



Steps to Revive the Economy of India After COVID Pandemic

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1. Introduction

Humanity is facing many challenges like climate change, environmental degradation, mass extinction, extreme inequality, to name a few. As always, unemployment is always woven into this whole crisis. This is nothing new.

The problem of employment is increasing day by day. However, many industries are also facing shortage of skilled manpower. Although the boom in software came out a few years ago, many business models of outsourcing the internal functions of many establishments to ensure the employment of software personnel continue. But the development of artificial intelligence has proved detrimental to the job market as AI is replacing many of the jobs that were previously job opportunities for skilled labor.

Employment opportunities are closely related to the growth and development of the nation. The Indian economy slowed down even before the COVID-19 epidemic began. However, since 2018, the recession has been very noticeable. Oct-December 2018 GDP trends around 6.6%. Then, amid a weak global manufacturing, trade and demand environment, the GDP growth mode in the H1 of 20-20-201 H was 8.8 per cent.

Unemployment in India first became visible in the automotive industry. At the end of 2018, millions of vehicles sold out of inventory. Initially it was considered to be a temporary phase, but when it continued, deep rumors were raised about the formation of the Indian economy. As vehicle sales slowed, showroom shutters began to pull down. Suddenly, millions of staff members and workers were without their well-paid regular jobs. Even daily wage earners began to feel the pinch. The ancillary industry also went into a tailspin.

The downturn in the automobile sector should be seen: the purchasing power of ordinary Indians was on a sharp decline. Apart from new entrants moving away from new purchases, Indians are no longer 'changing' their cars. But these signs were put aside one by one and the establishment believes that since the fundamentals are strong and the economy will improve sooner rather than later.

2. Revenue Underperformance in Economic Downslide

It was believed that the government had imposed 'super-rich' taxes and levies on foreign investors during the July Budget 2019. Finance Minister Nirmala Sitaram clearly ignored the very reason for abolishing property tax in Budget 2015, which was more than the benefits received for tax collection. Is there a tax that leads to recovery of collection costs and low yields should be maintained? But soon the numbers of substantial growth began to pick up, leading the government to drastically reduce the corporate tax rate. Ultimately, the 'Big Bang' corporate stimulus has not proved to be of any benefit as the number of growths has been moving downwards leading to unemployment and despair of a good section of the society.

On August 23, 2019, the FM under pressure reversed the elevated rates within a month of their recovery. This was the first sign that the government was acknowledging the problems related to the growth of the economy and health.

Somehow the powers that be failed to grasp the basic underlying cause of sudden less spend by the middle class. The simple answer to that was the people simply did not have enough surplus funds on purchasing 'replacement' white goods. And before anyone could grasp the reality of the situation the economy began to contract on a continuous basis.

The country's unemployment rate is an indicator of its socio-economic health. There are many ways in which the natural rate of unemployment can be tackled. Above all, of course, that is the only way to create new jobs. But creating jobs at the skilled blue-collar level and in the white-collar segment is not easy. Creating jobs is not the responsibility of the government. But the government has cut its work. They are tasked with creating conditions so that the private sector can easily and purposefully use land, labor, capital and materials for the production of goods and provide services that provide employment for a decent living.

3. Reframing Subsidies

The big issue before the welfare state government is to provide social insurance to the poor and backward sections of the society. This is being done through several schemes covering both rural and urban areas in India. Once minimum security is provided, the government will then have to increase the bar by providing inputs for farming in dairy and poultry areas in rural areas and training the urban poor with a new skill set. These two areas should jointly form the basis of the story of Indian development and growth.

One of the key safety net to reduce rural harassment is the Mahatma Gandhi National Rural Employment Scheme. In the current perspective, the scheme has been further encouraged with large scale funding, to ensure that the number of beneficiaries in each panchayat unit is benefited by the 'Food for Work' programs.

The big question is what the government should do next to create the right environment for employment growth and development. Motivation of large funds for the improvement of infrastructure such as roads, ports, airports, telecommunications and storage facilities is the starting point, in addition to streamlining the process of land acquisition and maximizing the use of labor and capital. Creating a healthy environment for the production and sale of goods and services is so important by streamlining the rules and supervision of regulations. The regulatory environment needs a repair to support the farming community, traders and producers.

The government should try to streamline its implementation strategy so that the benefits of each scheme are maximized. As a result, this would shift the whole structure of government support from large-scale producers to small-scale ones. This is consistent with the objective of generating employment, redistributing wealth, achieving equality and social justice. There is no doubt that social welfare schemes have now officially reached far beyond the poor. I suggest that a platform should be added to identify and gidding beneficiaries. It should be an optional level where people voluntarily enter their job status, income, assets, facilities, access, accommodation and contact number.

This way, help can be delivered only when they need it. In fact, policy makers will be able to see exactly the situation of each family with different shades of poverty and help them accordingly.

4. Strategies Stimulus Packages

According to the Comptroller General of Accounts (CGA) data, the Centre's total tax revenue (-) has declined by 2% between April and January 2020. The central government has already relaxed its fiscal deficit target in the budget for FY21. It was 3.8 per cent of GDP in FY20. But due to the impact of tax revenue, India will have to rely heavily on extended borrowing and non-tax revenue sources to implement a reasonably sized stimulus package.

As of March 24, the financial intervention came in the form of relief measures involving legal and regulatory compliance in areas such as income tax, GST, customs and central excise, corporate affairs, bankruptcy and insolvency code (IBC), fisheries, banking and sector. On the same day, Rs. 15,000 crore was created to strengthen India's health infrastructure.

In addition, the state governments have been directed to use the funds available under the District Mineral Fund for the purpose of conducting medical examination and prevention measures for the spread of COVID-19. The finance minister has given Rs. 20 lakh crores for economic stimulus on May 12. The main objective behind this initiative is to make India self-reliant. The government's package is aimed at bringing fiscal relief, which in real terms is 1.1 per cent of GDP. But India should not make the mistake of going into isolation while trying to achieve self-reliance, as Indian products are not an option. Of course, we have to wait and watch, how the new allocations really benefit the targeted individuals and groups.

5. Right Help at Right Time

Certainly, there is a need for a National Employment Policy (NEP) that includes a set of multi-dimensional interventions covering the full range of social labor and employment. Policy will be an important tool to make a significant contribution to achieving significant development goals. Labor intensive manufacturing sectors in India such as food processing, leather and footwear, timber manufacturers and furniture, textiles, apparel and textiles. To create employment, special dedicated packages designed for each industry are needed.

Public investments in areas such as health, education, police and the judiciary can create many government jobs. In addition, the government needs to keep a close eye on the education system to implement new measures to create a skilled labor force. Entrepreneurs generate employment for many people; So the government needs to promote entrepreneurship among the youth. Getting started is a good starting point.

Decentralization of industrial activities is necessary to provide employment to people from all walks of life. The development of rural areas will help reduce the migration of rural people to urban areas, thus reducing the pressure on jobs in urban centers.

6. Relaxing Financial Conditions

As commodity prices remain stagnant as supply improves, there is an opportunity to switch to lower credit and money growth which has led to a recovery in credit-led recovery, which has also reduced financial sector tensions following the slowdown in India's growth. Financial conditions can be eased, especially as the necessary structural reforms are adequate and more stressful.

In India, credit growth tends to follow and grow more rather than lead growth. Especially since 2011, the focus on cyclical rules and financial cleanup and reforms has led to a contraction in credit growth. At a time when cheap money, corporate and domestic debt were on the rise elsewhere in the growing world, lending in India was scarce.

The post Covid-19 macro-financial package could trigger a virtuous growth cycle, by raising marginal propensities to spend above those to save, as demand is kept a step ahead of gradual relaxation in supply constraints. Activating India's large domestic demand can potentially insulate from global shocks and a likely prolonged shrinking of trade.

7. Future Opportunities

Trade with China is no longer being promoted by various countries and the supply chain will try to move elsewhere. Following this, the trend was triggered by the US-China trade war which seems to

have intensified due to the Sewide-19 epidemic. Taking advantage of the circumstances, Uttar Pradesh is planning to attract American producers who want to shift bases from China. This month, UNICEF and its partners will launch a mission of its collective influence in India called Generation Unlimited ("YuWaah"). It aims to revolutionize how we engage and prepare young people for inspiring work and social leadership. It is designed as a multi-stakeholder alliance with business, government, civil society and young people themselves. It has lofty goals.

An important global development in favor of a sharp fall in global crude prices is in India's favor. By March 26, 2020, Brent and WTI crude oil prices had fallen to US 23 23.55 / bbl. And US \$ 16.60 / bbl. Respectively lower global crude prices are likely to benefit the Indian economy by reducing the volume of its overall import bill. The positive spinoff of low crude prices is that it will open up space for both the central and state governments to increase excise duty and VAT rates on petroleum products, respectively, which is under pressure from the government's overall tax revenue.

8. Post COVID-19

The already sluggish Indian economy is now facing COVID-19, which is rapidly turning into an economic epidemic. Perhaps in the post-corona virus world at least workplace standards may be more important. Hygienically, safe distance, hand washing facilities and adequate sanitation must be closely monitored. Given the dire state of the economy, what is likely to happen is that companies will negotiate a safety factor when investing in ventilation, toilets or crèche facilities.

Turns out, leadership for problems can and will come from anywhere and inconsistently young people. Undoubtedly, it is unlikely that emerging interests arise from business sources - for example, business CEOs and government leaders. Einstein famously said that "our problems cannot be created by the same mindsets." All we need is a whole new tradition for employees and the future of work.

9. Conclusion

Some may argue that you do not expect the government to bail out for all the problems but in a situation like this, the government's role is the most important of all in reviving the economy. The US which is not said to be a socialist state has proposed a relief package of 10 percent of its GDP which is \$2 trillion dollars but India has only proposed a mere package of \$23 billion which is 0.8 percent of total GDP. Hence, the government needs to look into its spending for the country's sustainable prosperity.

Lastly, the extended lockdowns cannot be the only option to stop the spread but it depends on public willingness to fall in the moral line rather than a coercive state action.

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