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INDIAN ECONOMY IN PANDEMIC AND POST PANDEMIC PERIOD

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ABSTRACT:
The current world order has been substantially altered and this is bound to give rise to a new post-COVID dispensation. In this state of flux, space has been created for aspiring and emerging powers to take centre stage and help shape a new world with a better future for all.

The Indian Finance Ministry, in their Monthly Economic Review for April 2021 released on 7 May 2021, wrote that "economic activity has learnt to operate 'with Covid'".Since the beginning of the pandemic in India, poverty has increased, and livelihoods have been affected.

"The current year may as well end with an economic reset manifest of a post-COVID-19 world...Manufacturing and Construction will be the 'growth drivers', triggered by the PLI schemes and public capex in infrastructure," the review report said.

Just a year ago when the World Health Organisation (WHO) declared COVID-19 a pandemic1 and India imposed a strict lockdown in March, a deep despondency and risk psychosis became pervasive. Since then, lives have been lost, surviving life has been disrupted and lifestyles have been fundamentally altered.

In January 2020, as the GDP growth fell to a 42-year low (in terms of nominal GDP), PM Modi expressed optimism, stating: "The strong absorbent capacity of the Indian economy shows the strength of basic fundamentals of the Indian economy and its capacity to bounce back".

Key words: -*Post-Colonialism, Subaltern Studies, subordination, eurocentrism, Nationalism, Marxism, etc.*

INTRODUCTION:

The COVID-19 pandemic in India is a part of the worldwide pandemic of coronavirus disease 2019 (COVID-19) caused by severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2).

Lockdowns were announced in Kerala on 23 March, and in the rest of the country on 25 March 2020. On 10 June, India's recoveries exceeded active cases for the first time.Infection rates started to drop in September, along with the number of new and active cases. Daily cases peaked mid-September with over 90,000 cases reported per-day, dropping to below 15,000 in January 2021.

A second wave beginning in March 2021 was much more devastating than the first, with shortages of vaccines, hospital beds, oxygen cylinders and other medical supplies in parts of the country.By late April, India led the world in new and active cases. On 30 April 2021, it became the first country to report over 400,000 new cases in a 24-hour period.Experts stated that the virus may reach an endemic stage in India rather than completely disappear;in late August 2021, SoumyaSwaminathan said India may be in some stage of endemicity were the country learns to live with the virus.As of 20 January 2022, according to official figures, India has the second-highest number of confirmed cases in the world (after the United States of America) with 42,754,315 reported cases of COVID-19 infection and the third-highest number of COVID-19 deaths (after the United States and Brazil) at 510,413deaths.However these figures exhibit severe under-reporting.

A deadly second wave of coronavirus infections is devastating India,Corona Virus has affected our day to day life. This pandemic has affected millions of peoples,

The various industries and sectors are affected by the cause of this disease including the pharmaceuticals industry, power sector, educational institution, tourism. This Coronavirus creates drastic effects on the daily life of citizens, as well as on the global economy.

With the world facing the coronavirus crisis, the pandemic has wreaked havoc and altered human lives forever.

Economical situation in pandemic

Growth Domestic Product

For the states, the total loss due to COVID-19 is estimated at 13.5% of the total Gross state domestic product. The Ministry of Statistics released India's GDP estimates for Q4 FY20 at 3.1% while the overall GDP for FY20 is 4.2%.

On 1 September 2020, the Ministry of Statistics and Programme Implementation released the GDP figures for Q1 FY2021, which showed a contraction of 24% as compared to the same period the year before.

India's GDP growth rate since FY16

FY	GDP growth%
FY16	8
FY17	8.3(+0.3%)
FY18	6.6(-1.4%)
FY19	6.1(-0.5%)
FY20	4.2(-1.9% est.)
FY21	−5(-9.2% est.)

Largest GDP contraction ever in Q2 (April–June) FY2020–2021 at −24%

Crisis in Employment

Thousands of migrant workers were walking across India to reunite with their families in their native places. Indian migrant workers during the COVID-19 pandemic have faced multiple hardships. With the closure of factories and workplaces due to lockdown, millions of migrant workers had to deal with the loss of income, food shortages, and uncertainty.

Estimates by the Centre for Monitoring Indian Economy, which provides the most frequent unemployment statistics in India, show that around 403.5 million Indians were a part of the workforce and about 35 million were unemployed before the Covid-19 crisis. Each year about 10 million new entrants also join the workforce. However, by January 2021, only 400 million Indians were employed. Thus, not only has the market been dismal for the new job seekers, but millions of people have lost employment as well.

a majority of Indians will face unemployment which will trigger them towards hunger issues, poverty, and mental illness. Even though it is still not clear whether coronavirus or hunger is prepotent to which Indians are exposed every day. So far it is clear that COVID-19 created a mixed impact on society including the economy, lifestyle, and environment.

Imports suffered a bigger disruption than exports

A comparison of India's merchandise export and import numbers shows there was a bigger disruption in imports during the early phase of the pandemic. Imports fell to $17.09 billion in April 2020, the lowest in 11 years.

Given that most of India's imports are in the intermediate and capital goods category – the World Bank's WITS database shows these two had a share of 54% in India's imports in 2019-20 – imports started rising sharply as the economy opened up.

Although exports have increased in the post-pandemic period, the rise is smaller.

Liquidity and Financial Market Conditions

The pandemic has delivered a once in a century crisis, with a health shock morphing into a macroeconomic and financial shock. The RBI undertook a slew of measures to deal with such an exceptional situation. As a consequence, borrowing costs fell to their lowest levels in decades and spreads narrowed across rating cohorts. Record levels of government securities, corporate bonds and debentures were issued. Corporate entities have been able to deleverage seamlessly and reduce high-cost debt while improving profitability and retained earnings for future capex. Overall, the financial sector has remained fully functional and has anchored the process of recovery.

Deliberations of the Monetary Policy Committee

The Monetary Policy Committee (MPC) met on 8th, 9th and 10th February 2022 and based on an assessment of the current macroeconomic situation and the outlook, it voted unanimously to keep the policy repo rate unchanged at 4 per cent. The MPC decided by a majority of 5 to 1 to continue with the accommodative stance as long as necessary to revive and sustain growth on a durable basis and continue to mitigate the impact of COVID-19 on the economy, while ensuring that inflation remains within the target going forward. The marginal standing facility (MSF) rate and the Bank Rate remain unchanged at 4.25 per cent. The reverse repo rate also remains unchanged at 3.35 per cent.

Inflation

According to the Reserve Bank's bi-annual Monetary Policy Report for October, mean or average inflation this year has been higher and more broad-based. It has also been very volatile. "These indicate high dispersion of inflation rates in the consumer price index basket, along with a larger number of items experiencing higher inflation rates than in the pre-pandemic period," the RBI report said.

The finance minister NirmalaSitharaman said the Indian economy suffered the biggest contraction because of the pandemic.

Compared to the performance of the UPA government, finance minister pointed out that retail inflation was 9.1 per cent during the financial crisis of 2008-09, while it is at 6.2 per cent during the COVID-19 pandemic that has a bigger impact on the economy.

She explained that the Indian economy suffered Rs 9.57 lakh croreloss due to the pandemic, compared to a Rs 2.12 lakh crore contraction during the global meltdown in 2008-09.

Income, consumption and poverty

While the macroeconomic statistics provide a snapshot of India's economic position, they hide the large and unequal impacts on households and workers within the country. Both wealth and income inequality has been on the rise in India. Estimates suggest that in 2020, the top 1% of the population held 42.5% of the total wealth, while the bottom 50% had only 2.5% of the total wealth. Post-pandemic, the number of poor in India is projected to have more than doubled and the number of people in the middle class to have fallen by a third.

During India's first stringent national lockdown between April and May 2020, individual income dropped by approximately 40%. The bottom decile of households lost three months' worth of income. Microdata from the largest private survey in India, the CMIE's Consumer Pyramids Household Survey or CPHS, shows that per capita consumption spending dropped by more than GDP.

GDP recovery did not follow the bounce back in consumption during periods of reduced social distancing. Mean per capita consumption spending continued to be over 20% lower after the first lockdown (in August 2020 compared to August 2019) and remained 15% lower year-on-year by the end of year.

India towards post pandemic recovery

The pandemic has not only caused loss of incomes it has also worsened health and education deprivations, which too need attention for improving quality of human resources and boost growth. In fact, it was because of such deprivations and inequalities hitting consumption and growth that Rajan's predecessor DuvvuriSubbarao had forewarned the K-shaped recovery about a year ago.

Prime Minister NarendraModi's government decided to market its annual budget as a blueprint for the next quarter century. "GatiShakti," which is Hindi for kinetic energy, is Modi's idea for speeding up the movement of goods and people. Nothing wrong with that long-term focus on productivity, except that the success or failure of this year's spending plan would be judged by how well it harnesses the potential energy of India's young workforce.

The Ministry of Finance is justifiably positive of the strong economic recovery and growth India has posted as it recovers from the pandemic. The latest figures show that the growth in real GDP is estimated to have averaged more than 9 percent in 2021-22 buoyed by robust activity from all sectors and particularly in the manufacturing sector which has grown at an impressive 12.5 percent over the same period. A significant result of this positive performance has been the uptrend in inward investment in India.

When it comes to this more immediate goal of reviving jobs in the post-pandemic economy,

The budget has one big idea; infrastructure finance minister NirmalaSitharaman says she will attract private investment by stepping up capital expenditures ,which is forecast to jump by 25% in the fiscal year that starts on Aprial 1 to 7.5 trillion rupees ($100billion).

She said, "We are not doing anything for the rich. We are contributing to focusing on nation's developments that will generate jobs." Sitharaman further added that the government is leaving "no stone unturned to help the poorest of the poor section of the society."

FM Sitharaman further said that the government is doing a lot for the middle class of India in terms of providing several financial schemes. She said, "We are keeping a twin-track economy as we are going to take help of the infrastructure-based development."

CONCLUSION :

The role that India plays in the post-pandemic world order will be determined by how we deal with the crisis now, and how we emerge from it. This, in turn, depends on certain fundamental factors — the quality of leadership, the quality of administration at all levels, (Centre, State, district and village), the robustness of institutional frameworks, the quality of health care, and our social coherence as a people.

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