

AN ANALYTICAL STUDY OF CHALLENGES AND REMEDIES BEFORE INDIAN ECONOMY OVER THE PERIOD OF COVID PANDEMIC

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ABSTRACT

The Indian economy is a largest and one of the top ten economies in the world. This economy is known globally as a fast growing economy. As the second largest population in the world, the world sees the Indian economy as the largest market in the world that is why in general, all the developing countries considers India is to be more important as commercial point of view. During last two years every country facing the different economical challenges to overcome the COVID Pandemic situation. Every country suffered from the lockdown and slowdown therefore economical situation are most affected. Developing countries are also trying to face various challenges during the COVID Pandemic like food, shelter, transport, medicine and so on. India is also included one of the largest developing country in the world. The impact of the COVID-19 pandemic in India economy has been largely disruptive. In the fourth quarter of the fiscal year 2020 India's growth went down to 3.1% according to the Ministry of Statistics. All these problems also seen in the nation but even Indian economy achieved 12.55% development rate to have outperformed china 8.44%, Peru 8.5% as per PPP (Public Private Partnership) term. Most of the countries in the world prefer to invest in Indian economy. The ministry of commerce and industry stated that FDI (Foreign Direct Investment) status grew at a faster pace during April to July 2021-22. The equity inflows increased by 112% between last two years. To improve the Indian economy, the Government of India and the Reserve Bank of India have jointly implemented various schemes that have seen the Indian economy make steady progress once again in global catastrophe.

Keywords: Economy, FDI, GDP, PPP, COVID-19.

Introduction

Certain issues are of paramount importance in the Indian economy, including Energy, Agriculture, Manufacture, Stock markets, E-Commerce, Defense, State income and expenditure, Health, Supply chain and logistic, Salaries etc. In the last two years, the Indian economy need to take the necessary steps to make more infrastructure available including pharmaceuticals, food, vaccination, Migrant workers and labor force etc. The Government of India and Reserve Bank of India seem to have taken a number of measures, including a large number of financial provisions. India, the world's second largest populous country, has never seen such a famine. Compared to other countries, India has more facilities like medical facilities, food supply, vaccination etc. Of course, there is some public outcry over the lack of medical facilities, the lack of facility on migraines and the migration of the labor force. But after a certain amount of planning, it seems that the measures have been taken by the Indian system. The fact that the Indian economy will definitely recover in the near future and achieve the expected growth rate is evident from the changes taking place in the Indian economy after the end of COVID Pandemic period.

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Research Methodology

This paper is written as per data available of secondary data and this Secondary data is collected by using various sources like websites, research journals, research papers and online books.

Objectives of the Paper

- To analyze the status and changes in Indian economy in COVID pandemic period.
- To analyze the changes in GDP in COVID pandemic period in India.
- To know economical changes in Indian economy and government efforts to face the COVID situation in India.
- To find out the challenges before Indian economy during the COVID Pandemic Period.

Research Question

Will there be a favorable investment climate in the Indian economy after COVID Pandemic period?

Status of Indian GDP in World Ranking:

Country/Economy	GDP (Nominal) Ranking						Growth (%)	GDP per capita (Nominal) (\$)			Continent
	GDP (Nominal) (billions of \$)							2021	2021	Rank	
	2020	Rank	2021	Rank	Share (%)	Diff					
United States	20,932.75	1	22,675.27	1	24.2	-	6.39	68,309	5	North America	
China	14,722.84	2	16,642.32	2	17.7	6,033	8.44	11,819	61	Asia	
Japan	5,048.69	3	5,378.14	3	5.73	11,264	3.25	42,928	25	Asia	
Germany	3,803.01	4	4,319.29	4	4.6	1,059	3.6	51,860	16	Europe	
United Kingdom	2,710.97	5	3,124.65	5	3.33	1,195	5.34	46,344	23	Europe	
India	2,708.77	6	3,049.70	6	3.25	75	12.55	2,191	144	Asia	
France	2,598.91	7	2,938.27	7	3.13	111	5.81	44,995	24	Europe	
Italy	1,884.94	8	2,106.29	8	2.24	832	4.15	34,997	27	Europe	
Canada	1,643.41	9	1,883.49	9	2.01	223	5.05	49,222	19	North America	
Korea	1,630.87	10	1,806.71	10	1.92	76.8	3.59	34,866	28	Asia	

Major companies in India such as Larsen & Toubro, Bharat Forge, UltraTech Cement, Grasim Industries, Aditya Birla Group, BHEL and Tata Motors temporarily suspended reduced operations. Young startups have been impacted as funding has fallen. Fast-moving consumer goods companies in the country have significantly reduced operations and are focusing on essentials. Stock markets in India posted their worst losses in history on 23 March 2020. However, on 25 March, one day after a complete 21-day lockdown was announced by the Prime Minister, SENSEX and NIFTY posted their biggest gains in 11 years. India's GDP has certainly come down in the same period as other countries, but important decisions in the Indian economy such as changed Foreign Policy, changes in FDI Policy and financial support to elements in economy are once again making good progress. As a result the Indian stock market seems to have gone above 60000 in October 2021 and India's GDP seems to be going up again.

Quarterly Estimates of Expenditures on GDP in Q1 (April-June) of 2021-22 (at Current Prices) (₹ Crore)

Items	2019-20	2020-21	2021-22	Rate of GDP (%)	
				2020-21	2021-22
• Private Final Consumption Expenditure (PFCE)	29,36,906	22,11,944	28,57,300	56.9	55.8
• Government Final Consumption Expenditure (GFCE)	5,67,894	6,88,854	7,02,566	17.7	13.7
• Gross Fixed Capital Formation (GFCF)	15,36,040	8,03,656	13,92,491	20.7	27.2
• Change in Stocks (CIS)	48,733	32,765	51,988	0.8	1.0
• Valuables	48,177	3,874	24,405	0.1	0.5
• Exports	9,30,263	7,46,006	11,11,663	19.2	21.7
• Imports	11,16,016	6,74,368	11,64,090	17.3	22.7
• Discrepancies	52,212	76,093	1,46,554	2.0	2.9
GDP	50,04,209	38,88,824	51,22,877	100.0	100.0
GDP (Percentage change over previous year)		-22.3	31.7		

Government of India and RBI efforts and Remedies during the COVID Pandemic:

On **24 March** in his address to the nation, the Prime Minister announced a ₹15,000 crore (US\$2.0 billion) fund for the healthcare sector.

On **25 March** the Modi government announced the world's largest food security scheme for 800 million people across the country.^[48] Cabinet Minister Prakash Javadekar made the announcement in a press conference that the ration would be 7 kg every month (which would include wheat at a cost of ₹2 (2.7¢ US) per kg and rice at ₹3 (4.0¢ US) per kg.)

On **26 March** India participated in the virtual 'Extraordinary G20 Leaders' Summit'. The G20 nations decided to inject over \$5 trillion into the global economy to counteract the pandemic's impacts. They agreed to work together, to strengthen the World Health Organisation, develop a vaccine and make it available. They decided to share timely and transparent information, materials for research and development and data. Besides expanding manufacturing capacity for medical supplies, they agreed to ensure smooth flows of critical supplies.

On **27 March** the Reserve Bank of India (RBI) Governor Shaktikanta Das made a number of announcements including EMIs being put on hold for three months and reducing Repo Rates. Other measures introduced will make available a total ₹374,000 crore (US\$50 billion) to the country's financial system.^[57] Delhi government announced that from the 28th they will be providing free food to 400,000 every day.

On **28 March** the PM of the India launched a new fund called PM CARES fund for combating coronavirus-like situations.

On **2 April** the World Bank approved US\$1 billion emergency financing for India to tackle coronavirus labelled 'India COVID-19 Emergency Response and Health Systems Preparedness Project'.

On **3 April** the central government released ₹17,287 crore (US\$2.3 billion) to different states to help combat coronavirus. The Ministry of Home Affairs approved ₹11,092 crore (US\$1.5 billion) for states as relief under the State Disaster Risk Management Fund.

On **17 April**, RBI announced more measures to counter the economic impact of the pandemic including ₹50,000 crore (US\$6.6 billion) special finance to NABARD, SIDBI, and NHB.

FDI (Foreign Direct Investment) Policy

India government changed its foreign direct investment (FDI) policy to curb On 18 April 2020, this policy aimed to attract that those companies want to move from China and moved to alternate countries in Asia. New FDI policy does not restrict markets the policy ensures that all FDI from countries that share a land border with India will now be under scrutiny of the Ministry of Commerce and Industry.

On **12 May** the Prime Minister announced an overall economic package worth ₹20 lakh crore (US\$270 billion), adding that the fourth phase of the lock down will be different with new rules.^[100] This Rs 20 trillion (short scale) includes the previous government packages (Rs 1.7 trillion (short scale)) as well as the RBI decisions (Rs 5–6 trillion (short scale)). They make up about 40% of the package.

On **20 May** the Cabinet of India cleared some proposals of the economic package, including a free food grain package and collateral free credit for MSMEs.

Conclusion

The problems of the COVID Pandemic period, which plagued economies all over the world, also arose in India, but the Indian administration and the positive response of the society seem to be able to solve them. India's GDP has certainly come down in the same period as other countries, but important decisions in the Indian economy such as changed Foreign Policy, changes in FDI Policy and financial support to elements in the Indian economy are once again making good progress. As a result the Indian stock market seems to have gone above 60000 in October 2021 and India's GDP seems to be going up again. This improvement in the economy comes due to the government of India and the reserve bank of India have jointly implemented various schemes that have seen economy make steady progress once again in the face of global catastrophe. The fact that the Indian economy will definitely recover in the near future and achieve the expected growth rate is evident from the changes taking place in the Indian economy after the end of COVID Pandemic period for this reason, there is a surety that economic investment in the Indian economy will once again have a good time.

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