

Sansad TV Perspective: Economy - Hope 2022

In the series Sansad TV Perspective, we bring you an analysis of the discussion featured on the insightful programme 'Perspective' on Sansad TV, on various important topics affecting India and also the world. This analysis will help you immensely for the [IAS exam](#), especially the mains exam, where a well-rounded understanding of topics is a prerequisite for writing answers that fetch good marks.

In this article, we feature the discussion on the topic: Economy - Hope 2022

Video link: <https://youtu.be/AqY5qA4pDv4>

Anchor: Teena Jha

Participants:

1. Dr. Rajiv Kumar, Vice Chairman, NITI Aayog
2. Sanjay Aggarwal, Immediate Former President, PHD Chamber of Commerce and Industry

Context:

The COVID-19 pandemic has considerably reflected its implications on the global economy due to the unprecedented discontinuity in the economic activities, shut down of industries and the disturbance in the supply chain. Gradually, the remarkable efforts of frontline workers, vaccine manufacturers, vaccination drive, several awareness campaigns and policy interventions have helped to tackle the unusual events born out of the pandemic to a great extent.

Read more about [Omicron- New COVID concern](#) in the linked article.

A brief overview:

- It has been reported that the Indian economy is on the verge of recovery.
- However, the challenges remain intact as an obstruction is on the way of economic revival with the emergence of a new threat imposed by the Omicron variant of COVID-19.
- It becomes critical to create a resilient system that offers a significant level of preparedness against the ongoing and upcoming biological disasters.
- The questions pertaining to economic recovery intend to find the answer in the policies that will be formulated with the onset of 2022 deriving hopes for new opportunities.

The Economic Scenario during the Pandemic

- India's [GDP](#) had reported a loss of Rs. 10.56 lakh crore which is a -7.3% loss of the GDP growth in the period of 2019-20 and 2020-21.
- The economic slowdown resulted in the mass reduction in private consumption both in rural and urban areas.
- It was observed by Pew Research Center using [World Bank](#) data that the number of poor (those earning 2\$ per day or less at purchasing power parity) in India has doubled to 134 million from 60 million due to the impact of the pandemic.
- It was reiterated by the chief of the Centre for Monitoring Indian Economy that 10 million people lost their jobs as a result of the pandemic.
- The informal workforce suffered significantly as an aftermath of the second wave of COVID-19.
- The Centre for Monitoring Indian Economy reported that job losses reached a peak in June 2020 due to the national lockdowns and restriction rules issued by the government.
- The Labour Participation Rate slowed down to 39.9% from an average of 42.7% in 2019-20 according to RBI ([Reserve Bank of India](#)).

The Expected Economic Recovery:

- In the beginning of 2021, it was believed that India's growth would gather momentum but this was reversed by the onset of the second wave of the pandemic.
- Experts estimate that by the end of the financial year 2021-22, India's GDP would come back to normalcy.
- The recovery that is anticipated is likely to be a **K-shaped recovery** which means some sectors have recovered from the crisis whereas some are struggling.
- The formal sector has sustained because of its financial capabilities to withstand the impacts of repeated lockdowns and disruptions. On the other hand, the informal sector incurred huge losses.
- In India, the informal sector accounts for 90% of the employment and when the medium, small and micro enterprises are overshadowed by the formal sector it sporadically increases the number of unemployed individuals.
- The effective vaccination drives, festive season and consequent improvement in the consumer and industry have contributed to the faster recovery of our economy. This trend of recovery has been recognised by the Reserve Bank of India.
- The high-frequency indicators of the economy showed improvements in the farm, manufacturing and service sectors.
- It is noteworthy to highlight that the revenue collections through GST were the second-highest in November 2021.
- Coal stock in power plants has increased to nine days averting the issues of supply shortages.

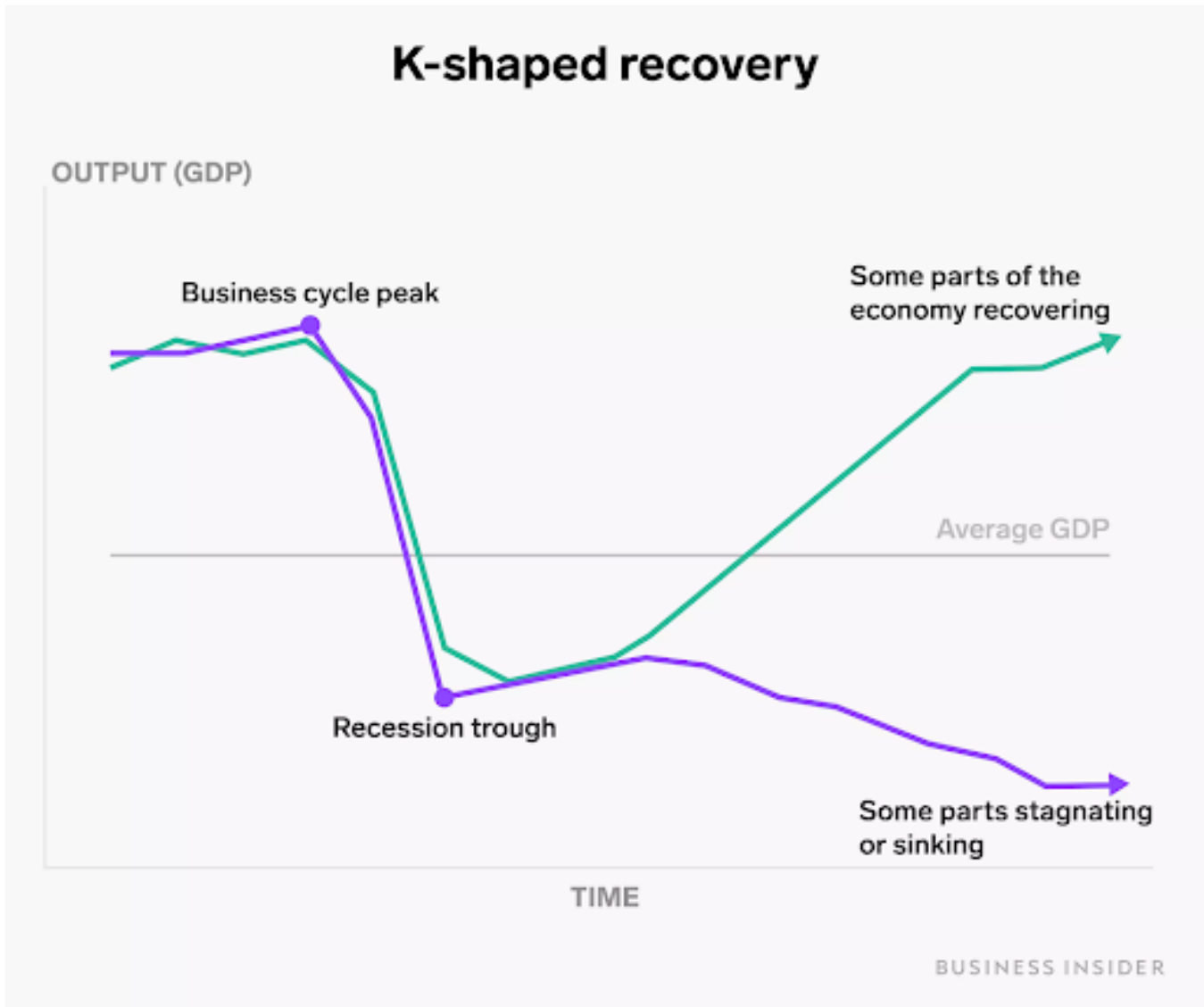


Image Source: www.businessinsider.in

K-Shaped Recovery:

- K-shaped recovery refers to the post-recession scenario in which one segment of the economy begins to recover whereas the other section struggles.
- It is determined by two diverging lines representing the economic growth and resembling the letter 'K'.
- Therefore, K-shaped recovery makes the existing problems of economic inequality even worse.

Challenges :

- Private Consumption Slump
- Widening Inequalities
- Rising Poverty
- High Inflation - High crude oil prices and high domestic taxation
- Threat by Omicron
- Rising Unemployment
- High levels of Non-performing assets

Walking Ahead with Hope: Economy 2022

- Going forward, the rise of the Omicron strain will draw a tendency to result in high levels of uncertainty in the global macroeconomic environment. There is an urgent need to invoke restrictions and quarantine measures to tackle the spread of the third wave at an early stage. This would require effective preparedness, greater caution and readiness to respond swiftly.
- Consumer sentiments must be revamped by further promoting business and facilitating the smooth functioning of the production process.
- Experts highlight the significance of India's landmark vaccination programme that played a pivotal role in restoring consumer confidence and sentiments.
- The government is trying its best to double the income of farmers through several policy interventions like boosting the bamboo and cane industry, promoting the kalanamak variety of rice, incorporating technology like [Artificial Intelligence](#) in agriculture for a better understanding of calamities, offering financial aids to the farmers of the North-Eastern region, improving irrigation facilities.
- A larger emphasis is necessitated for securing the interests of the informal workforce and assuring them with social security and step towards inclusive growth.
- As hope is enveloped as we welcome 2022, the focus shifts towards the Union Budget which at a serious time of crisis is more than just an accounting process. Experts envisage that the budget will emphasize the issues of unemployment, inflation, inaccessibility to healthcare services and rising poverty levels.

