

Indian Economy Slowdown Then Recession and How to Revive Indian Economy After Corona Virus (COVID-19)

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Abstract- *As we know that India was facing economic slowdown before corona virus and now economist is saying that global economy is going through economic recession. Corona virus will also impact Indian's economic growth as the corona virus lockdown is causing significant disruption across multiple sectors, including manufacturing, oil, financial etc. So, we have to take serious actions to prevent our country from economic crisis and to give a boost to our economy and to prevent several sectors after the lockdown gets over.*

I. INTRODUCTION

- India's growth slumps to over 6 years low of 5% in June quarter. [The Times of India]
 - New investment in FY20 fall to 15 years low [The HINDU]
 - India's rural demand slumps to four-decade low. [The Times of India]
 - The Unemployment rate at 45 years high confirms Labor Ministry Data. [The HINDU]
 - Talking about nominal GDP, it has dropped below 8%, which is lowest in the past 17 years. This is, the last time the Nominal GDP was in such a bad shape was in 2003.
 - The Manufacturing sector has showcased a growth of merely 0.6% in 2020 quarter.
 - The agriculture sector has growth by a mere 2%.
 - The construction sector too, has growth by merely 2%.
 - Prior to the elections, a report was leaked that our country has the highest unemployment rate in 45 years.
 - 64 Lakh people Trained Under 'skill India', only 22% found job [The Quint]
- ## II. REASONS BEHIND THIS ARE AS BELOW
- **DEMONETIZATION:** - Was the point where the economy growth started to slide Dr. Monmohan Singh had said that the GDP growth rate would fall by 2% and this is exactly what happened.

A fresh report has revealed that corporate investment fell by 60% after demonetization [seroll.in]
 - **GST IMPLEMENTATION:** - theoretically, GST is a great thing because it simplifies the tax system. But the way in which it was implemented in our country. It was done in a very complex and complicated manner.

It was very difficult for the common man and the companies to understand it, which led to huge losses. [Live mint]
 - **BUDGET 2019:** -The budget did not appeal to the investors and stock markets worldwide.

The stock market crashed terribly after it. Out of the money invested in India, rupees 475 corer was pulled out by foreign investors. Ever since the day the budget has been announced. [ET]
 - **UNEMPLOYMENT:** - The conditions are the worst in the past 45 years. The people do not have jobs, and the people that do have jobs, are not getting increments.

For Example: - In the financial year 2014, it was growing by 14.6% and in, financial year, it has slide down to a mere 1.1%.
 - **BANK FRAUDS:** - In 2018-2019, there has been an increase of 74% in bank fraud, in comparison with the last year. Stated by the RBI report [Live mint] 2.4 lakh corer loans written off over three years. [News 18]
 - **FAKE CURRENCY:** -21800 fake notes of 500 rupees had been found in 2018-19. Say RBI [Live mint]

- **LOSS OF PUBLIC INTERPRICES:** - ONGC used to be one of India's most profitable companies. But it faces a loss of 4,000 cores in gas production in 2018 [seroll.in]
There are reports that 54,000 jobs of BSNL are in danger.
Hindustan Aeronautics Limited (HAL) has been sitting on its worst cash balance in the past 15 years. HAL has to borrow 1000 corer rupees to pay salaries to its employees.
- **GLOBAL TRADE WAR:** - It is definitely slightly important but it wouldn't not affect India greatly because the trade war between USA and China. But China's economy was growing by 6.2% in the same quarter. [The Hindu]

III. RECESSION DUE TO CORONA VIRUS (COVID-19)

IMF, that is, International Monetary Fund has said that due to the lockdowns because of the Corona virus the economy worldwide has already been hit by recession, infect, according to them not only will the recession be worse than the 2008 Global Financial Circes, but it will be the worst economy recession in the past 100 years after Great Depression of 1930s.

IV. IMPACT ON GLOBAL AND INDIAN ECONOMY

- **FRANCE:** - The quarterly GDP growth rate of first three months in France has been calculated to be minus 6%. This is the worst performance in the history of France even since World War2.
- **GERMINY:** - It is being predicted that GDP growth rate in the second quarter in Germany is going to be minus 10%. [RTE]
- **TESLA:** - has slashed the salary of all its employees by 10%.
- **MARRIOTT:** - The world's largest Hotel company. They have slashed the salaries of their senior executives by 50% and they laying off almost 10,000 workers from their job [Business Insider]
- **INTERNATIONAL LABOUR ORGANIZATON:** - has predicted that 38% of all employees in the world are either at risk of layoff or a salary cut. [Risky Business]

More than 1 billion workers face 'Drastic' his from virus. [Bloomberg]

- India to cost \$ 120 billion, impact of coronavirus on India.
- The first two rounds of corona virus outbreak have already wiped off rupees 52 lakh corer worth of equity investor wealth.
- It specified the cost of the 3-week nationwide lockdown to be alone at USD 90 billion. [Barlays]
- We estimate that the cumulative shutdown cost around USD 120 billion. [Barlays]
- India so far lags peers in a policy response to the crisis; it has been limited to liquidity support, installing a task force and some spending measure by states. India needs a lot more. [Edelweiss]
- **SPORTS INDUSTARY:** -A lot of companies of India did try and inculcate work from home but think about it- there are so many industries and sectors where work from home is not possible.
For example: - sports industry, think about how many jobs were dependent on its IPL get cancelled.
- **TRAVEL AND AVIATION INDUSTARY:** - it is one of the hardest hid industries not only in India but in rest of the world. All those people are unable to work and earn their regular salary right now.
- **FILM ENTERTAINMENT:** - One of the biggest industries of India has shut down cinema hall have also been shut down and the poor people related to it are not are facing a lot of problems.

The big companies can afford to pay salary to their employees and to let them retain their jobs but what about those small businesses that were running their business on a month-to-month basis and they are anyway going to fire their employees and would incur losses themselves.

This is being witnessed quite a lot in India; the migrant workers in India have become jobless. They neither have jobs nor do they have money to eat. India has 82% of unorganized sector, which is now at rest because of the lock down and can suffer heavy losses. Compared to 2008, there are some critic differences in today's scenario. The people are unable to work because of lock down. When recession had struck in 2008, some banks did collapse and some people did lose their jobs but not the whole, the economy was still

running and the people were still working which is not possible today.

V. SOLUTIONS TO REVIVE INDIAN ECONOMY

- **AGRICULTURE SECTOR:** - Agriculture sector is the primary section of our country and the main focus of government should be on modernized agriculture so it can give more employment to poor workers and it also benefits to increase export.

We need to liberalize the agricultural market and exports.

In our opinion, the solution for this is to increasing the minimum support prices of crops, and to boost agriculture for that we would need to spend more money on PM Kisan and need a new Green Revelation all over the country.

- **DEMAND IN ECONOMY:** - The biggest problem in the economy crisis today is that of demand in the economy, demand has fallen drastically, that is, a common man in the country does not have money to buy anything, so the demand for everything in market has fallen.

In our opinion, the solution for this is to give money in the hands of the common and poor man. This can be done by lowering taxes (direct and indirect).

This can also be done by the National Rural Employment Guarantee Scheme. There should be direct transfer of cash in the hands of the poor people.

The government should focus on demand and leave aside worries of fiscal deficit.

- **GST:** - The government should clearly know what it wants regarding GST there shouldn't be a attempt to change the rates of GST every few months, and low the taxes of GST because if we want to attract investment to our country then for that, the tax and regulatory polices need to remain consistent if changes are made every few month

taxes would not get low, than this will cause inconveniences for the businessmen and it became very unpredictable. Alcohol should be bought under GST.

- **NEWS MEDIA:** - The news channels should start talking about the economy. It will not impact economy directly but it will drag attention of people and government on economy.

- **TELECOM SECTOR:** - The government should focus on the telecom sector and maintain it competitiveness in it. It should not happen that the telecom sector is reduced into a monopoly or duopoly. Where only one or two company rules for e.g., Reliance Jio or Airtel.

The government should focus on maintaining competition o that other companies can also thrive and the other options remain available to the consumer because if competition is consistent in this sector, then that would ensure consistent growth and benefit to customers.

- **LAND ACQUISITION:** - Land acquisition should be made easier and more transparent so that the other companies get motivated to investment.
- **REPO AND REVERSE REOP RATE:** - They should be low for at least one year so the investors and businessmen can take benefits of it.
- **NEW BUDGET:** - The next budget must give more attention to agriculture, automobile, pharma industry.
- **EASE OF BUSINESS:** - Ranking is calculated by only focusing on Delhi and Mumbai. Hence it is improving in Mumbai and Delhi but is not improving in the rest of the country as fast.
- **PETROL:** - As we know that the oil prices are falling in a large scale so the government should give this benefit in the hands of the consumer. So, the purchasing power of consumer may rise.

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