

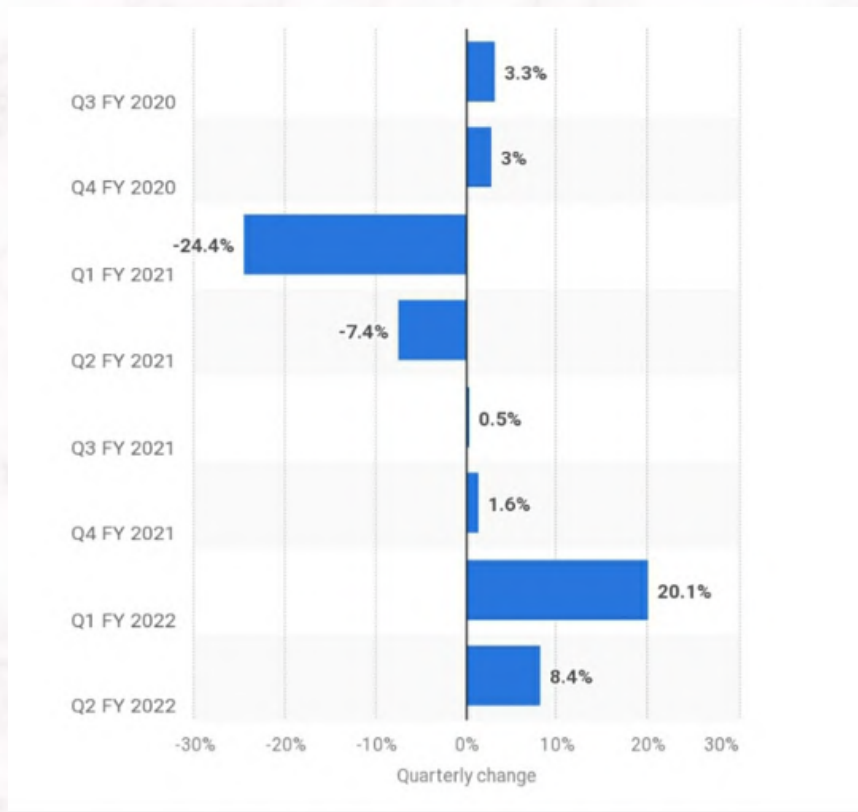
CHANGE IN GDP GROWTH IN INDIA:

First, we would like to show the overview of Indian economy through last decade. After achieving unprecedented growth of over 9% for three successive years between 2005-2006 and 2007-08 and recovering swiftly from the global financial crisis of 2008-09, the Indian Economy has been going through challenging times that culminated in lower than 5% growth of GDP at factor cost at constant prices for two consecutive years, i.e., 2012-13 and 2013-14.

The slowdown is broadly in sync with trends in other emerging economies. India's growth declined from average of 8.3% per annum during 2004-05 to 2011-12 to an average of 4.6% in 2012-13. In this period it went from 6.8% to 4.9%. Gradually around 2016-17 growth was 9.4%, the economy has recorded a low growth of 4.5% in part of 2019-20.

The GDP growth had crashed 23.9% in response to the centre's no notice lockdown. India's GDP shrank 7.3% in 2020-21. This was the worst performance of the Indian economy in any year since independence. As of now, India's GDP growth rate is likely to be below 10 per cent.

The economic impact of the COVID-19 pandemic in India is largely disruptive. The growth of the economy has slowed down due to shutdown of different productions channels. Reverse migration of workforce and consequent shortage of labour, resulted in further deceleration of economic growth. While COVID 19 pandemic has thrown several challenges on Indian economy, agriculture sector has shown resilience through the crisis.



EFFECT ON AGRICULTURAL ECONOMY:

Third advance estimate of food grain production for 2019-20 indicates record production of 295.67 MT. With many States receiving normal rainfall in South West monsoon, kharif food grain production is projected to be 144.52 MT in 2020-21.

The restrictions imposed during the initial phase of pandemic have adversely impacted the agriculture supply chain, which was further accentuated due to the depleted workforce. It exposed the vulnerability of the Indian agriculture, more specifically the perishable agriculture sector, and further emphasized on the need for creating an ecosystem for decentralized agro food market coupled with digital connect to agriculture more resilient. Given these facts, it is imperative to support agriculture as it can help to stabilize the overall Indian economy.

EFFECT ON EMPLOYMENT AND LOSES:

In India Unemployment rose from 6.7% on 15 March to 26% on 19 April and then

back down to pre- lockdown levels by mid-June. During the lockdown, an estimated 140 million (140 million) people lost employment while salaries were cut for many others. More than 45% of households across the nation have reported an income drop as compared to the previous year. The Indian economy was expected to lose over ₹32,000 crore (US\$4.0 billion) every day during the first 21-days of complete lockdown, which was declared following the corona virus outbreak.

Under complete lockdown, less than a quarter of India's \$2.8 trillion economic movement was functional. Up to 53% of businesses in the country were projected to be significantly affected. Supply chain have been put under stress with the lockdown restrictions in place; initially, there was a lack of clarity in streamlining what an "essential" is and what is not. Those in the informal sectors and daily wage groups have been at the most risk.

DIGITALIZATION AND BANKING HABIT:

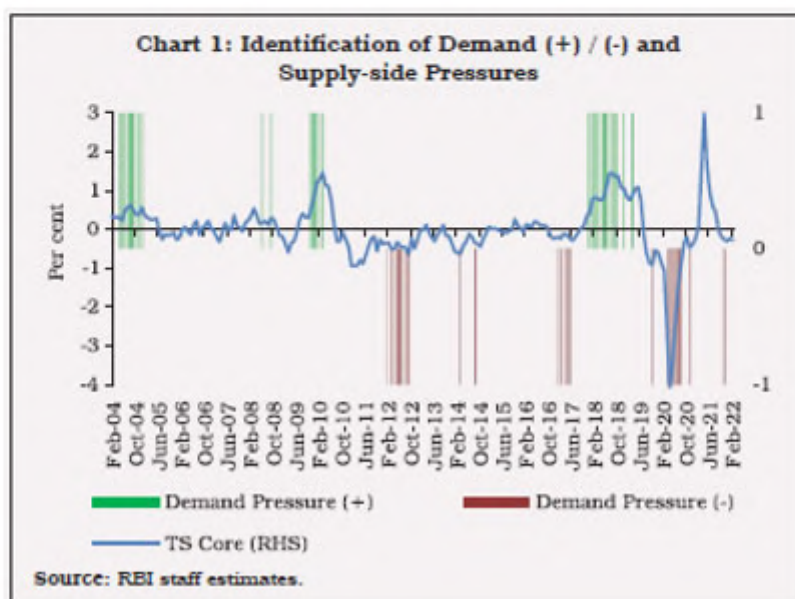
Banking is an important part of our regular life and a basic economical tool. Every day transaction are being done via online nowadays. From a basic shopping to bank transactions everything is being done by gpay or paytm etc. Before Covid-19 digital banking system wasn't this much popular and during to this method there is reduction of black money. In the lockdown period apparently most of the ways of making black money stopped. Because having food everyday was a difficult thing apparently. It developed a lot of economical states.

COVID-19 Shock - Relative Impact on Demand and Supply

Against the backdrop of the pandemic, using the Taylor Rule framework, a consensus trend is extracted in the form of a dynamic factor from two series — differences in output gap and differences in inflation gap — which has been used in the identification of demand pressure (Taylor, 1993; Blanchard and Quah, 1989). Phases in the business cycle that are devoid of demand-side disturbances qualify as supply-side disturbances measured as residual effects. Further, a demand-side disturbance can be disentangled into positive and negative demand pressure (+) / (-). Positive demand side pressure is identified when the difference in output gap and the difference in inflation gap are both positive. Similarly, negative demand pressure is recognised whenever the differences in output gap and inflation gap turn negative.

The consensus trend from the differences in output gap and inflation gap is extracted by using a Two-Step (TS) estimation procedure in a dynamic factor model (Doz, Giannone, and Reichlin 2011)⁵.

The pre-COVID growth between the latter half of 2017 and the first half of 2019 was demand-led, which eventually collapsed during the first wave of the pandemic. Despite the presence of supply-side bottlenecks, it is observed that the economic contraction during the first wave of COVID-19 was dominated by demand-side factors. The steady decline in the consensus trend (TS core) in recent months implies the presence of supply-side bottlenecks.



ECONOMICAL RECOVERY IN INDIA AFTER COVID-19:

Grappling with the agonising human effects of Covid-19 together with mounting inflation and wavering geopolitical scenario, there is a palpable positive sentiment across sectors in India to go full-throttle on the recovery process to sustain the economic growth of the country.

Notably, the recent RBI data shows that Indian companies' direct overseas investment increased 8.5 per cent YoY to \$3.34 billion in March 2022. In fact, even at the height of the coronavirus pandemic last year, Indian companies had invested \$3.1 billion in their overseas fully-owned subsidiaries and joint ventures.

Private equity capital flows to India reached a record \$27.6 billion in the first six months of the year, nearly equalising the \$29 billion outflow in portfolio investments and establishing that the country's appeal as a growth engine in the long term is unabated

despite near-term disruptions caused by a surge in dollar-denominated assets.

Most importantly, the job market is also optimistic. Reportedly, in Q3 (July-September) 2022, 63 per cent of companies are planning to employ more people. Significantly, in the Asia-Pacific region, with 51 per cent hiring, India reported the highest recruitment, according to a survey.

Moreover, India recorded its second-highest monthly gross GST revenues in June at ₹ 1,44,616 crore, 56 per cent more than a year ago. The Finance Ministry said that coupled with economic recovery, anti-evasion activities, especially action against fake billers, have been contributing to the enhanced GST.

Conclusion:

Covid-19 was a nightmare for the whole world. It destroyed many things and made us learn about it as well. The whole world as well as INDIA is trying to get recovered from it. It's almost there. Let's hope for a better world soon.

“Rising Income Inequality in a Post-Pandemic World of Crashing Economies and its Remedies”

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Let's be honest and discuss like an economist, shall we! Inequality is almost like a necessary, to drive the 'wheels' of the 'economy', just like potential difference's relation to current, and there are even proven studies and hypothesis like Kuznets' Inverted-U Hypothesis, but when due to uncertain external factors, expected outcomes change and when things go out of hand, inequality needs to be dealt deeply, and with the onset of Covid-19, things have taken that dangerous turn.

Yes, inequality is essential, but does that mean that the people at the bottom of the spectrum are to be left to suffer? Absolutely not. Yes rewarding success is important to incentivize future innovations and development, but that does not imply that the bottom sections of the society are to suffer. They must be respected and their rights to live life with dignity as a human being must be looked after by other human beings as well. Thus the issue of inequality becomes an issue of proper balance.

Is earning more money than others a crime? Is being rewarded for something great only one did which others didn't a crime? Firstly, one must stop stigmatizing wealth creation, which is not a problem, one who takes a major chunk of risk, who can manage his funds intelligently and foresee wisely the next days, will succeed in this regard, as evident from the case that most of the World top 100 richest people, were from very humble backgrounds, and many do not even have formal college degrees. We also see, without