

# Economy of India Pre-COVID vs Post-COVID

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***Abstract-*** *The COVID-19 pandemic had a significant impact on the Indian economy. The study was conducted to analyze the impact of the pandemic on the Indian economy in the short and long term. The pandemic also had a global impact on the economy, with studies focusing on the impact of the pandemic before and after COVID-19 on the socio-economic impact worldwide. Recovery policies must trigger investment and promote a sustainable and resilient recovery to avoid social and economic damage far greater than that caused by COVID-19.*

***Indexed Terms-*** *Economy, COVID, Pandemic, Unemployment, Investment, Poverty, Policies, Subsidies*

## I. INTRODUCTION

The COVID-19 pandemic had a significant impact on the Indian economy. The nation's response to the pandemic has affected employment and poverty rates. Even before the pandemic, the Indian economy had slowed, exacerbating existing problems such as unemployment, low incomes, hardship in rural areas, malnutrition, and inequality.

The pandemic has led to a decline in global GDP, and India is projected to see a 5.2% decline by 2020. However, the Indian government responded with a stimulus package worth 20 trillion rupees, or nearly 10% of GDP, and the Reserve Bank of India implemented an expansionary monetary policy to limit the damage. By December 2021, India had returned to pre-COVID-19 growth. The pandemic also highlighted existing economic inequalities and labor market segmentation in India, as only a small percentage of workers are formally employed, while the majority rely on income from self-employment or precarious employment without labor regulations.

The pandemic also had a significant impact on the tourism industry, which is an important sector of the Indian economy, accounting for 10% of the global

GDP and more than 320 million jobs worldwide<sup>3</sup>. The pandemic has virtually shut down the industry, and it is too early to determine how the pandemic will impact the tourism industry in the future. It is critical to strengthen public health systems, address informality, and implement reforms to support strong and sustainable growth once the health crisis has subsided. The pandemic has impacted lives in all countries and communities and has had an overwhelmingly negative impact on global economic growth in 2020.

## II. LITERATURE REVIEW

The COVID-19 pandemic has significantly impacted the Indian economy, both pre, and post-COVID. The pandemic has affected the Indian economy in various ways, including unemployment, industrial production, and trade.

Gössling, Scott, and Hall (2020) compare the devastating impacts of COVID-19 and previous epidemics (September 2001 terrorist attack, SARS, 2008 economic slowdown, and MERS) on the tourism sector. The imposition of measures like social distancing, self-isolation, and movement restrictions across borders had affected the revenue of hotels, restaurants, and airline companies across the globe. Events like concerts, conferences, and huge gatherings were prohibited. The authors also discuss the reconsideration of the growing tourism model recommended by tourism organizations all over the world during the COVID-19 pandemic.

Based on the travel and movement restrictions that were imposed on the account of the lockdown, a significant improvement in air quality is observed. Sharma, Zhang, Gao, Zhang, and Kota (2020) have analyzed the concentration of pollutants identified as - PM10, PM2.5, CO, NO2, SO2, and ozone in India covering 22 cities. As stated, an overall dip of 31% in PM10, 43% in PM2.5, 10% in CO, and 18% in NO2 whereas an increment of 17% in O3 is studied using

the Air Quality Dispersion Modelling System (AERMOD). Whereas Dutta, Dubey, and Kumar (2020) have analyzed the impact of successive lockdowns on the water quality of the river Ganga. Due to industrial slowdown, the discharge of wastewater in river bodies was reduced to a minimum leading to an increase in dissolved oxygen (DO) levels and nitrate reduction (NO<sub>3</sub>-), Biological Oxygen Demand (BOD), coliform, and total Faecal coliform concentration.

Dev and Sengupta (2020) and Singh and Neog (2020) have analyzed the impacts of COVID-19 on the Indian economy based on factors including tourism, human capital, and transportation. The pandemic has also highlighted the unequal gender division of household work in India.

Before the pandemic, the Indian economy was growing at a steady pace, with a GDP growth rate of 4.2% in 2019. However, the pandemic has caused a significant decline in economic activity, with the GDP contracting by 7.7% in 2020-21. The pandemic has also led to a rise in unemployment, with the unemployment rate increasing from 6.1% in 2018 to 8.5% in 2020.

The Indian government has implemented various measures to mitigate the impact of the pandemic on the economy, including fiscal and monetary policies. The government has also launched various schemes to support small and medium-sized enterprises and provide financial assistance to vulnerable sections of society.

In conclusion, the COVID-19 pandemic has had a significant impact on the Indian economy, with the country experiencing a decline in economic activity and a rise in unemployment. The government has implemented various measures to mitigate the impact of the pandemic on the economy, but the long-term effects of the pandemic on the Indian economy remain to be seen.

### III. RESEARCH METHODOLOGY

#### 3.1 Introduction

As it is indicated in the title, this chapter includes the research methodology of

the dissertation.

#### 3.2 Methodology

The research paper is based on a literature review of various studies and reports on the Indian economy's performance before and after the COVID-19 pandemic. The studies analyzed include empirical research, a decision-tree approach, and an analysis of economic impact. The paper also examines the government's response to the crisis and its impact on the economy.

##### 3.2.1 Qualitative versus Quantitative Techniques

To satisfy the objectives of the project, qualitative research was held.

The aim is to classify features, count them and construct statistical models to explain what is observed.

##### 3.3 Data collection method and Tools

The method adopted for data collection required for this research is the Survey Method. Thus, a questionnaire was prepared which consisted of simple questions, and was distributed among 100 respondents. The Survey Method proved to be instrumental in framing the respondent profile and in realizing their opinions on the economy of India pre-COVID vs post-COVID.

Research Technique: Descriptive Research

Method Adopted for Data Collection: Survey Method

##### 3.3.1 Sampling technique

Sample Unit: 100 respondents

##### 3.3.2 Sample selection

There are several different sampling techniques available, and they can be subdivided into two groups: probability sampling and non-probability sampling. In probability (random) sampling, you start with a complete sampling frame of all eligible individuals from which you select your sample. In this way, all eligible individuals have a chance of being chosen for the sample, and you will be more able to generalize the results from your study. Probability sampling methods tend to be more time-consuming and expensive than non-probability sampling. In non-probability (non-random) sampling,

you do not start with a complete sampling frame, so some individuals have no chance of being selected. Consequently, you cannot estimate the effect of sampling error and there is a significant risk of ending up with a non-representative sample which produces non-generalizable results. However, non-probability sampling methods tend to be cheaper and more convenient, and they are useful for exploratory research and hypothesis generation.

#### Non-Probability Sampling Methods

1. Convenience sampling - Convenience sampling is perhaps the easiest method of sampling because participants are selected based on availability and willingness to take part. Useful results can be obtained, but the results are prone to significant bias, because those who volunteer to take part may be different from those who choose not to (volunteer bias), and the sample may not be representative of other characteristics, such as age or sex.

#### 3.3.2 Tools of data collection.

The main tool used for collecting the data for this research is the Questionnaire. The questions in the questionnaire were arranged in a logical order with personal information in the beginning followed by questions related to their age, occupation, and then questions regarding the changes they witnessed after the pandemic. The Likert scale was used mainly while preparing the questionnaire. The questionnaires were to be filled by 100 customers who had purchased from local stores, and medical shops. This was done by personally asking the customers to fill out the questionnaire or was filled by interviewing customers over the telephone and some of them also chose to reply to questionnaires, which were sent to them through E-mails.

#### Primary Sources of Data

- Direct access to respondent
- Telephonic interview
- Google form
- Secondary Sources of Data
- Internet websites
- Newspapers and magazine articles
- social site
- Research journals

#### 3.4 Plan of Analysis.

The data collected through the questionnaires were processed and reduced to tables. Thus, the data was organized systematically. Statistical tools like percentages were used to analyze the data. The facts and figures, thus derived, were represented through charts and graphs, therefore, making it easy to interpret the data. The graphs and charts showed a clear picture of the answers to each of the questions in the questionnaire. Based on these, the findings were arrived at and this helped arrive at conclusions. Based on these conclusions, recommendations, and suggestions were formulated.

#### 3.5 Reference period.

The research was conducted for approximately 5 to 6 months from Oct 2021 to March 2022.

#### 3.6 Limitations of the Study.

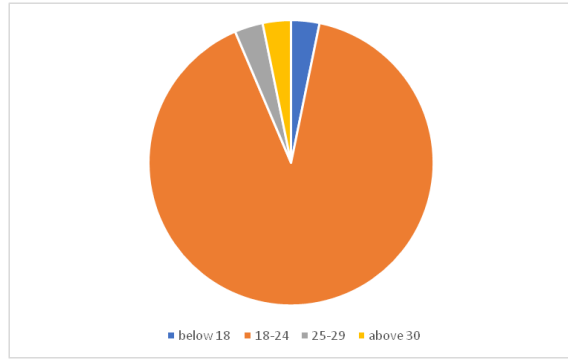
Biased response: There was a scope for producing biased responses on the part of the customers. The customers could be biased regarding opinions towards certain factors while answering the questionnaire.

- Lack of quick access to information: The research involved extensive reading of theoretical concepts and thorough knowledge of the organizations. But the information was not easily available and thus required a lot of reading and sorting. Information had to be gathered from various sources, which consumed a lot of time.
- Financial Constraints: As this is academic research and allocating high budgets to research conducted by students is not feasible, this research did suffer from financial constraints and compromises had to be made in areas such as travel costs, printing costs, etc.
- Sampling constraints: The sample size chosen for this research was 100. However, a higher sample size would have resulted in getting a clear picture regarding various factors mentioned in the questionnaire.
- Reluctant customers: Due to certain factors like lack of time, disinterest, etc. the customers were reluctant to fill out the questionnaires. This reduced the chances of having a higher sample size.

- Time constraints: Since this research was to be completed within a set deadline, it suffered from time constraints. More time would have resulted in more effectiveness of the research.

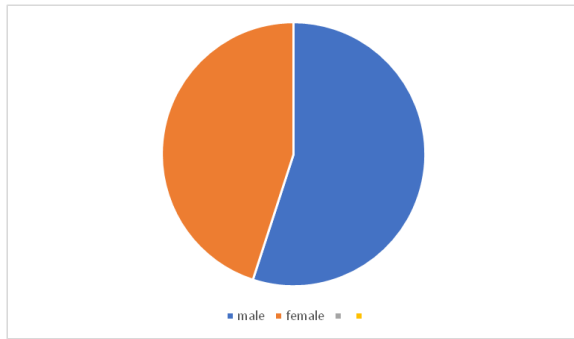
#### IV. DATA ANALYSIS AND INTERPRETATION

##### 1. Age of respondents

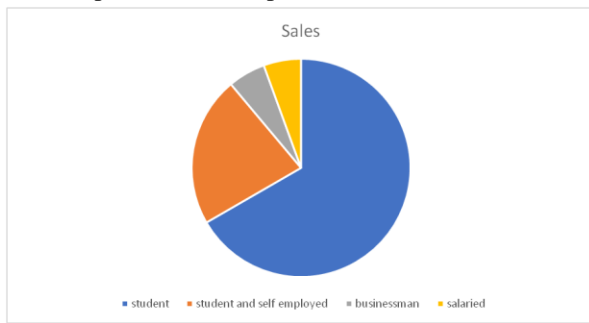


ANALYSIS: From the above chart we can get to know that 90% of people are from the age gap of 18-24 and the rest (below 18, 25-29, and above 30) are 3% respectively.

##### 2. Gender of the respondents



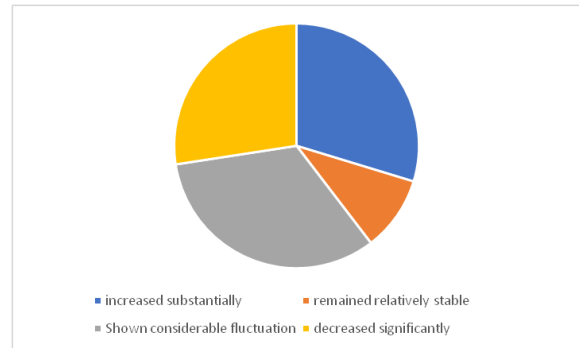
##### 3. Occupation of the respondents



ANALYSIS: In the above chart it is shown that 67% of the respondents are students, 25% respondents are students and self-employed, 6% work on a salary basis and the rest are 6%.

##### 4. How has the price of commodities changed in India since the onset of the COVID-19 pandemic

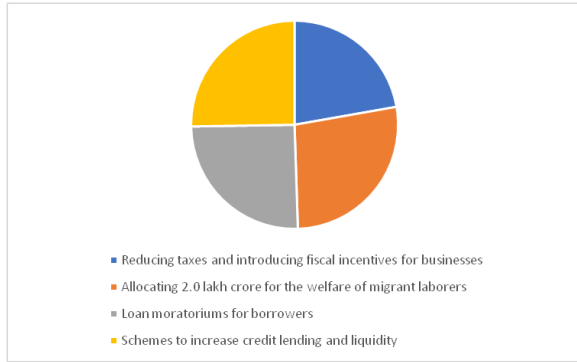
- Increased substantially
- Decreased significantly
- Remained relatively stable
- Shown considerable fluctuation



ANALYSIS: From the above chart we get to know that 10% of the respondent say that the commodities price has remained relatively stable and the other 30% say the prices have increased, decreased, and has also shown considerable fluctuation.

##### 5. What steps has the Indian government taken to stimulate the economy during the pandemic

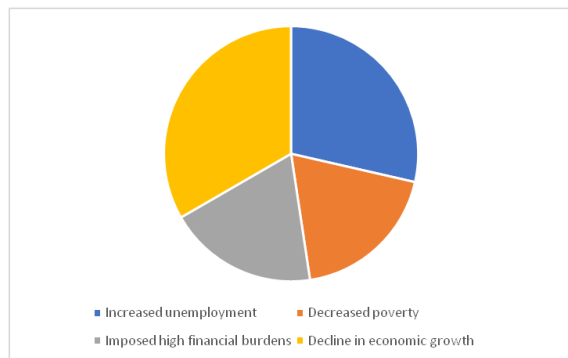
- Reducing taxes and introducing fiscal incentives for businesses
- Allocating 2.0 lakh crore for the welfare of migrant laborers
- Loan moratoriums for borrowers
- Schemes to increase credit lending and liquidity



ANALYSIS: From the above chart, 25% of the respondents chose that the government had taken all these steps like loans for borrowers, and schemes to increase credit lending and 27% of them chose that govt allocated 2.0 lakh crore for welfare. Other 23 % responded for reducing taxes and introducing fiscal incentives for business.

6. What sort of economic effects has the lockdown due to COVID-19 had on India’s population

- a. Increased unemployment
- b. Decreased poverty
- c. Imposed high financial burdens
- d. The decline in economic growth

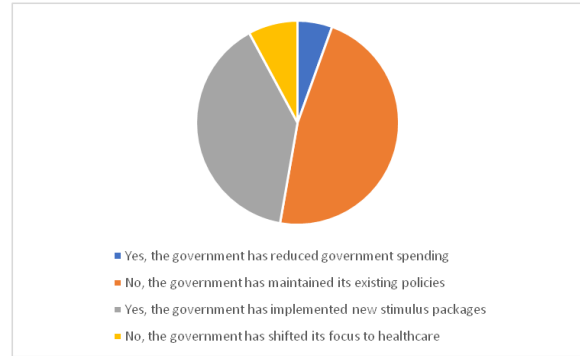


ANALYSIS: From the above chart, 20% of the respondents agreed to impose high financial burdens and decreased poverty and the other 30% agreed to increased unemployment and the decline in economic growth.

7. Has the Indian government changed its economic policies since the pandemic began

- a. Yes, the government has reduced government spending
- b. No, the government has maintained its existing policies

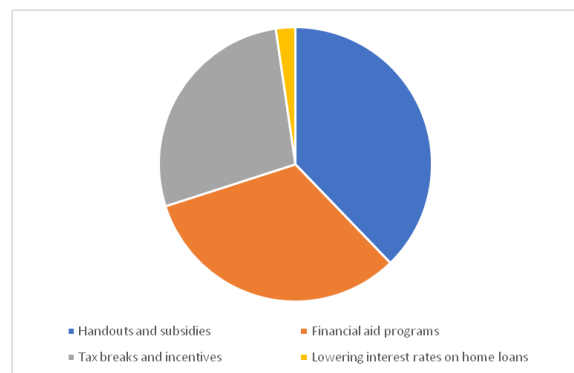
- c. Yes, the government has implemented new stimulus packages
- d. No, the government has shifted its focus to healthcare



ANALYSIS: From the above chart, 47% of the respondents agree that the government has maintained its existing policies since the pandemic and other 39% of them say that the government has implemented new stimulus packages, and very few respondents agree to reduced government spending and the government shifting its focus to healthcare.

8. How has the Indian government attempted to cushion the lower sections of the society from the economic slowdown

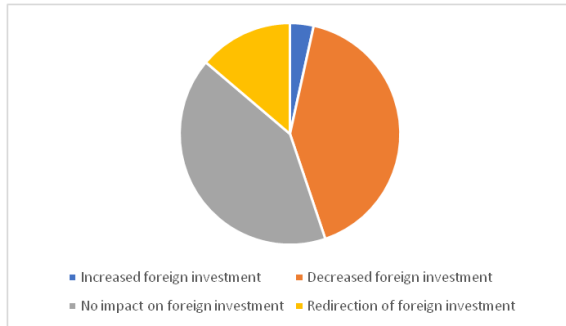
- a. Handouts and subsidies
- b. financial aid programs
- c. Tax breaks and incentives
- d. Lowering interest rates on home loans



ANALYSIS: From the above responses given, 38% of them agreed to handouts and subsidies, 32% of them responded to financial aid programs, 28% of them responded to tax breaks and incentives and very few of them (around 2%) responded to lowering interest rates on home loans.

9. What has been the impact of the COVID-19 pandemic on foreign investment into India

- a. Increased foreign investment
- b. Decreased foreign investment
- c. No impact on foreign investment
- d. Redirection of foreign investment



ANALYSIS: From the above chart we get to know that 41% of the respondents chose decreased foreign investment and no impact on foreign investment and 14% of them responded to the redirection of foreign investment and very few agreed to increase foreign investment.

### CONCLUSION

The COVID-19 pandemic significantly impacted the Indian economy, both before and after COVID. India has made remarkable progress in reducing absolute poverty since the 2000s, lifting more than 90 million people out of extreme poverty between 2011 and 2015. However, the pandemic caused the Indian economy to contract by 7.3 percent in FY21, despite well-managed fiscal and monetary policies. The first images linking India to COVID-19 show migrant workers struggling, highlighting the pandemic's impact on employment and poverty. India's agricultural system and rural economy have also been affected by the pandemic, with rising prices for staple crops and a wide disparity in agricultural policy implementation.

The Indian labor market is segmented: A small percentage of workers are formally employed, while the majority of households rely on income from self-employment or precarious jobs without access to the rights enshrined in labor laws. The pandemic has further highlighted the disparities in agricultural

policy implementation, and India's agricultural system deserves a reorientation according to COVID. The pace of immunization, which is accelerating, will determine the economic outlook this year and beyond. Successful implementation of agricultural and labor reforms would boost medium-term growth, while weakened household and corporate balance sheets create economic and social tensions. The pandemic has dramatically affected industrial sectors as people are affected worldwide and the outbreak is inextricably linked to the country's economy.

In summary, the COVID-19 pandemic significantly impacted the Indian economy, with rising poverty, unemployment, and economic decline. The Indian agricultural system and rural economy were also affected, highlighting the need for new policies and reforms. The pace of immunization and successful implementation of reforms would boost medium-term growth, while weakened household and corporate balance sheets create economic and social tensions. The pandemic has dramatically affected industrial sectors, and the outbreak is inextricably linked to the country's economy.

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