Policies of Indian Government to Grapple with Recession 2019-20

Ayush Agarwal
Research Scholar, Department of Economics, J. K. P. G. College, Meerut, India

Abstract: The Government of India has taken important initiatives to strengthen the economic credibility of the country and transform it into one of the strongest economies in the world. India strongly welcomes high growth startups such as mobility, e-commerce and other niche vertical solutions - creating new markets and encouraging innovation. India’s gross domestic product (GDP) growth has dropped to 4.5% in the July-September quarter of 2019-20. The fall has been sudden although not entirely unexpected. In the first quarter of 2016-17, India registered a spectacular GDP growth of 9.4%. It is a recession. This is largely due to the broken financial system of the country. Indian banks face one of the world’s biggest bad debt burdens. Panicked traditional lenders have given way to ghost banks. They also hit the walls. One of the largest, Infrastructure Leasing and Financial Services Ltd, defaulted last year, creating a liquidity crisis. As the government took control of the business in an effort to limit losses, their work had just begun. Worryingly for the Reserve Bank of India, these hurdles in the financial pipes mean that five interest rate cuts have failed this year.

Keywords: Policies, Recession

1. Introduction

The third quarter, GDP grew by 4.5% over the previous year, registering almost half in the first half of 2018. The labor market, an important indicator in a country of 1.4 billion inhabitants, is fragile: the unemployment rate peaked at 45% in 6.1 years. India’s economy has lost its sheen this year. As it stumbles through a deep recession and a credit crisis. It is rare that a major economy has experienced such a humble twist in fate. Gross domestic product grew by 4.5% in the third quarter over the previous year, with the first half of 2018 seeing almost half the momentum. Consumer confidence hit its lowest level since 2014. The labor market, an important indicator in a country with a population of 1.4 billion, is fragile: the unemployment rate reached 6.1% in 45 years. India was the fastest growing economy in the world last year. The last decade has been full of predictions that it would capture a growing share of world trade with China and the US. But in the last quarter the Philippines and Indonesia grew faster than India and Malaysia was only one hair behind. China battled through its recession, registering a respectable 6% and Vietnam was ahead at 7.3%.

The growth of domestic investment has become one of the main drivers of India's growth, and the public and private sectors have allowed and supported these investments. Here are various investors applying for national investment in the country:

1. State-owned enterprises and public sector capital expenditure
2. Private Sector Enterprise
3. National Banks / Financial Institutions / Institutional Investors
4. Individual investor
5. Market Activity

The gross exchange of India’s fixed assets at current prices was 1,454,690 corporate rupees in the first quarter of 2019-20. The Government of India expects a 30% increase in capital expenditure from 3% in 2017-18 to 3.9 crore ($ 53.6 billion) in 2019-2020. Investment in the first quarter of the year was LAR 20.42 billion (US $ 292.17 billion) by National Institutional Investors (DII).

According to the Indian Mutual Funds Association (AMFI),

<table>
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<tr>
<th>Year</th>
<th>GFCF at Constant Prices</th>
<th>Capex by BSE 200 Companies</th>
<th>PE/VC Investments</th>
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<tbody>
<tr>
<td>2013-16</td>
<td>Rs. 34.48 trillion</td>
<td>Rs. 3.28 trillion</td>
<td>US$ 16.2 billion</td>
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<td></td>
<td>(US$ 473.57 billion)</td>
<td>(US$ 44.99 billion)</td>
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<tr>
<td>2016-17</td>
<td>Rs. 37.98 trillion</td>
<td>Rs. 3.96 trillion</td>
<td>US$ 24.4 billion</td>
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<td>(US$ 521.59 billion)</td>
<td>(US$ 54.36 billion)</td>
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<tr>
<td>2017-18</td>
<td>Rs. 40.88 trillion</td>
<td>Rs. 3.96 trillion</td>
<td>US$ 20.5 billion</td>
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<td>(US$ 561.44 billion)</td>
<td>(US$ 54.36 billion)</td>
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<tr>
<td>2018-19</td>
<td>Rs. 45.48 trillion</td>
<td>Rs. 151.08 trillion</td>
<td>US$ 35.8 billion</td>
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<td></td>
<td>(US$ 561.44 billion)</td>
<td>(US$ 2.16 trillion)</td>
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<td>Q1 2019-20</td>
<td>Rs. 11.66 trillion</td>
<td>Rs. 141.15 trillion</td>
<td>US$ 36.7 billion (Till August 2019)</td>
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<td>(US$ 2.02 trillion)</td>
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the total number of investors in 41 active mutual fund companies reached 79.03 million by the end of October 2018 as compared to March 2018. As one of the most effective mergers and acquisitions (M&A) operations. Mergers and acquisitions in India will reach $ 129 billion in 2018 and $ 41.6 billion in the first half of 2019.

As the economic scenario improved, many investments were made in various sectors, as well as mergers and acquisitions in India. Some of them are:

1. Private equity (PE) / venture capital (VC) investment in India reached $ 35.8 billion in 2018 and reached $ 36.7 billion in the first eight months of 2019.
2. In August 2018, Indian Oil Corporation announced plans to invest Rs 22,000 crore (USD 3.02 billion) for 2018-2019.
3. M&E activity in the country reached $ 129.4 billion in 2018 and $ 41.6 billion in the first half of 2019.
4. Indian companies made $ 5.52 billion in initial IPOs in 2018 (as of November).
5. Mutual funds reached USD 256.68 billion to USD 366.85 billion.
6. As of August 2019, mutual aid assets reached 25.48 trillion ($ 366.85 billion).
7. India's automotive startups have received $ 491 million from Essel Green Mobility in ZipGo in a 2018-led investment amounting to $ 49 million.
8. In March 2019, Tata Group along with two other investors entered the airport sector in India, agreeing to invest 8,000 (US $ 1.16 billion) in GMR Group.
9. Oyo Rooms invests approximately $ 200 million in capital expenditure, technology and leadership in its operations in India and South Asia in 2019.
10. India's initial offer (IPO) reached US $ 5.5 billion. $ 0.9 billion in 2018. U.S. 2019 National Mineral Policy, 2019 National Electronics Policy and rapid introduction and production of machines (hybrid) and electric (FAME II) were also approved by Government of India in 2019.
11. In November 2018, the Government of India launched the Aid and Awareness Program for the Micro, Small and Medium Business (SME) sector. It includes 12 major initiatives that will help MSM develop, expand and contribute to nationwide work.
12. In September 2018, the Government of India approved the National Digital Communications Policy (NDCP) which aims to attract $ 100 billion in investment, improve broadband and make four million. He works in the telecom sector.
13. The Securities and Exchange Board of India (SEBI) has twice increased the maximum angel investment in venture capital firms to 10 ($ 1.37 million).
14. The Government of India has decided to invest 2.1 trillion rupees ($ 28.8 billion) over the next five years to build state-owned banks and 7 trillion rupees (US $ 95.9 billion) over the next two years. Construction of new roads and highways.
15. During the year, India and Japan have been involved in the development of infrastructure in the North East and are establishing an India-Japan coordination platform for North East development projects. Strategic Infrastructure in the North East.
16. The Ministry of Maritime Transport plans to invest $ 15.8 billion.
17. The Government of India gave a meager loan of up to $ 1 billion to sugar factories to help them pay some $ 3.33 billion in royalties to farmers. The funds will be directly transferred to the bank accounts of the farmer through the Pradhan Mantri Jan-Dhan Yojana.
18. The Indian Mutual Funds Association (AMFI) aims to increase its management assets (AUM) by almost five times to $ 95 billion ($ 1.30 trillion) and triple the number of accounts. India's GDP will grow by 7.3% in 2018-2019, to 130 million investors by 2025.
19. This is due to efforts to implement reforms aimed at increasing the country's investment capacity to improve India's business environment, liberalize foreign investment policies and expedite resolution of trade disputes. Simplify tax structure and increase public and private spending.
20. Effective conversion rate till 30 July 2019: 1 rupee = 0.014533 USD budget constraint: For Budget 19, the budget deficit ended at 3.4% of GDP with a debt / GDP ratio of 44.5% (provisional).
22. It aims to achieve a budget deficit of 3% of GDP for fiscal year 21 and up to 40% of central government GDP by FY25. GDP growth: The projected GDP growth rate for 2019-2020 is 7%. The GDP growth rate was 6.8% in 2018-2019 and 7.2% in 2017-2018. In line with inflation and monetary policy for 2017-2018, GDP growth at basic prices will be 6.1%.
23. Average retail inflation measured by the Consumer Price Index (CPI) was 3.4% in 2018-2019. The Wholesale Price Index (MPI) average inflation in 2018-2019 was 4.3% as against 3.0% in 2017-2018. Zone out: The current account deficit increased to around 2.1% of GDP in FY 2019. Exports increased 12.5% to $ 330.18 billion in FY 2019, while imports fell 15.4% to $ 514.29 billion.
24. The total foreign exchange reserves in 2019 were $ 412.9 billion, or $ 424.4 billion in 2018. The growth rate of the industry is estimated at 6.9% in 2018-2019, higher than 5.9% in 2018.
25. Agriculture and Food Management, Gross value added (GVA) growth rate in agriculture and allied industries increased from 0.2% in 2014-2015 to 6.3% in 2016-2017, but decreased to 2.9% in 2018-2019.
26. Women’s participation in agriculture increased from 13.9% in 2015–2016 to 11.7% in 2015–2016 with low concentrations (28%). In fisheries sector, India is the
second largest producer of milk and India is the first producer of milk products.

27. Industry, Trade and Infrastructure, In 2018-2019, the global index of eight major sectors recorded a growth rate of 4.3%. According to the World Bank Doing Business (DB) report, India’s rating has improved to 23 in 2018-2019 and ranked 77 out of 190 countries. Rail freight and passenger transport increased by 5.33% and 0.64% respectively in 2017-2019.

28. In 2014-2015, road construction increased by 30 km / day in 2018-2019, compared to 12 km in 2014-2015. The installed power capacity has increased from 3.56 100 MW in 2018-19 to 3.44.002 MW in 2017-18.

29. India's total telephone connection reached USD 16.93 million in 2018-19 SME Development Policy through Reorganization: Large firms (more than 100 employees) account for 75 percent of employees and about 90 percent of productivity, and their number is about 15 percent. Get rid of MSM and let them grow their gratitude. Thus, the high elasticity of employment for young companies is changing the flow of credit, to boost the size, of priority sector lending guidelines (PSL) with less than 10 years of sunlight required by parents Referring to. More laws are being made, labor laws regulate restrictions. Services like tourism have a major impact on other sectors such as hotels and restaurants, transportation, real estate, entertainment, and more. To generate employment.

30. Clean India to Clean India through Clean India: Evaluation of Clean India Mission. Currently, 93.1% of the households have toilets. 100% individual household linen (IHHL) coverage in 30 states and states. Financial savings from household toilets are 1.7 times the average household financial expenditure and 2.4 times for poor households.

31. Environmental and water management issues need to be integrated into SBM for long term sustainable renewal. Improving India's minimum wage system for inclusive growth: In India, 1 worker, who has 3 salaries, is not protected by the minimum wage law. The study supports the reorganization of the minimum wage as drafted in the wedge code.

32. The Central Government should report a "National Minimum Wage" which is different from the five geographical regions.

33. Creating an ambitious program for social change using a behavioral economic vision: BADLAV (Beti Apni Dhan Laxmi and Vijay Laxmi) by Beti Bachao Beti Padao. From Swach Bharat to Sudar India. From GPL disclaimer subsidies, think about subsidies. Avoid tax and tax protection. To country for a country.

34. Foreign investment is made, it also means acquiring technical knowledge and generating work. The favorable political governance and business environment of the Indian government ensures that foreign capital is brought into the country. The government has taken several initiatives in recent years, such as availing FDI in sectors such as defense, PSU refinery, telecom, power and stock markets. Market Size According to the Ministry of Industry and Internal Trade Development (DPIIT), FDI in India was US $ 23.35 billion during 2019-2020 (till 19 October). A sign of the government's effort to improve trade and leisure. Leads to FDI standards. Foreign direct investment in October 2019 was US $ 2.15 billion and US $ 1.93 billion. Billion in September 2019. Q1 2019-2020 data indicates that the telecom sector attracted the highest direct investment with $ 4.22 billion, followed by the services sector - $ 2.79 billion, software and hardware - $ 2.24 billion and trade - $ 1.13 billion.

35. In the first quarter of 2019-2020, India received the highest FDI from Singapore (US $ 5.33 billion), followed by Mauritius (US $ 4.67 billion), Netherlands (US $ 1.35 billion), United States (US $ 1.45). Billion) and Japan (US $ 0.47 billion). Investment / development Important recent statements regarding FDI are as follows: In October 2019, French oil and gas giant Total SA acquired a 37.4% stake in Adani Gas for 5,662 RVs ($ 810 million US), making it the largest foreign direct investment (FDI). In the city of Indian Gas Distribution (CGD).

36. In August 2019, Reliance Industries (RIL) announced one of India's largest foreign investments, as Saudi Aramco acquired a 20% stake in Reliance Petroleum Chemicals (OTC) activities worth $ 75 billion. In October 2018, the major U.S. Software innovation company, VMware announced a $ 2 billion investment in India by 2023.

37. In February 2018, IKEA announced an investment of $ 4.000 ($ 612 million) to build a multi-store center and experience center in Maharashtra. Government initiative In August 2019, the government authorized 100% FDI investment in coal mining, automatic routing, open selling (as well as development of related infrastructure such as machinery).

38. In the Union Budget 2019-2020, the Government of India proposed to open FDI in aviation, media (animation, AVGC) and insurance sectors in consultation with all. Stakeholders. 100% FDI insurance is authorized for intermediaries. Since February 2019, the Government of India is working on a roadmap to reach FDI inflows of $ 100 billion.

39. In February 2019, the Government of India unveiled the draft National Policy on Electronic Commerce, which promotes FDI in the electronic commerce market model. Furthermore, he stated that the FDI policy for the electronic commerce sector was designed to provide a level playing field for all participants. The Government of India plans to invest 100% FDI in Indian insurance intermediaries to encourage the sector and attract more funds.

40. In December 2018, the Government of India revised the rules governing FDI related to electronic commerce. As per the rules, 100% FDI is allowed in the model based on the
In addition, sales of any vendor through an electronic commerce organization or its group companies are limited to 25% of the total sales of this vendor.

In September 2018, the Government of India published a National Digital Communications Policy. In January 2018, the Indian government authorized foreign airlines to invest up to 49% in Air India with government agreement. The investment cannot exceed 49%, directly or indirectly. Direct government approval does not require up to 100 percent of foreign direct investment in real estate employment services.

The Government of India is negotiating with stakeholders to reduce FDI through automated means (currently 51% to 49%) to support India's initiatives and create jobs. According to the latest market attractiveness survey by Emerging Private Equity Association (EMPEA), India has become the most attractive market for global partner investment (GP) in the next 12 months. UBS's annual contribution is expected to reach $75 billion over the next five years, according to a UBS report.

In September 2018, the embassy office parks submitted their application for the first real estate investment trust (REIT) in India. In September 2019, the Embassy Office fleet announced its intention to expand its portfolio in Hyderabad and Chennai and to acquire the title of second tier REIT in 2020-2021. Government / Regulatory Initiatives in May 2019, SEBI proposed reducing the time required for grant of rights from 55 to 58 days to about 31 days.

In September 2018, SEBI authorized the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE) to launch the commodity derivatives segment. SEBI has also allowed foreigners to participate in the commodity derivatives segment of the Indian Stock Exchange to protect their risk. It is also proposed to authorize NRIs to invest in FDI route as per the specific rules for KYC.

In August 2018, SEBI reduced the terms of public offering of debt securities from 12 days to six days. Foreign portfolio investors can invest up to 25% in a third-tier Alternative Investment Fund (AIF) in India. Various types of funds in India, such as hedge funds, private equity funds (PIPE), etc. nact as Category III AIFs. Various types of funds in India, such as hedge funds, private equity funds (PIPE), etc. act as Category III AIFs. Investment in FDI is also authorized by the Real Estate Investment Fund (REIT) and the Infrastructure Investment Fund (INVITE). India is seen as a potential investor opportunity, a huge growth opportunity in the economy.

Investments in India from CII / FDI are regulated by the Securities and Exchange Board of India (SEBI), while the limits of these investments are borne by the Reserve Bank of India (RBI). Some of the types of IMI investments in India are as follows: 1. Hedgehog Couples 2. Foreign Mutual Funds 3. Sovereign Wealth Fund 4. Pension amount 5. Confidence 6. Asset Management Companies 7. Investments, University Funds and more.

The Indian government has targeted to reach $100 billion in FDI in the next two years. The conversion rate applied for October 2019 is Re 1 = 0.01407 USD. Foreign institutional investor Foreign Portfolio / Institutional Investors (FDI / FDI) have been one of the main drivers of financial markets in India and have invested up to 18.51 trillion in India. ($171.81 billion) for fiscal year 18-19. Highly developed primary and secondary markets have attracted FDI / FDI.

The market capitalization of all the companies listed on the Bombay Stock Exchange (BSE) with total capitalization reached a record high of $142.25 trillion ($1.95 trillion) in 2017-2018. Recent Events / Investments India ranked 7th with a market capitalization of $2.1 trillion in 2018-2019. From February to June 2019, IMI invested $11.4 billion in Indian capital. In 2018-2019 (as of December 31, 2018), CII issued 94,070 crowns ($13.48 billion) to the Indian financial markets. Swiss Union Bank (UBS) supported the Nifty target of 9,500 in March 2019. Morgan Stanley invested 40. $1.48 billion by June 2020 with the Sensex target to June 2020. IDE invested SEK 1,937.54 (USD 277.23 million) in the credit segment from 1 to 9 August 2011.

With significant government support, investment in IPIs is strong and should continue to improve. Mark Mahin of CPPIB expressed confidence in the Indian capital market, saying that the country is one of the best places to invest due to population growth, productivity gains and prospects. Long Term Economic growth potential. Participation in PPIs is very consistent with India. We see this trend continuing.

2. Conclusion

This paper presented an overview on policies of Indian government to grapple with recession 2019-20.

References