RECENT FINANCIAL CONDITIONS OF INDIA

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Abstract
This paper attempts to examine India's recent economic conditions. This will help us in determining the rate of growth and slowdown in the Indian economy. This research is important because it fills a void in the literature because most published articles compare GDP rates in India. The industrial sector is expanding. As a result, the country's foreign exchange reserves and savings grew.This essay reflects on the developments that have occurred in recent years and during the COVID-19 pandemic. This article lays out the many circumstances that are linked to pandemic outbreaks in different sectors.
Keywords: Indian economy, covid-19 pandemic,contributing to GDP, recent changes, growth rate, budget.

Objective
1.The study's aim is to determine how the farming, manufacturing, and service sectors of the Indian economy have performed in recent years.
2.The research will look at the Indian budgets for 2018-19 and 2019-20, all of which are recent years. To have a better understanding of how the budget is distributed and how the process is practiced year after year.

Methodology
This article is based on the secondary data as this article indicates about recent financial conditions of India which needs past data like GDP etc.

Introduction
Prior to British rule, India had a self-contained economy with a thriving primary sector, handicrafts, and abundant natural resources. Agricultural problems plagued India under British rule, and the country also became a supplier and importer of finished goods. Tata Iron and Steel was established in 1907, and as the industrial sector grew, many new industries arose, such as cotton, textiles, sugar, and paper.The United Kingdom received 50% of Indian trade, with the remainder going to China, Sri Lanka, and Iran. The surplus income produced during this period was used for the luxuries of British officers as well as the building of bridges, railways, water transportation, and telegraph lines, among other things. Following independence, the Indian economy was divided into three sectors: main, secondary, and tertiary.Agriculture is the primary industry, while trade, engineering, and construction are the secondary sectors. The secondary sector can be considered the backbone of the Indian economy. The tertiary industry, or third sector, contributes activities such as IT services and consultancy. This comprehensive classification of India's economy would make it easier for us to comprehend the country's economic situation.
The Indian economy has a 7% annual GDP growth rate and is a thriving democracy that recently held parliamentary elections. In 1991, liberal reforms were implemented. There has been a capital inflow, which has resulted in an increase in both imports and exports. Manufacturing, which is classified as a secondary industry, receives no foreign investment, although foreign money is heavily concentrated in the service sector.

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The congress government began economic liberalization in 1991, after a period of economic crisis. In 1991, India's reserves were equivalent to 3-4 weeks' worth of imports, and international investor morale was at an all-time low. There were LPG policies such as liberalization, license waiver, privatization (which shifts control from the state to the private sector), and globalization (which encourages India to link to the global market).

In comparison to previous years, economic growth rose by 7% in 2015-2016. This is much faster than the BRICS nations (Brazil, Russia, India, China and South Africa). Russia's and Brazil's economies have both developed at a negative rate. The GDP of developed countries is 2% this year, while the average for emerging countries is 4.4 percent, indicating that India is growing rapidly. Despite liberal reforms, India will be unable to keep up with other Asian economies, especially in the manufacturing sector and exports, though services have seen some improvement but not enough to make a significant difference. The Indian government launched the Made in India campaign to boost the manufacturing sector's productivity.

During the pandemic, India's manufacturing and service sectors underwent dramatic adjustments, while agriculture continued to rise. In early 2021, the World Bank reported an annual GDP of 3.2 percent, implying that India's GDP would steadily decline in the coming years.

Literature review

India has a long history of trade with both close and far-flung nations, but this relationship with trade has ceased in the last 70 years, as India has become a new, autonomous country. India veered into import substitution and trade aversion as a result of colonialism's consequences and the introduction of a broadly statist economy in the 1940s and 1950s.In reality, most post-colonial economies in the developed world were like this. Unlike the East Asian ‘tiger' economies of Singapore, South Korea, and Taiwan, which shifted gears in the 1960s and early 1970s, and China, which shifted gears in the late 1970s, India has resisted trade. It has stuck to a failed import substitution policy, missing out on a chance to catch up by export-oriented expansion.

While the initial pieces of evidence indicate that COVID-19 induced economic slowdown and lockdown present short-term benefits to air quality and environment, these pose a double-edged challenge to the world in the long term. On one side, the slowing down of the economy can have an adverse impact on countries’ ongoing efforts towards climate mitigation, and on the other, the resumption of the gradual but the large-scale economic activities can put renewed pressure on the environment. This paper highlights the COVID-19 impacts on Japan and India, and discusses the dynamics of climate mitigation initiatives, energy sector and economic recovery. As a way forward, the paper points out that, greater policy attention by Japan and India on green recovery can facilitate also facilitate greater collaboration between the two in promoting co-innovation of technologies and manufacturing.

The decline in economic activity and energy demand caused by the Covid-19 pandemic will far exceed those experienced during the 2008–2009 financial crisis, which was considered at that time to be a once-in-a-century crisis (a fall of 1.0% in oil demand in 2009). Both Japan and India have already announced stimulus packages to bail out the economy, with India announcing a total of $266 billion (₹20 trillion INR), which is roughly 10% of GDP, and Japan announcing $1.1 trillion. The country also aims to enhance the package by adding another $928 billion.

The analysis is significant because most published research has focused on India's total GDP growth rates, leaving a void in the literature. India decreased the position of the state and public sector and abolished regulations after the planning reforms, thus increasing the role of the market and private sector in the economy. International capital spending and foreign exchange balances increased as a result. The aim of the research is to look at what happened to the manufacturing sector after neoliberalism was implemented. The primary focus of this article is on the debate over neoliberal economic policy and its impact on the Indian economy, especially in the sense of sectoral reform.The focus of the essay is on a critical analysis of the literature as well as a contribution to the substantive topics listed in the title. The analysis adds to the current body of knowledge by concentrating on the

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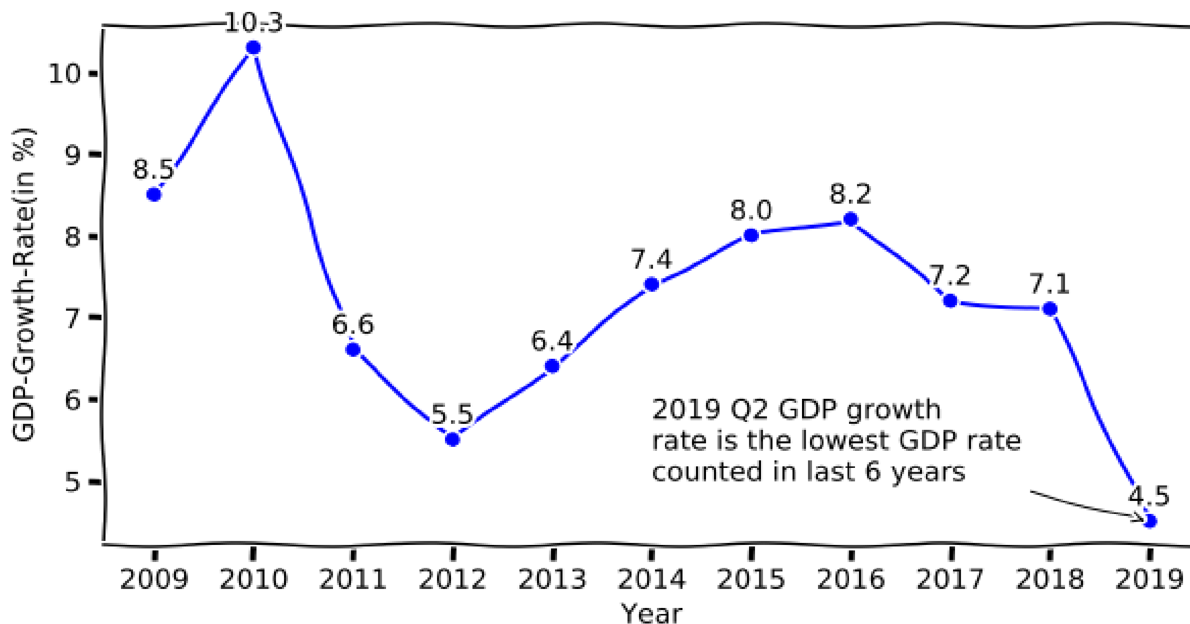
manufacturing and agricultural sectors, which have been overlooked by conventional economists who have been preoccupied with growth rates.

Data Analysis



As the first objective of this paper describes that *todetermine the performance of Indian economy in recent years*. The Indian economy is classified into three different sectors and the first sector is primary sector, this sector is about agriculture. Agriculture is a primary source of India about 58% population. It is estimated that 19.48 lakh crore as the Gross Value Added by this sector. The growth during FY20 stood at 4%. In FY19 the annual growth rate was 2.9%. According to NITI Aayog the COVID-19 pandemic haven't shown much impact on agriculture as the growth rate is 4%. There is a growth of 2.88% from 2014-2015 to 2018-2019 where the estimated growth rate in 2019-2020 is 2.9% hence the share of agriculture in GDP increased to 19.9% in FY20 from 17.8% in FY19. This is impressive growth after 17 years of independent India.

The sector is secondary sector which talks about industries, manufacturing and construction. Mostly industrial sector effects the Indian economy heavily. This industry includes chemical industry, steel production, automobile industry, etc. the manufacturing component stood at 129.8 during FY20, which means strong growth is recorded as basic metals, food products, tobacco products has greater growth. The government of India has been supportive towards industry's growth under the scheme, a subsidy for investment in capital expenditure is provided to the extent of 20% of investments in SEZs and 25% of investments in non-SEZs. In 2019 the industrial production rose at slower pace of 3.1% in may where in 2018 there is a moderate growth of 3.8% compared to 4.4% in 2017. The pandemic shown much impact in industrial sector though it has stronger growth it has down to 3.1%. there is a sharp rise in unemployment, stress on supply chains, decrease in government income and many drastic changes happened notably in India during pandemic. Even young startups have been impacted as funding fallen. The motive of government is to save as many lives as possible this shows the recovery is very slow process. More in case 140000000 Indian population lost their jobs. India has shown pre-pandemic slowdown since 2018-2019 which has fallen 8% in FY18 and 4.2% in FY20. Goods and service tax enactment in 2017 led to severe backto back disruptions and failures in 'Make In India program'.

The 3rd sector which is service sector which covers activities like trade, hotel, transport, restaurants, storage and communication etc. The service sector is not only dominant sector in India's GDP but has also attracted

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significant foreign investments, has provided large scale employment. This sector contributes on an average 45% to GDP in FY19 it contributed around 49.88% where as in FY18 48.81% the Goods and service tax which was introduced 2017 as brought the contribution of 47.89%. from the more positive perspective, the sector's resilience in dealing with COVID19 may reaffirm customer trust and confidence in the delivery model overall. This service sector as the share of 55% to the economy. Service exports are out performed goods exports in the recent years. Hence during the pandemic there is a slow down in the growth of service sector of 8%.

Analyzing Indian budget of 2018-2019 which is pre pandemic and 2019-2020 which is during pandemic.

Determinants	2018-2019 (budget estimates)	2018-19 (Revised estimates)	2019-2020 (budget estimates)
Revenue Receipts	17,25,738	17,29,682	19,77,693
Capital Receipts	7,16,475	7,27,553	8,06,507
Total Receipts	24,42,213	24,57,235	27,84,200
Total Expenditure	24,42,213	24,57,235	27,84,200
Revenue Deficit	4,16,034	4,10,930	4,70,214
Effective Revenue Deficit	2,20,689	2,10,630	2,69,474
Fiscal Deficit	6,24,276	6,34,398	7,03,999
Primary Deficit	48,481	46,828	38,938

(In crores)

The above table shows the actual budget incurred and the budget estimates. The determinants of budget include revenue receipts, capital receipts, total receipts, total expenditure, revenue deficit, effective revenue deficit, fiscal deficit, primary deficit.

Terminology

1.Revenue Receipts

Revenue collections are those that do not increase or decrease the government's liabilities or savings.

2.Capital Receipts

Capital receipts are government receipts that generate debt and minimize properties.

3.Total Receipts

The cumulative amount of money paid or receivable by any taxable service provider in return for his services rendered, without value added tax, including commission or costs.

4.Total Expenditure

It's an economic expression that refers to the average amount of money spent on a commodity for a given period of time.

5.Revenue Deficit

If actual net income is short of expected net income, a tax loss exists. It occurs when real revenue and actual expenses do not match the budgeted revenue and expenditure.

6.Effective Revenue Deficit

This is the distinction between budget deficits and grants for capital asset growth.

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7.Current Account Deficit

That is the difference between a government's revenue and its expenditures. The disparity between the two is the situation in which the government's expenditures outweigh its income in a given year.

8.Primary Deficit

The disparity between the present year's budget deficit and interest payments on previous borrowings is referred to as the primary deficit.

From the above table, the budget estimates of 2018-19 of revenue receipts is 17,25,738 crore and it is revised as1729,682 based on the mid expenditure where as the budget estimates of 2019-20 is 19,77,693 which shown increase as the investment in rural, education, technology, pension, employment are more compared to the previous year. The capital receipts of 2018-19 is 7,27,553 while the estimates of 2019-20 shown 8,06,507. This increased due to borrowings from foreign organizations, countries and also from RBI. The total receipts of 2018-19 is 24,42,213and 2019-20 is 27,84,200. The estimates revenue deficit of 2018-19 is4,10,930 whereas the estimates of 2019-20 is 4,70,214 this is due to meet consumption expenditure, since the government uses capital receipts, it leads to an inflationary situation in the economy, such increase in borrowings leads to burden which is along with interest to repay which increases the liability, that leads to revenue Deficits. The effective revenue deficit estimates about 2,10,630 in 2018-2019 while the estimates of 2019-20 shows increase i.e 2,69,474 focusing on the effective revenue deficit will helps to increase capital spending and provides some gap for capital spending. The estimates of fiscal deficit in 2018-19 is 6,34,398 and in 2019-20 estimates its around 7,03,999 it is targeted at 3.3% od GDP of 2019-20. The estimates of primary deficit of 2018-19 is 46,828 and 2019-20 is 38,938the decrease in primary deficit results in increase of fiscal health, if the fiscal deficit is zero then government has to borrow only for interest payments.

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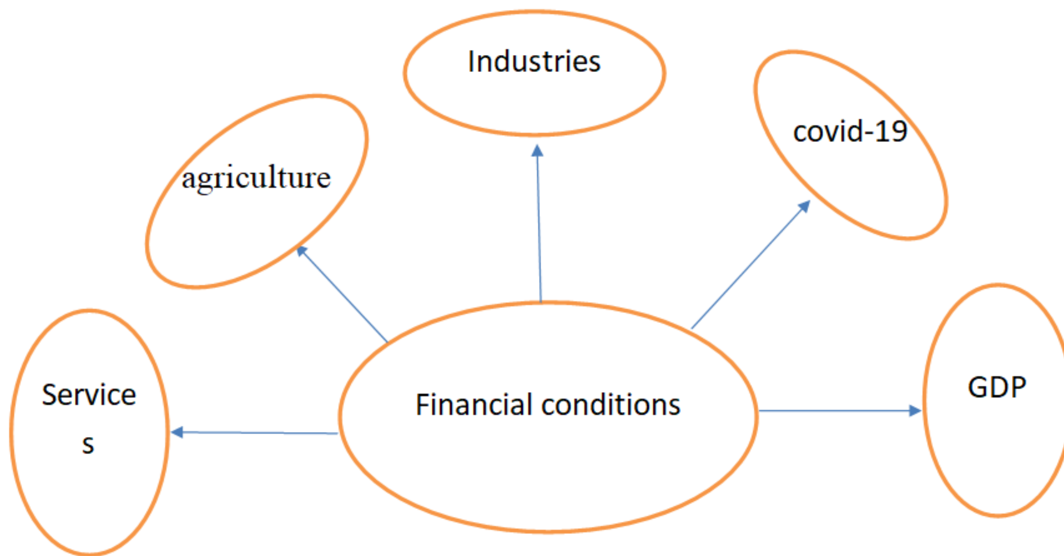

Findings

1. 1. The report concluded that the Indian economy has experienced many reforms, some of which have posed threats to the economy and others which have resulted in surpluses. However, the Indian economy will face additional problems in the coming years as a result of COVID-19, and the industrial sector's recovery may be sluggish.
2. The analysis discovered that the expenditure allocation for each year is rising, and that this budget is allocated to a variety of other industries. It has been discovered that tax reforms, revenues, and spending are the budget determinants.

Suggestions

1. An alternative economic strategy should be focused on increasing farm profits, allowing unorganised industries to operate, widening domestic markets, and reviving public investments in critical areas. In order to rebound quickly from the pandemic, improvements in infrastructure as well as building resilience for the most vulnerable must be made.
2. The budget distribution has been obviously completed, but the budget is growing every year. Allocating budget to the service sector, education, public health, and new technologies would aid in the recovery of the economy. Fund allocation to public health facilities is also significant, according to this report.

Conclusion

This study discussed about the impact of economic policy in industrial sector and determined the recent financial conditions of India with Indian statistics. As per the study India has a equal growth in service sector since goods and service tax was implemented. The out break of pandemic haven't showed much effect. Industrial sector undergone many challenges and there will be very slow recovery for the following years of pandemic. Agriculture sector has continued to be grow in pre-pandemic and even in pandemic. Hence India can sustain even after pandemic effect in certain areas as there is a strong growth rate.The budget allocation have done clearly but there is a growth in budget in every year the utilization of budget

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to service sector, education, public welfare and to advanced technology will help to regain the economy. This study also says that allocation of budget to public health facilities is also important.

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