



STUDY OF INDIAN ECONOMY 2021- A REVIEW ARTICLE

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Article Received on 21/03/2022

Article Revised on 11/04/2022

Article Accepted on 01/05/2022

ABSTRACT

Middle income developing market is Economy of India in terms of market economy. It is the world's fifth-longest economy by checking the numbers of GDP and the third-largest by purchasing power parity (PPP). According to the International Monetary Fund (IMF), on a per capita income basis, India rank 142nd by GDP (nominal) and 128th by GDP (PPP). SINCE 1947 till 1991, successive governments enhanced protectionist economic policies, with general state intervention and rules of economy. In the form of the License Raj this is characterised as dirigisme. Adoption of a broad economic liberalisation in India comes at the end of the Cold War . An acute balance of payments crisis in 1991 led to the National Income for 2021-22 from Union Finance Ministry in its annual budget making exercise. It is passes on 1st Feb. 2021 by finance minster. The independent body in its estimated at that time and compiled that if using Benchmark-Indicator method the GDP may grow at 9.2% in the financial year ending March 2022 and it has grown too. Hence an attempt has made to recollect the information's regarding the economy status in 2021.

KEYWORDS: *Status, economy, estimate, financial year.*

INTRODUCTION

Economy is the status of the operation of a country's money supply, commercial activities and industry last two years has been difficult for the world economy on account of the COVID-19 pandemic. Repeated emissions of covid 19 infections, supply-chain disruptions and, more recently, inflation have created chiefly demanding times for policy-making. Faced with these challenges, the Government of India's immediate response was a bouquet of safety-nets to cushion the impact on vulnerable sections of civilization and the business sector. It next pushed through a significant increase in capital expenditure on infrastructure to build back medium-term demand as well as aggressively implement supply-side method to prepare the economy for a sustained long-term expansion. This chapter explains how this flexible and multi-layered move towards is partly based on an "nimble" structure that uses feedback-loops, and the monitor of real-time data.

Economic Survey of India -2019

Income has improved than before fast in recent years and millions of Indians have been lifted out of poverty. India has also become a key player in the global economy. The implementation of an ambitious set of reforms has supported economic activity and helped put a break on inflation and on both fiscal and current account deficits

in initial months of 2019 but suddenly in china virus covid 19 has come and speeded in world just like fire and occupied in entire world. The World Health Organization (WHO) declared CORONA (COVID-19) outbreak a pandemic in the month of March 2020 (2nd Week) in India and some other countries than china. The WHO reach to this result since the positive cases were fast presentation the up-swinging trends towards 20 lacs with death toll crossed over to 1 lakh plus. The entire world (around 170 countries; all across the continents) is suffering unhappily without having any vaccine to go on board upon the virus to contain it immediately. As an only effectual tool to be had to grow weaker the virus spread, the countries are powerlessly exercising lockdown. This will definitely affect the health of the economy of the countries and eventually the global economic condition. It is felt that this will bring the biggest slow down of 100 years in the world. India; as a fast developing country will have to face an extremely severe effect of this natural phenomenon. Labour market: Review stringent employment protection in the formal sector to accelerate jobs creation.^[1-5]

- Healthcare: Increase public spending to improve health outcomes in an equitable way.
- Environmental policy: Improve the state of the environment.
- Financial system: Facilitate further resolution proceedings.

Pandemics were at large-scale flare-ups of irresistible illness that can very augment dreariness and mortality all through the world and cause significant financial, social and political commotion. Facts advocate that the likelihood of pandemics has long-drawn-out over the past century since of long-drawn-out worldwide travel and integration, urbanization and of note mistreatment of the common environment. According to Smolinsky, Hamburg and Lederberg, 2003 these patterns likely be proceed and escalating. Notable approach consideration has centered on to distinguish and restrain from development of flare-ups that might lead to pandemics. There is a need to grow and maintain attentiveness and well being capacity.^[6-8]

In this review article two things were probable.

1. Null Hypothesis (Ho): There is a significant Relationship between events of COVID-19 on Indian Economy.
2. Research hypothesis (H1): There is no significant Relationship between happenings of COVID-19 on Indian Economy.

The sustained breakout of the COVID-19 pandemic has thickened the black cloud on the world economy. Global depression may homecoming in most horrific appearance. This will bring disruption in supply chain supervision by which the country like China will be affected badly. The lockdown condition of almost entire world will decrease the demand radically which shall imbalance the financial situation of the world. The biggest currency of the world i.e. US dollar shall also be impacted. later on after that in 2020 also there were second wave come out which destruct the economy but not that much which fall down in 2019. The growth in GDP during 2021-22 is estimated at **8.9 per cent** as against a contraction of 6.6 per cent in 2020-21. In value terms, GDP stood at Rs 38,22,159 crore in October-December 2021-22, higher than the Rs 36,22,220 crore in the corresponding period of the 2020-21.

According to NSO data, Gross Value Added (GVA) growth in the manufacturing sector growth remained almost flat at 0.2 per cent in the third quarter of 2021-22, compared to a growth 8.4 per cent a year ago.

Farm sector GVA growth was slow at 2.6 per cent in the third quarter compared to 4.1 per cent growth a year ago.

Construction sector GVA declined by 2.8 per cent as against a growth of 6.6 per cent a year ago.

Mining sector grew by 8.8 per cent, as against a contraction of 5.3 per cent.

Electricity, gas, water supply and other utility services segment posted a growth of 3.7 per cent in the third quarter of this fiscal against 1.5 per cent expansion a year ago.

Similarly, trade, hotel, transport, communication and services related to broadcasting grew by 6.1 per cent compared to 10.1 per cent contraction a year ago.

Financial, real estate and professional services growth stood at 4.6 per cent in Q3 FY22 compared to a growth of 10.3 per cent.

Public administration, defence and other services grew at 16.8 per cent during the quarter under review compared to 2.9 per cent contraction a year earlier.

Meanwhile, China recorded a growth of 4 per cent in the October-December period of 2021.

"India's GDP growth for Q3FY22 came in a tad below our expectation of 5.7% as the manufacturing sector recorded tepid growth amid unexpected de-growth in the construction sector. However, we have decisively moved above the pandemic slump with all sectors of the economy seeing a rebound.

"Going forward, growth in Q4FY22 will benefit from the unlock trade as most states have removed pandemic-related restrictions, but weak rural demand and geopolitical shock due to Russia-Ukraine war may disrupt global growth and supply chains. Impending pass-through of higher oil and gas prices may also act as a dampener for domestic demand sentiment," said Garima Kapoor, economist, Elara Capital.

"India's real GDP growth at 5.4% in Q3 was primarily driven by strong growth in the services sector and a pickup in private final consumption spending. While growth in agriculture has slowed in Q3, it has become negative in the construction sector.

"On the positive side, the levels of real spending whether by the private sector or the government sector are higher than the pre-pandemic levels.

According to Rupa Rege Nitsure, group chief economist, L&T Financial Holdings said Given the encouraging trends in government's revenues and spending until Jan 2022 and the upward revision in the nominal GDP growth rate for FY22, the fiscal deficit to GDP ratio for FY22 may come out to be better than what was projected by the (federal) budget.^[9-11]

DISCUSSION

As We Have seen the drop down of GDP and growth in the era of Covid 19 but later on we have increase in 2021 too lets discuss the Recent economic developments in India one by one.

With an improvement in the economic scenario, there have been investments across various sectors of the economy. The private equity - venture capital (PE-VC) sector recorded investments worth US\$ 5.8 billion across 117 deals in February 2022, 24% higher than in January

2022. Some of the important recent developments in the Indian economy are as follows.

- India's merchandise exports were at an all-time high of US\$ 417.81 billion in FY22. In April 2022, the Manufacturing Purchasing Managers' Index (PMI) in India stood at 54.7.
- The gross Goods and Services Tax (GST) revenue collection hit an all-time high of Rs. 1.68 trillion (US\$ 21.73 billion) in April 2022. This is a 20% increase over the previous year.
- According to the Department for Promotion of Industry and Internal Trade (DPIIT), FDI equity inflow in India stood at US\$ 572.80 billion between April 2000-December 2021.
- India's Index of Industrial Production (IIP) for January 2022 stood at 138.4 against 136.6 for January 2021.
- Consumer Food Price Index (CFPI) – Combined inflation was 2.9% in 2021-22 (April-December) against 9.1% in the corresponding period last year.
- Consumer Price Index (CPI) – Combined inflation was 5.20% in 2021-2022 (April-December) against 6.6% in 2020-21.
- Foreign portfolio investors (FPIs) invested Rs.50,009 crore (US\$ 6.68 billion) in the Calendar year 2021.
- The wheat procurement in Rabi 2021-22 and the anticipated paddy purchase in Kharif 2021-22 would include 1208 lakh (120.8 million) metric tonnes of wheat and paddy from 163 lakh (16.7 million) farmers, as well as a direct payment of MSP value of Rs. 2.37 lakh crore (US\$ 31.74 billion) to their accounts.^[12]

CONCLUSION

India to witness GDP growth of 8.0-8.5 per cent in 2022-23, supported by widespread vaccine coverage, gains from supply-side reforms and easing of regulations, robust sell abroad growth, and ease of use of fiscal space to ramp up capital spending.

As we have seen the projections of GDP the Survey said, the above projection is comparable with the World Bank's and Asian Development Bank's latest forecasts of real GDP growth of 8.7 per cent and 7.5 per cent respectively for 2022-23. As per the IMF's latest World Economic Outlook (WEO) growth projections came on 25th January, 2022, India's real GDP is future to produce at 9 per cent in both 2021-22 and 2022-23 and at 7.1 per cent in 2023-24.

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