Impact of Covid-19 on Indian Economy

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Abstract- *The onset of COVID-19 paralyzed social and economic life. The focus of this study is on determining the impact on affected industries such as aviation, tourism, retail, capital markets, MSMEs, and oil. International and internal mobility is restricted, and the revenues generated by travel and tourism, which account for 9.2 percent of GDP, will have a significant impact on the GDP growth rate. Revenues from aviation will fall by USD 1.56 billion. Oil fell to an 18-year low of $ 22 a barrel in March, and Foreign Portfolio Investors (FPIs) withdrew massive sums from India, totalling USD 571.4 million. Lower oil prices will reduce the current account deficit, while reverse capital flows will increase it. The rupee is constantly falling in value. MSMEs will face a severe cash shortage.*

During the crisis, a frightening mass departure of such a floating population of migrants on foot occurred, resulting in a countrywide lockdown. Their main concerns were job loss, daily rationing, and the lack of a social security net. India's development paradigm must be rethought and made more inclusive. COVID 19 has also presented India with some unique prospects. Multinational corporations are losing faith in China, creating a chance to participate in global supply networks. Labor changes are one of the improvements required for 'Make in India'. This article assesses the anticipated long-term and short-term effects of COVID-19 on the Indian economy. For the projections, a decision-tree approach was used. The paper also presents some strategies to overcome from the impact.

***Keywords-* GDP, MSMEs, FPIs, Revenue**

1.INTRODUCTION

The purpose of this research is to examine the short and long-term impact of COVID-19 on the Indian economy. The research issue being addressed is, "What would be the short and long-term impact of COVID-19 on the Indian economy?" The projections that spell out the impact have been done using a decision-tree technique. For the economic effect evaluation, various scenarios were evaluated. These scenarios have been designed to adhere to the widely accepted standard pattern of 'best, "middle,' and 'worst' (Hyndman & Athanasopoulos, 2018). In most estimates, a scenario framework of strong, moderate, and poor economic recovery has been explored in accordance with the three broad alternatives used. COVID-19 and Its Impact on the Indian Economy (Vikas Barbate, Rajesh N. Gade and Shirish S. Raibagkar,2020) used this method in their research to calculate impact by decision tree. In this paper we calculate impact using various factors which included in 2021 and using recent data which is more precise. Because the Indian economy is a component of the global economy, the global impact has been assessed first. The technique has been outlined in the assessment section of the article before estimating the expected impact on the Indian economy. A wide range of material has been looked to, including worldwide and local reports from notable financial specialists. These literature reviews are discussed in full in Chapter 2. As a policy, reference to agency research was prioritized over individual author viewpoints. Agency research has a higher level of credibility and dependability. The impact was calculated using five widely used economic indicators: GDP growth rate, inflation, unemployment, interest rate, and industrial production. As did by Its Impact on the Indian Economy (Vikas Barbate, Rajesh N. Gade and Shirish S. Raibagkar,2020) but using recent data and different algorithm. This paper's findings take the form of short-term and long-term projections for major economic indicators. This COVID-19 pandemic impacted the manufacturing and service sectors, including hospitality, tours and travel, healthcare, retail, banks, hotels, real estate, education, health, information technology, recreation, and media. The economic crisis has begun and will intensify fast. While lockdown and social isolation reduce productivity, on the one hand, they create a dramatic fall in market demand for goods and services on the other, leading to a collapse.

These are the world's largest economies
GDP, current prices - US Dollars

2010	2019
1 United States	United States
2 China	China
3 Japan	Japan
4 Germany	Germany
5 France	India
6 United Kingdom	United Kingdom
7 Brazil	France
8 Italy	Italy
9 India	Brazil
10 Russian Federation	Canada

Figure 1 World's largest economics countries Source Economic Outlook,19

1.1 Indian economy in pre-Covid-19 period

Since 2015-16, the GDP (gross domestic product) growth rate has been declining. Official statistics show that GDP growth dropped to 4.2 percent in 2019-20, the worst rate since 2002-03. Industry, which accounts for 30% of GDP, declined by 0.58 percent in the fourth quarter of 2019-20. Unemployment has risen to a 45-year high. Private corporate investment is a major engine of growth in any economy. Nominal values of private sector investment have been dropping in the pre-Covid19 period. According to CMIE data, total outstanding investment projects fell by 2.4 percent between 2015-16 and 2019-20, while new projects announced fell by 4 percent (Centre for Monitoring Indian Economy). Consumption expenditure was also declining, for the first time in decades.

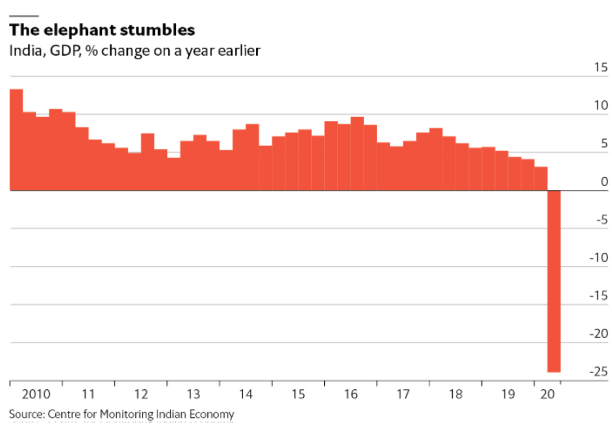


Figure 2- Indian economy before Covid-19

Informal sector- India has the world's largest informal sector, employing about 90 percent of its working population and contributing more than 45 percent of its overall GDP. From 2016 to 2019, this industry was affected by two successive shocks in a short period. The first shock occurred in November 2016, when 86 percent of the money in the economy became useless overnight.

Agriculture and Rural Activities- Agriculture's success is very important in determining the state of rural demand. Agricultural GDP grew at a 3.3 percent annual rate from 2014-15 to 2019-20 in the pre-Covid-19 period, with periodic fluctuations. According to the National Statistical Office's (NSO) preliminary projections, agricultural GDP growth has grown from 2.4 percent in FY19 to 4 percent in FY20. It was also slightly better in the third quarter of FY20, at 3.5 percent. However, due to bumper crop and horticulture production, the terms of trade shifted against agriculture from 2016-17 to 2018-19, causing a drop in food prices. Agriculture's terms of trade appear to have improved in 2019-20, with nominal agricultural GDP growth of 11.4 percent compared to actual growth of 4 percent.

GDP-In contrast, the government's budget deficit was already substantial in the pre-Covid-19 period, and it had broken the FRBM Act's aim (Fiscal Responsibility and Budget Management Act). The central government's budget deficit in 2019-20 was 4.6 percent of GDP, compared to the objective of 3.5 percent of GDP. This year's fiscal deficit is the largest since 2012-13. In her Budget Speech on February 1, 2020, the finance minister set a target of 3.5 percent for FY2021, which will be exceeded by a considerable margin.

Aviation industry- This industry is always known for the revenue-generating industry also increasing tourism activity. As per the data, the industry lost $67 billion in 2020 due to the Covid impact.

These are some important notable factors in pre Covid India.

Figure 3 Impact on aviation revenue

1.2 After Covid-19 sector-wise impacts-

The COVID-19 will have varying degrees of impact on practically all industries, but let's focus on a few that will be greatly impacted. In Fig. 4, an overview of sector-specific consequences is depicted graphically.

- **Pharmaceutical industry:** China supplies approximately 70% of India's active pharmaceutical ingredients (APIs). These APIs are critical in combating the epidemic because the country's reliance on common drugs will increase. Furthermore, because India's pharmaceutical industry, which is the third-largest in the world, produces roughly 60% of common vaccinations and generic medications, supply to other countries may suffer (Dadhich, 2020).

- **Imports/Exports:** India imports around 55 percent of its electronic goods from China, a figure that has dropped to less than 40 percent since the outbreak. On the other hand, India ranks third in terms of raw material exports to China, including cotton, mineral fuels, and organic chemicals. The trade deficit between the two countries will be exacerbated by the imbalance in export and import (Muthukrishnan, 2020).

- **Aviation industry:** The International Air Transport Association claimed a global loss of 113 billion dollars in passenger revenue (Editor, how serious is the coronavirus threat to India's airlines? 2020). IndiGo and SpiceJet have reported combined losses of approximately 1.50 billion USD in a quarter, there are salary payment issues for the grounded staff, the Indian Rupee is declining, and fuel costs are rising, and thus a government bailout similar to that provided in the United States (approximately 71 billion $ support package) is required if the Indian airline sector is to survive in the coming months (Som, 2020).

- **Share markets:** The Indian stock markets are in decline, with the BSE Sensex dropping to 29,894 on April 8th from a peak of 42,273 on January 20th, 2020. In FY20, the Sensex and mid-cap indexes decreased by 22 and 265 points, respectively. The P/E (price to earnings) ratio has also been reduced to 18 from the historical norm of 20 - 24. The stock market meltdown foreshadowed the impending Great Depression crisis that transpired in 2008, and COVID-19 is a black swan event for the same (Ram, 2020)

Restaurants/Cloud kitchens/Food delivery: News such as Gurugram-based food-tech player Zomato laying off 13% of its personnel (Bhargava, 2020) or food-tech unicorn Swiggy laying off 1100 employees (Bhalla, 2020) has grown more regular. These corporations are now focusing on lowering their operational expenses, reorganizing volatile businesses, and closing down non-profitable divisions in order to prepare for even worse

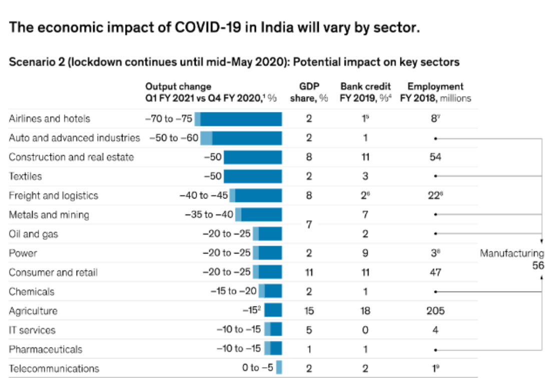


Figure 4 Impact on the various sector, Source McKinsey and company

macroeconomic circumstances.

2. Literature review

S no.	Title	Author	Findings
1	**COVID-19 and Its Impact on the Indian Economy**	Vikas Barbate, Rajesh N. Gade, Shirish S. Raibagkar	Estimated 5 years impact using decision tree approach.
2	**IMPACT OF CORONA VIRUS ON INDIAN BUSINESSES**	FICCI	Has impacted cash flow at firms, with over 80% reporting a decline in cash flow. More than 40% of respondents reported a drop in cash flow of 20% or more.
3	**Impact of COVID-19 on Indian Economy- A Review**	Ajay Kumar Poddar and Brijendra Singh Yadav	Done null hypothesis to prove the relationship between falling economy and Covid-19. Suggested some strategies to overcome the impact.
4	**Thinking ahead about the trade impact of COVID-19**	Baldwin, Richard E; Tomiura, Eiichi	Studied the cases growing rapidly in countries like the US, Italy, and Germany; these three hard-hit nations account for: -About 55% of world supply and demand -About 60%

			of world manufacturing and 50% export
5	**Impact of Covid-19 on Indian economy**	Shreyansh Mangala	Found the impact on various sectors of the economy.
6	**How has Covid-19 affected India's economy?**	Swati Dhingra and Maitreesh Ghatak	Has shown the impact by microeconomics indicators and found how covid-19 affected different economic sectors.
k7	**Annual Report 2020-21**	RBI	Has shown Real GDP Growth and Models of GDP Growth
8	**Impact of Covid-19 pandemic on the Indian economy: a critical analysis** 1	R. Ramakumar, Tejal Kanitkar	Has done critical analysis to find the impact on different sectors.
9	**Covid-19: Impact on the Indian Economy**	S. Mahendra Dev and Rajeswari Sengupta	Showed pre and post covid analysis and suggested various strategies to overcome the impact.
10.	**Impact Of Covid-19 On Indian Economy**	J.D.Sonkhaskar	Showed challenges and sector-wise impacts with suggested strategies.

3. Methodology

The impact on the economy has been operationally defined as the influence on the key economic indicators listed below.

- GDP
- Unemployment rate
- Inflation rate
- Interest rate
- Indian Government Debt to GDP

Figure 5 Decision tree model

We just employ all factors in our project. We assessed or forecasted GDP, unemployment, and the inflation rate. Using the decision tree method. The basic approach is based on Magee's renowned article 'Decision trees for decision making,' which was published in the Harvard Business Review in 1964.

3.1 Methodology in Details

Methodology in Details Outline of the methodology is given below:

1. Determine the actual value for each of the economic indicators as at the conclusion of the fiscal year 2020–2021.

2. Consider three levels of pessimism for the recovery in 2021–2022, namely moderate, average, and severe pessimism.

3. Assign anticipated values for change in 2021–2022 to each of the three scenarios.

4. Assigning an equal probability of 0.33 to each of the three scenarios, compute a single expected value for the year 2021–2022 as a weighted product of the likelihood and estimated values of change in each of the three scenarios.

5. To account for the predicted value of the estimated change, adjust the current value of the economic indicator.

As a result, the adjusted figure will equal the forecast for 2021–2022.

6. Estimate the changes over the next four years for each of the three recovery scenarios of moderate, average, and extreme pessimism in 2022–2023, 2023–2024, 2024–2025, and 2025–2026.

7. Adjust the 2021–2022 projection to the estimated change projections for each of the three recovery scenarios(strong, moderate, and weak) and for each of the four years 2022–2023, 2023–2024,2024-2025 and 2025–2026.

The forecasts have been formulated as under:

- Forecast 2022–2023 (Strong recovery) = Forecast 2021– 2022 + Expected change in case of strong recovery
- Forecast 2022–2023 (Moderate recovery) = Forecast 2021– 2022 + Expected change in case of moderate recovery
- Forecast 2022–2023 (Weak recovery) = Forecast 2021– 2022 + Expected change in case of the weak recovery.

S.no	Financial Organizations	Month of report	Indian GDP Growth Rate Forecast for 2021-22	Weights	Weighted Rate
1	RBI	September	9.5	3	0.285
2	Economy Survey	July	11	1	0.11
3	Fitch	August	9.4	2	0.188
4	CRISIL	July	9.5	1	0.095
5	JP Morgan	September	10.2	3	0.306
6	ICRA	September	8.5	3	0.255
7	Goldman Sachs	September	11.1	3	0.333
8	Moody's	August	9.6	2	0.192
9	NORMURA	July	10.4	1	0.104
10	Morgan Stanely	September	10.5	3	0.315
11	UBS	October	8.9	4	0.356
			TOTAL	26	2.539

Table 1 Weighted prediction of financial organizations

4. Analysis of impact

4.1 GDP

- The table1 represents India's GDP Growth Rate Forecast by Some Leading Financial organizations for 2021-22.
- Correction of these forecasts: All these forecasts were corrected by applying weights of 4 for October 2021reports, 3 for September 2021 reports, 2 for August 2021, and 1 for July reports.
- Now, weigh the growth rate according to the report month.
- Then, calculate the average forecast.

S.no	Financial Organizations	Month of report	Indian GDP Growth Rate Forecast for 2021-22
1	RBI	September	9.5
2	Economy Survey	July	11
3	Fitch	August	9.4
4	CRISIL	July	9.5
5	JP Morgan	September	10.2
6	ICRA	September	8.5
7	Goldman Sachs	September	11.1
8	Moody's	August	9.6
9	NORMURA	July	10.4
10	Morgan Stanely	September	10.5
11	UBS	October	8.9

Table 2 Prediction by financial organizations

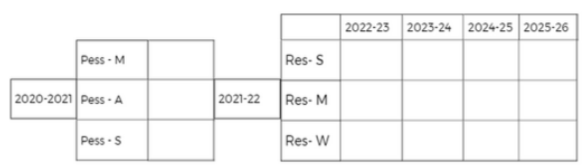


Figure 6 Decision Tree for Growth Rate Cut for 2021–2022

We collected the GDP estimation of various financial banks for the year 2021-22. As these reports were published in a different month so we weighted them according to their publishing month. Hence more recent one is more precise because it included recent factors too. Applying weights of 4 for October 2021reports, 3 for September 2021 reports, 2 for August 2021, and 1 for July reports. When every report got weighted then divided the total weighted rate by the total weight (2.539/26).

- The weighted average rate for these 11 forecasts comes to 9.76% (2.539/26).

- A decision-tree model can be adopted considering three pessimistic situations: moderate, average, and severe. Probability estimates for these three scenarios at this point (October 2021) can be taken as 0.33 each.

- The cuts in the GDP growth rates for the three scenarios can be taken as 12%, 10%, and 8%, respectively, for moderate, average, and severe pessimistic situations. Because 9.76% is the weighted average which is near to 10% and +2 and-2 for the moderate and worst scenario.

- Aggregating of the three EVs, 9.93%

- 2020-21 growth rate=-7.25% source Statista.

Estimation for the Next 5 Years

- The projected recovery rate is an important factor impacting GDP predictions over the next five years. Strong, moderate, and poor recovery are three such situations with equal odds.

- For strong= 1%, for moderate 0.50%, and foe weak= 0.25%

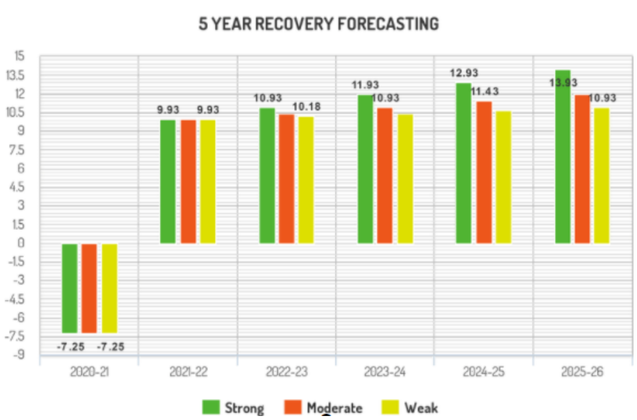


Figure 7 India's GDP Growth Rate Forecast up to 2025–2026

Findings

- If the recovery is strong, in the year 2025–2026, the growth rate might reach up to 13.93%.

- If the recovery is moderate, in the year 2025–2026, the growth rate might reach up to 11.93%.

- If the recovery is weak, in the year 2025–2026, the growth rate might reach up to 10.93%.

4.2 Unemployment rate

- A decision-tree model can be used in three pessimistic scenarios: moderate, medium, and severe. At this point (November 2021), the probability estimates for these three possibilities are 0.33 each.

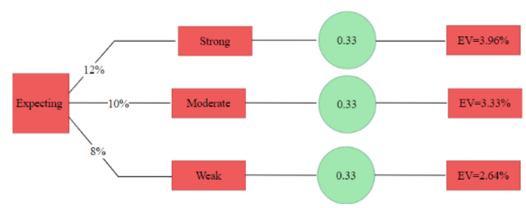


Figure 8 India's Unemployment Rate Forecast up to 2025-2026.

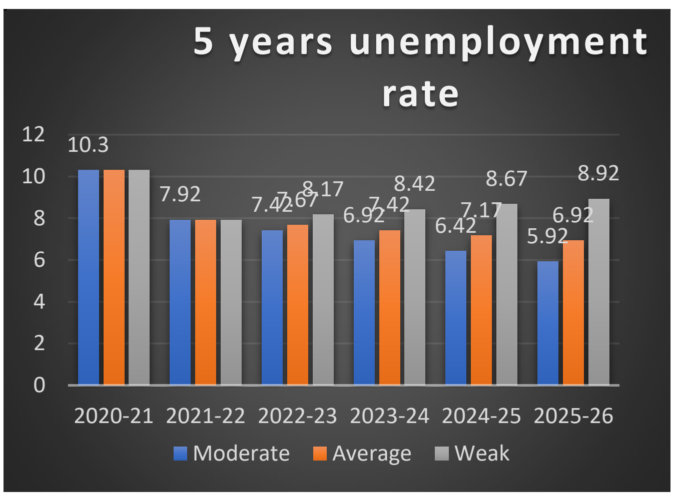
Date	Unemployment Rate - 30 day moving average (%)		
	India	Urban	Rural
23 Nov 2021	7.19	8.09	6.78
22 Nov 2021	7.17	7.87	6.84
21 Nov 2021	7.13	7.74	6.84
20 Nov 2021	7.09	7.76	6.78
19 Nov 2021	7.15	7.77	6.86
18 Nov 2021	7.07	7.70	6.78
17 Nov 2021	7.22	7.66	7.01
16 Nov 2021	7.17	7.58	6.98
15 Nov 2021	7.10	7.58	6.89
14 Nov 2021	7.05	7.53	6.83
13 Nov 2021	7.10	7.50	6.92
12 Nov 2021	7.13	7.45	6.98
11 Nov 2021	7.18	7.38	7.08
10 Nov 2021	7.14	7.36	7.04
09 Nov 2021	7.22	7.43	7.12
08 Nov 2021	7.26	7.47	7.16
07 Nov 2021	7.35	7.41	7.32
06 Nov 2021	7.42	7.50	7.39
05 Nov 2021	7.52	7.41	7.57
04 Nov 2021	7.45	7.36	7.49
03 Nov 2021	7.58	7.43	7.64

Table 3 India's Unemployment Rate over the Past 20 Days Source: Unemploymentinindia.cmie.com, 2021

- The increase in unemployment rates for the three scenarios can be calculated as 7%, 8%, and 9%, respectively, for moderate, average, and severe pessimistic scenarios because the estimated last 20 days is nearly 7.5. November is also the festival season employment increased in this season.

- Hence, we decided 7%,8%, and 9% for moderate, average, and weak scenarios.
- When the three EVs, 2.31 percent, 2.64 percent, and 2.97 percent, are added together, the predicted increase in the jobless rate for 2021–2022 is 7.92 percent.

Figure 9 Decision Tree for the Unemployment Rate for 2021–2022



Estimates for 2025–2026

An average decline rate of 0.5% per year can be estimated for a moderate recovery. An average decline rate of 0.25% per year can be estimated for average recovery. An average gain rate of 0.25 percent per year can be estimated for a weak case.

Findings

- In case of strong recovery, in 2025-26 employment rate will be 5.92.
- Similarly, in moderate and weak employment rate would be 6.62 and 8.92 resp.

4.3 Inflation rate

Estimates for 2021–2022

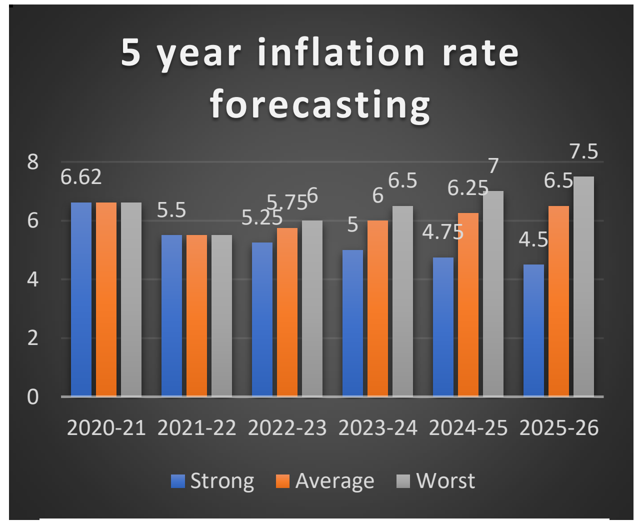


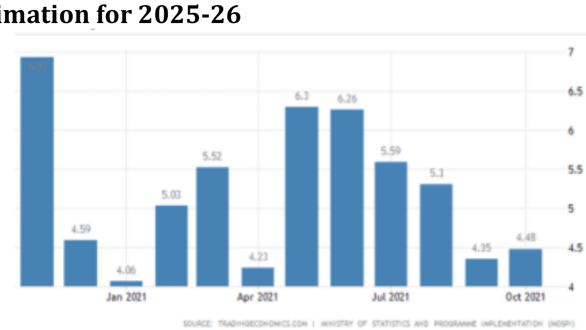
Figure 11 India's Inflation Rate Forecast up to 2025–2026

Three factors are expected to keep inflation under control in the short future. These are the following:

- Lowering in crude oil prices
- Reduced demand in the COVID-19 pandemic
- Governments' efforts to supply items.

After checking from various authentic sites and journals inflation rate for 2021-2022 is under 6 percent. And the average is 5.5.

Estimation for 2025-26



- The long-term impact on inflation will also depend on the mode of recovery of the economy. If the recovery is weak, certainly it will adversely impact inflation,
- Consistent with previous methodologies, three such possibilities with equal odds can be

categorized as strong, average, and worst recovery.

- Average growth of -0.25 percent per year can be predicted for a strong recovery. An average annual increase of 0.25 percent can be projected for average recovery. A 0.50% annual increase can be predicted for the worst recovery.

Findings

- If the recovery is strong, in the year 2025–2026, the inflation rate might dip to 4.5% from a level of around 5.5% in 2021–2022.
- If the recovery is moderate, the inflation rate might rise to 6.5% from a level of around 5.5% in 2021–2022.
- If the recovery is weak, the inflation rate might rise to 7.5% from a level of around 5.5% in 2021–2022.

4.4 Interest rate

The interest rate is defined as the percentage of a loaned sum that a lender charges the borrower as interest, usually given as an annual percentage. It is the interest rate charged by a bank or other lender for borrowing money, or the interest rate paid by a bank to its depositors for maintaining money in an account. During its October meeting, the Reserve Bank of India kept its benchmark repo rate at 4%, as expected, saying it would maintain an accommodative monetary policy stance for as long as necessary to boost economic growth and assist cushion the negative impact of COVID-19. The bank also maintained the reverse repo rate at 3.35 percent. Meanwhile, the RBI reduced its retail inflation forecast for the fiscal year 2021/22 to 5.3 percent from 5.7 percent previously, owing to lower food costs and favourable base effects. The Bank kept its GDP growth forecast at 9.5 percent.

Estimates for 2021–2022

- The Interest Rate in India is expected to be 4.00 percent by the end of this Q4, according to Trading Economics global macro models.
- Various financial organizations also estimated a 3.95-4.05 interest rate for 2021-22. We are taking the same 4.00%.

Estimation for 2025-26

- The interest rate depends on savings, investments, inflation rate, and prices. India will do improvements in all factors because of several strategies like make in India and Atam Nirbhar Bharat.
- Estimation for strong recovery would be +0.5%, for moderate it would be +0.25 and in worst case 0.10% increment.

Findings

- If the recovery is strong, in the year 2025–2026, the interest rate might increase to 6.00% from a level of around 4.00% in 2021–2022.
- In moderate and worst growth, the rate would be 5% and 4.4% respectively.

4.5 Indian Government Debt to GDP

Table 4 India's Government debt to GDP ratio till 2020 Source trading economics

In general, investors use government debt as a percentage of GDP to assess a country's ability to make future debt payments, which influences borrowing costs and government bond yields. It is also a key factor in a country's economy.

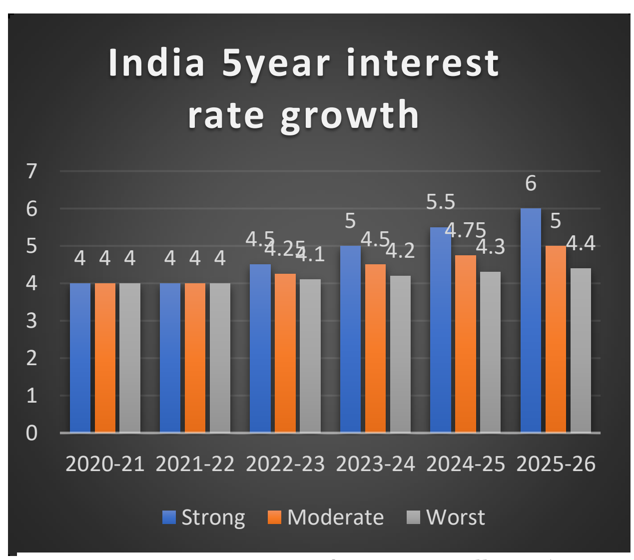


Figure 12 Interest rate forecasting till 2025-26

Estimates for 2021–2022

- Before Covid-19 hit the country, the government debt remained below 80 percent in the recent past. Source business-standard
- The International Monetary Fund (IMF) forecasts that government debt, including that of the Centre and the states, would reach a record 90.6 percent of GDP in 2021-22, up from 89.6 percent the previous year. It will subsequently fall to 88.8 percent in FY23 but will remain above 85 percent for the next five years — until 2026-27, according to the IMF's latest Fiscal Monitor.
- For 2021-22 estimation we will draw a decision tree with three cases best, average, and worst.
- In the best case, the government debt to GDP ratio increased by 1 percent, on average 2 percent, and in the worst case, it would increase by 3 percent.

Figure 13 Decision tree for calculating increase in Govt. debt to GDP ratio for year 2021-22

Aggerate of all cases is 1.98%. Hence for year 2021-22 the government debt to GDP ratio will be 2020-21 ratio+ aggerate = 89.6+1.98=91.58%.

Estimation for 2025-26

- The ratio will drop because the pandemic is almost gone from an economic and industrial view. Hence the ratio will drop or tend towards previous years' averages.
- In strong recovery the ratio decrease by 2%, on average decrease by 1%, and in slow recovery decrease by 0.50%.

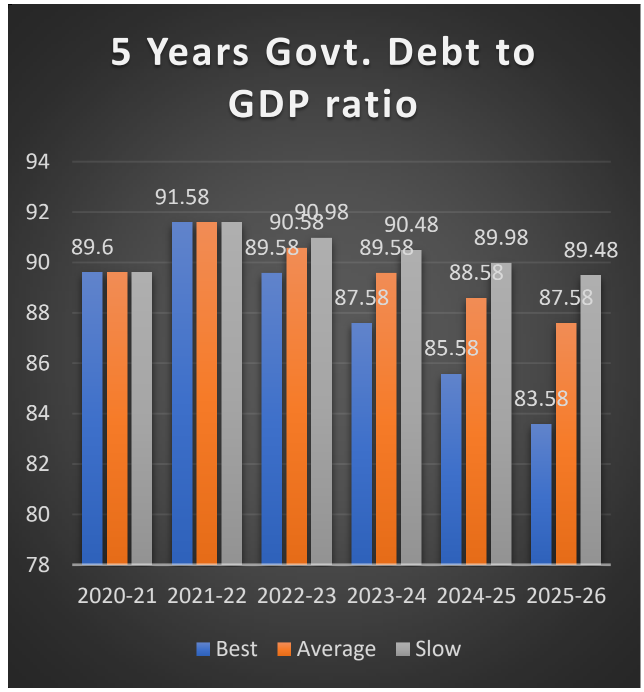


Figure 14- 5 Years Govt. Debt to GDP ratio of India

Findings

- In the best case, the Government debt to GDP ratio will be 83.58%.
- Where in average and slow recovery 87.58% and 89.485 so far.

5. Discussion

The prediction shows that India would be too better in economic condition than current conditions. Government to apply several strategies like-

- The promotion of indigenous products or MADE IN INDIA goods following the government's "Atmanirbhar Abhiyan/Go Vocal for Local" initiative will aid in reducing the country's reliance on imports of critical things. (J.D.Sonkhaskar 2020)
- The immediate resolution of labour shortages and supply chain disruptions is required, as failing to do so will result in a further drop in GDP of more than 7% in FY21. (Nair, 2020).
- Choose and promote quality local vendors than international MNCs.

- Migrant workers have been disproportionately affected by the shutdown and will continue to be so in the coming months. They have endured adversity. Several recommendations have been made to assist migratory workers. Following the lockdown, the migrant workers must be returned to their respective workplaces in an orderly manner. Steps must be done to ensure that the advantages of social safety nets such as PDS and the Ujjwala plan are available to them even in urban and semi-urban regions. (Kapur and Subramanian, 2020).

- The stimulus package of 20 lakh crore (about 10% of /India's GDP) announced by the Finance Ministry of GOI which is by far the most among the developing countries it would be a great help for the informal sector manufacturing sector if mostly provided to them and increase the budget like in US 21% of their economy. (PTI, 2020)

- The government has given women Rs.500 per month through their Jan Dhan Yojana accounts. There is some agreement that this may not be enough. The recommendations range from Rs.3000 per month to Rs.6,000 per month. (S. Mahendra Dev and Rajeswari Sengupta,2020)

- Rangarajan and Dev (2020) proposed (a) increasing the number of days under MGNREGA from 100 to 150 days and (b) introducing a 150-day employment guarantee scheme in urban areas to address the problem of urban informal sector joblessness.

- In June 2021, the Prime Minister announced the extension of the Pradhan Mantri Garib Kalyan Anna Yojana (PMGKAY) if the government continues it for 2 years continuously it would help labour to stay in an urban area.

S.no.	Indicator	Year 20-21%	Estimation the year 2021-22	Estimation for 2025-26 based on 3 possible recoveries Strong	Moderate	Slow
1	GDP	-7.25%	9.93%	13.93 %	11.93%	10.93%
2	Unemployment Rate	10.3%	7.92%	5.92%	6.92 %	8.92%
3	Inflation Rate	6.62%	5.5%	4.5%	6.5%	7.5%
4	Interest Rate	4.00%	4.00%	6.00%	5.00%	4.4%
5	Government Debt To GDP	89.6%	91.58%	83.58%	87.58%	89.58%

Table 5 is the summary of the Indian key economic

Table 5 Indian Main Economic Indicators Projections

projection. From this, we can estimate the economy of India in 2025-26 which will be far better in every aspect. Covid-19 badly impacted the Indian economy in every key indicator it is visible we are ahead in every economic indicator in 2019-20 than 2020-21.

6. Conclusions

Covid-19 has presented India with an unparalleled problem. Given the large size of the population, the economy's unstable state, particularly the financial sector in the pre-Covid-19 period, and the economy's reliance on informal labor, lockdowns, and other social distancing measures are proving to be extremely disruptive. The federal and state governments have acknowledged the situation and responded, but this is only the beginning.

The eventual economic harm is expected to be far worse than the present projections. On the demand side, the government must strike a balance between the need for income support and the need to keep the fiscal situation from spiralling out of control. So far, the balance appears to be appropriate, but the government needs to find more ways to boost the poor's incomes. The involvement of state and municipal governments may also be critical in the successful implementation of further fiscal policies. The eventual economic harm is expected to be far worse than the present projections. On the demand side, the government must strike a balance between the need for income support and the need to keep the fiscal situation from spiralling out of control. So far, the balance appears to be appropriate, but the government needs to find more ways to boost the poor's incomes. The involvement of state and municipal governments may also be critical in the successful implementation of further fiscal policies.

Policymakers must be ready to scale up their response as events unfold to reduce the impact of the shock on both the formal and informal sectors and pave the path for long-term recovery. Simultaneously, they must guarantee that the answers are enshrined in a rules-based framework and limit the exercise of discretion to avoid long-term economic damage.

But in the end, as in the paper economic growth is predicted for the next 5 years. The year 2025-26 is too great than 2020-21 and 2021-22. Might be we become a 5trillion GDP country in that year if moderate recovery happens. Table 5 clearly shows the projection for the years 2025-26. The GDP would be 13.93%, 11.93%, and 10.93% in best, average, and slow recovery. The unemployment rate in best, average, and slow scenarios would be 5.92%, 6.92%, and 8.92% respectively. The inflation rate in the best to the worst case would be 4.5%, 6.5%, and 7.5%. The interest rate would be 6% in best, 5% in moderate, and 4.4% in slow recovery. The last indicator, government debt to GDP would possibly be 83.58%, 87.58%, and 89.58% in the year 2025-26 best, average, and slow recovery possibilities.

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