# Growth with inequality: On Economic Survey 2021

## What is the issue?

- Finance Minister presented the Economic Survey for 2020-21 ahead of the government's Budget for fiscal year beginning April 1, 2021.
- The Survey seems to privilege wealth creation over reduction of income disparity.

## What are the claims on the pandemic response?

- The Survey is seen to have opted for a self-congratulatory tone.
- It highlights the policy achievements of the government in steering the economy through the COVID-19 pandemic time.
- The Survey cites that an approach that used ‘graded public health measures’ was adopted.
- This enabled transform the short-term trade-off between lives and livelihoods into a win-win to save both lives and livelihoods over the longer term.
- The survey thus asserts that India established a globally unique model of strategic policymaking in containing the pandemic.
- The measures also helped the economy recover quickly from its deleterious impact.

## How real are these?

- The country did flatten the curve as well as crucially, so far avoided a second wave of infections seen in much of Europe and the U.S.
- But, it may be debatable as to how much of the turn in the pandemic’s progress could be attributed wholly to proactive policy measures.
- The survey’s contention that India has turned the crisis into an opportunity to strengthen its long-term growth potential through ‘seminal reforms’ seems a tall claim.
- This is especially given the ongoing farmers’ agitation against the new farm laws.
- There is also the plight of the struggling small and medium-scale industries and informal sectors.

## What are the conflicting aspects?

- The survey goes on to forecast that the economy is currently experiencing a

V-shaped recovery.

- This is said to enable GDP to expand, even by a 'conservative estimate', by 11% in real terms in 2021-22.
    - But, to achieve that level of real growth, retail inflation must moderate substantially to average 4.4% or less over the 12-month period through March 2022.
    - This is given the fact that the survey had projected nominal growth at 15.4%.
- The survey also talks of the growth predictions on various sectors and factors while suggesting fiscal push to support the reviving economy.
- Among others, a rapid roll-out of the COVID-19 vaccines and a recovery in demand in the battered services sector is mentioned.
    - However, the document fails in providing an honest assessment of the on-ground economic situation.
    - It has overlooked some of the key aspects in this regard.
    - E.g. the survey hints at the level of rural joblessness, which followed the return of millions of urban casual workers in the wake of the hastily implemented lockdown
    - This it does by taking credit for a record 311.92 crore person-days of work generated over the last 10 months (roughly from April 2020) under MGNREGA.
    - However, it has not spelt the extent of unemployment.

## What is the larger concern?

- Already the pandemic has exacerbated the gap between the rich and the poor.
- The Survey now contends that growth should be prioritized over inequality in tackling poverty.
- The survey thus seems to privilege wealth creation over all else, causing concerns over the sustainability of a 'growth with inequality'.

**Source: The Hindu**

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