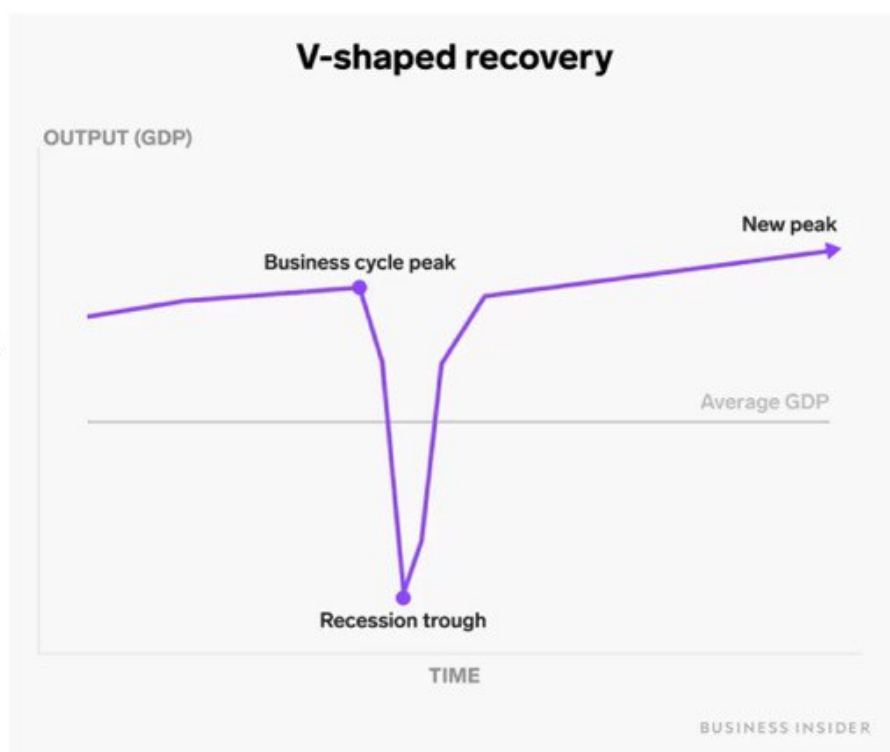


Pointers that India is witnessing a K-shaped recovery

An assessment of the type of economic recovery after the ravages of the pandemic.

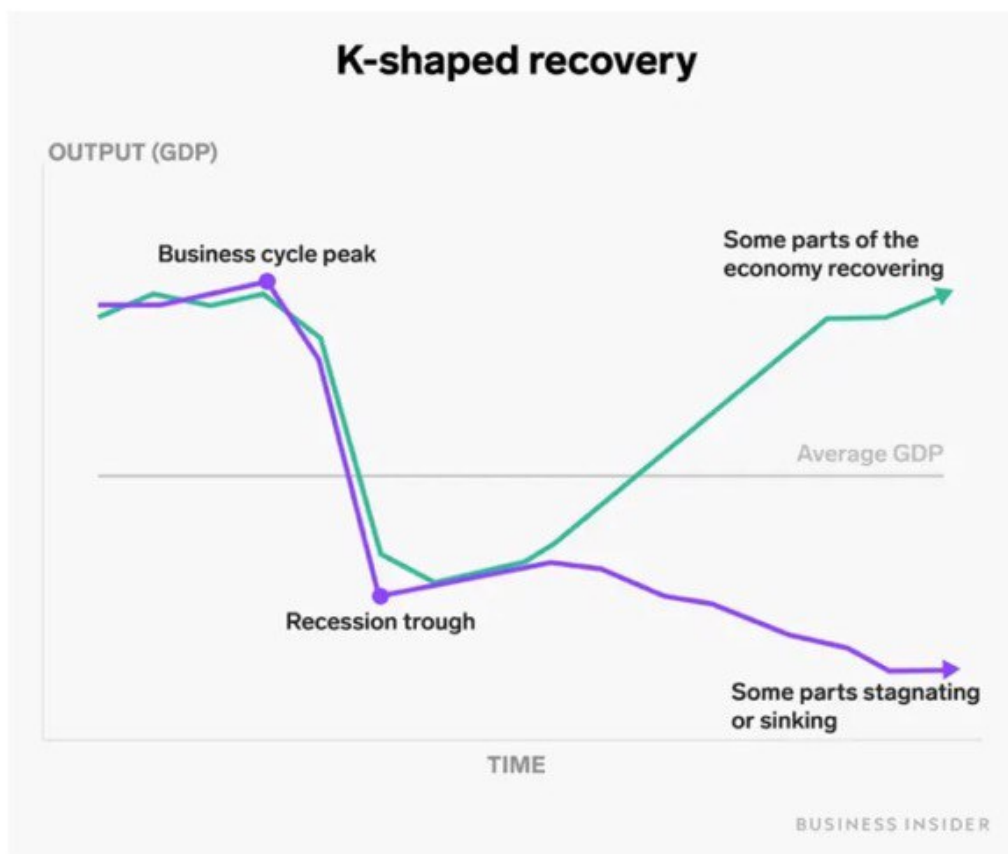
V-Shaped Recovery: Characteristics

- It is a type of economic recession and recovery that resembles a "V" shape.
- This type of recovery involves a sharp rise back to an earlier peak after a sharp decline in these metrics.
- A V-shaped recovery is the quickest and one of the most ideal.



The V-Shaped vs K-shaped debate:

- Experts are divided on the type where for some it is more K-shaped than V-shaped, with various groups and industries recovering much quicker than others.
- It is also corroborated by the fact that the pandemic distinctly affected different sectors.



Situation in Indian Economy post Covid-

1. Impacts of Regressive Taxation:

- The decision to lower the corporate tax rate to provide for an ecosystem for economic growth has resulted in recovery in some sectors.
- The high excise duties and tax rates on fuels and consumer items has led to inflation and created more problems for the lower and middle class.
- The combined effects of these policies indicate that a K-shaped recovery could be visible.

2. Job loss and MGNREGA:

- The pandemic resulted in huge unemployment in the informal economy
- The 34% cut in the allocation for MGNREGA this year has aggravated the situation.

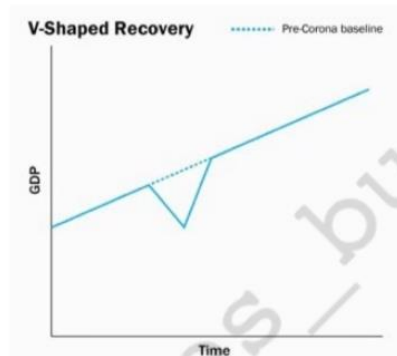
3. Government stimulus and economic growth:

- Providing disposable income to those who have more tendency to spend than save will lead to growth in the economy.

* v-shaped and k-shaped recovery

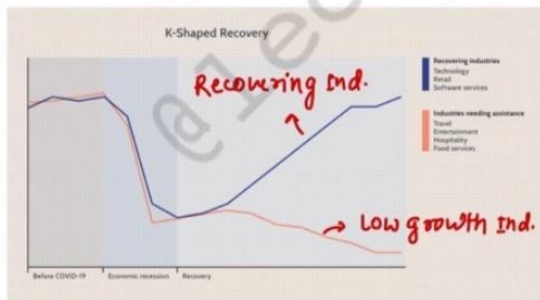
About v-shaped recovery

↳ This form of economic recovery is characterized by a quick and sustained recovery in measure of economic performance after a sharp economic decline.



↳ Many Indian economist looking for v-shaped recovery post pandemic lockdown

About K-shaped Economy



↳ In this form of recovery, different parts of the economy diverge like the arms of the letter 'k'

↳ some parts of the economy may see strong growth while other continue to decline.

↳ Some reports suggests that Indian economy is going through k-shaped recovery.