IARJSET ISSN (O) 2393-8021, ISSN (P) 2394-1588

International Advanced Research Journal in Science, Engineering and Technology

ISO 3297:2007 Certified ⁙ Impact Factor 8.066 ⁙ Peer-reviewed / Refereed journal ⁙ Vol. 10, Issue 7, July 2023

DOI: 10.17148/IARJSET.2023.10709

PERFORMANCE OF ECONOMY IN RECOVERY OF POST PANDEMIC

Dr.T. Jothimurugan[1], S.P. Nandhini[2]

Director, MBA, K.L.N. College of Engineering, Pottapalayam - 630 612,Sivagangai Dt. Tamilnadu[1]

Assistant Professor, MBA, K.L.N. College of Engineering, Pottapalayam - 630 612,Sivagangai Dt. Tamilnadu[2]

Abstract: The COVID-19 Pandemic is a global crisis that has hit County entirely. The evolution of the disease and its economic impact is highly uncertain. Because of its high infectivity, high mortality and incubation period, the main preventive measures are to control social distance and isolation, which makes many economic activities impossible. There is a Sharp Contraction in movement of an economy and Companies are expected to register the poor growth in the business and financial Performance remains sluggish ,even on pandemic some Industry had massive growth, So this Paper intends to compare the performance of sector and growth impact due to COVID-19 activity comparing this economic factors with those sectors. This paper covers measure to recovery of Indian economic from pandemic period. This Paper is completely based secondary data which is collected from the multiple ethical sources.

Key words: COVID -19, Industry, Economy Factors, Financial Performance

I. INTRODUCTION

A sudden Covid-19 attack on India's burgeoning economy has been observed, pausing normal social and economic life. The pandemic has a significant impact on the budget, budgetary policies, and various economic sectors. In India, the number of cases initially increased gradually before increasing quickly. In order to stop the spread of Covid-19, the Indian government implemented a lockdown, social isolation, restrictions on people's movement, the closure of various businesses and non-essential commodities, among other measures. The disruption of the demand-supply chain caused by job losses, production closures, and other factors has made it the government of India's greatest challenge. The supply-demand chain is already unstable. The economy will need some time to return to normal life. Several economic sectors were severely affected.

II. METHODOLOGY

The current paper is exclusively based on secondary data that can be found in a variety of publications, including journals, newspapers, magazines, reports, and websites.

III. OBJECTIVES

- To study on impact of Covid-19 on various sectors of the economy
- To study on recovery process of post pandemic

IV. REVIEW OF LITERATURE

Habli et al. (2020) proposed four experimental composite economic activity indices in the context of Canada using PCA and a mix of other methods. The Reserve Bank of New Zealand has developed experimental Regional Activity Index (RAI) to track how regional economies are performing in near real time. Each regional index summarises 6 monthly indicators of economic activity, covering consumer spending, jobseeker numbers, online job vacancies, traffic volumes (light and heavy vehicles), and electricity demand. Reserve Bank of New Zealand uses PCA methodology to arrive at the weights used to calculate the index. The Chicago Fed National Activity Index (CFNAI) is a weighted average of 85 monthly indicators of national economic activity. It was found that a single index constructed from the first principal component of 85 economic activity series could forecast inflation effectively.

The economic indicators used for the CFNAI are drawn from four broad categories of data: i) production and income; ii) employment, unemployment, and hours; iii) personal consumption and housing; and iv) sales, orders, and inventories. Indexes such as the CFNAI provide useful information on the current and future course of economic

IARJSET ISSN (O) 2393-8021, ISSN (P) 2394-1588

International Advanced Research Journal in Science, Engineering and Technology

ISO 3297:2007 Certified ⁙ Impact Factor 8.066 ⁙ Peer-reviewed / Refereed journal ⁙ Vol. 10, Issue 7, July 2023

DOI: 10.17148/IARJSET.2023.10709

activity and inflation in the United States. In India, Bhadury et al. (2020) constructed singleindex dynamic factors using 6, 9 and 12 high-frequency indicators at the national level. Kumar (2020) constructed an economic activity index for India from 27 monthly indicators using a dynamic factor model. The study uses monthly indicators representing industry, services, global and miscellaneous activities togauge the underlying State of the economy.

However, such research at sub-national or regional level are relatively scarce in the Indian context. y of Asia found that GDP of Asia was declined in 2006 due to psychological impact of the pandemic. Sharma (2020) in her research article stated that due to the pandemic the unemployment rate was increased and millions of people lost their jobs and livelihoods. Sengupta (2020) stated that impact of Covid-19 pandemic was clearly appeared on the GDP, which was noted the lowest, the rate of unemployment was increased and private sector remained stagnant that lead cut off purchasing power of the consumer. ILO (2020): Covid-19 pandemic has been declared as the global disease. The pandemic has created the worst impact on economy of the country. The rate of employment was dropped badly. In the core sectors of an economy, economic activities become very slow or stagnant.

V. IMPACT OF COVID-19 ON VARIOUS SECTORS OF THE ECONOMY:

The outbreak has now put new barriers in the way of India's economy, having a negative impact on the workplace. With the nation in such a crisis, the organisations have lost ground. As may be expected, both markets and the economy have reacted vehemently to the pandemic and its business implications.

VI. SECTOR-WISE IMPACT ANALYSIS:

Sector	Impacts
Automobiles	• Domestic production shutdowns to limit the contagion and demand shock from domestic spread of the pandemic has impacted domestic auto -component suppliers also. • Large scale OEM plant closures in USA and Europe, apart from a global slowdown, will impact export of Indian auto-components as well. In this scenario, inventory build- up for export-oriented entities is expected going forward, leading to receivable stretch • Deferral in payments announced by some OEMs, coupled with fixed overhead outgo, would lead to increase in working capital requirements of auto -ancillaries, posing risks for smaller players which have limited liquidity and financial flexibility.
Textile Sector	Seven of India's top apparel export destinations (accounts for ~50% of India's total apparel exports) are among the worst covid -affected regions globally. International buyers are deferring shipments and cancelling orders, till further notice. Tail period of impact expected due to a) subdued footfalls in offline retail due to consumer skepticism, even after the outbreak subsides and b) job losses/ pay cuts, besides overall stress in the economy, to affect discretionary consumer spending. Furthermore, being a labour-intensive sector, the initial restart post lift of the lockdown would be slow due to labour shortages

IARJSET ISSN (O) 2393-8021, ISSN (P) 2394-1588

International Advanced Research Journal in Science, Engineering and Technology

ISO 3297:2007 Certified ⁘ Impact Factor 8.066 ⁘ Peer-reviewed / Refereed journal ⁘ Vol. 10, Issue 7, July 2023

DOI: 10.17148/IARJSET.2023.10709

IT Sector	Developed economies to see delayed offtake of scheduled new projects, reduced discretionary spend and overall lower spend owing to sluggish economic growth. Restrictions on movement of labour and office closures to also have adverse impact on project execution and commissioning. However, the sector is expected to benefit from the steep depreciation of Indian rupee against US Dollar as major proportion of revenue is USD denominated while costs (employee expenses) are denominated in local currency
Retail sector	Risk aversion of people impacted footfalls at public places like malls, theatres etc. well before the lockdown and regulatory curtailments. Retail real estate players like mall operators expected to be significantly impacted as large tenants effect force majeure clauses in their contracts, thereby drying up revenue streams for these operators. Extent of outbreak and lockdown to directly impact length of recovery cycle
Construction & Allied Sectors	In addition to the current domestic lockdown, migrant labour availability and likely deferral of capex cycle by companies to have a more sustained impact on construction. Depressed real estate activity and prices on the back of the pandemic, coupled with existing inventory overhang, to also keep further construction activity muted. The slowdown in construction activity will also have a cascading effect on allied sectors like tippers, construction equipment, building materials etc.

The COVID-19 pandemic is affecting public health and causing unprecedented disruptions to economies and labour markets, including for workers and enterprises in the forest sector. It has exacerbated existing challenges, with many enterprises and workers suffering consequently.

The coronavirus (COVID-19) pandemic has had wide-ranging industry-level impacts through 2020 and 2021. The largest have typically been for "high-contact" service industries

- wholesale and retail; transportation and storage; accommodation and food services; arts, entertainment, and recreation; and other services

While the core of the financial system entered the crisis more resilient, the COVID-19 shock in March led to severe liquidity stress in the system. Global financial conditions have overall continued to ease on the back of the decisive policy action taken earlier this year since the lastG20 meeting in July.

An economic downturn affects people's lives in many ways: through higher unemployment, reduced economic activity, reductions in income and wealth, and greater uncertainty about future jobs and income.

VII. RECOVERY OF POST PANDEMIC

A K-shaped recovery is one in which the performance of different parts of the economy diverges like the arms of the letter "K."In a K-shaped recovery, some parts of the economy may experience strong growth while others continue to decline.

Unlike other letter-shaped descriptors focused on large aggregates, a K-shaped recovery is described in terms of data broken out across different parts of the economy. The meaning of a K-shaped recovery depends on the choice of how to disaggregate data across the economy**.**

DOI: 10.17148/IARJSET.2023.10709

K- Shaped Recovery

- India's economy is expected to have a K-shaped recovery.
- The K-shaped recovery was most evident in the **September 2020 Quarter.**
- India's GDP is expected to grow by 12.5% in the fiscal year starting from April 1,2021.
- The increased inequality will hit the consumption and growth of the economy.

The post-pandemic recovery of the Indian economy is primarily driven by the growth in demand for goods and services produced in the country. The demand can originate from four sources: household consumption, business spending, government spending, and exports. The fiscal arm of the state in a situation where the interest rates are rising is important, and credit has played an essential role in the recovery. The fiscal arm needs to take necessary measures to ensure sustained growth in the economy.

Signs of K-shaped Recovery in the Indian Economy:

- Private consumption expenditure which is an important component in GDP calculation is slowing down due to a K-shaped recovery.
- The Private Final Consumption Expenditure component of the GDP suggests slowing down. According to private consumption data which was at **₹23.3 lakh crore in the third quarter of FY22 reduced to ₹22.6 lakh crore in January-March 2022** and further to ₹22 lakh crore in April-June.
- Since K-shaped recovery furthers **uneven consumption and expenditure** due to **unequal recovery in sectors**, private consumption slowdown is attributed to K-shaped recovery catching up.
- Various data such as from the Centre for Monitoring Indian Economy suggest that while the listed companies in the formal sector are doing well overall in terms of sales, segments within the formal sector are struggling.
- Other data such as density, sales of jewellery, two-wheelers and cars are also slowing down. FMCG sales data also reveal a **rural-urban divide** in spending.
- However, **according to the government**, assuming a K-shaped recovery in the Indian economy is not valid since **both Urban and Rural spending are recovering** though at different paces.

VIII. INDICATORS OF RECOVERY POST PANDEMIC

In this section, we talk about a few indicators of economic recovery in the post-pandemic phase, although the pandemic as of April 2021, seems to be entering into another phase of surging infections. It is safe to say that we are not yet in the post-pandemic phase in the truesense of the word.

NIBRI Index:

- Nomura's India Business Resumption Index (NIBRI), a measurement for tracking the extent of normalisation in the economy, hit 98.1 points in February 2021. It had hit a record low at 44.8 in April-June during the national lockdown.
- The economy has reflected growth prospects due to fiscal activism.

Investments:

- FDI equity inflow in India stood at US$ 49.97 billion in 2019-20.
- Foreign Portfolio Investment has been Rs. 12.9 trillion (US$ 174.31 billion) in India between 2020 and 2021 (as of September 2020).

GDP Indications:

- The National Statistical Office estimated real GDP growth to be (-) 7.7% as opposed to (-) 10.3% projected by IMF in October 2020.
- RBI's monetary policy committee had projected a GDP of (-) 7.5%.

Revival of Imports & Exports:

- Merchandise imports experienced a growth of 7.6 per in December 2020.
- The rise in the imports of pearls and precious stones, machinery and electric goods shows the revival of **Domestic Economic Activities**.

ISO 3297:2007 Certified ⁘ Impact Factor 8.066 ⁘ Peer-reviewed / Refereed journal ⁘ Vol. 10, Issue 7, July 2023

DOI: 10.17148/IARJSET.2023.10709

Financial Market Surges:

- The BSE index jumped 91 per cent from a record low of 25,881 in over 10 months.

GST Collection:

- The GST collection was Rs 1.15 lakh crore in December 2020.
- The collection was the highest since the GST implementation. Read more on Goodsand Services Tax (GST).

IX. CONCLUSION

There are several initiatives being announced by various agencies to contain the economic fallout of it. The measures from various government agencies and the central bank have provided some relief. While Indian businesses, barring a few sectors, can possibly insulate themselves from the global supply chain disruption caused by the outbreak due to relatively lower reliance on intermediate imports, their exports to COVID-19 infected nations could take a hit. The impact of COVID-19 would be felt across sectors such as logistics, auto, tourism, metals, d rugs and pharmaceuticals, electronic goods, MSMEs and retail among others. India's economy seems to be in better shape than apprehended post the pandemic. Government initiatives including fiscal and social measures have worked to the advantage of the economy in combating the slow down. The covid-19 pandemic has invariably changed the economic sentiments and functioning in India which is expected to have some long-term effects. The biggest challenge facing the Indian economy after two years of an unprecedented shock in the form of a pandemic, is achieving a high, sustainable he global economic environment was relatively benign and this helped emerging economies like India adopt their own policies to deal with this shock for growth to pick up in a sustained manner, and for jobs to be created, investment and exports need to grow at a much faster pace. Productivity enhancing reforms, and creation of a level playing field are critical for reviving the lacklustre private sector investment which can play the crucial role of creating jobs. In order to boost growth, the government also needs to reduce market interventions, eliminate prohibitions, dismantle trade barriers, and ensure policy certainty, so that firms are incentivized to export and invest.

REFERENCES

[1] ICRA, Reports on Impact of Covid-19 on India Inc. – What lies ahead?, April-2020
[2] CRISIL Ratings Report, "Pandemic to weigh on India Inc credit quality", 03-Apri-l2020
[3] KPMG in India analysis, 2020, Potential impact of COVID-19 on the Indianeconomy, April-2020
[4] "Stock markets post worst losses in history; Sensex crashes 3,935 points amid coronaviruslockdown". The Indian Express. 23 March 2020. Retrieved 23 March2020.
[5] "Lockdown hurts economy but saving life is more important: PM Modi". India Today. 14 April 2020.Retrieved 14 April 2020.
[6] "Covid-19: Govt allows transportation of all essential, non-essential goods". Business Standard India.PTI. 30 March 2020. Retrieved 30 March 2020.
[7] Reserve Bank of India, RBI (2003). *Annual Report*. Reserve Bank of India, Mumbai. [
[8] RBI (2020). *Annual Report*. Reserve Bank of India, Mumbai .
[9] Swamy, M. (2020). October 2020 Review of Indian Economy: Macro-economic Performance. *CMIE Economic Outlook*, Centre for Monitoring Indian Economy,Mumbai, 14 October.
[10] Vyas, M. (2020a). Salaried Job Losses. *CMIE Economic Outlook*, Centre for Monitoring Indian Economy, Mumbai, 17 August.
[11] Vyas, M. (2020b). Jobs for Youngsters Dwindle. *CMIE Economic Outlook*, Centre for Monitoring Indian Economy, Mumbai, 24 August.

