

## Impact of COVID-19 on Indian Economy

**\*Dr. Payal Goyal**

### **Abstract**

Presently the entire world is facing the problem of coronavirus, which has contagion the whole world and by which the Indian economy has been facing substantial slowdown over the past few quarters. In the third quarter of the current monetary, the economy grew at a six-year low rate of 4.7% remarking that India is a developing country and so the new coronavirus pandemic has failed the plans for the growth of the Indian economy and it questions the very difficult to recover in the upcoming year; this pandemic outbreak has taken new challenges for the Indian economy.

Coronavirus outbreak was first reported in Wuhan city, China on 31 December 2019. The World Health Organization (WHO) has named the new disease as 'Covid-19' scaling on a pandemic level and has disturbed the very human lives plus the global economy. The Indian government is following some preventions and preclusions to this pandemic of coronaviruses, such as lockdown, social distancing and other alternate steps, such activities are affecting the Indian economy leading to many challenges and issues.

This paper attempts to study the challenges and assess the impact of COVID-19 on the Indian economy. The study has additionally aimed to grasp its edges on the Indian economy.

**Keywords:** covid-19, Indian Economy, Economic recession.

### **Objectives:**

The major objectives of this study are:

- \* To study the impact of coronavirus on the different sectors of the Indian economy
- \* To find out the effect of covid-19 over all Indian economic growth.
- \* To investigate the challenges in various sectors of the Indian economy.

### **Introduction:**

India and China rapprochement booming bilateral trade have the strongest pillars and today these

---

## Impact of COVID-19 on Indian Economy

*Dr. Payal Goyal*

countries represent Asia's two largest and most dynamic societies which are emerging as new trendsetters in international relations, but in the year recently that is of December 2019 china was struck with the pandemic -Coronavirus.

Coronavirus is a kind of common virus which may lead to pneumonia (lung infection), respiratory failure, coughing, shortness of breath, trouble breathing, headache, sore throat, nausea, etc. Many COVID-19 complications may be caused by a condition known as cytokine release syndrome or a cytokine storm which is when an infection triggers the human immune system to flood the body's bloodstream with inflammatory proteins called cytokines and they can kill tissue and damage all the body which may cause to human death. it has declared by WHO on 30 January 2020, that the new coronavirus outbreak is dangerous for public health, it is a pandemic disease which makes an emergency of international concern and posing an extraordinary challenge to the world.

Like many other countries, India is extensively affected by this pandemic, as on 29.04.2020 more than 31,000 cases of COVID-19 have been confirmed in India with more than 1000 deaths, since this disease has no medicinal cure it spreads very fast from one human to another, therefore both India and Union start-initiated essential arrangements on war footing to stop this pandemic.

The Indian government has made some plans for stopping coronavirus spread in the country and the biggest example to that is when India prime minister applied social distancing and a nation-wide curfew (Janta curfew) followed on 22 March, in which a 21-day lockdown happened across the whole country. It began from 26 March to 14 April curbing the spread of the coronavirus pandemic, because of such rules/activities it affected all the business, industries, essential supplies, and human resources.

COVID-19 has shown the world its two aspects- one is positive while the other being negative, in terms of positive the whole world environment improved, as for the negative the global economy suffered tremendously. Through the showing of finance bill for the year 2021, it had sensibly estimated India GDP growth rate of 10%, the slowdown in demand end of production movements, decrease in global price reduction in commodities like metals, energy, and nourishment, limitations on the flights, tourism among others, has bound to use sinking pressure on the inflation, thus unfavourably affected the economy graph. Whereas the lack of demand, together with no investment for the upcoming time which may result in the Indian stock market to crash. A U.N. report estimates a trade impact of more than 350 million USD on India due to this outbreak, making India one of the top worst affected economies across the world.

The effects of COVID-19 on industries has not only led to cut the salaries of workers but also release the work from their employees because of which most of the workers went unemployed during the lockdown period most of the hotels are vacant, airlines are closed, and the Live events industry has also taken a loss.

These lockdowns and restrictions on commercial activities and public gatherings have impacted domestic growth, (CMIE) on 07.04.2020 the overall unemployment rate may have rushed to 23%

---

### **Impact of COVID-19 on Indian Economy**

*Dr. Payal Goyal*

with urban unemployment standing at nearly 31% whereas, International Labour Organization (ILO) is estimating about 40 crores workers of unorganized sectors to be unemployed.

#### **Research Methodology:**

This study has been founded base on secondary data collection from several national and international publications, public or private journals obtainable numerous website and news article concentrating features on COVID-19 and I have taken survey reports by various agencies like CRISIL, FICCI, etc. Mostly I have selected the reports which were published in March and April months to explain the impact of COVID-19 on Indian economy.

#### **Impact on Indian Economy:**

The Indian economy has been facing a significant slowdown over the past few quarters and trying to bring back the economy on a growth path. The overall impact has seen in Indian commerce for the industries unemployment rate has increased very fast due to lockdown whereas, International Labour Organization (ILO) has to estimate about 40 crores workers of unorganized sectors to be unemployed and not only that Agricultural sector which is the primary sector of the Indian economy or the backbone of the Indian economy has also got impacted and it has made the problematic situation of the farmers because this lockdown is difficult to take their produce for sale to the markets, So we can say all over the outlook the coronavirus has affected every sector ether it is socially, economically, financially, politically, etc. Covid-19 has deeply impacted the Indian business creating many crises have raised in human resource and jobs are now in the high-risk mode. During the lockdown, most of the companies removed their employees because of which they have to go back to their home town and these activities will become a negative impact in prospects creating an unprecedented collapse within the economy. These activities over the coming time will have a damaging impact on the economy caused due to a total lockdown imminent.

Indian business has been the most affected such as in linkages, supply chain, and macroeconomic which has been showing the data of the Dun & Bradstreet that at least 6,606 Indian entities have legal linkages with companies in countries with a large number of confirmed COVID-19 cases and business activity in the foreign markets has been slowed down which indicates a negative impact on the topline, some companies have been very much affected includes logistics, auto, tourism, metals, drugs, pharmaceuticals, electronic goods, retail among others. However, the coronavirus has made the recovery tremendously difficult in the near to medium term and the outbreak has presented fresh challenges for the Indian economy now.

There are some main sectors which have been impacted by COVID-19, they are as follows:

#### **Impact on Supply**

COVID-19 has most of the impact on business activities stopping factories from their manufacturing because of the delay in supply of goods, where import-export also has impacted by this because India's most manufacturing sectors are dependent on china for products. Some sectors like

---

### **Impact of COVID-19 on Indian Economy**

*Dr. Payal Goyal*

automobiles, pharmaceuticals, electronics, chemical products, etc. are facing a pending raw material and component shortage as most of the business transactions have failed due to countries being under lockdown.

### **Impact on Demands**

Due to the outbreak of most of product and service sectors have been worst affected and facing the maximum brunt of this crisis that is tourism, hospitality shopping complex, cinema theatres, consumption is also getting impacted due to job losses and decline in income levels of people particularly the daily wage earners due to slowing activity in several sectors including retail, construction, entertainment, etc. even travel restrictions have been severely impacted by the transport sector.

### **International Trade**

Covid-19 has interrupted international supply chains and this is creating a fall over effects, that is throughout having a dissimilar level of supplier networks. Global trade in 2020 will fall in every county of the world and will affect all sectors of the economy. The World Trade Organization (WTO) expects global trade to fall up to 32% this year due to the coronavirus pandemic.

The outbreak of coronavirus has been negatively impacted on exports on China food, petrochemicals, gems, and jewelry, etc., for instance, the fisheries sector has been to incur a loss of more than 1,300 crore INR due to a fall in exports. According to UNCTAD, India's trade impact due to coronavirus outbreak is assessing about 348 million USD. India is amongst the top 15 countries that have been pretentious most as an outcome of a manufacturing slowdown in China that is troublesome world trade.

### **Tourism**

India in last few years has become a big place for cultural and historical tourism, attracting foreign nationals throughout the year, but due to coronavirus most of the visas have been suspended and tourist attractions also being shut down indefinitely making the whole tourism value chain hugely impacted, which includes hotels, restaurants, attractions, agents, and operators that are facing losses worth thousands of crores and all this type of situations have made tourism industry more likely to take a massive hit, and it could end up crippling the industry for the foreseeable future.

### **Financial Market**

The global economy has been declining in terms of output and production in India is also facing the same problem due to the outbreak. The foreign investors are not investing in the capital market of India which has been the cause of crashed Sensex with the economy facing a huge crash and wealth erosion impacting consumption levels also. In the finance sector has been seeing uncertainty and the up and downs in the global equity markets, both of the BSE Sensex and NSE Nifty has mostly affected by the Covid-19 creating the financial market extremely volatile leading to huge crashes and wealth erosion as well which in turn is impacting consumption levels.

---

## **Impact of COVID-19 on Indian Economy**

*Dr. Payal Goyal*

**Agriculture**

Indian economy is mostly dependent on agriculture and during the covid-19 crisis, farmers faced the problem of good seeds and other farm inputs they didn't reach farmers in time for the Kharif season. Most of the fruits, vegetables and flowers has been destroyed due to supply in the market supplier exporters also could not trade the farming goods.

**MSMEs.**

The Micro, Small and Medium Enterprises (MSMEs) are the backbone of all Indian sectors and these are often engaged in manufacturing and export activities which are two key drivers of the Indian economy and almost all MSMEs are out of action due to the lockdown.

**Tourism and Hospitality Sector**

The tourism sector has been worst affected due to pandemic. AKMPG report from last month had already predicted for Indian tourism and hospitality sector to lose more than over 3.8 core jobs and will be increased in coming time if the lockdown will be extended further.

**Aviation Sector**

The impact of the coronavirus pandemic and the lockdown has been triggered slow into the aviation industry. It is among the worst-affected sectors by the Covid-19. According to the International Air Transport Association, airlines global passenger revenues had a loss of approx. \$113 billion. As a result, airfares to such destinations have fallen by 20% - 30% in domestic traffic.

Some companies have reported more than 30% drop in domestic travel whereas, the CAPA India a leading travel and tourism consultancy firm reported that global aviation activity has loosed over 66% in the wake of the Covid-19 crisis. Therefore, most of the airline companies are running slow and some are almost at the brink of bankruptcy.

**Automobile Sector**

The automobile sector in India forced to stop their manufacturing activities and has led to a sharp drop in production and sales, most of the Indian automobile businesses are depending on china, as it accounts for 27% of India's automotive part imports and major global auto part makers such as Robert Bosch GmbH, Valero AS and ZF Friedrichshafen AG, has factories located in the Hubei province. Owing to the closure of the factories of these companies there has reportedly been a delay in the production and delivery of vehicles like Bharat Stage Four (BS-IV) models, so most of the automobile industries are facing the problem due proper supply and demand.

**Real Estate Sector**

The nationwide lockdown due to the COVID-19 pandemic has created the worst impact on real estate because many of workers have migrated to their hometowns due to lack of work, employers are stuck in an odd situation in this scenario. They are facing a shortage of labour and supply chain of

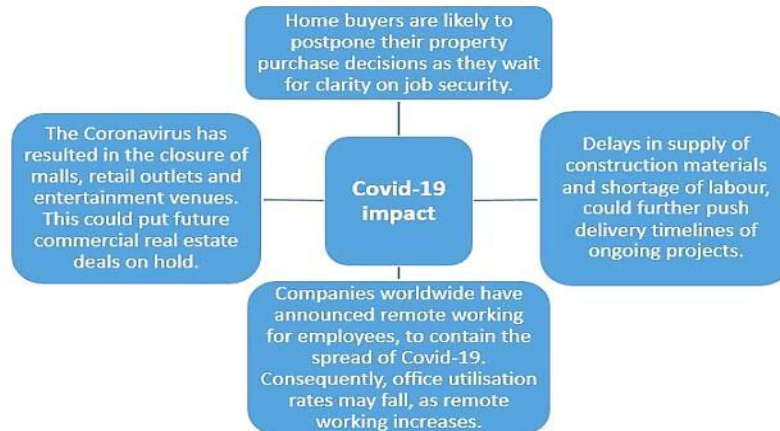
---

**Impact of COVID-19 on Indian Economy**

*Dr. Payal Goyal*

construction materials as well as there is a lack of investors or buyers in the current market and many of running projected has been failed due to COVID-19.

**This chart shows some impact to the Covid-19**



**Suggestion:**

1. The Indian government should change some economic rules and regulation against the economic-crisis and consider the polices to deal with such disturbance.
2. The banks should be adopting: Make less risk-averse in their overall lending.
3. The government of India should offer a payroll tax holiday for a quarter to Help support demand in this panic situation.
4. There should be some relaxation on policies for MSME and provide a concessional working capital lone which can be equivalent to one- or two-month's average turnover of last year and support the small-scale business and sick units to provide them concessional finance at minimum cost through the SIDBI. They should also provide the interest payment for such financing which can be adjusted over in the next three years as part of GST.
5. All CSR spending by corporate organizations should be directed towards a response fund dedicated to the management for the pandemic.
6. Economic impact of covid-19 on inflation, employment and related subjects, especially supply chain of essential goods needs continuous monitoring and remedial action.
7. There should be a measure to protect the workers in informal sector, who will be badly affected. MNREGA (Mahatma Gandhi National Rural Employment Guarantee Act) and Jan Dhan account policies are the best options to support the workers.

---

**Impact of COVID-19 on Indian Economy**

*Dr. Payal Goyal*

**CONCLUSION:**

The whole world is in the clutch of venomous coronavirus. The pandemic outbreak has sparked a global health emergency along with social and economic crisis unbridling the extraordinary fall of the economic activities and trading operations. It has severe impacts on the global business world. Therefore, this study has put forward the potential effects of coronavirus on the different sectors of the Indian economy.

India is the world's fifth-largest economy according to nominal GDP and third largest in terms of purchasing power and it has a huge market with a population of an average age of 29 years, so there is a presence of huge youth population in India. The availability of workforce is high here, so India should have accepted the challenges and get benefits of these opportunities on this current pandemic scenario. The Government legislators would neediness execute a significant targeted financial, broader economic incentive, and policy rate cuts to support normalize the economic condition.

**\*Assistant Professor  
Department of BADM  
S.S. Jain Subodh P.G. (Autonomous) College  
Jaipur (Raj.)**

**References:**

1. [www2.deloitte.com](http://www2.deloitte.com)
2. [economic times](http://economic.times).
3. [www.jagranjosh.com](http://www.jagranjosh.com)
4. [indiatimes.com](http://indiatimes.com)
5. [indiatimes.com](http://indiatimes.com)
6. [www.indiatoday.in](http://www.indiatoday.in)
7. [www.strategy-business.com](http://www.strategy-business.com)
8. [wikipedia.org](http://wikipedia.org)
9. <http://ficci.in/spdocument>