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PRESS RELEASE

***NCAER Public Lecture by Dr Gita Gopinath,
Chief Economist, The International Monetary Fund***





New Delhi (Wednesday, December 15, 2021): The National Council of Applied Economic Research, (NCAER), one of India’s premier economic policy research think tanks, organised a public lecture by Dr Gita Gopinath on “**Global Recovery from the Pandemic: Policy Challenges in 2022**”.

In her talk, Dr Gopinath focused on the outlook for global growth in the coming year. As the global economy recovers from the pandemic, a great deal of uncertainty remains about new COVID-19 variants and increased inflation pressures in many countries. Dr Gopinath discussed how policymakers can best deal with these challenges in an increasingly uncertain environment. She flagged the persistent risk of the pandemic, which she said would continue even in 2022. This has been aggravated by the recent advent of the Omicron variant of the virus, which is reportedly highly transmissible and has higher vaccine-escape capacity than Delta, the earlier variant that led to high levels of infection and mortality across the globe earlier this year. If allowed to spread uncontrolled, Omicron could lead to large-scale hospitalisations, and further restrictions on mobility and travel, which will again have a negative impact on global economies, both advanced and emerging.

The other issue Dr Gopinath raised, which has been flagged by IMF, is that of significant divergence in recovery from the pandemic across nations, especially between the advanced and emerging economies. The two main reasons for this divergence are: 1) vaccination rates in different countries—while high-income nations have achieved nearly 70 per cent vaccination rates, low-income countries have recorded much lower levels of

below 4 per cent vaccination for their population; 2) varying levels of policy support during the pandemic—globally \$ 17 billion (and counting) of policy support has been provided but the bulk of this support is concentrated in the advanced countries and very low levels have been seen in emerging economies. Since most accommodative measures will be rolled back in 2022, most of the low-income countries will have to undertake debt restructuring.

One of the positive findings she noted was that though the pandemic has now been prevalent for nearly two years (we are still in its grip), and has affected every country across the world, it cannot be likened to the Great Depression of the early 20th century. The impact of the Great Depression was longer and more far-reaching—in contrast, after the COVID-19 pandemic, there has been an economic rebound even if an uneven one.

The talk was chaired by Dr Poonam Gupta, Director General, NCAER. In her conversation with Dr Gopinath, Dr Gupta posed two insightful questions. She said, “One of the key issues we need to consider is whether the stability of the financial sector is likely to persist during the COVID pandemic, which is continuing well into the second year.” She also wondered how India would reap its demographic dividend and the role that women could play in the circumstances. She asked, “Can policy efforts be undertaken to address India’s declining female labour force participation rates or are social norms the main culprit?”

In the Q & A session following the lecture, Dr Gopinath addressed a range of questions from both the live and digital audience. She suggested that fiscal support to households and firms also played a significant role in sustaining financial sector stability and prevented bankruptcy. However, the concomitant risks are the pace of the normalisation process and high public debt, though these would be cushioned by high foreign exchange reserves, which were not seen during the taper tantrum of 2013.

Dr Gopinath also affirmed that “for India, education and skill development along with a sense of security and support from society are essential to increase women’s labour force participation.” She concluded by pointing out that economies are likely to converge but the process will take longer now due to a weak growth momentum and economic setback caused by the pandemic.

The event was held at NCAER’s T2 Conference Centre. It was also live-streamed on NCAER’s YouTube channel.

About NCAER

NCAER, the National Council of Applied Economic Research, is India's oldest and largest independent economic think tank, set up in 1956 to inform policy choices for both the public and private sectors. Over the past 65 years, NCAER has served the nation well with its rich offering of applied policy research, unique data sets, evaluations, and policy inputs to Central and State governments, corporate India, the media, and the citizenry. It is one of a few independent think tanks world-wide that combines rigorous economic analysis and policy outreach with deep data collection capabilities, particularly for large-scale household surveys. NCAER is led by its Director General, Dr Poonam Gupta, the institution's first woman head, who assumed office on 1 July 2021, and it is governed by an independent Governing Body currently chaired by Mr Nandan M. Nilekani.