



A Study on Development of India Pre and Post Covid-19 in Various Sectors

Author: Goparaju Savitri, Assistant Professor of Physics, Telangana.

Email: goparajusavitri@gmail.com

Abstract:

The Covid-19 Pandemic is an unprecedented shock to the Indian and Global Economy. The Economy of India was already in an uncertain state before Covid-19 struck. With the prolonged global lockdown, global economic downturn, and associated interruption of demand and supply chains, the economy is likely to face a prolonged period of slowdown. In this paper, we describe the state of the Indian economy in the pre-Covid-19 period, post Covid-19 and analyse the policies that have been announced by the central government, such as Atmanirbhar Bharat, and their impact on Vocal for Local approach for Industries such as MSME in development of India.

Keywords: Covid-19, Pandemic, economic downturn, Atmanirbhar Bharat, Vocal for Local approach

Introduction:

Due to the Covid-19 lockdown globally, import and export, as well as transportation of raw materials and finished goods across states, was also severely affected. Countries have closed national borders bringing international trade and commerce to a sudden halt. All these are severely disrupting supply mechanisms and distribution chains in almost all sectors. Same time complete downfall of consumption demand as millions of people stay home and delay their non-essential expenditures. Lakhs of jobs and livelihoods are at stake due to Covid-19. As activity around the country came to a halt, with no job or income, more than five crore migrant workers either returned to their native villages or shifted to camps inside the cities because state borders were sealed. In this, we will analyse the announced policies such as Atmanirbhar Bharat and their effect on Vocal for Local pre and post Covid-19.

Economic situation Pre and Post Covid-19:

a. GDP (Gross domestic product):

The gross domestic product (GDP) measure of India's income and output for a given period. The gross domestic product (GDP) is equal to the total expenses for all final goods and services produced within India in a specified period of time.

According to the International Monetary Fund (IMF), India will be the large economy worst hit by the Covid-19 Pandemic. The Fund says that Indian GDP in the ongoing financial year, which began in March 2020, will contract by 4.5%. As predicted by IMF, the GDP got reduced by 5% during Covid-19. A slowdown of this scale will have huge human consequences. By some estimates, the loss of three months' income would leave nearly half of the country's population stalled in poverty, reversing all the gains made since the economy was liberalized in the early 1990s. But recent Budget figure shows that the economy has made V-Shape Recovery with GDP expected to reach 10% during 2021, which is very good news for India and its population.

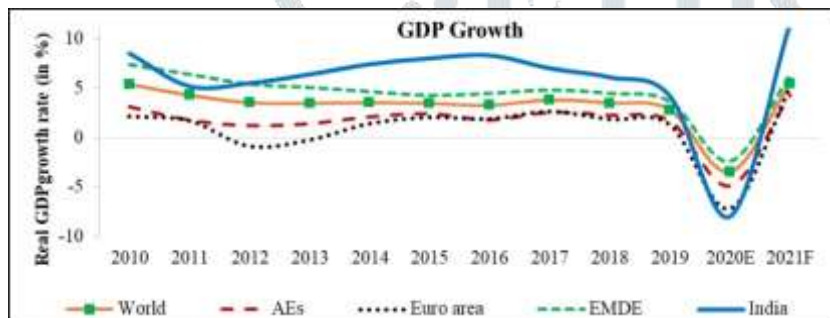


Fig1: GDP Growth graph year wise for India compared with other continents.

b. GST (Goods and Services Tax)

GST is an indirect tax for the entire nation, which is the resultant tax after subsuming major Central and State indirect taxes. GST is a destination-based tax levied on the consumption of goods and services across the nation, thus rendering the country one unified common market. As per recent Budget figures, even GST collection has improved, and it shows India is recovering faster than expected.

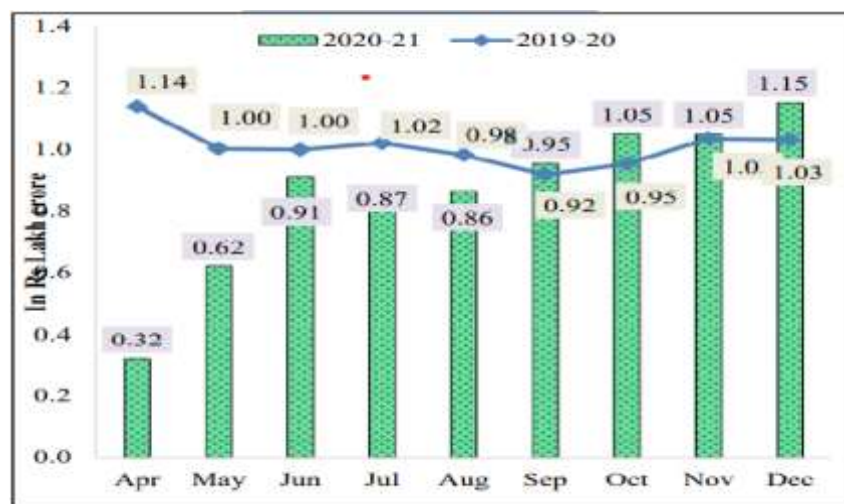


Fig2: GST Collections month wise comparison with 2019-20 vs. 2020-21.

c. IP (Index of Industrial Production)

IIP is an index for India with details of the growth of various sectors in an economy such as electricity, Manufacturing, Mineral mining, .etc.IIP measures the changes in the volume of production of a group of products during a given period with respect to that in a chosen base period.

IIP data shows that after lockdown, it started improving and shows a positive index from Sep- 2020

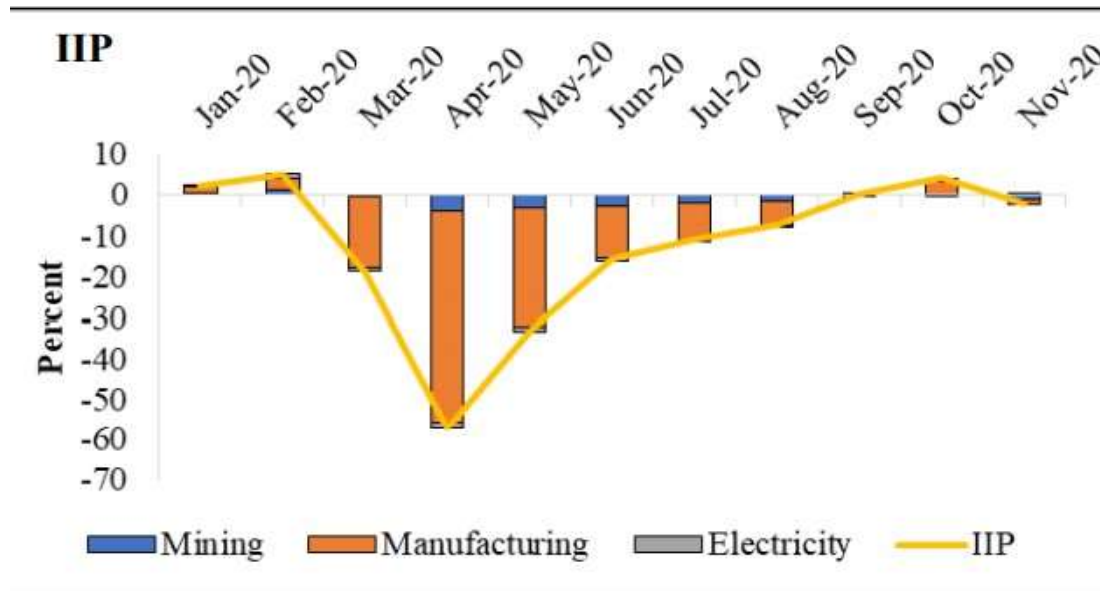


Fig3: IIP data from Jan-2020 to Nov-2020

d. inflation

Inflation means the upsurge in the prices of common use such as clothing, food, housing, transport, recreation, etc. Inflation is the measure of the average price change in a basket of commodities and services over a period of time. The opposite and rare fall in the price index of this basket of items is called 'deflation.' Inflation indicates the decrease in the purchasing power of a unit of a country's currency. This is measured in percentage. Recent data from Budget shows Inflation is coming down, which is a good sign.

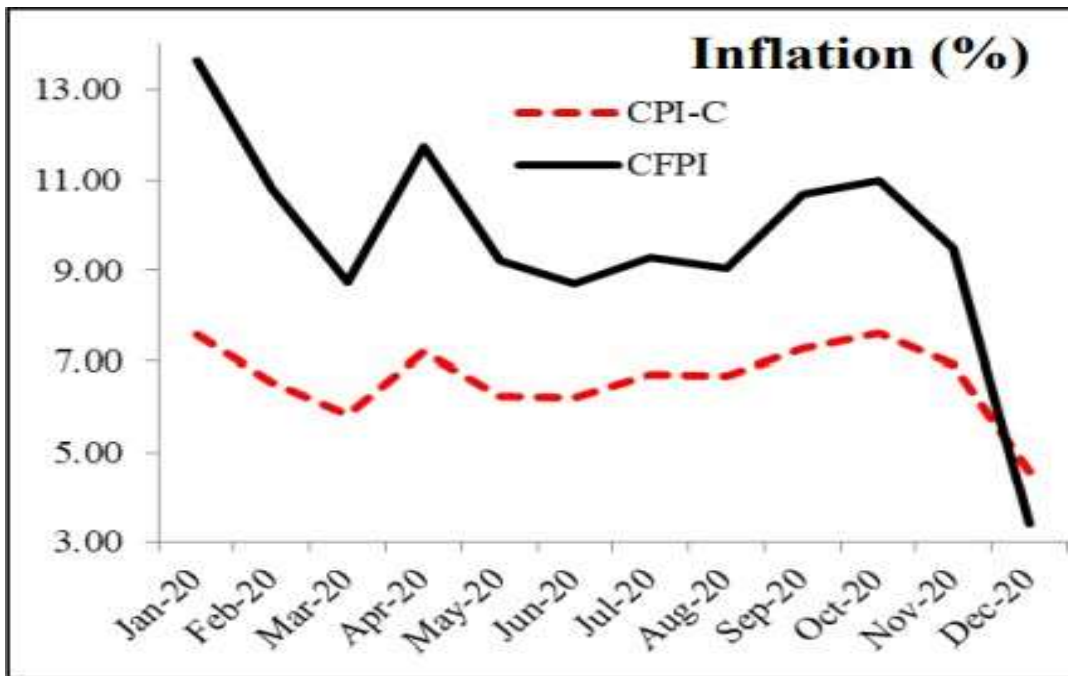


Fig4: Inflation data from Jan-2020 to Dec-2020

e. FDI (Foreign Direct Investment)

FDI is when a company takes governing ownership in a business entity in another country. With FDI, foreign companies are directly involved with day-to-day operations in the other country. This means they aren't just bringing money with them, but also knowledge, skills, and technology. Recent Data from the Budget shows FDI improved from Q2 of 2021 positive sign for the Indian economy.

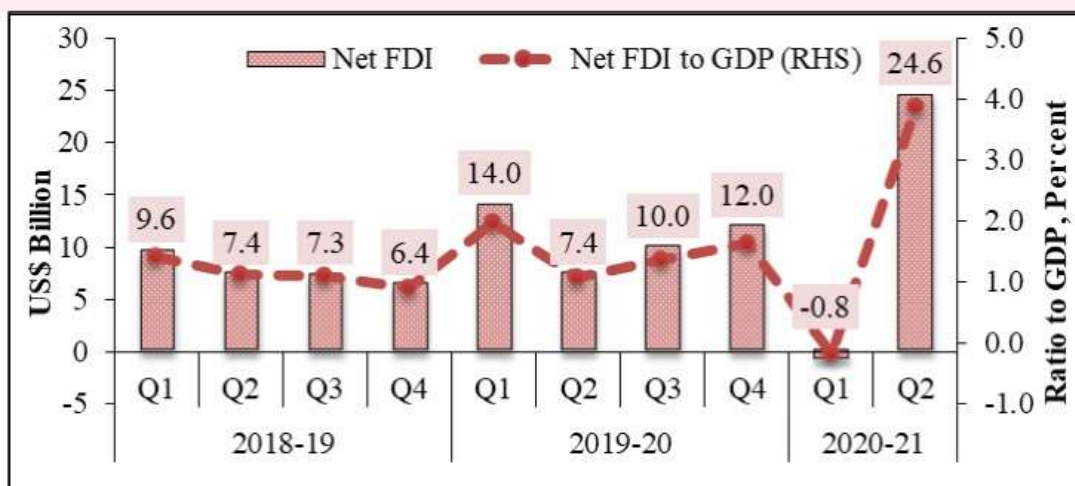


Fig5: FDI data from Q1 2018-19 to Q2 2020-2021

Policies announced to improve the Economy and India to become (self-reliant)

Atmanirbhar Bharat (Self-Reliant) Country:

Atmanirbhar (Self Reliant) country needn't essentially manufacture each and every product needed by it. It will manufacture the products which have high demand globally and can be manufactured at low cost; also, it cannot depend on countries that will dump low-quality goods and destroy the industrial growth of the country.

Atmanirbhar Bharat: What it is for India

1. By becoming Atmanirbhar, Revive MSME and reduce dependency on low-cost countries such as China.
2. India proved its mettle by providing PPE kits and Medicines to developed countries such as the USA during Covid-19 Pandemic.
3. Government Collaborated with the Automobile sector to get ventilators during Covid- 19.
4. By doing this, India's capability and leadership role was recognized globally.
5. The 20-lakh crore package announced by Prime Minister Modi not only revived the economy but also created a lot of jobs in all sectors.

Example:

An example is the PPE industry has grown in a couple of months. The PPE production in India has become ₹7,000 crores in just two months from March to May 2020, the largest after China.

India has to focus on the following things to achieve the Atmanirbhar Bharat

1. Development of Infrastructure
2. Increasing Demand
3. MSMEs business growth.
4. Growth and Innovations in Agricultural.
5. New Horizons of Growth
6. We need to slowly reduce dependency on China; currently, we are importing \$75 billion in goods from China.
7. A good industrial policy to transform India into a global Manufacturing Hub with Quality, Innovation, and cost competitiveness to make India a manufacturing destination.

With the current situation between US-China regarding Trade war, now it is best opportunity to attract Investment.

The following Industries have changed, which gives an opportunity post-Covid-19 for Vocal for Local.

1. Working from home:

Since Covid-19 Pandemic has hit, most of the offices are closed, and due to working from Home Video conferencing tools, High-speed Internet, File transfer software, IP security has become a topmost priority and open up new opportunities, so India can focus on these things to become self-reliant and efficient.

2. Education:

Since all the Schools, Colleges, Universities are closed, Children are sitting at home, and all the education is happening through Zoom, Microsoft office, Google meet. Etc. Even exams are happening

online, along with assignments that are being done in Google Classroom. The online teaching Industry has become more prominent, and Apps and companies like Byju's, Vedantu has picked up. Even a lot of Youtube Channels are opened for teaching students. A lot of TV Channels for education have started. India can focus on this Industry and become more efficient and self-reliant.

3. Cinema Industry:

Since Cinema halls are closed, most of the movies are released on OTTs like Amazon Prime, Netflix. etc., and a lot of new TV channels started so India can grow further on this and become more self-reliant.

4. Hotel Industry:

Hotels are closed due to Pandemic, and most Hotels have tied-up with the food catering service Industry such as Zomato, and also hygiene has become the top priority. Also, home deliveries for groceries such as Amazon, Bigbasket, Reliance Smart have seen a surge in orders. So India can focus on this for further development.

5. Fitness Industry:

Since all the Gyms are closed, people started doing Yoga and Exercises from home, and this Industry has increased exponentially for the equipment as well as only training through Channels so India can focus more on this for more development.

6. Conclusion:

Since Vocal for Local has become more prominent after the Covid-19 Pandemic and considering the policies such as Atmanirbhar Bharat and opportunities arise due to pandemic India should focus on being self-reliant and increasing the exports and reduced the imports mainly from china and should become a Global Hub for Manufacturing. For this, India also needs to develop a skilled workforce by imparting proper training with a plan and also change the curriculum as needed to become self-reliant.

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