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**A REPORT ON CONTEMPORARY CHALLENGES AS WELL AS
THREATS TO THE INDIAN ECONOMY**

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ABSTRACT

This paper focuses upon the major threats which would have a dreadful impact upon the Indian Economy. There are certain unpleasant factors which could be held accountable for the major threats to the Indian Economy that include factors such as Covid 19 pandemic, economic impact, GDP growth rate, sectoral impact etc. This first threat includes the upsurge of the Covid 19 which brought social and economic life to a halt. Because of this pandemic there occurs an alarming impact upon sectors such as aviation, tourism, retail, capital markets, MSME, income which were being initiated by travel and tourism contributing 10% of the GDP. Lower oil prices will shrink the current account deficit; reverse capital flow will expand it. Rupee is continuously depreciating. The catastrophic event leads to the problem of migration which had brought a chaos in the whole of economy as there was loss of jobs, social security. India must rethink on her development and make it more inclusive. But as with every failure there comes an opportunity to success similarly there is with our motherland India as each and every country is losing reliance upon China, India had distinctive opportunity to step into the shoes of China and enter into the global supply chain. And by making certain reforms India would be made proud.

Keywords: Covid 19, Economic impact, GDP Growth, Sectoral Impact, covid relief measures

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INTRODUCTION

Before starting this project firstly, I want to discuss what our motherland India consist within its economy it is agriculture, handicrafts, industries and lot of services. The service sector is the main source of economic growth in India today, though two- third of Indian people earn their living directly or indirectly through agriculture. But there are several threats which would occur in future to Indian Economy.

What does mass media say about it?

- i. The India Economy had completed the first quarter of its current financial year. Here the question arises are:*
- ii. How far the covid wave had hurt the India economic recovery?*
- iii. What are the more medium to long term impacts of the second wave?*

OBJECTIVES: The current work aims towards finding solution or to find out measures which are essentially entailed for helping the economy to recover from the dreadful impact of the future threats. The working also includes contemporary challenges and threats as without acknowledging the ultra-modern threats it would not be possible to provide measures. This also includes certain keywords such as covid 19 its economic impact due to which what is the GDP growth and its measures so that the readers could get clear glimpse that each and every economic factors mentioned are interlinked and interconnected with each other and how if changes occur in one of the factor then how every factor gets affected.

CONCEPTUALIZATION.

Covid 19: Covid 19 the pandemic it is the most dreadful event which the country had never ever imagined which made the country to loose so many lives, it also had a grave impact upon the Indian economy that there occur a stagnation of cash flow in the market, slowing down the revenue growth in the economy, leading to unemployment as creation of utility is being disrupted in industries.

Economic impact: Due to the devastating impact of covid 19 the economy is being ceased out, it had come to a blow due to multiple lockdown and shutdown. The situation of unemployment had also arisen due to this threat.

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GDP Growth: It had crashed 23.9% in response to centre's no notice of lockdown , shrank 7.3% in 2020-21 which was the worst performance of the Indian Economy since independence now likely to be below 10%.

Sectoral Impact: The worst affected sector is the tourism sector due to the ruinous impact of the deadly virus; internationally. This has forced millions of people to loose their jobs. In a hefty manner the tourism industry is contributing to the economy.

Covid relief measures: The relief measure without which the economy would not be able to recover not even that v- shaped recovery like providing cooked food and ration for needy, free cost oxygen cylinder, masks and medicines, hydraulic beds etc.

CONTEMPORARY CHALLENGES TO INDIAN ECONOMY

Now we will discuss how Indian Economy has been hit. A drastic decline of approximately minus 8 percent is visible in GDP.

- 1. Inclusive of all economic development India had lost almost 3 complete year of growth.*
- 2. Due to genuine v- shaped recovery it would be able to recover only one- third of its economic loss.*
- 3. Both of the retail as well as wholesale inflation is trending up.*
- 4. As economic growth has become stagnant due to this disastrous covid pandemic, India is high at its inflation rate.*
- 5. Even due to the dejected but true fact that prices are rising steadily which is not just a matter of concern in case of petrol, vegetables or fruits price rising at a lofty rate but the whole of country is facing it at whole.*
- 6. Impoverished credit off takes in commercial sector.*
- 7. The biggest reason for which the gross domestic product is calculated is expenditure in an economy in their private sphere but due to this heart breaking situation the common man is holding back its gross domestic product.*
- 8. And as the consumers are holding back its expenditure the business tycoons are holding back their new investments refusing to seek loans.*

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9. Deficient spending by the power take:

As both the biggest engine that is the consumer as well as the investors are pulling back their consumption as well as investment so it is highly difficult on the side of third biggest engine that is the government to hold back the economy. The expenditure on the side of the government was not even up to the average mark.

CONTEMPORARY THREATS

- a) Firstly, the major threat during this covid pandemic is moderate rate of vaccination drive.
- b) During this situation vaccination is the most important tool which can bring out the whole of the economy from the dreadful situation. If the vaccination drive would be so slow then there would be a fear of another wave which would further bring disruption to the economy.
- c) And if this situation continues further it would worsen the situation as well as both the engine of the economy the consumer as well as the business men would hold back their investment as well as consumption.
- d) Between the fiscal and monetary policy most of the economy has been lifted by the RBI.
- e) The authority has not been expanding as much as many expected it to do.
- f) But we cannot fully blame the government there are several reasons why RBI may not be able to help out much longer because:
- g) The RBI which has the sole authority to control the rising price would have to take the responsibility to keep inflation in control or within its limit by raising its interest rate.
- h) If India has to be a keen interest of the whole of the world investors, then it cannot lower or hold back its interest rate.
- i) For everything to maintain its position and for a well maintained economy the GDP has to grow well for the country catch up its pre pandemic rate.
- j) Poor credit off takes: As there is absence of consumers spending the business tycoons are holding back new investments and refusing to seek new loans. This results in poor off take.

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MEASURES TAKEN BY THE GOVERNMENT TO DEAL WITH CONTEMPORARY AND THREATS

- i. Special packages which must be economically feasible.
- ii. The Government had declared a special package which can be comprehend as well as economically feasible under Atma Nirbhar Bharat which includes remedies taken by RBI amounting to rupees twenty-seven lakh crore more than 13% of the India's GDP to combat the impact of corona virus and to revive economic growth.
- iii. The package which include within cash transfer relief measure for household.
- iv. Employment provision measures under Pradhan Mantri Garib Kalyan Rojgar Abhiyaan and increased allocation under MGNREGA.
- v. Relief measures for MSME and NBFC and regulatory and compliance measure.

Few suggestions

To protect the Indian Economy from future threats there are certain way ahead.

1. **Structural reform** in the financial sector as well as foreign trade is the need of the hour.
2. **Refining in cooperation** with the states are also urgent in health, education, primary labour which are all primary state subject.
3. **Cooperative federalism** is the only key out of this vicious trap of covid and economy.
4. By increasing consumer spending and business investment there can be economic growth.
5. There can be cutting of taxes and rebates to return the money to consumers and boost spending.
6. More money should be incorporated in infrastructure spending to foster economic growth as by doing so there would be creation of construction jobs and increment in productivity which will enable businessman to operate more efficiently.
7. Deregulation relaxes the rules imposed on businesses and have been credited with creating growth but can lead to excessive risk taking.

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CONCLUSION:

The twisting and pervasive pandemic has perverted the flourishing economy in an ambiguous term. But slowly it indicated that the current downturn seems primarily different from recessions of the past which has jolted the country's economic order. While the unexpected situation has caused a severe harm to the economy during lockdown the nation has to introduce certain fiscal measures so that the country could become stable and try to recover its economic growth. Leaving apart everything as we know everything in life comes for certain purpose to be fulfilled similarly the pandemic had come to teach something so we must think this an opportunity to develop human being, community and society. It gave us a clear message to adopt sustainable development models based on self-reliance, inclusive framework which must be eco-friendly.

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