VOLUME - 15, ISSUE - 08, AUGUST - 2026 • PRINT ISSN No. 2277 - 8160 • DOI : 10.36106/gjra

Original Research Paper

Economy

AN ANALYSIS OF GVA BY ECONOMIC ACTIVITY WITH SPECIAL REFERENCE TO COVID ERA

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ABSTRACT This paper tries to analyze the gross value added at basic prices, compare the percentage change in the previous two years and tries to give suggestions for improving.

KEYWORDS :

INTRODUCTION:

National income has been one of the most important indicator to measure the economic development of any country. No doubt there are many indices which reflect on the economic well-being of our nation. since time immemorial we had GDP as a main indicator to measure the economic welfare. Later on Net Economic Welfare, Physical Quality of life Index, Human Development Index, Multidimensional Poverty Index and others have been given Prime importance. When will look into the economic scenario and try to measure the economic welfare GDP still continues to occupy prominent position.

METHODOLOGY:

This study is based on secondary data. The data source has been NSO (National statistical office), Ministry of statistics and programme implementation. It is the second advance estimates of national income on February 26 2021 which includes expenditure components of GDP both at constant and current prices. The constant period considered as a base year is 2011-12.

Gross Value Added by Economic Activity:

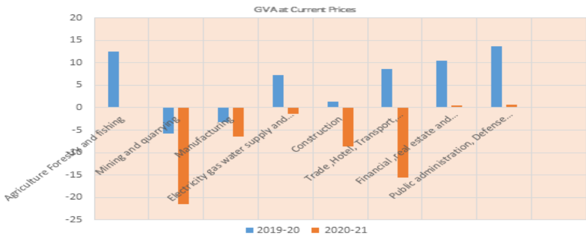
The Gross value added measures the contributions of different sectors to economic activity. It is the value addition to a product. There is a marginal difference between GDP and GVA. The Gross domestic product tries to take into account the final value of goods and services produced whereas gross value added reflects on the value addition in the production of final value of goods. This can be taken into account on the basis of two periods namely

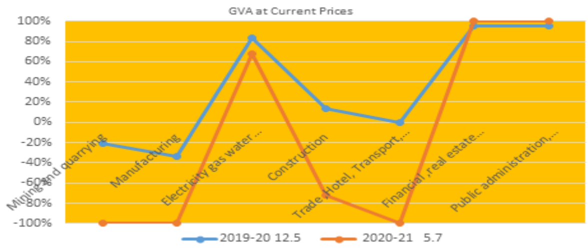
1.Current Period
2.Constant Period

The following table shows the GVA at current prices.

Industry	Percentage change over Previous year (At current prices)	
	2019-20	2020-21
Agriculture Forestry and fishing	12.5	5.7
Mining and quarrying	-5.7	-21.5
Manufacturing	-3.3	- 6.4
Electricity gas water supply and other utility services	7.3	-1.4
Construction	1.4	-8.7
Trade ,Hotel, Transport, communication and services related to broadcasting	8.7	-15.5
Financial ,real estate and Professional services	10.5	0.5
Public administration, Defense and other services	13.7	0.7
GVA basic prices	7.6	- 3.7

Source: NSO Data, MOSPI 2021

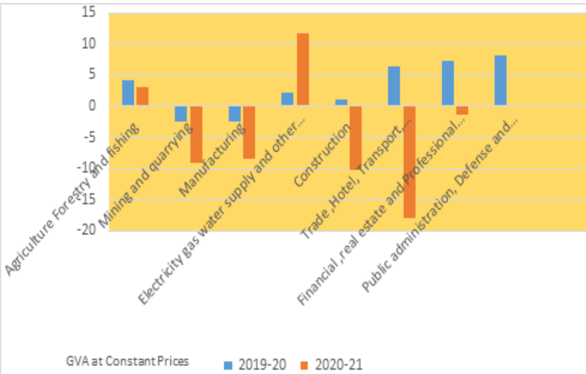




The following table shows the GVA at constant prices.

Industry	Percentage change over Previous year (At Current Prices)	Percentage change over Previous year (At 2011-12 Prices)
	2019-20	2020-21
Agriculture Forestry and fishing	4.3	3.0
Mining and quarrying	-2.5	-9.2
Manufacturing	-2.4	- 8.4
Electricity gas water supply and other utility services	2.1	11.8
Construction	1.0	-10.3
Trade ,Hotel, Transport, communication and services related to broadcasting	6.4	-18.0
Financial ,real estate and Professional services	7.3	-1.4
Public administration, Defense and other services	8.3	-4.1
GVA basic prices	4.1	-6.5

Source: NSO Data, MOSPI 2021



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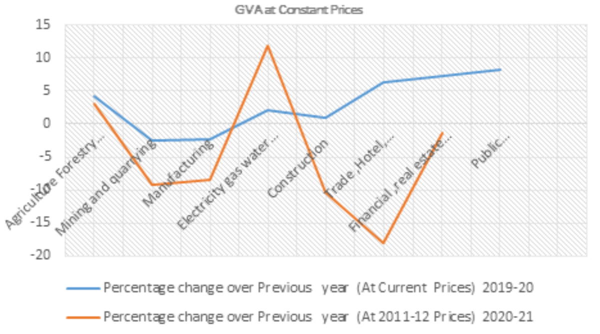

The following points can be concluded based on the above data:

- Almost all the indicators have entered the negative for trends in the year 2021 mainly due to the impact of covid-19
- Gross value added and basic prices has declined to -3.7 in 2020-21 from 7.6 in 2019-20 clearly indicating that coronavirus has its impact on downsizing all economic activities.
- Similarly, when we take a look at percentage change over previous year at constant prices of 2011 12 there has been a sharp decline of -6.5 % and 2020-21 from 4.1 % in 2019-20.
- There is more than 50% decline in the contribution of agriculture forestry and fishing in the current year compared to the previous year.
- Mining and quarrying sector has also registered a negative growth rate amounting to 3 times in the current year.
- Manufacturing sector has also registered double negative growth rate.
- The gross value added from electricity, gas, water supply and other utilities services has also been declined and entered into a negative for trend in the year 2020-21.
- The construction sector as also registered negative growth of 8.7percent.
- Trade, hotels, transport, communication and services related to broadcasting have also been registered on negative growth rate.
- There has been a steep decline in their financial real estate and professional services
- Public administration, defense and other services have also registered a growth rate of 0.7 compared to a previous growth rate of 13.7 percent.
- Even though the contribution of agriculture Forestry and fishing towards Gross Domestic Product has been on decline over the years but it has been witnessed that in the covid era the contribution has remained positive Almost all the sectors have reached negative growth rate in the year 2021 at constant prices.

CONCLUSION:

Given the above data the analysis clearly reflects that day gross value added by industry of origin has been steadily declining from the year 2019 and 2020. Even the agriculture has remained a dominant sector which has been contributing to gross value added in the Indian economy especially after the Corona, but contribution of agriculture is positive compared to other sectors such as manufacturing, transportation, service sectors which have shown a clear negative trend. A more realistic policy approach is required from the governmental sector. This analysis has been based on the argument of Keynes. John Maynard Keynes head recommended for deficit financing during extraordinary situations or emergency situation. The government should go for a deficit financing policy to come out of the covid. The second most important aspect of policies to induced investment by giving tax concessions to major contributors of Indian economy. Tax holidays or tax concessions can be given along the deficit financing. but time lag is also a important criteria which has to be looked into because Indian economy has to adjust and go to path of recovery.

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