

# A Study on Possibilities of India for being \$5 Trillion Economy till 2025 Considering COVID-19 Crises

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**Abstract:** *The report's objective is to study India's potential to be a 5 trillion economy by 2025, considering Covid-19 Crises. The focus is on developing and strengthening numerous market segments and ecosystems to accomplish the projected objective. As the budget given by Nirmala Sitharaman [Finance Minister], the primary attention has been on the infrastructure sector, agriculture sector, and healthcare. In this report, various methods have been identified and evaluated to determine India's prospects for a 5 trillion economy by 2025. It has been found that the government focusing on achieving this goal with great passion and eagerness. Additionally, the government announced a post epidemic model, "Atma Nirbhar Bharat, "; to make India self-reliant. Further, Secondary data has been used to identify India's prospects for being a 5 trillion economy by 2025. Qualitative methods will be used to gain knowledge about the purpose of the current report. The researcher has extensively researched all the data and literature, documents, journals to make accurate conclusions and results.*

**Keywords:** \$5 trillion economy, PM Narendra Modi, ASPIRE, MUDRA bank, ATAL innovation mission, modified particular incentive package scheme, single point registration scheme

## 1. Introduction

India, an underdeveloped country, is now aiming to become a \$5 trillion economy by the year 2025. It is the sixth-largest economy in the world by nominal GDP [5]. Despite the deadly pandemic covid-19 prevailing in the country and continuously increasing, Prime Minister Narendra Modi is still hoping and determined that India will reach its predetermined goals. The ambition of the honorable PM Narendra Modi is to develop India and its economy by the year 2024-2025. The focus is on developing and strengthening various market segments and ecosystems to reach the projected objective.

The government is emphasizing achieving this target with full enthusiasm. The main focus is on the infrastructure sector, agricultural sector, and healthcare as the budget given by Nirmala Sitharaman [Finance minister]. Although various projections have been made, the rise of Coronavirus has created pressure on the government to revise the budget. The total spending on the infrastructure sector has been increased to 5.54 lakh crore from 4.12 lakh. On the other side, the planned investment in the health care sector was 94000 criterion budgets, and the revised is 2.23 lakh in the estimated budget of 2020-2021. PM Modi dreamt of making India a global economic powerhouse in the coming years. After the rise of the Corona crisis, India is hugely focusing on the growth of manufacturing industries. Companies of numerous countries are aiming to set up their plants in India, which is directed towards contributing to the Indian economy. Further, it is also raising employment opportunities for the residents.

Apart from this, the government encourages entrepreneurs for start-ups by formulating various schemes and policies. PM Modi has launched several projects to increase wealth and employability by giving wings to entrepreneurs. The schemes include ASPIRE, MUDRA bank, ATAL innovation mission, modified particular incentive package scheme,

single point registration scheme, loan for rooftop solar Pv power projects, etc.

Considering Coronavirus, the role of digital technologies and advancements has gradually increased. The role of digitization has been implemented in almost every business sector. This has also contributed to the economy of the country. The primary focus is still on the infrastructure development of the nation. Moreover, the government has also decided to liberalize various sectors such as media, aviation, insurance, which previously were being tightly controlled. The government of India has promised to provide breaks in taxes to promote and boost the start-ups, which will eventually increase the economy.

## 2. Literature Review

As per the views of [4], this is a vast project that PM has committed for the nation, and every part and scheme of this project will benefit the country. On the other hand, [2] argues that the government has decided to focus on providing electricity, cooking fuel, and housing facilities to the people as some people cannot afford the basic amenities. These are the crucial part of the economy, and the schemes and projects of this \$5 trillion economy will prove advantageous to them by providing them employment.

Apart from this, the backbone of the Indian economy is dedicated to delivering monthly pensions to small retailers. [3] states that the government and its policies are developed, keeping in mind the people who survive their lives below the poverty line. On the contrary, some critics argue that the government is not planning roadmaps for labor and land laws, and thus these are becoming blocks in the efforts of the nation to attract investors. Besides, the government announced a post-pandemic model, "Atma Nirbhar Bharat, "; a plan to make India self-dependent. Again, this concept forces the growth of the manufacturing sector, but it is also a signal for MNCs to enter the country. The government has imposed restrictions on some imports, and thus it acted as a

strategy to accelerate domestic production and proved beneficial for home producers. This ambitious economic objective has emerged as a ray of hope in the minds of millions of the country's residents. At the same time, numerous pragmatic challenges have also been raised. This aim of PM Modi and several authorities can be attained by offering appropriate growth to the prolific sectors that drive service-led democracy.

### Research Question

Q. What are the possibilities of India being a \$5 Trillion Economy till 2025 considering covid-19 crises?

### 3. Methodology

Qualitative research will be used in current research. It is used to understand the underlying reasons, ideas, and motivations. This research method is beneficial for the researcher to get accurate results. The investigator focuses on obtaining data through open-ended and conversational communication. As a result, the outcomes of qualitative methods are more expressive, and estimates can be drawn from data obtained without difficulty. In the wake of the Covid-19 crisis, qualitative methods help the researcher gather systematic information or data to study India's potential to be a 5 trillion economy by 2025.

There is already a low economy driven by the epidemic, which is 15.7 percent of the GDP compared to the last year. As a result, the determined goal of being the 3<sup>rd</sup> biggest economy will be delayed. However, there are catalysts that back up organisational variations. For one, the RBI has achieved a silent revolution after about eight years to reclaim the adequacy of foreign exchange reserves. It should assist alleviate the rupee by affecting the economy from world-wide tremors. Also, continued policy easing is finally fetching down real lending taxes, which is pressure on progress since 2016. The only main shortcoming to sustained growth in oil costs has been found, particularly if it exceeds \$ 100 per barrel.

In the year 2019, the finance minister presented a budget that India is already a \$ 2.7 trillion economy and aiming to reach \$ 5 trillion by 2025. However, it has now contracted further due to the epidemic. Hence, due to this crisis, it may be possible that India may not meet its target of reaching a 5 trillion economy by 2025. In addition, there is consent that expansion is a comprehensive perception compared to economic development. Therefore, by levitation, significant resources, and cumulative output, manufacturing levels can be enlarged relatively simply. In this way, this will contribute to the goal of reaching \$ 5 trillion by 2025.

The accomplishment of an ambitious target of \$ 2 trillion with real GDP post-epidemic below \$ 2-trillion in a limited time frame seems daunting [7]. Even though India has an epidemic plan, it can reach this target by 2035. About 30 billion families have come down from the mid-class during the epidemic, and around 110 billion are unemployed now. The businesses that are able create job opportunities, i.e., large and medium businesses, are going downcast slowly. They are the ones who will receive 6 % outcome-linked

incentives from the tax paid by common taxpayers, with unidentified results.

The nation's health system is wrecked, and the education system is trying to get out of it from this challenging time. As a result, India slides down to 102nd in the Global Hunger Index, 102nd in the Human Development Index, 4th from the bottom on the World Happiness Index, and 142nd on the Poverty Index. In addition, tax marking can be largely off-putting, as India's tax-to-GDP ratio exhibited [10].

Thus, it has been found that India is lagging behind every index where human life matters. GDP can go up to \$ 5 trillion if GDP increases by \$ 2, 000 per capita. Nevertheless, the main question is how does it go to \$ 2, 000 and whom it goes to matters.

It further builds capacity to sustain high growth with a comprehensive strategy for the economy to grow to \$ 5 trillion by 2025. India can take two diverse routes to develop a \$ 5-trillion economy by the mark date. First, there is an accounting method that shows targets to be met with high growth of nominal GDP, together with a robust currency. Automatically, this can occur when a continuous holocaust of capital flows grows partly to the rupee and partly to an increase in the foreign exchange reserves. Moreover, the second way to accomplish the goal is the authentic way the budget inflates under the pillar of physical and financial capital and infrastructure. A robust infrastructure run by the public sector raises the rate of investment in the economy. The multiplier then comes to raise the level of revenue and consumption. This 'real way' drives up actual GDP growth, generates job openings, and keeps inflation low and steady in order to advance living standards.

Over the next three-four years, high actual GDP growth rates will become intermittent in most economies as they gradually overcome the effects of the epidemic [6]. Clearly, the domestic market holds the key to India's development over the next few years and is slowly being extended to overseas goods and services.

Apart from this, the central goal of making India a \$ 5 trillion economy by 2025 is more aspirational than carefully calculated even before the coronavirus epidemic [1]. However, it will bring a severe change in monetary policy, which may upset the bond markets. Further, the government had released a report by the National Sample Survey Organization that showed that India's unemployment rate rise to a 45-year high of 6.1% in 2017-'18. Another survey exhibited that per capita monthly expenditure declined for the first time in 2017- '18 since 1970 [8]. The Narendra Modi-led government aims to make India a \$ 5 trillion economy by 2025. However, the economy is going through a recession, growing just 5% in the April-June quarter, the slowest in six years.

### 4. Results

Secondary data is collected from various documents, interviews, articles, and more. The researcher carefully evaluates all the data to draw reliable conclusions. The conclusion that follows is; India's chances of having a 5

trillion economy by 2025 are meager, considering the Covid-19 crisis. The probability of the Indian economy becoming 5 trillion by 2025 is 40 percent; in contrast, the

likelihood of not becoming the Indian economy of 5 trillion by 2025 is 60 percent.

#### What are the possibilities of India being a \$5 Trillion Economy till 2025 considering covid-19 crises?

60 percent- the possibility of not becoming an economy is Indian economy of 5 trillion by 2025	40 percent - the probability of Indian economy becoming 5 trillion by 2025
<ul style="list-style-type: none"> <li>Due to the pandemic, many people have lost their jobs, the standard of living is going down.</li> </ul>	<ul style="list-style-type: none"> <li>Companies from many countries aim to set up their plants in India, which is directed towards contributing to the Indian economy.</li> </ul>
<ul style="list-style-type: none"> <li>Pandemic brings the recession period, which makes it difficult to reach the goal.</li> </ul>	<ul style="list-style-type: none"> <li>PM Modi has launched several projects to increase wealth, including ASPIRE, MUDRA Bank, ATAL Innovation Mission.</li> </ul>
<ul style="list-style-type: none"> <li>The government is not planning a roadmap for labor and land laws, thus hindering the nation's efforts to attract investors.</li> </ul>	<ul style="list-style-type: none"> <li>A post epidemic model, " AtmaNirbhar Bharat, "makes India self-reliant.</li> </ul>
<ul style="list-style-type: none"> <li>About 31 million families have fallen below the middle class during the epidemic.</li> </ul>	<ul style="list-style-type: none"> <li>Although various estimates have been made, the main focus is on the infrastructure sector, agriculture sector, and healthcare.</li> </ul>
<ul style="list-style-type: none"> <li>National Sample Survey Organization showed that India's unemployment rate rose to a 45-year high of 6.1% in 2017-'18</li> </ul>	<ul style="list-style-type: none"> <li>Digitization also contributed to the country's economy. This is because it has been implemented in almost every business sector.</li> </ul>

## 5. Conclusion

It has been concluded from the study; the whole research is done to identify the possibilities of India being a \$5 Trillion Economy till 2025, considering covid-19 crises. Despite the severe pandemic Covid-19 prevailing in the country, Prime Minister Narendra Modi is still eager and shaping that India will reach its predetermined targets. Although several estimates have been made, the growth of Coronavirus has forced the government to revise the budget. Further, the researcher keenly evaluates various journals, articles, newspapers, documents, interviews, and more in order to come up with a precise conclusion over the prospects of India's Economy becoming 5 trillion by 2025.

Further, it has been found due to the pandemic, the economy of the country has jumbled; people lost their employment, and more. Therefore, it makes it difficult for India to be a \$5 Trillion Economy till 2025 due to Covid- 19. Moreover, by conducting the research, there are few chances for India's Economy to reach the \$5 Trillion economy by 2025.

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