

# Economic Survey-2021: Saving Lives and Livelihoods amidst a Once-in-a-Century Crisis

January 30, 2021

- India focused on saving lives and livelihoods by its willingness to take **short-term pain for long-term gain**, at the onset of the COVID-19 pandemic
- Response stemmed from the **humane principle** that:
  - **Human lives lost cannot be brought back**
  - GDP growth will recover from the temporary shock caused by the pandemic
- An **early, intense lockdown provided a win-win strategy** to save lives, and preserve livelihoods via economic recovery in the medium to long-term



**COVID Policy Response-**  
**Short-term pain, Long-term gain**

- Focus on saving lives and livelihoods
- Lessons from Spanish Flu tailored to India's unique vulnerabilities
- Focus on saving lives in worst case scenario
- V-shaped recovery across all key economic indicators after lockdown
- Upturn in economy while avoiding a second wave of infections makes India a sui generis case in strategic policy making

- Strategy also motivated by the Nobel-Prize winning research by Hansen & Sargent (2001): a policy focused on **minimizing losses in a worst-case scenario** when uncertainty is very high
- India's strategy **flattened the curve**, pushed the peak to September, 2020
- After the September peak, India has been unique in experiencing **declining daily cases despite increasing mobility**
- **V-shaped recovery**, as seen in 7.5% decline in GDP in Q2 and recovery across all key economic indicators vis-à-vis the 23.9% GDP contraction in Q1

- COVID pandemic affected both demand and supply:
  - India was the only country to announce **structural reforms to expand supply** in the medium-long term and avoid long-term damage to productive capacities
  - **Calibrated demand side policies** to ensure that the accelerator is slowly pushed down only when the brakes on economic activities are being removed
  - A public investment programme centered around the **National Infrastructure Pipeline** to accelerate the demand push and further the recovery
- **Upturn in the economy, avoiding a second wave of infections** – a sui generis case in strategic policy making amidst a once-in-a-century pandemic

### **India's fight against COVID-19:**

- Initial measures of lockdown, social distancing, travel advisories, practicing hand wash, wearing masks reduced the spread of the disease
- Country also acquired **self-reliance in essential medicines**, hand sanitizers, protective equipment including masks, PPE Kits, ventilators, COVID-19 testing and treatment facilities
- **World's largest COVID-19 vaccination drive** commenced on 16th January, 2021 using two indigenously manufactured vaccines