

## Important Vocab for the Editorial

1. **sliding** (adjective) – sinking, falling, declining gradually (to a worse condition or lower level).
2. **inflation** (noun) – simply meaning “cost of living”; increase of price level of goods & services and vice versa decrease of currency value.
3. **consumptive capacity** (noun) – the power to use goods and services in the satisfaction of human wants.
4. **bulletin** (noun) – report, release, statement, announcement.
5. **anecdotal** (adjective) – not based on factual, scientific reports and observations done carefully; unscientific, informal, unreliable, untrustworthy.
6. **point to** (verb) – indicate, suggest, denote.
7. **backslide** (noun) – degeneration, deterioration, decline, slippage, slide.
8. **flag** (verb) – indicate, identify, point out.
9. **demand shock** (noun) – a sudden and temporary increase or decrease in the demand for a good/product or service.
10. **inflict** (verb) – cause, impose, exact, wreak.
11. **ferocious** (adjective) – intense, extreme, strong, powerful; fierce, ruthless, merciless, brutal.
12. **pandemic** (noun) – the worldwide spread of a new disease; The illness spreads around the world and typically affects a large number of people across a wide area.
13. **cite** (verb) – refer to, mention, make reference to.
14. **mobility** (noun) – transportability, portability.
15. **discretionary** (adjective) – optional, voluntary, up to the individual, non-mandatory, non-compulsory.
16. **doldrums** (plural noun) – dull/sluggish period; depression, inactive, stagnation.
17. **high-frequency indicators (HFIs)** (noun) – high-frequency indicators (HFIs) of India’s Economic Recovery enable a meaningful and real-time analysis of patterns of economic recovery. The HFIs provide a range of data on multiple aspects of the economy, including fertilizer sales, trade in agricultural commodities, registration of new businesses, registration of different types of vehicles, digital transactions and payments and demand for wage labour under MGNREGA.
18. **reversal** (noun) – turnaround, turnabout, about-face, U-turn, sea change; setback, reverse, failure, hardship.

19. **indicator** (noun) – measure, signal, sign.
20. **contract** (verb) – decline, decrease, diminish, reduce.
21. **month-on-month** (adjective) – used to compare data for one month with that in previous months.
22. **shrink** (verb) – lessen, reduce, decrease.
23. **preceding** (adjective) – previous, prior, earlier.
24. **relatively** (adverb) – comparatively, proportionately, somewhat, to a certain extent/degree.
25. **unscathed** (adjective) – unhurt, undamaged, unharmed.
26. **dry up** (phrasal verb) – dwindle, wane, disappear, vanish.
27. **countryside** (noun) – a rural district, a rural area.
28. **reflect** (verb) – indicate, show, reveal, exhibit.
29. **contraction** (noun) – In economics, it refers to a decline in national output as measured by gross domestic product.
30. **palpable** (adjective) – noticeable, appreciable, discernible.
31. **hit** (verb) – reach, touch (a level).
32. **Centre for Monitoring Indian Economy Pvt Ltd (CMIE)** (noun) – CMIE, or Centre for Monitoring Indian Economy, is a leading business information company. It was established in 1976, primarily as an independent think tank. (Think tank is a panel of experts who provide advice and ideas on political, social or economic issues).
33. **moving average** (noun) – it is a technical analysis indicator that averages something (e.g. unemployment rate or a price of an instrument) over a period of time and plots that average as a line.
34. **grip** (noun) – control, power, hold, stranglehold, domination.
35. **likely** (adverb) – probably, in all probability, presumably, doubtlessly.
36. **push up** (phrasal verb) – increase, raise.
37. **precarity** (noun) – the state of being uncertain/insecure/unsafe.
38. **household** (noun) – family, house.
39. **hinterland** (noun) – remote areas of a country away from the coastal areas/the banks of major rivers.
40. **look ahead** (phrasal verb) – to think about what will happen in the future.
41. **fiscal** year (noun) – financial year.
42. **crippling** (adjective) – weakening, damaging, impairing, destroying, spoiling, paralyzing.
43. **pose** (verb) – create, cause, present (a problem or danger or risk).
44. **pace** (noun) – speed.
45. **vaccination** (noun) – treatment with a vaccine to protect against a particular disease; immunization.

46. more so (phrase) – to a greater degree; to a greater extent.
47. semi-rural (adjective) – moderately rural (i.e. suburb area surrounded by farmland, villages & stand-alone or independent houses).
48. sowing (noun) – an act of seeding a plant or crop.
49. kharif crops (noun) – monsoon crops; seeds sowing in the beginning (Jun) of the monsoon and harvesting at the end of the season (Oct) in South Asia.
50. rabi crops (noun) – winter crops; seeds sowing in the beginning (Nov) of the winter and harvesting at the end of the season (Apr) in South Asia.
51. portray (verb) – represent, depict, characterize, describe.
52. grim (adjective) – distressing, upsetting, worrying, unpleasant, dismal, awful.
53. picture (noun) – situation, condition, circumstances.
54. barest superlative adjective of bare (adjective) – mere, very, basic, simple, no better than.
55. revive (verb) – energize, resuscitate, strengthen, regenerate, renew.
56. any time soon (phrase) – in the very near future (but an exact time or date isn't known).
57. add to (phrasal verb) – increase, amplify, escalate, intensify.
58. cut across (phrasal verb) – traverse, transcend, go beyond, pass over, go across.
59. accelerating (adjective) – increasing, rising, escalating.
60. wary (adjective) – cautious, careful, circumspect.
61. stagflation (noun) – a period of rising inflation, slowing economic growth & rising unemployment. (inflation is the sustained/continuous rise in the overall price level of goods and services in the economy).
62. shrinking (adjective) – contracting, lessening, reducing, decreasing.
63. fiscal space (noun) – it is commonly defined as the budgetary room that allows a government to provide resources for public purposes without undermining fiscal sustainability.
64. notwithstanding (conjunction) – although, in spite of the fact that, despite the fact that, even though.
65. expedited (adjective) – accelerated, quickened, hastened, precipitated.
66. vaccine (noun) – a biological preparation that improves immunity to a particular disease.
67. roll-out (noun) – official launch/introduction.

## Flashing lights: On sliding economy and cash transfers

MAY 20, 2021 00:02 IST

### **As inflation threatens economy's consumptive capacity, cash transfers can boost demand**

The RBI's latest monthly bulletin has just confirmed what many economists and anecdotal evidence have been pointing to — a sharp backslide in economic momentum. In an article on the State of the Economy, RBI officials including Deputy Governor Michael Debabrata Patra have flagged the 'demand shock' inflicted by the ferocious second wave of the COVID-19 pandemic. Specifically, they have cited the loss of mobility, impact on discretionary spending and increase in unemployment as clear signs that demand is in the doldrums. Several high-frequency indicators for April have captured the reversal in momentum. GST e-way bills, an indicator of the health of domestic trade, contracted 17.5% month-on-month, while automobile fuel consumption, commercial vehicle sales and domestic air passenger traffic all shrank from the preceding month. And the previously relatively unscathed rural economy too saw demand begin to dry up as new infections spread wider and deeper into the countryside, a trend reflected in a 33.5% contraction in the dispatches of two wheelers and a palpable weakening in demand for tractors. Also, unemployment, which hit a four-month high of 8% in April as per a survey by the Centre for Monitoring Indian Economy, was at 9.5% on May 18 based on a 30-day moving average. Crucially, rural unemployment captured by the moving average has risen to 8.6%, and this at a time when the pandemic's grip and higher spending on health are likely to be pushing up precarity among households in the hinterland.

Looking ahead, the critical risk to the economy even as it tries to recover from the last fiscal year's crippling contraction is posed by the speed at which the virus continues to spread in the country. With the pace of vaccinations having slowed nationwide, more so in rural and semi-rural areas, the agriculture sector is likely to face challenges in the coming months when sowing for the *kharif* crop will need to be done. The reports on the infections and deaths linked to the disease from the villages and towns portray a grim picture and it is hard to see rural demand for anything

other than the barest of essentials including food and medicines reviving any time soon. Add to this the rising cost of transport fuels, and the sharp increases in commodity prices, cutting across agricultural and industrial raw-materials segments and one sees ‘a worsening of domestic cost conditions’ as the RBI officials warn. Accelerating inflation threatens the economy’s overall consumptive capacity and policy makers need to be wary of the real danger of stagflation. The shrinking fiscal space notwithstanding, authorities need to spend more on an expedited nationwide vaccine roll-out and must seriously consider direct cash transfers to boost demand.

GUPTA CLASSES