



IMPACT OF COVID-19 ON INDIAN ECONOMY

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ABSTRACT

Corona virus or Covid-19 is a family of viruses that cause many diseases in humans. Which usually has cold or cough and its more serious forms like SARS or MERS. Which is life threatening. With the increase in COVID-19 cases and death worldwide. The world Health organization declared the virus an epidemic in the Second week of March 2020. COVID-19 has crossed all borders in a very Short period of time. The first case of the COVID-19 pandemic in India was reported on 30 January, 2020, origination from china. ON March 24. Honorable Narendra Modi announced a 21 days lockdown, making the situational emergency clear to the country. The outbreak of corona virus and subsequent nationwide band had a profound impact on the India economy. This reduced the Income of all Indian retailers who were selling non-essential items like cars, furniture, jewellery etc. Most companies are expected a huge drop in sales and job losses. In this case, the government announced a relief package of 1.76 lakh crore and aimed to reduced the impact of the lockdown. The central government extending the lockdown until 31 may India's GDP growth rate may dip to 0% as per analyst estimates. The international monetary fund in its recent projections has estimated a 1.9% growth rate for India.

KEYWORDS- covid-19, SARS, MERS, Epidemic, lockdown, Threatening

INTRODUCTION

The first case of covid-19 was identified in Wuhan, China in December 2019 and then it spread all over the world globally more than 200 countries. It is admitted as a pandemic by the world health organization (WHO) on march 11, 2020. The effect of this virus is troubled and it is observed that most of the developed countries like USA, Britain, Italy and Germany is badly affected. Frankly India is also one of the affected country. There are approx 2 Lac confirmed cases of corona virus and 5608 deaths on dated June 2, 2020 according to world meter. The India govt. has declared a kind of measures to hold the situation. The whole country was announced to be under 68 days lockdown in phases. Resulting there are a major losses in Indian economy in various Sector. The next one or two years will be herculean for India. Many profession will fight, many of them may die and some other new industries will bring a hope of recovery.

Symptoms of COVID-19

Corona virus affects the different people in different way. Its symptoms range from common cold to difficult in Dispiration and deaths can occurrence. Symbols or symptoms may come out 2-14 days after exposure. This time period is called the incubation period. Corona virus spreads person to person after intimate sociality, when a covid19 positive patients breath out, sneeze or talk, small droplets of sliva released from his/her mouth and float in nearby air. When a person come into the contact of the infections air the person gets affected by the virus. It is important to note that COVID-19 is new, and research is still ongoing. There may also be other ways that the new corona virus can spread.

Data base and research methodology

The present study was entirely based on the secondary data. Therefore required data is collected from the different research, articles, and newspapers, publishes journals on the above topic.



Impact of COVID-19 on Indian Economy

After registering its first case in the southern state of Kerala at the end of January 2020, India began screening hardened airports for corona viruses. The following week saw a quick succession of events halting all travel in and out of the country by 22 March. On the same day, Prime Minister Narendra Modi called for a 14 hour. Janta curfew, some of which called a trial –run for the lockdown implemented after that week. While infections continued to increase during this periods, Indians were now confined to their homes to prevent the spread of the virus. The announcement of lockdown did not come without anarchy – it caused wider Spread panic, especially among the lower classes of society including farmers and migrant workers who remained stranded and unemployed overnight from their distant homes and a means of transportation was no . Despite the government announcement a relief package of 1.7 trillion. The economic impact of the 2020 Corona virus pandemic in India has been largely disruptive. According to the survey, COVID-19 is having a ‘deep impact’ on Indian businesses, with more risk in jobs for the coming month as firms look for some reduction in manpower. Furthermore, it has been added that already the COVID-19 crisis has led to an unprecedented decline in economic activity in the last few weeks. It sets the clock of economy backwards on the Improvement progress of various nations as well as India. Workers and traders are facing destruction. ILO (International labor organization) said, “In India, Nigeria and Brazil, the number of workers in the informal economy affected by the lockdown and other containment measures is substantial. Data released by the statistics department showed. GDP grew by a slower pace of 3.1% in the fourth quarter of 2019-20. Although research and economic experts have slashed GDP rates for the future, it was also speculated that the country could quickly pounce back due to the organized and unorganized market structure, with the latter being predominant. Damage from the organized sectors at the end of March was estimated at nine trillion rupees, a prolonged period of lockdown. Indirectly, the most affected were services and manufacturing, particularly travel and tourism, financial services mining and construction, with a decline of up to 23 percent between April and June 2020. An epidemic occurred with uncertainty and implications on all aspects of trade worldwide. India is ahead of most countries despite being able to implement work –for-home measures where applicable, job and earnings losses as well as price volatility were feared. Segments like consumer retail are expected to fall between three and 23 percent depending on the market. With most of the big players in the segment having less than full capacity to keep it affordable, the government issued new guidelines for industrial functioning in mid April, although the lockdown was extended to may 3, 2020. Possibly, the biggest mess came from mass disruptions ranging from essential retailing to e-commerce players, which offered delivery services. With the initial suspension of services from companies such as Amazon India, Flipkart, big basket and other online retailers, retail stores across the country played a key role in providing daily items. In the lockdown weeks, this balances was greatly improved, with more people able to buy all they needed. This gave a boost to the already rapidly growing online market in the country particularly in relation to digital payments, which saw an increase in new adopter and exclusive users of the technology.

Sector Wise Impact on Indians Industry

In my best guess, here are some areas that will be adversely affected and others that will see uptake.

1. Agriculture:- The resilience of the agriculture sector has been tested by the outbreak of covid-19. A global crash in hotel and restaurant demand has led to a 20% drops in prices of agriculture commodities. Countries around the world have taken a number of protective measures to stop the rapidly spreading spread. This includes social distancing, avoidance of unnecessary travel and ban on markets. Advice on self-isolation in contact with suspected carries of the virus is likely to affect the number of available inspectors and delivery staff which is important to ensure validation and transportation of products. This would have implications for perishable goods such as meat and vegetables. In addition, markets have gone one step further by discontinuing floor trading, affecting the ability to conduct commodity exchanges.
2. Education:- Covid-19 has affected all levels of the education system from pre-school to tertiary education. Different countries have introduced different policies, ranging from complete band in Germany and Italy to targeting children of workers in all major industries in the UK. Additionally, more than 100 countries have closed nationwide for educational facilities. UNESCO estimates that about 900 million learners have affected by the closure of educational institutions. Covid-19 has an impact on social mobility, with schools no longer providing free school meals, social isolation, and school dropout rates for children from low income families. It also has a significant Impact on the cost of child care for families with young children.



Additionally, there exists a wide disparity among populations with high incomes who are able to use technology that can ensure that education can continue during fully segregated.

3. **Healthcare industry:-** The covid-19 epidemic has created an unprecedented challenge for health systems worldwide. In particular the risk to health workers is one of the biggest weaknesses of health systems worldwide with most health care workers unable to work remotely, the strategy is necessary, including early deployment of viral testing for heterogeneous and/ or frontline healthcare workers. High health care costs, lack of protective equipment including N95 face masks, and low numbers of ICU beds and ventilators have ultimately exposed weaknesses in the delivery of patient care. In the US, there is concern about unspecified individuals, who may work in job that lead them to viral infections that can have significant financial consequence in the event of illness.
4. **Social impact:-** Lockdown and social security measures to prevent the spread of COVID-19 have increased fears of rising levels of domestic violence, including physical, emotional and sexual abuse. Focused time spent in lockdown means that vulnerable people are more exposed to abuse and more difficult to ask for help. In addition, a significant impact of the COVID-19 epidemic has been observed within the video-gaming industry. With many individuals isolated and/or remaining home under strict government regulations, online gaming has seen the rise of a record number of players, leading to increased revenue for many companies. Conversely, negative effects include the cancellation of the annual and major business event E3 2020, the rescheduling and/or cancellation of popular export leagues.
5. **Chemical Industry:-** Some chemical dyes have been discontinued in china. Therefore, there will be a restriction on logistics. It was found that 20% production has been affected due to disruption in supply of raw materials. China is a major government of indigo which is required for denim. Trade in India is likely to be affected so people are securing their supplies. However, this is an opportunity. The US and the European Union will seek to diversify their forums. Some businesses can be diverted in India, which can also be taken as an advantage.
6. **Auto industry:-** Its impact on India, companies will vary and will depend on the extent of trade with china. There is no doubt about china's trade. However the current level of inventory is sufficient for Indian industry. If the shutdown in china continues, it is expected to result in an 8-10% contraction of Indian auto manufacturing in 2020.
7. **Textiles Industry:-** Textile will get hit adversely due to disruption in labor supply, raw material unavailability working capital constraints and restricted demand due to limited movement demand due to limited movement of people and purchasing ability.
8. **Auto sector :-** (which includes automobiles and auto parts) will continue to face challenge on account of lack of demand, global recession and falling income levels.
9. **Aviation and tourism:-** Aviation and tourism is the sector most likely to go without direct government intervention. In the next 12 months, it is highly unlikely that people will travel for leisure other than much needed travel.
10. **Building and construction:-** building and construction businesses generally benefit and will therefore face the dual challenges of high interest payments and lack of sales.
11. **Low asset utilization rate in logistics and ports:-** Revenue has taken a hit in the cab segment of railways, bus, airline and transport sector, with restricted people/passenger movement amid lockdowns. Among essential commodities the government of India has taken several freight across the country. However, players in the logistics sector are struggling for service needs as supply chains in industries have been disrupted in addition, factories have drastically reduced production and fewer trucks are on the road. Due to the unavailability of employees, last-mile storage and distribution also suffer. **A. RAIL FREIGHT:-** Rail freight has been affected by the demand and supply of bulk quantities of bulk goods (Such as imported coal for power plants or coal exported via rail to various ports in India for steel mills in china. **B. Road freight:-** According to IFTRT-50% of the 50 lakh trucks are on the road due to unavailability of drivers who fear getting stranded as roadside services (restaurants, repair shops). The fall in revenue due to lower utilization of assets will have long term impact on the sector. The cash flow in these businesses and the working capital of the firms will also remain constant.
12. **Electronics industry:-** China's major supplier in electronics is an end product or raw material used. India's electronic industry may face supply disruption, production, cut-off effects in product prices due to heavy reliance on electronics component supply, either directly or indirectly and on local manufacturing.



IMPACT OF LOCKDOWN ON INDIAN ECONOMY

The central government has been reopening parts of the economy, while continuing with the lockdown in COVID-19 affected parts of the economy, which contribute over 60 percent of the GDP. The government has extended the nationwide lockdown to June 30 with further relaxation. We estimate that a month's slowdown will cost 1-2 percent points of GDP and the six week restart to shave off 0.66 per cent, its analysts wrote it now expects the GDP to contract by 2 per cent, 0.70 percent wider than the previous estimate. The loss incurred by enforcing a lockdown in the country was estimated at 26 billion U.S dollars and a significant decline in GDP growth is also expected in the June quarter of 2020. With the imposition of restrictions on transport worldwide, the trade sector also took a hit. Exports and imports saw a drastic decline in the country especially in the case of essential commodities such as petroleum, food crops, coal, among others. The major impact of the lockdown on industries, commercial department, automobile, real estate and several other services will become more clear in the end of the June months.

STEPS TAKEN BY THE INDIAN GOVERNMENT

The central Government, amongst other, has taken the following decisions in these directions-

1. Income tax:- Extension of last date of income tax returns for financial year 2018 – 2019 from 31.03.2020. Addhaar - PAN linking date to be extended from 31.03.2020 to 30.06.2020.
2. GST/ Income tax:- Those having aggregate annual turnover less than Rs.5 crore can file GSTR-3B due in march, April and may 2020 by the last week of June, 2020, without any interest, late fee, and penalty.
3. Relief for poor:- The Indian government on 27.03. 2020 announced a Rs 1.7 lakh crore relief package aimed at providing a safety net for those hit the hardest by the COVID-19 lockdown, along with insurance cover for frontline medical personnel about 800 million people are expected to get free cereals and cooking gas apart from cash through direct transfers for three months.
4. Atmanirbhar Bharat Abhiyan:- On 12 May, the prime minister said in an address to the nation that the corona virus crisis should be seen as an opportunity, emphasizing domestic products and “Economic self-sufficiency”, India Through an atmanirbhar Bharat Abhiyan. The next day the finance minister started giving a description of the prime minister's vision which would continue over the next few days. The finance minister said that it aimed to. “promote development” and “self-reliance”, adding that, self- sufficient India does not mean disconnect from the rest of the world. Law and IT minister, Ravi Shankar Prasad also stated that self reliance does not mean “isolation from the world. FDI is welcome technology is welcome self reliant”. India translates to a large and important part of the global economy. Shashi tharoor called ‘self reliant India mission.
5. Economic packages:- India's overall economic package is 20 lakh crore it is 10% of India's GDP. However, the package announced by the prime minister on 12 May included previous government actions, including RBI announcements. Previous RBI announcements included liquidity of the previous 8 lakh crore. On 26 March, the finance minister announced a package of 170,000 crore. The strategy of combining fiscal and monetary, liquidity measures was defended by the government. Sitharaman said that other countries had done the same. Estimates of the size India's fiscal stimulus as a percentage of GDP vary from 0.75%to 1.3%. The finance minister held a press conference for five days between 13 and 17 May, which explained the economic package. The economic package included improvements, building infrastructure, supporting stressed businesses and a fixed amount of direct cash assistance.

The formation of the COVID-19 economic response task force was announced on 19 March by prime Minister Narendra Modi during his live address to the nation on 19 March 2020. The task force is headed by finance minister Nirmala Sitharaman. Although not formally date for the relief package, the consultation process with the parties concerned has started immediately initiated consultations with the RBI and ministries to take stock of the most affected sectors such as aviation, hospitality and MSMEs. Various state governments have announced financial assistance for the poor in the unorganized sector. On 24 March, the prime minister announced a 15,000 crore fund for the healthcare sector. On 24 March at 2:30 PM, the finance minister made several announcements related to the economy to extend the deadline for filing GST returns and income tax returns. The due dates for compliance cases under the Sabka sath sabka vikas scheme 2019, customs Act and relate laws have been extended till June 2020.

CONCLUSION

Like these colonies for flexible and strong leadership in health care, business, government the wider society, with a new depth and anticipation of financial collapse. The immediate relief measure needs to be implemented and



adjusted for those who may fall through the drift. After this situation, medium and long term planning is needed to rebalance and reactivate the economy. This corona virus epidemic can ruin the Indian economy. GDP levels may fall further, even more so when India is not immune to the global recession. In fact, it is believed that India is vulnerable, as its economy is already ill and in a deep seated recession for many quarters, long before the outbreak of covid-19. The Prime Minister of India has already spoken of establishing an economic workforce to device policy measures to deal with the economic. Challenges posed by covid-19, as well as on the stability of the Indian economy. However, concrete plans must be put in place to support the economy and its recovery. As virus outbreaks grow globally as well as within India, we have to forget, for the time being at least, that everyone is talking only about economic recovery and instead the result of covid-19 join hands whole heartedly to deal.

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