

- On the economic policy front, India recognized that, unlike previous crises, the Covid pandemic affects both demand and supply.
- Furthermore, given disruptions in the labour markets that can affect disposable income and firms suffering financial distress, the loss of productive capacity due to hysteresis could not be ruled out.
- Therefore, a slew of structural reforms were announced; together, these would help to expand supply significantly in the medium to long term.
- On the demand side, at the onset of the pandemic, India's policies focused purely on necessities.

◉ Covid-19: Once In A Century 'Crisis'

- Due to the rigorous spread of infection, by the end of February 2020, the infection had spread to over 54 countries, infected more than 85,403 individuals across the world and resulted in around 3,000 deaths.
- The exponential rise in the number of cases being witnessed daily compelled the World Health Organization (WHO) to title this outbreak a pandemic on March 11, 2020 – within a period of three months of its emergence.
- The only strategy that seemed viable for containment of the pandemic was active surveillance, early detection, isolation and case management, contact tracing and prevention of onward spread by practicing social distancing and safety precautions.
- Various non-pharmaceutical interventions (NPIs) – such as lockdowns, closure of schools and non-essential business, travel restrictions – were, therefore, adopted by countries across the globe.

◉ What are the economic impacts of the pandemic?

- The pandemic and associated lockdown measures led to a de facto shutdown of a significant portion of the global economy, thereby triggering a global recession this year.
- The crisis World is facing today is unique in a number of ways.
 - Firstly, the health crisis-induced global recession is in contrast with previous global recessions which were driven by confluences of a wide range of factors, including financial crises (the Great Depression in 1930-32; 1982; 1991; 2009), sharp movements in oil prices (1975; 1982), and wars (1914; 1917-21; 1945-46).
 - Secondly, this recession is highly synchronized as the fraction of economies experiencing annual declines in national per capita is highest since 1870—more than 90 per cent, even higher than the proportion of about 85 per cent of countries in recession at the height of the Great Depression of 1930-32.
 - Thirdly, the present crisis is unique as it originated in a pandemic that required social distancing and limiting of physical interactions. Thus, inherent to the crisis there was the tradeoff – at least in the short run – between health and human lives, on the one hand, and the economy and livelihoods, on the other hand.
- The pandemic is, therefore, once in a 150-year event with an unprecedented impact with all regions in the world projected to experience negative growth in 2020. It is aptly called the 'Great Lockdown'.

◉ Research-Driven Policy Response Amidst Unprecedented Uncertainty

Two fundamental strategies to combat an epidemic are possible:

- **mitigation**, which focuses on slowing the epidemic spread by reducing R_0 , and
- **Suppression**, which aims to reverse epidemic growth by reducing R_0 below 1.

◉ Learnings from Spanish Flu

- The research focused on the Spanish Flu, guided India's policy response. In sum, the learnings were as follows: