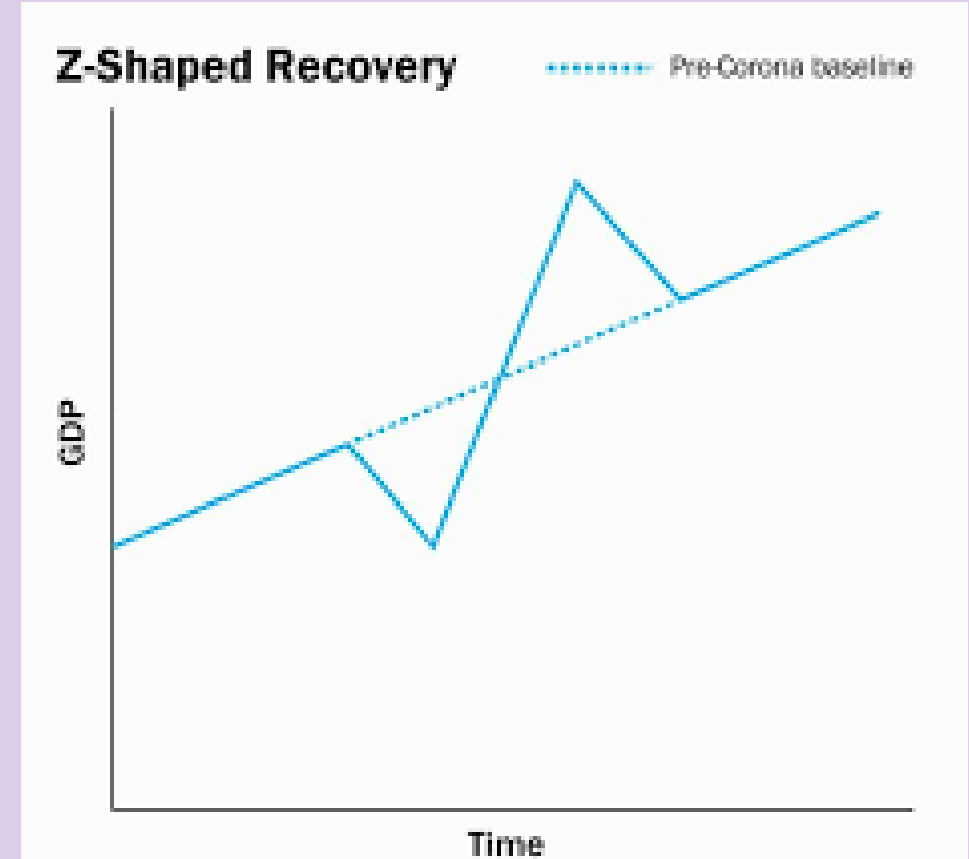


TYPES OF ECONOMIC RECOVERY

- Economic recovery can take many forms, which is depicted using alphabetic notations.
- For example, a Z-shaped recovery, V-shaped recovery, U-shaped recovery, elongated U-shaped recovery, W-shaped recovery and L-shaped recovery.
- The alphabets generally denote the graph of growth rate, which resembles the shape of the letter.
- The fundamental difference between the different kinds of recovery is the time taken for economic activity to normalize. The time taken is often a factor of multiple things such as the depth of the economic crisis.
- e.g deeper the recession, longer is the time to get back to normal.
- The other aspect of economic recovery includes the effect of pandemic on jobs and household incomes, and the kind of policy response taken by the government that determines how quickly economic growth will recover

Z-SHAPED RECOVERY:

- It is the most-optimistic scenario in which the economy quickly rises after an economic crash.
- It makes up more than for lost ground before settling back to the normal trend-line, thus forming a Z-shaped chart.
- In this economic disruption lasts for a small period wherein more than people's incomes, it is their ability to spend is restricted.



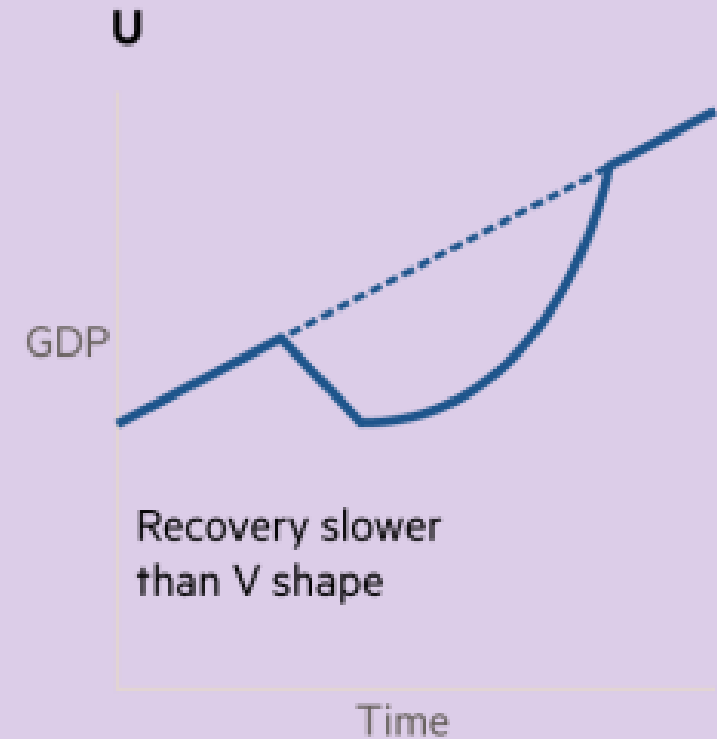
V-SHAPED RECOVERY:

- It is the next-best scenario after Z-shaped recovery in which the economy quickly recoups lost ground and gets back to the normal growth trend-line.
- In this, incomes and jobs are not permanently lost, and the economic growth recovers sharply and returns to the path it was following before the disruption.



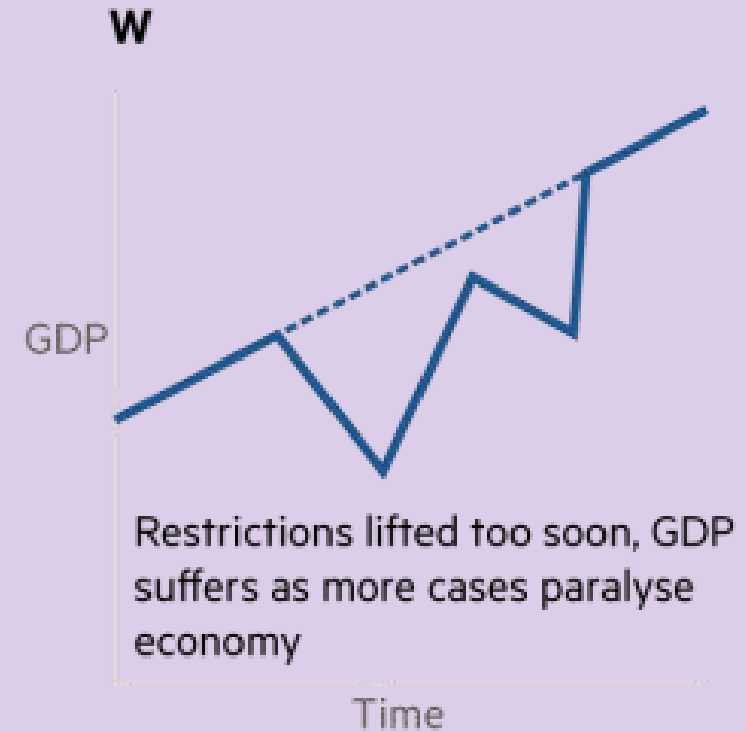
U-SHAPED RECOVERY:

- It is a scenario in which the economy, after falling, struggles around a low growth rate for some time, before rising gradually to usual levels.
- In this case several jobs are lost and people fall upon their savings. If this process is more-long drawn than it throws up the “elongated U” shape.



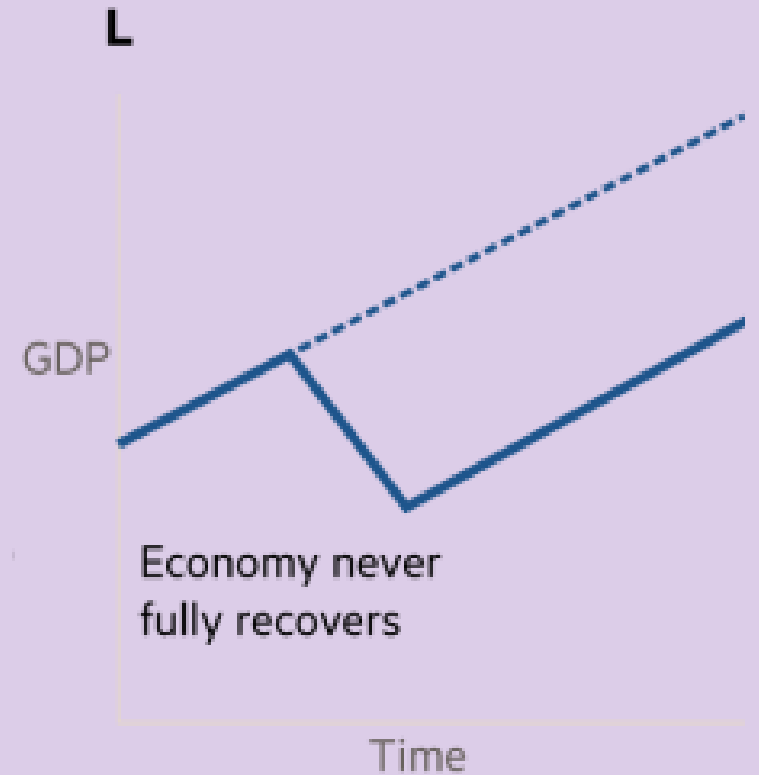
W-SHAPED RECOVERY:

- A W-shaped recovery is a dangerous creature. In this, growth falls and rises, but falls again before recovering, thus forming a W-like chart.
- The double-dip depicted by a W-shaped recovery can be due to the second wave of the pandemic.



L-SHAPED RECOVERY:

- In this, the economy fails to regain the level of GDP even after years go by.
- The shape shows that there is a permanent loss to the economy's ability to produce.



K-SHAPED RECOVERY

- A K-shaped recovery occurs when, following a recession, **different parts of the economy recover at different rates, times, or magnitudes.** This is in contrast to an even, uniform recovery across sectors, industries, or groups of people.
- A K-shaped recovery **leads to changes in the structure of the economy** or the broader society as economic outcomes and relations are fundamentally changed before and after the recession.
- This type of recovery is called **K-shaped** because the path of different parts of the economy when charted together may diverge, resembling the two arms of the Roman letter "K."

