

GDP Figures and Economic Outlook: RSTV- Big Picture

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Participants:

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Context:

India's GDP grew 1.6% in the fourth quarter of 2020-21, signaling a sharp recovery that started after two consecutive quarters of contraction due to the impact of the strict lockdown. The data released by the National Statistical Office showed that the recovery had gathered strength in the fourth quarter of 2020-21 before the second wave hit the economy.

However, for the full year, GDP contracted 7.3% which is the sharpest fall in four decades.

Factors of recovery in the March quarter:

- The gradual unlocking after the Great Lockdown.
- Fast-tracking the process of vaccinations.
- Making decentralized customized strategies to contain the spread of the virus by states which preferred containment zones instead of imposing a full lockdown.
- Various efforts have been made to ease the pain of the people:
 - Free vaccinations
 - PM Garib Kalyan Anna Yojana
 - Increase in employment limit under [MGNREGA](#)
- Consumer expenditure increased due to festivals like Holi, Ramzan and Kumbh Mela.

The present state of the economy:

- India's GDP contracted by 7.3% as per data by NSO.
- GVA for trade, hotels, transport, communication and broadcasting-related services witnessed the sharpest decline of around 18%.

How to strengthen the economy in the long run:

- International agencies like [IMF](#) and RBI have projected the growth rate at 12.5% and 10.5% respectively.
- We need to refocus on capital expenditure via instruments like the [National Infrastructure Pipeline](#) which has a multiplier effect on the economy.
- Demand-side constraints need to be addressed by enhancing the purchasing power of the people via MGNREGA and introducing its urban counterpart, i.e., an urban livelihood promotion scheme for a limited time.

- Gearing up and improving the health infrastructure before a third wave hits us. Joint ventures with the US and Japan for indigenous production of vaccines, medical equipment like oxygen concentrators, ventilators, etc. is the way to go.
- Reorienting the nature of development by giving due importance to nature (Sustainable development).
- Promoting ease of doing business to promote more FDI in the manufacturing sector.
- Mending the agricultural issues of farm bills and strengthening rural supply chains.

Conclusion:

The COVID-19 pandemic is a once in a century type of event and the economy is poised to take off after the disruptive effects of the pandemic wear off.

