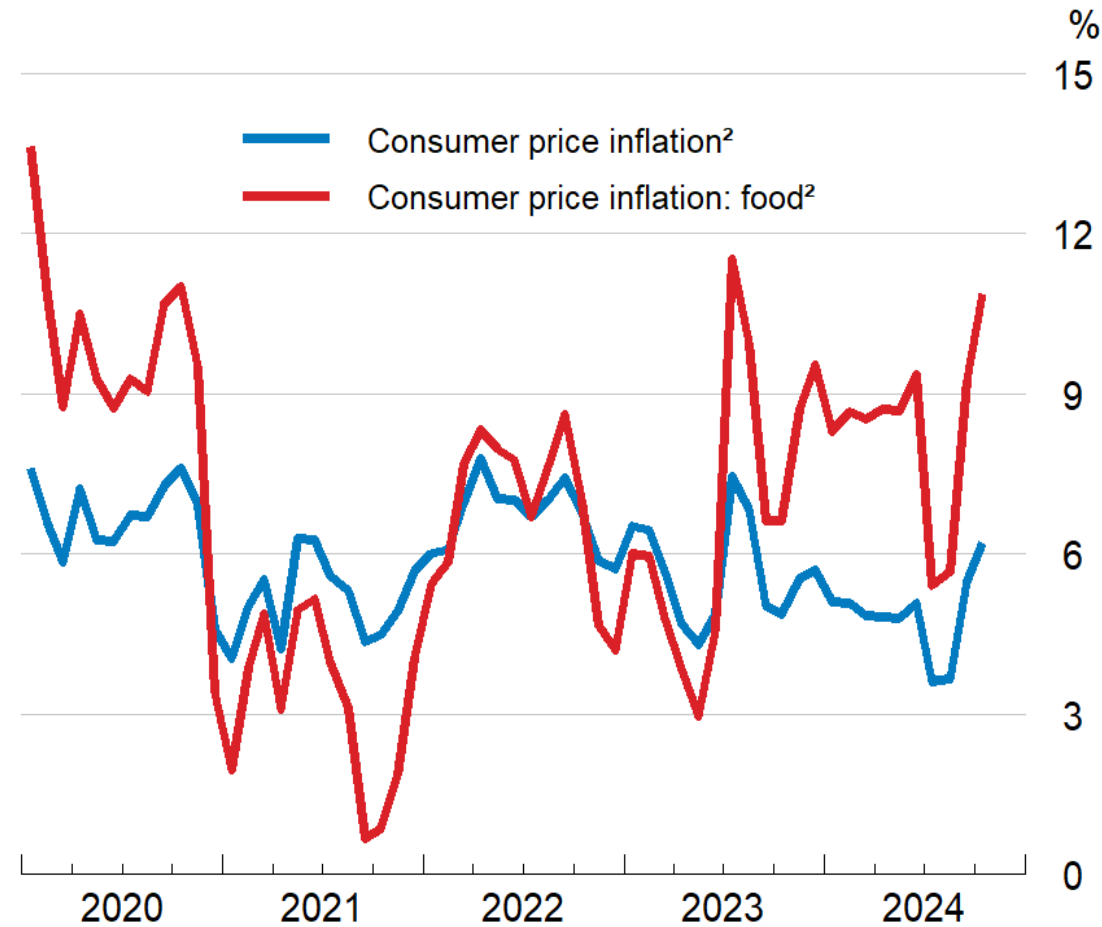
Fiscal outcomes continue to improve



Source: OECD Economic Outlook, Volume 2024 Issue 2 -- based on RBI.



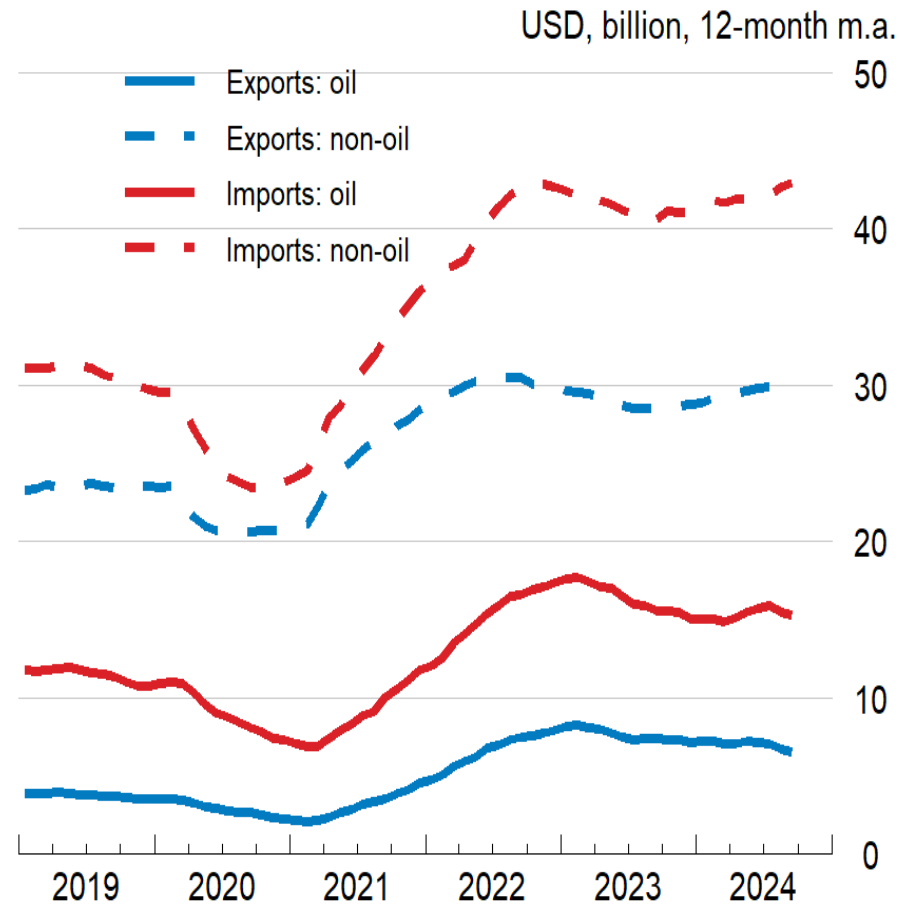
Near-term challenges: food prices are pushing up inflation



Source: OECD Economic Outlook 116 database; RBI; and CEIC.



Near-term challenges: trade values have stagnated for about two years

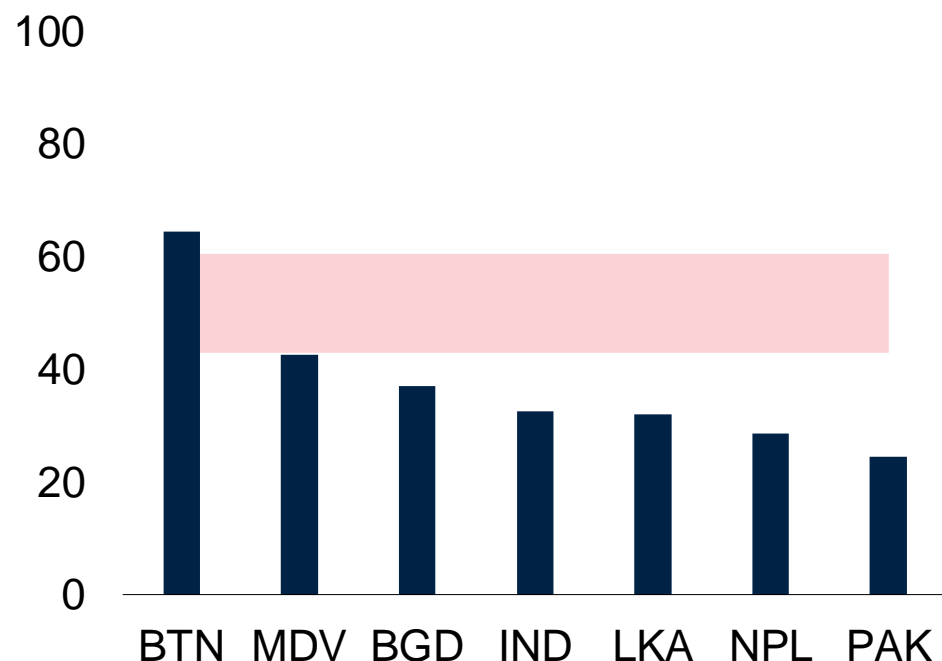


Source: OECD Economic Outlook, Volume 2024 Issue 2 – based on RBI

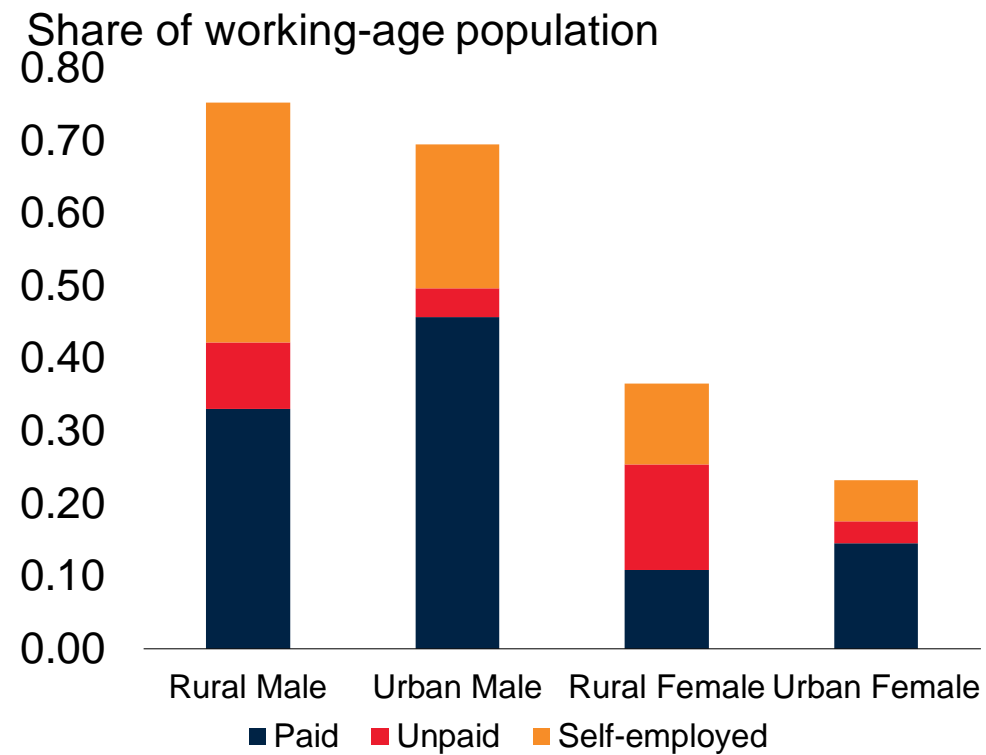


Structural challenges: female labour force participation

**Female labor force participation rate, 2023
(Percent)**



Urban-rural differences in employment status

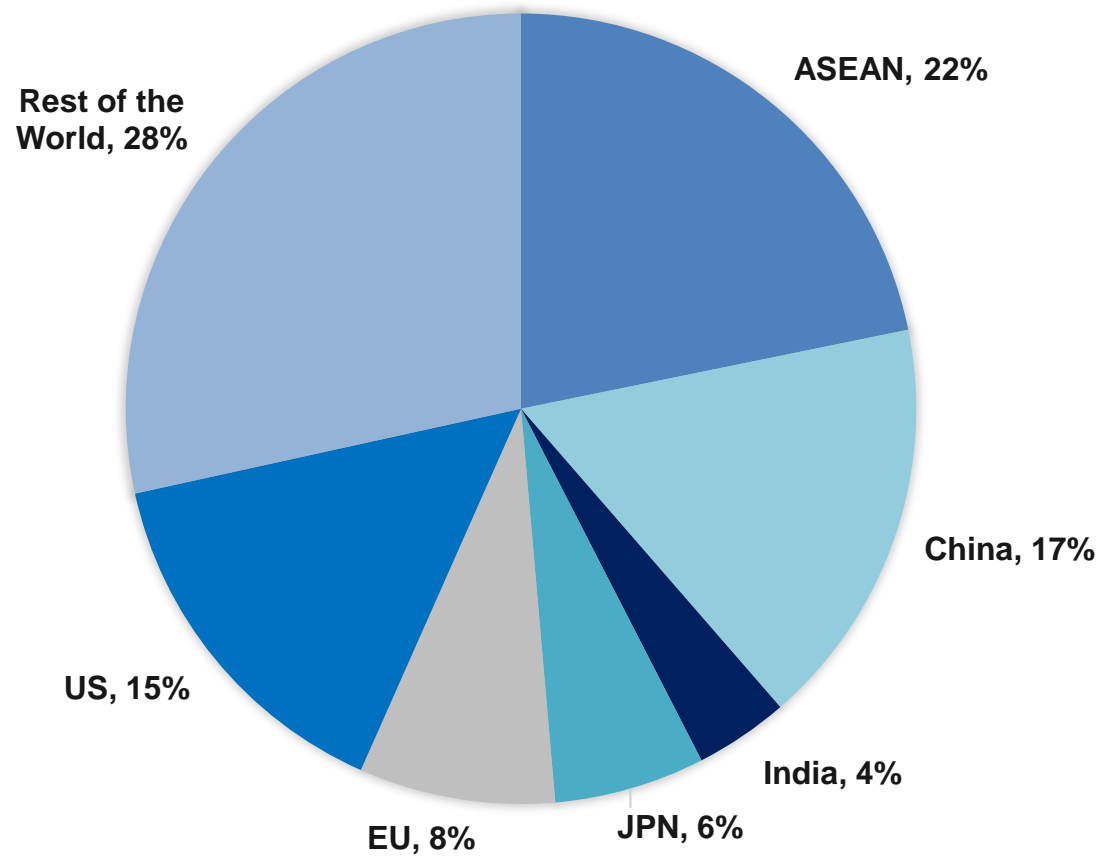


Source: World Bank (2024), [Women Jobs and Growth](#),



Opportunity for India in ASEAN

ASEAN exports to selected Asian and global destinations (% of total)



Note: Data as of 06 May 2024.

Source: Authors' calculations based on data from CEIC.

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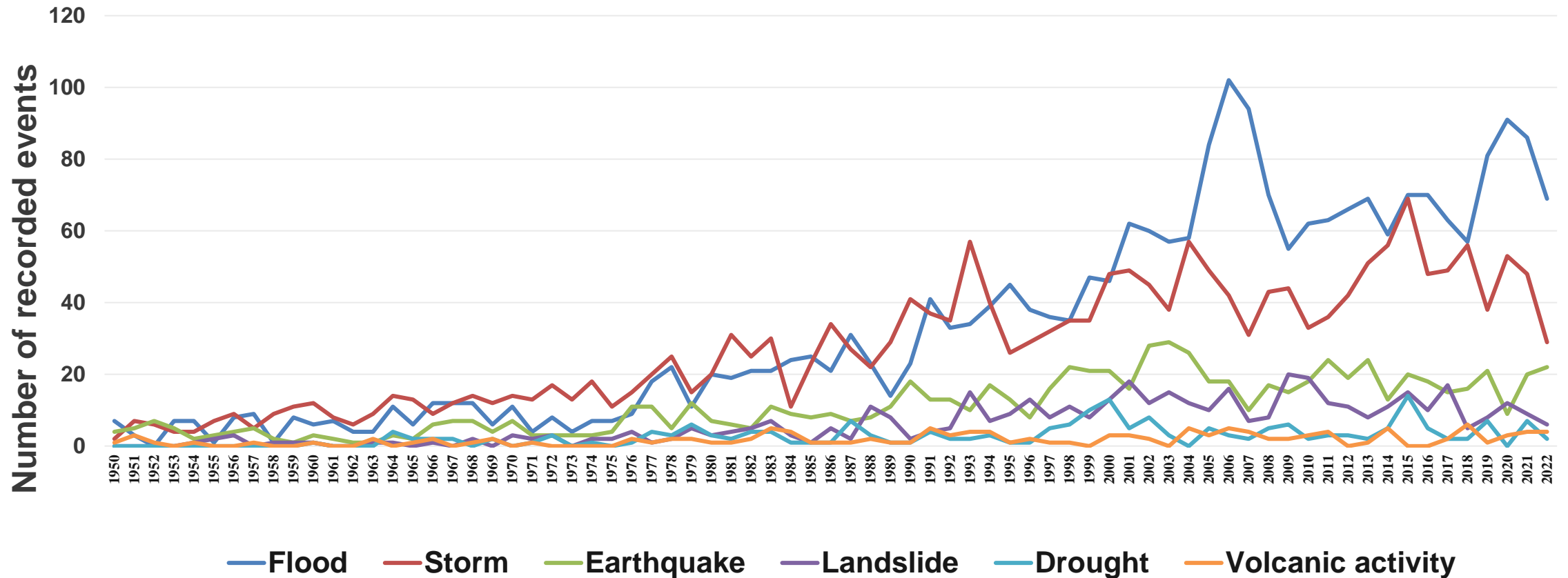
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Catastrophic events have become more frequent in Asia and Pacific region

Recorded occurrences of disasters in Asia and the Pacific, 1950-2022

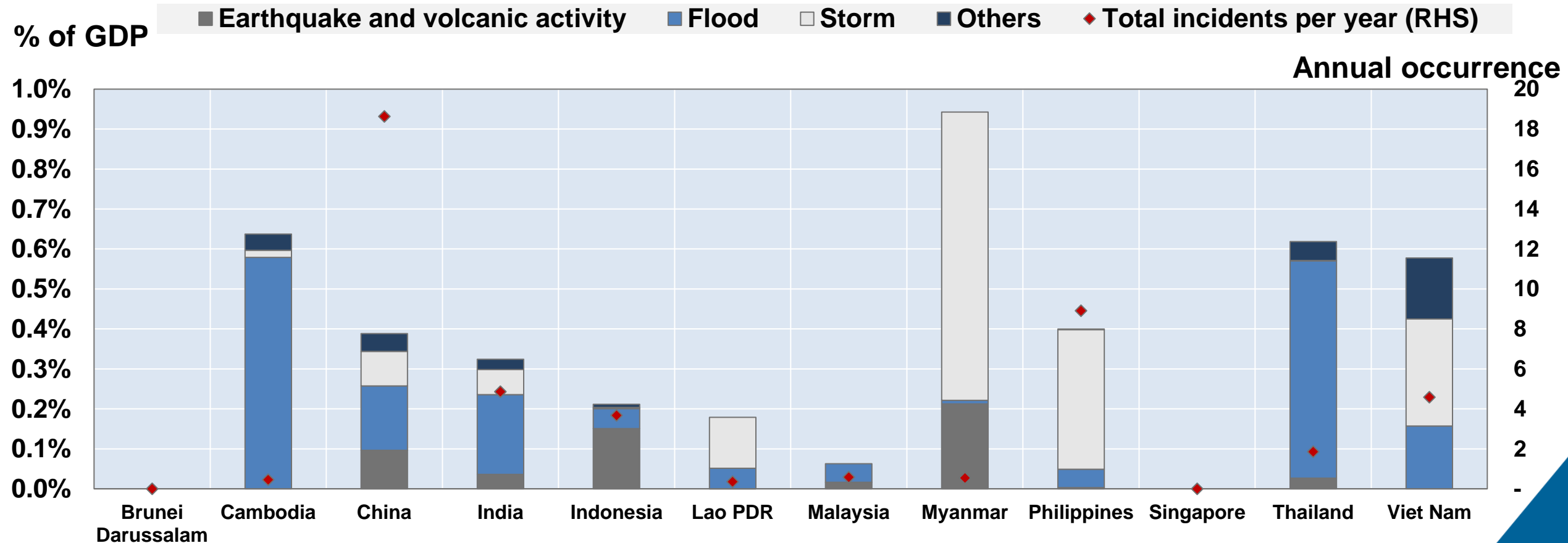


Source: CRED



Disaster exposure varies by country

Average annual damage and average annual occurrence, 2000 - 2021



Source: OECD Development Centre's calculation based on CRED and Economic Outlook for Southeast Asia, China and India

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Outlook 2024: Developing amid Disaster Risks



- Emerging Asia is one of the most disaster-prone regions of the world.
- Achieving disaster-resilient development requires a **holistic policy approach**.
- Strengthening **policy co-ordination**.



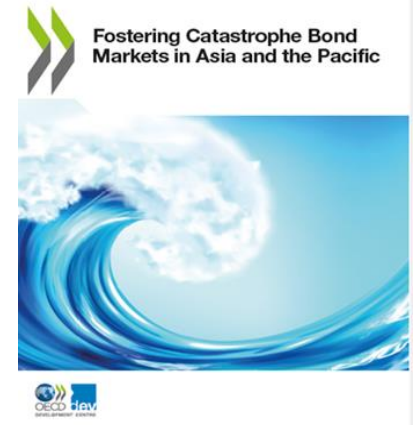
Effective disaster resilience requires a holistic approach

- Transforming governance and improving institutional capacity
- Ensuring adequate budgets to cope with disasters
- Broadening disaster risk financing options
- Investing in disaster-resilient infrastructure
- Establishing comprehensive land-use planning
- Developing disaster-related technology
- Strengthening disaster risk reduction education
- Fortifying health responses to disasters
- Facilitating the role of the private sector



Heads up for 2025 Outlook: Financing disaster risk

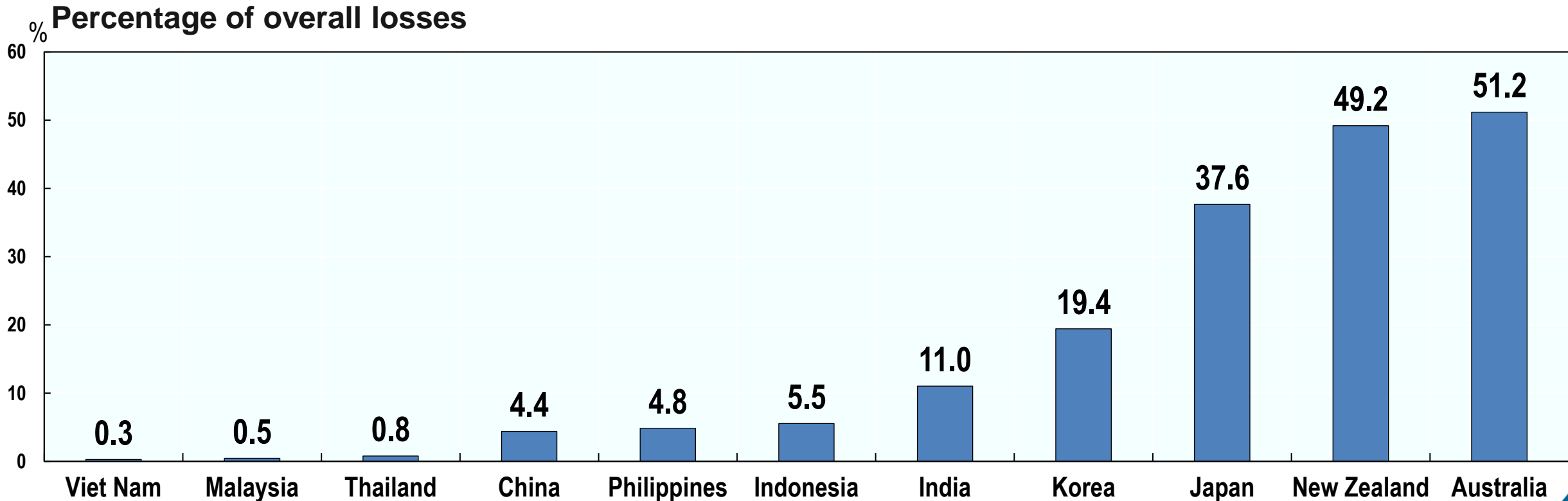
- **Formulating a “grand design” is essential** - an integrated approach that covers the whole economy and includes all levels of government
 - Risk-pooling (such as insurance)
 - Risk-transfer (such as insurance linked securities)





Insurance coverage for disasters is limited in Emerging Asia

Insured losses from disasters in Asian countries, 2012-18



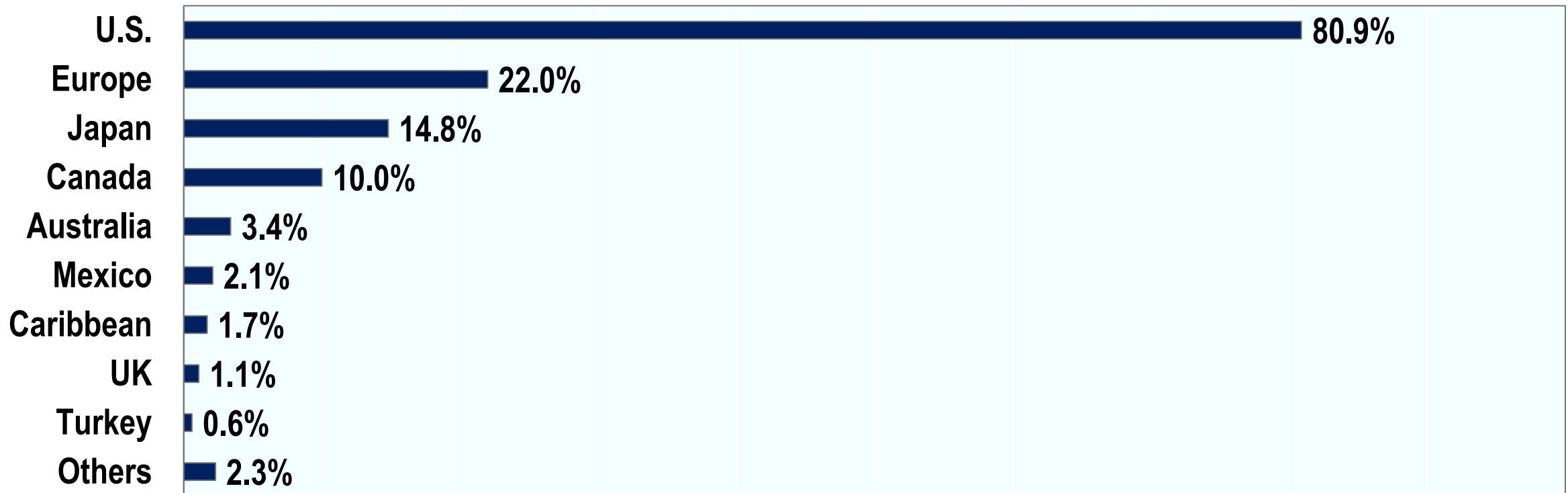
Source: Munich RE



The use of catastrophe bonds remains small in Emerging Asia

Geographical coverage of CAT bonds issued in 1996-2020

Percentage of total issuance



Source: Artemis (2021), Artemis Deal Directory.



THANK YOU FOR YOUR ATTENTION!