

## **Impact Of Slowdown In The Indian Economy**

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### **Introduction**

This paper highlights some of the factors that are responsible for the slowdown of the Indian economy and in fact focuses on the measures that can be adopted to bring back India to a better position. This paper also emphasis on a very important point that create a division between the rich and the poor making rich richer and the poor poorer, not only that religious discrimination also equally plays its role in bringing down the economy.

Our present GDP has fallen to extent of creating not only unemployment but also starvation because of poverty. Many of our Indians are living in the doubt of loosing independence which was got by our father of nation with terrible pains.

### **Literature review**

Rajesh Kumar upadhyog (2019) pointed that indicators like consumption, (demand) private investment, number of new projects and GDP growth rate are slowing down and this down turn is expected to be short term phenomenon.

Economical and Political Weekly Homes> journal>Volume 54 (2019) highlighted that despite higher Govt. spending Consumption has failed to pick up. Private investment remain stagnant corporate indebtedness, Risk aversion by banks and crisis in the non –banking financial companies

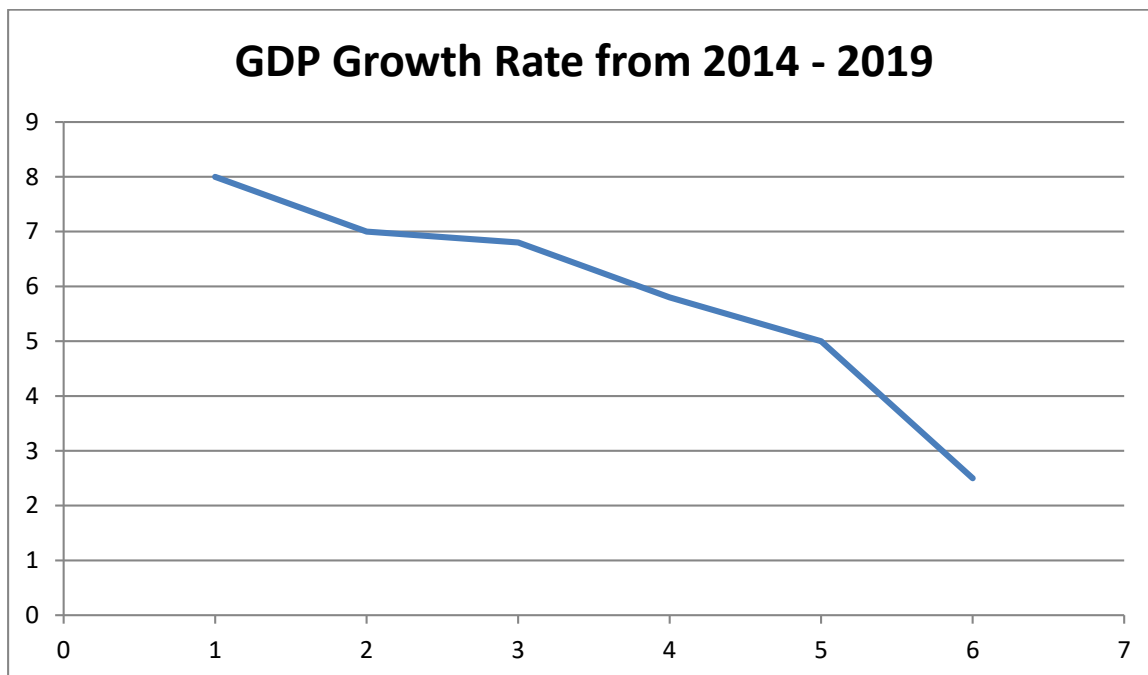
Amit Kapoor (2019) discusses that India's GDP growth rate has slipped to 5% in the first quarter of the financial year 2020 the lower in over 6 years reasons are sluggish consumer demand and failing manufacturing sectors etc

R. Nagraj (2019) briefed that India's Narendra Modi Govt's economy is in deep trouble. The GDP is 5% and there no denying that the economy is losing steam based on a host of economic indicators besides GDP growth.

### **Objectives of the study**

1. To compare the GDP growth rate with previous years and analyze the reasons for the downfall.
2. To emphasize on the various issues in the current scenario leading to Economic slowdown.
3. To suggest measures to overcome the above problems.

The entire study has been done based on the above objectives The slowdown of the Indian Economy leading to unemployment is attributed to the sluggish Aggregate Demand in the economy leading to a fall in the Production, Investment, Employment, and Income. The Economy is totally shattered because of the slowdown, which is not only putting individuals into trouble but the economy as a whole is undergoing a drastic change leading to poverty.



**Percentage change in the components of GDP**

S. No	Components	April – June 2018	April – June 2019
1	Private final consumption expenditure PFCE	7.3%	3.1%
2	Government final consumption expenditure GFCE	6.6%	8.8%
3	Gross fixed capital formation GFCF	13.3%	4.0%
4	Exports	10.2%	5.7%
5	Imports	11.0%	4.2%
6	GDP	8.0%	3.0%

The GDP of the Indian Economy has undergone a drastic change in last 6 years and in the recent years it has dropped to 2.5% , almost all the sectors right from primary to tertiary sector underwent a major change . The foreign debt has almost increased to 7.2 trillion and the balance of payment is showing a negative sign, not only this the Foreign Direct Investment has come to very minimum level proving India to be one of the down trodden nation of the world.

**Reasons for the slowdown**

**1. Demonetization**

The sudden withdrawal of money from the use as a legal tender has the most severe impact on the slowdown, through the demand collapsing and supply bottlenecks. This step taken by the Government has shattered the economy to the major level affecting almost all the sectors of the economy not only that many people have lost their lives because of sudden money crunch.

**2. GST**

The second main reason for the slowdown is the implementation of GST ie Goods and service tax. It has hampered the small business more than demonetization and remains as one of the important causes for the slowdown of the Indian economy.

### **3. Budget 2019**

The budget 2019 also made a drastic change in the India Economy. The stock market has fallen down and the foreign investors have withdrawn 22.5 billion rupees.

### **4. Unemployment**

People are jobless, and those in the job receive a very low salary. For rural people wage growth rate for the financial year 2014 is 14.6% and in the year 2019 it is 1.1%.

### **5. Institutions Compromised**

Public institutions were placed with the people who are not qualified in fact not educated and public sector companies are going in loss. Eg ONGC –Samith Patra is appointed. What is his Qualification?. In the year 2018, 400cr loss. BSNL 54 thousand jobs are in danger. Hindustan Aeronautic limited is facing worst cash balance.

### **6. Bank Frauds**

In the year 2018, 71,000cr Rs frauds have taken place in bank as reported by the RBI. Between the year 2014-2017 2.4 cr Rs has been raid of in bank and fake currency Rs 21.800 has been seized.

### **7. Lack of Intellectual**

Mr Raghu Ram Rajan has resigned in the year 2016 of July, likewise so many intellects have resigned, and their jobs in the past years instead all unqualified people have come to the power.

### **8. Global trade wars**

There is a global war going in the country especially between USA and China, both the countries are at par with each other China's GDP rate is 6.2% and it has \$12.5cr dollar economy, Whereas USA's GDP growth rate is around 3%. Many of the countries remain incapable but yet they involve themselves in war which remains an unhealthy practice.

### **Suggestions to overcome the slow down**

Some of the solutions to overcome with these problems are Bank mergers to make profit and loss neutral and to give way for the qualified people i.e., intellects in almost all the fields to make India a better place for Employments, Investments, Trade, Education, Better Infrastructure and Environment etc for e.g., Delhi state Economy, Delhi economy booms, people earn more, GDP growth rate is 8.6%, Tax collection is 17.6% people are enjoying free water, half price electricity and also health benefits the reasons behind this is that Delhi CM is IIT educated, so qualified people will be a better leader than the unqualified one.

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