

Q. In spite of spending on infrastructure, policies need to minimize the income loss from the impact of recent pandemic. Discuss (200 words) Economic growth, as well as the distribution of income, have been severely affected in India by the pandemic. The United Nations report said that India is expected to grow 7.2% in 2021 and this will decelerate due to the Covid-19 pandemic.

Impact of pandemic on income in India:-

- The recovery in India is constrained by the ongoing pandemic, and the negative impact of food price inflation on private consumption.
- UN Report noted, income & wealth inequalities in the country have widened and 'social unrest has increased'.
- The report projects that India will clock an economic growth of 6.7% in 2022, slower than country's expected 2021 ~~gdp~~ growth rate.

- Some private surveys suggests that unemployment rate has increased to about 12.1% and lower income households have experienced a larger decline in earning.
- Recently, Government of India allocated Rs. 111 lakh crore as investment in the projected infrastructure such as energy, roads, urban and railways.

Need for policies to minimize the income loss:-

- ① In light of these long-term implications of the crisis, formulation and implementation of fiscal policy is needed to minimize the income loss from the pandemic.
- ② Investment in infrastructure will increase productivity, but India needs to have strong balance sheets across corporates, SMES, and households to reap these benefits.



\* Policies to address food insecurities, hunger and indebtedness is required.

### Conclusion :-

As the pandemic continues to rage, with each subsequent wave, the impacts are likely to persist in the longer term. India needs to direct markedly more towards income support than infrastructure.