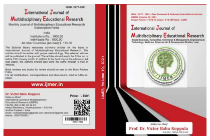
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CHALLENGES AND IMPACT OF INDIAN ECONOMY AFTER COVID-19

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Abstract: The corona pandemic has left a deep mark on India's economy. The Indian economy, which was shaken by the first wave of Corona, was not even back on track as the second wave of Corona affected it badly. And the fear of a third wave has made it more apprehensive. Due to this epidemic, the hopes of India's economic development have started to be dashed because the financial corona epidemic of Covid-19 epidemic left a deep mark on India's economy due to the loss of millions of people in the Corona era and the number of defaulters in bank loans. Is. The Indian economy, which was shaken by the first wave of Corona, was not even back on track that the second wave of Corona affected it badly. Due to which the hopes of India's economic growth have started dashing as crores of people lost their jobs in the Corona era and the number of defaulters in bank loans are creating more hurdles in recovering from the financial shock of the Covid-19 pandemic. The country's economy has suffered a major setback due to the coronavirus epidemic. According to the estimates of the World Bank, the economic growth rate can be 2.8% in the financial year. The growth rate of the Indian economy will come down to five percent in 2019-20. The coronavirus epidemic has worsened the condition of the economy of the whole world.

Keywords: Covid-19, Economy, Recession, Economic Growth Rate, Financial Crisis, Unemployment, Inflation.

Introduction

Before the onset of the Covid-19 crisis, the Indian economy had entered its worst phase of two decades. The demand and consumption from the market was decreasing. The government was trying to restart the market through economic packages and liberal announcements. The Indian economy was at a 45-year low on the basis of nominal GDP. On the basis of real GDP, it was at an 11-year low. The unemployment rate was the highest in 45 years and rural demand was at its lowest level in 40 years. Agricultural growth was also at its decade low and there was no positive news in terms of farm income. Consumer confidence in the market was waning. RBI's NPA was touching the figure of 10 lakh crores. Financial fraud was more than 2 lakh crores in the last year. The conclusion of all these facts is that the picture of the Indian economy had become very hazy even before Covid-19. Covid-19 acted as the last nail in the coffin of the Indian economy. Covid-19 has been an event that has affected mankind in every way, social, economic, political etc. The bigger the health catastrophe it has been, the bigger it is coming out as an economic catastrophe. Indian economy shrinks by -23.9% in the first quarter of the financial year 2020-21. But this figure is also only of a small format of the economy. The unorganized sector accounts for 94 percent of the Indian economy, which accounts for 45 percent of the country's total output. The calculation of GDP is done more on the basis of the remaining 6 percent of the organized economy. The most negative impact of the lockdown imposed during Covid-19 has been on the unorganized sector of the country. So, this figure of GDP is correct. Therefore, this figure of GDP is even more frightening in the true sense. Most of the jobs have gone to the unorganized sector. Most of the businesses are closed in the unorganized sector. Therefore, this year has been the most frightening period of the Indian economy as an unorganized sector. Secondly, the lockdown has affected the Indian economy in both demand and supply formats. The Indian economy had already gone into a demand-driven recession before Covid-19. There were reports of reduction in production and cut in employment from every sector. Covid-19 turned this entire recession into a 'demand and supply based slowdown'. Due to the lockdown, people lost their jobs and when businesses were closed, the demand in the market decreased further. On the other hand, apart from essential services, the supply of all services also remained stable for a long time. However, the figures of the second quarter indicate that the economy is back on track. But, according to the estimates of the Reserve Bank, the economy will grow at the rate of only 0.1 percent in the third quarter. Government forced to reduce spending. The financial unavailability arising out of Kovid-19 also forced the government to spend less. The tax revenue of the government is going to fall at the rate of 10 percent. This is a sign of a huge financial deficit. This year the government has cut a total of 22 percent in its expenditure. There is also a reason that the demand in the Indian market is not increasing. Since private companies are already troubled due to the lockdown and at present, the government has full responsibility to revive the economy. This year the government has cut a total of 22 percent in its expenditure. There is also a reason that the demand in the Indian market is not increasing. Since private companies are already troubled due to the lockdown and at present, the entire responsibility of reviving the economy depends on government expenditure. But the government has also missed out on investing in a big way.

The lack of demand in the market has further accentuated the problem of unemployment. The average unemployment rate in November has been above 6.5 percent. This average rate is the lowest in the last four decades.

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A big loss of Indian economy

The economic impact of the 2020 coronavirus pandemic in India has been largely disruptive. According to the Ministry of Statistics, India's growth rate declined to 3.1% in the fourth quarter of FY20. The International Monetary Fund estimates that the Indian economy will shrink at a rate of -4.5. The World Bank and rating agencies initially forecast India's growth for FY21 with the lowest figures seen in three decades since India's economic liberalization in the 1990s. It is mentioned in the report that this epidemic has come at a time when the Indian economy was already facing a slowdown due to pressure on the financial sector. Due to the coronavirus, further pressure has increased on this. However, India's GDP estimates were further downgraded by negative figures after the economic package was announced in mid-May. It was a sign of a deep recession. On 26 May, CRISIL announced that it would be India's worst recession since independence. The Government of India confirmed the first case of coronavirus in Kerala on 30 January 2020 when a student studying at a university in Wuhan returned to India. On March 19, Prime Minister Narendra Modi had asked all citizens to observe 'Janata Curfew' on Sunday, March 22 from 7 am to 9 am.

Lockdown: Lockdown broke the back of Economy

A nationwide lockdown was announced by Narendra Modi on 24 March for a period of 21 days from midnight of that day. He also said that the lockdown would be strictly enforced as compared to the Janata Curfew. Due to the nationwide lockdown due to Coronavirus, many government businesses and industries have been affected. The economic growth rate has been affected due to the impact of domestic supply and demand. At the same time, due to increased risk, the recovery in domestic investment is also likely to be delayed. According to the World Bank, due to this epidemic, not only India but the whole of South Asia can lose the benefits of poverty alleviation. The International Labor Union has said that the corona virus has not only been a global health crisis, but it has also become a major labor market and economic crisis that will affect people on a large scale. The biggest impact of the lockdown has been on the informal sector and 50 percent of the GDP of our economy comes from the informal sector, so these sectors are unable to work during the lockdown, they are unable to buy raw materials and manufactured goods in the market. are unable to sell due to which their earnings have stopped. Coronavirus is spreading faster in India than anywhere else in the world, India currently has more than 36 lakh cases, and more than 65 thousand deaths have occurred. . This has led to a major loss of employment due to labor shortage in India. Can't be sooner. Some say that the economy could see a contraction of about 10 percent in the year through March 2021. To make the domestic industry more self-reliant. An estimated 14 crore people lost jobs during the lockdown while wages were cut for many others. More than 45% of households across the country have reported a decline in income as compared to the previous year. During the first 21 days of complete lockdown, the Indian economy was expected to lose more than 32,000 crores every day. Under complete lockdown, less than a quarter of India's $2.8 trillion economic structure was functional. Workers and daily wage workers in the informal sector are the people most at risk. A large number of farmers across the country who grow perishable fruits and vegetables also faced uncertainty. Just before the pandemic, the government projected the economy to $5 to $2.8 trillion by 2024, despite low growth rates and low demand. trillion.

Improvement efforts: The Government of India announced a series of measures to deal with the situation, including food security, health and additional funds for states and extending the deadline for paying taxes. On 26 March, a number of economic relief measures were announced for the poor. The total was more than Rs. 1,70,000 crores. Also, the Reserve Bank of India has reduced key interest rates by 115 basis points (1.15 percentage points) since March to revive the economy. Support approved. On May 12, the Prime Minister announced the 'Self-reliant India campaign' in an address to the nation. In this, a package of 20 lakh crores was announced as a comprehensive economic package. It is 10% of India's GDP. Although it was announced by the Prime Minister on 12th May, it incorporates the previous government relief package including RBI announcements. The unemployment rate was 6.7% on 15 March which rose to 26% on 19 April. Then back to pre-lockdown levels by mid-June. A stimulus package equal to 10 percent of GDP announced by Narendra Modi in May includes credit guarantees on bank loans and free food grains to the poor. Many economists have pointed out that much of that support was already budgeted by the government and involved very little spending.

Financial, monetary policy support needed

According to the report, due to the impact of domestic supply and demand due to Kovid-19, the economic growth rate will come down to 2.8 percent in 2020-21. The recovery in domestic investment will also be delayed due to increased global risk. The report says that in the next financial year i.e., 2021-22, after the impact of Kovid-19 ends, the economy will be able to register a growth of five percent. However, for this the economy will need financial and monetary policy support.

Conclusions

Not good for Indian Economy

World Bank Chief Economist Hans Timmer said India's outlook is not good. Timmer said that if the lockdown continues in India for a longer period, the economic consequences here could be worse than the World Bank had estimated. He said that to deal

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with this challenge, India must first stop this epidemic from spreading further. And at the same time, it has to be ensured that everyone can get food. Apart from this, Timmer said that India will have to focus on temporary employment programs especially at the local level. In response to a question, Timer said that along with this, India will have to save small and medium enterprises from bankruptcy. The situation has become unusual due to the widespread spread of coronavirus infection across the country since the beginning of April. The economy is also being affected amidst health-related problems. However, this time the restriction is such that the impact on the economy is minimal. In such a situation, the impact on economic activities may be less than in 2020. With the introduction of vaccination in February, the situation of Kovid infection seemed to be under control and the Indian economy, which was severely affected by the pandemic, started recovering by February. But in April, cases began to rise and the situation changed rapidly with restrictions imposed to prevent the spread of the virus, and a second wave raised concerns about the economy again. This is also expected to hit the recovery of the economy. While the overall impact of the second wave of the pandemic on the Indian economy is still difficult to assess, the impact on economic growth in the first quarter of April-June may be visible due to the local lockdown. It is important to mention here that according to the American brokerage company BofA Securities, to effectively deal with the second wave of corona infection, if it comes to impose a one-month nationwide lockdown in India, then up to two percent in GDP. There may be a decline. However, the central government is not in favor of a nationwide lockdown like last year. Anyway, strict lockdown is not justified in the current economic situation. The economy was badly hit by the lockdown from March 25 to May 31 last year. The steps taken by the state governments like lockdown and weekend curfew to prevent the second wave of infection have had the biggest impact on the service sector. However, industries have not been affected as much as last year. Since there is no complete lockdown yet and public transport including railways, airlines are being operated. Along with the Center, the governments of the states are also focusing on conducting industrial activities. However, due to the partial lockdown, the movement of goods along with workers is definitely being affected. Consumption is shrinking due to restrictions, which is the cornerstone of our economy. In such a situation, it can be said that it will not be so easy to bring the economy back on track in the coming months due to the local level lockdown affecting the movement of people and business activities. It may take one to two years for full recovery, especially for restaurants, auto, real estate, transport and tourism, entertainment, logistics and consumer durables affected by Corona. At the moment it is difficult to say when the situation will be normal. Obviously, there has been a kind of uncertainty regarding the economy. It is also feared that like the first wave of the epidemic, tourism, hospitality and airlines will also have the worst impact of the second wave. Many European countries, including Britain and Germany, have advised their citizens to avoid going to India, while domestic tourism has also started declining due to fear of Corona. In India too, people are mostly staying at home due to the record spurt in cases of Covid infection. According to data from global location technology company TomTom International', there has been a 49 percent reduction in traffic in New Delhi and 73 percent in Mumbai. That is, the trend of movement of people has decreased during the epidemic. Significantly, the contribution of the tourism industry in India's economy is about 6.8 percent. About 8.75 crore people are associated with the tourism industry in India. According to the data of the year 2018-19, this is about 12.75 percent of the total employment. Along with this, it is also associated with many other sectors including agriculture, transport, handloom, and FMCG. Due to this, these areas are also suffering. There is no doubt that the second wave of Corona is causing the most damage to the hotel-restaurant i.e. hospitality and tourism sector, but there is also a ray of hope in the manufacturing sector, for example, domestic companies, including foreign companies, have also been cautious. Manufacturing unit has started. Now it won't stop. The way to deliver goods to the people through e-commerce has also been found, so now the economy will not get as much shock as before. It is important to mention here that not only in India, wherever the second wave of corona has come in the world, manufacturing has not stopped anywhere. At least things related to the common man are being made continuously. There is no shortage of consumption. So, the economy will not suffer as much as last year. The central government along with the state governments needs to work on a war footing to save both lives and livelihoods. In this hour of crisis, there is a need to consider some immediate policy measures, which should not only work in the direction of preventing the second wave of infection and saving lives, but also to save the most deprived sections of the society from economic crisis and promote economic growth and development. It also helps in maintaining financial stability. The Novel COVID-19 virus has thrown the world into disarray in the year 2020, creating an atmosphere of fear for all, affecting their movement, safety and normal life. It posed the most formidable economic challenge in a century for India and the world. The Novel COVID-19 virus has thrown the world into disarray in the year 2020, creating an atmosphere of fear for all, affecting their movement, safety and normal life. The COVID-19 pandemic and the containment measures adopted to contain the spread of the disease have caused unprecedented economic distress in India as well as the rest of the world. In addition, India is also facing a major humanitarian crisis, which can be seen as the opposite of the large-scale migration that is taking place at the moment. There is an urgent need for the government to implement policies designed to minimize the economic damage and alleviate the suffering of the most vulnerable sections. the current situation and discuss what needs to be done, and what our position might be in the future. The COVID-19 pandemic and the containment measures adopted to contain the spread of the disease have caused unprecedented economic distress in India as well as the rest of the world. In addition, India is also facing a major humanitarian crisis, which can be seen as the opposite of the large-scale migration that is taking place at the moment. There is an urgent need for the

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