

## CENTRAL THEME OF ECONOMIC SURVEY 2021-22 IS THE “AGILE APPROACH”

Relevant for: Indian Economy | Topic: Issues relating to Growth & Development - Public Finance, Taxation & Black Money incl. Government Budgeting

**The central theme of this year’s Economic Survey is the “Agile approach”,** implemented through India’s economic response to the COVID-19 Pandemic shock. Informing further, the preface of Economic Survey states that the “Agile approach” is based on feed-back loops, real-time monitoring of actual outcomes, flexible responses, safety-net buffers and so on.

The Economic Survey 2021-22 tabled by the Union Minister for Finance & Corporate Affairs Smt. Nirmala Sitharaman in the Parliament today, argues that some form of feedback loop based policy-making was always possible, but the “Agile framework: is particularly relevant today because of the explosion of real-time data that allows for constant monitoring. Such information includes GST collections, digital payments, satellite photographs, electricity production, cargo movements, internal/external trade, infrastructure roll-out, delivery of various schemes, mobility indicators, to name just a few. Some of them are available from public platforms but many innovative forms of data are now being generated by the private sector. Short-term policy responses, therefore, the Survey states, can be tailored to an evolving situation rather than what a model may have predicted.

Planning matters in this framework but mostly for scenario-analysis, identifying vulnerable sections, and understanding policy options rather than as a deterministic prediction of the flow of events. The Survey notes that the previous Economic Survey did briefly discuss this approach but it is a central theme for this Survey.

**Another theme highlighted in this Economic Survey relates to the art and science of policy-making under conditions of extreme uncertainty.** It is not just about the immediate disruptions and uncertainty caused by repeated waves of the COVID-19 pandemic, but also the longer-term uncertainty about the post-COVID world due to accelerated shifts in technology, consumer behaviour, supply-chains, geo-politics, climate change and a host of other factors. Not only are these individual factors difficult to forecast, the impact of their interactions are fundamentally unpredictable. The same recognition of uncertainty informs the longer-term supply-side strategy: the combination of policies that encourage economic flexibility through innovation, entrepreneurship and risk-taking on one hand, and simultaneously invests in resilient infrastructure, social safety-nets and macro-economic buffers on the other.

The Survey states that various policies of the Government of India are all about protection from or taking advantage of an uncertain future. It expects its readers to recognise the links between seemingly disparate policies ranging from deregulation, process simplification, privatization, foreign exchange reserves accumulation, inflation-targeting, housing-for-all, green technology, the Insolvency and Bankruptcy Code, health insurance for the poor, financial inclusion, infrastructure spending, direct benefit transfers and so on.

**The Preface also takes a bird’s eye view of the “great deal of evolution” of the Economic Surveys presented since the first Survey in 1950-51.** The Survey charted out many permutations and combinations in terms of language, statistics, formats, topics, length, scope and prescriptions projected through the Economic Surveys. Interestingly, for more than a decade after 1<sup>st</sup> Survey, the Survey document was clubbed with the Union Budget.

Making a shift from the two-volume format of recent years to a single volume plus a separate volume for statistical tables, the Survey argues for smaller and terse document. Over the years, increasing voluminous state of the document has made it unwieldy with last year's Economic Survey 2020-21 with almost 900 pages. Therefore, **this year's Survey reverts to a single volume plus a separate volume for the Statistical Appendix. The idea of having a separate volume for the statistical appendix is to give it a distinct identity as the one-stop source of authentic data.** The Economic Survey hopes that it will evolve in the next few years to include new kinds of socio-economic data in line with the emphasis on a feedback loop approach.

Along with the sectoral chapters, this year's Survey adds a new chapter that demonstrates the use of satellite and geo-spatial images to gauge various economic phenomenon – urbanisation, infrastructure, environmental impact, farming practices and so on.

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