

## IMPACT OF COVID 19 ON INDIAN ECONOMY

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### Abstract

The introduction of an unwanted pandemic has clutched the complete world, named Corona Virus or COVID-19. The impact of COVID-19 is so serious that the world health organisation has declared it as a pandemic. The outbreak of COVID-19 has unpredictable and unprecedented impact the economy throughout the world and India is not an exception to this. The full world has gone into Lockdown of several months. Even after the lock down the people are so scared to come back out and be involved within the economic activities like before, that it becoming very challenging rounds the world to be normal. For the initial weeks of COVID-19, it felt just like the end of the planet was indeed finally here. The whole market is decreasing in terms of sales and demands, Investment were falling down and every part of the world is suffering from infection & deaths soaring there perceived to be no end. In and of itself Marketing saw nearly budget cuts in every crisis. As we said that India isn't an exception to the present, it involved economic pressure and future consequences on Indian Industries, resulting the declining the economic stabilization. The Country wide lock down in several phases has created a pause within the demand and provides equation. This may provides a slowdown impact on economy. The current study has been undertaken with the object to seek out out the prevailing and potential impact of Covid-19 on different sectors of the Indian economy and various industries like manufacturing, Banking, real State etc. However there are certain aspects and areas which may be benefitted by this pandemic like adaptation of self dependent economy. This text also enlightens the same and can also to cater to survival strategies to beat such tough situation.

**Keywords:** Economy, Industries, Economic Plans, Government Initiatives

### INTRODUCTION

This Research Paper discusses the economic impact of the COVID-19 crisis across all industries in entire country. The introduction of corona Virus has flashed an extremely wide and worst impact on the complete world economy. The impact of COVID-19 is so serious the World health organisation has declared it as a virulent disease. The government of India although has announced an expansion of measures to tackle matters, from food security and further funds for healthcare, to sector related incentives and tax deadline extensions. With the prolonged country-wide lockdown, global economic downturn and associated disruption of demand and provide chains, the economy is probably running face a protracted period of slowdown.



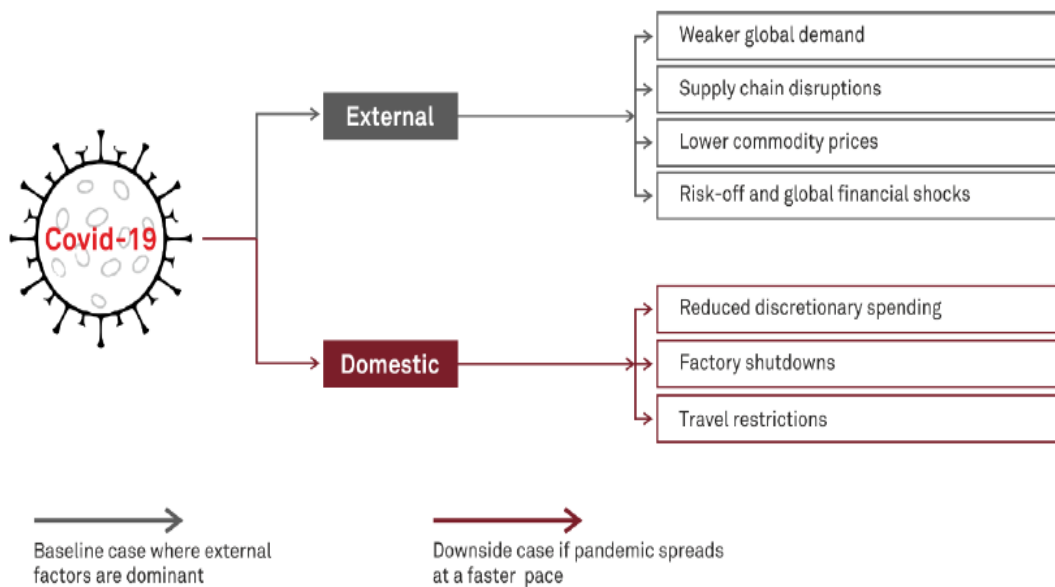
**IMAGE:-01**

**Image Source:-** The Economics Times (economicstimes.indiatimes.com)

This pandemic has impacted the entire world including every spare of day to day life of human beings. It had been started from china, the Wuhan city which was the key source of this virus. It then spread whole over the globe, but in beginning there was little or no signs of community transmission. The numbers of individuals who got affected by this was quite less in number. Most of the cases were regarding travel history. The impact on the Indian economy is often significant if the virus continues to penetrate the country which is prepared to possess an extended lasting effect. This study revealed the potential impact of the shock on Indian Industries in various Segments and advocates a gaggle of policy recommendations for that sector.

**Image:-02**

**Possible channels of Covid-19 impact on India**



Source: CRISIL

**HOW IT'S DIFFERENT FROM PAST PANDEMICS**

The Comparisons with other global crises, almost like the 2008 financial crisis, aren't possible. Now we face a sort of recent challenges, which prevent simple comparisons with the past:

1. It is a worldwide pandemic and created huge crisis in every field.
2. It is not centered on low-middle income countries
3. Interest rates are at historical lows
4. The planet is much more integrated
5. This current crisis is generating spillover effects throughout supply chains
6. We've simultaneously lack of demand.

The above-mentioned facts are often seen within the sunshine of recent business events. This can be a tiny low sample of relevant events over the past month. As an example Car manufacturers, like Volkswagen and Ferrari, suspend production in Europe.

Image:-03

**BusinessToday.In**

Sector	GVA (₹ in lakh cr)	% to total
○ Agriculture, forest and fishing	27.76	16
○ Industry	37.08	22
○ Mining and quarrying	4.10	3
○ Manufacturing	28.18	16
○ Electricity, gas, water supply and other utilities	4.80	3
○ Services	107.15	62
○ Construction	13.76	8
○ Trade, hotel, transport, communication and services relating to broadcasting	31.51	18
○ Financial, real estate and professional services	36.66	21
○ Public administration, defence and other services	25.22	15
○ <b>TOTAL</b>	<b>171.99</b>	<b>100</b>

\* Figures for 2018-19  
(Source: Reserve Bank of India, Handbook of statistics on the Indian Economy 2018-19)

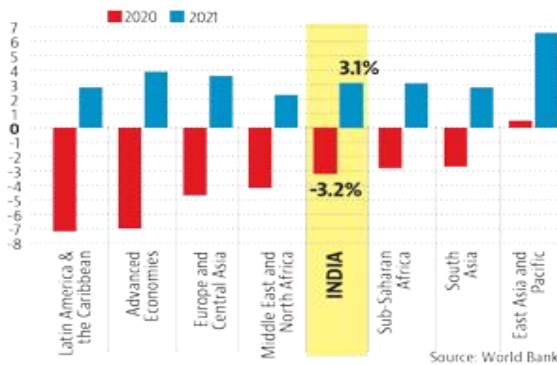
Image Source:- Businesstoday.in

Various Sectors are laid low with the lockdown like transport, entertainment, retail, hotels and restaurants etc. Tourist destinations are deserted. Various Trade fairs and events are canceled. All types of public gatherings and sporting events are cancelled. Airlines have started by grounding their whole fleet of airplanes and commenced asking their employees to take leave that too without pay. Lufthansa one of the biggest airlines of the globe reduces 90% of its long range flights and cancels quite 23,000 flights until the tip of April. Quite 10 million people have already lost their jobs. Big Cinema houses closed all of their movie theatres. Media groups and television networks face sudden drops in advertisements revenue. This might be perhaps just a listing but not exclusive one.

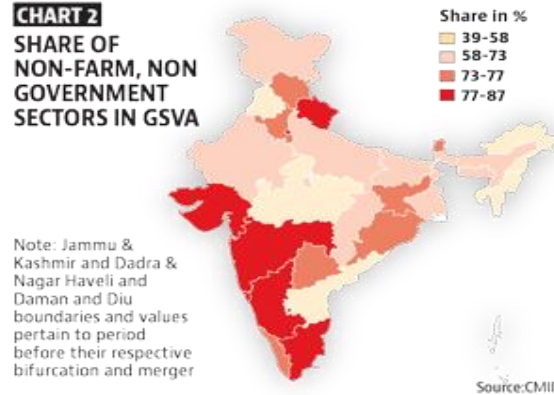
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# MAPPING THE RECESSION

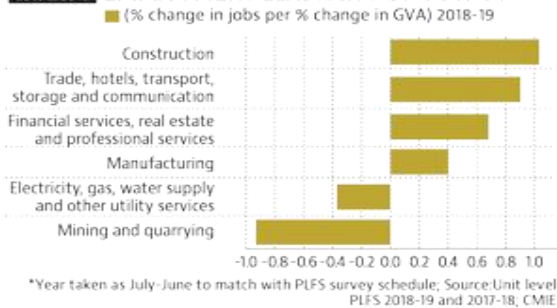
**CHART 1** PROJECTED GDP GROWTH



**CHART 2** SHARE OF NON-FARM, NON-GOVERNMENT SECTORS IN GSVA



**CHART 3** EMPLOYMENT ELASTICITY OF OUTPUT\*



**CHART 4** MISMATCH IN PRODUCTION AND CONSUMPTION SHARE IN TEXTILE

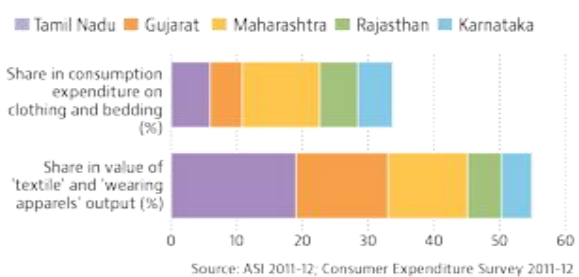


Image Source:-Hindustantimes.com

## OBJECTIVE OF STUDY

As we said that unwanted pandemic has clutched the whole world, named Corona Virus. The impact is extremely severe and immeasurable, further as unpredictable. We've to deal the same with proper strategies, Government enforcement of those policies with effective supervision. Hence this Research has been undertaken with the subsequent objectives

1. To understand and highlight the effect of COVID-19 on various sectors of Indian Economy,
2. To analyse and highlight the India's Strength with the positive aspects and benefits of COVID-19 on Indian Economy,
3. To debate why India may well be an emerging economy to achieve global importance post pandemic.
4. To search out the challenges existing within the difference sectors.
5. To suggest strategies and proposals this could be adopted by Indian Government, and Industries to cater this tough time.

## REVIEW OF LITREATURE

**Girish Jadhav (2020)** the researcher has briefly described the impact of COVID-19. He has begun with growth Projections which are revised towards down side. In his research he has given some recommendations to realize attention of Policy makers of the India to assist that intent on cater the severity of Corona.

**Gormsen & Koijen (2020)** have attempted to check the impact of COVID-19 on stock prices and dividend future reactions to the pandemic, and anticipations of a probable recession because of COVID-19. So, this study was an attempt to spot the impact of this crisis on online shopping platforms and also the way the changed spending behaviour of shoppers goes to sustain within the long term.

**Mahindra Dev and Rajeshwari Sengupta (2020)** had highlighted the impact of Coronavirus on the economy by comparing the situations before the crisis and after the crisis. This paper especially talked about Informal Sector, Banking Sector, MSMEs, Financial Markets and Limited policy space. The government announced various effective policies to handle the crisis and therefore the way these policies are successful and implemented within the world is additionally the foremost component of the paper. In last, it's discussed the measures that the depository institution of India, State and Central Government could adopt to spice up the economic situations simultaneously controlling this virus.

**Sam granuels (June, 2020)** The research covers, the impact of the world Recession arises as a results of Covid 19 across the assorted industries including the education, and therefore the impact of the same on different economies of various countries. It also mentions out an awfully rough idea of the potential global economic costs on education industry of COVID-19 under different scenarios. However the one better part of the research was to describing that it explained actually that there exist no correlation between death rate and Economic impact. They also clearly put out that the economic impact of Corona shall not the least bit be compared with other flues of same nature occurred previously as because their impact wasn't Global like CORONA.

**Murugan A Satyappa (2020)** The researcher has undertaken a study on the impact on education industries of upper education segment of COVID-19 with the special attention to Indian market of education. He has explained various growth Projections which has been revised towards down impact due to CORONA. His research relies completely supported various National and International agencies reports. In his research he has given some recommendations to achieve attention of Policy makers of education of the India to assist them bent on cater the severe impact of Corona on education.

**Khare, 2016; Arpana, 2020** However, many Indian shoppers known to be cost-conscious and conservative as a component of their value system, are generally not curious about making quick decisions supported promotions and advertisements. Moreover, internet buyers, many-a-times, encounter problems concerning product delivery timelines and customer support services.

#### **RATIONAL OF STUDY**

It is needless to mention that impact of Corona virus on the economy has been measured. It can never be measured until the virus gets end completely. Till then the economy will still degrade with the rise in severity of pandemic or improvements in economy are noticed whenever there's downward movement in severity. Hence a continual effort needs to be made to estimate the impact of the pandemic on economy. No study can estimate the impact accurately. Hence a study is required to judge its current impact and future impact both. This study is undertaken to debate the

present impact of pandemic on the economy with estimation of its impact for future in line with the trend of Covid position in the country and also the present impact of the identical in economy.

### HYPOTHESIS FOR STUDY

**H<sub>0</sub>1:** There is a no impact of Covid-19 on Indian Economy.

**H<sub>0</sub>2:** There is no impact of Covid-19 on Indian Industries.

### RESEARCH METHODOLOGY

In simple word it describes the way the research has been administered. It includes overall research design, setting objectives, the format for data collection, the information collection method, the sample design, the various tools and techniques won't to present the knowledge and last but not least the tiniest amount the analysis procedure.

### Source of DATA

The study is much supported with primary data as well as secondary data too. The Source of primary data is collected using questionnaire from various industry Experts through online interview schedules and Collection of data using online questionnaire in kind of opinions. Online questionnaires are widely used for data collection, especially in discipline research. Online questionnaire is also a pre-formulated written set of questions designed by me as a researcher to which participants' record their answers, and mentioned it as "an efficient data collection mechanism.

On the other hand the secondary data used for the research which is available on Government website, Government reports, Magazines, Newspapers reports, previous researchers etc to find out the best outcome for this research. In this research I have considered and incorporated few most effective images in context to the impact of COVID-19 on economy from various sources and theses are basically self explanatory.

### Sampling Technique

While selecting the sample all general people were taken into consideration so on constitute the complete population. The sample comprised of assorted category of customer's and experts, therefore the opinion are often collected in every aspect. A convenience sampling is utilized to assemble online response from 100 people.

### Sampling Design

As discussed above the sampling method that was found appropriate for the present research is convenient sampling. For the opinion 100 respondents are chosen.

### RESULTS AND ANALYSIS

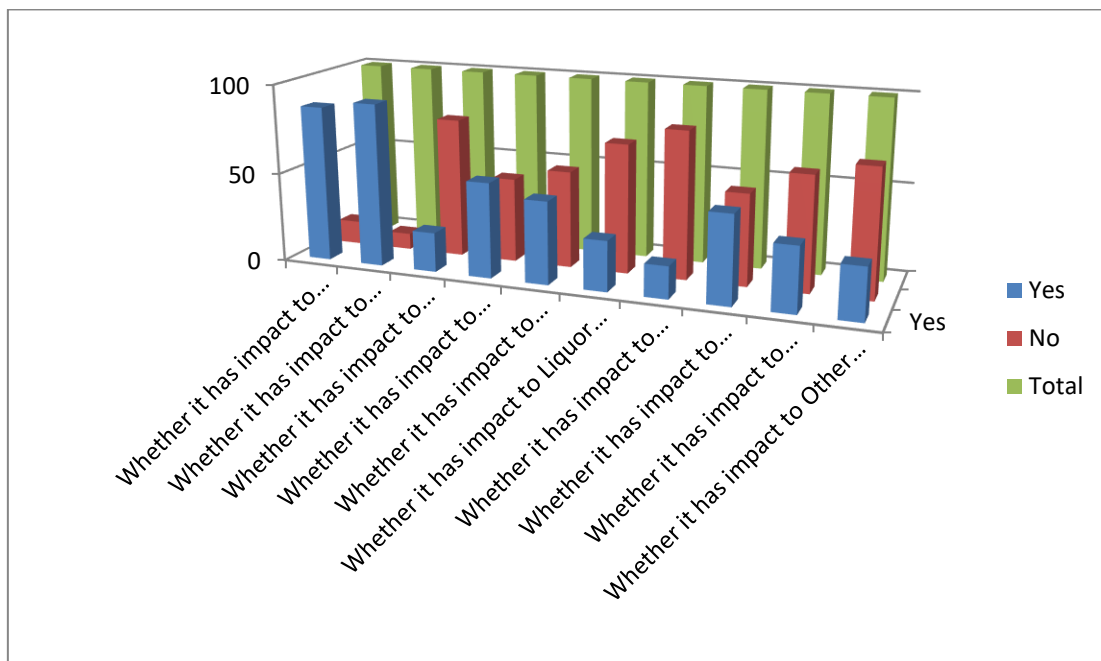
The impact of Corona Pandemic is a road changing turn of the life of everyone. The Social as well economical position of people has gone worst. The impact of the same has been described in the main three sectors. These are Primary Sector, Secondary Sector and Service Sector. Here are few questions which could explain better the impact of COVID-19 on Indian Economy, covered under above three broad categories.

**Table No. 1: Experts opinion regarding impact of COVID-19 on Indian Economy**

S. No	Question	No. of Respondents		
		Yes	No	Total
1.	Whether it has impact to Hotels, Tourism and Transport Industry?	87%	13%	100%

2.	Whether it has impact to Aviation Industry?	91%	09%	100%
3.	Whether it has impact to Consumer durables, Necessary and Other utility (including Gas, Electricity and others)?	22%	78%	100%
4.	Whether it has impact to Manufacturing?	53%	47%	100%
5.	Whether it has impact to Agriculture and Allied Sector such as fishery and Forestry?	46%	54%	100%
6.	Whether it has impact to Liquor Industry?	28%	72%	100%
7.	Whether it has impact to Mining and quarrying?	18%	82%	100%
8.	Whether it has impact to Development Industry (Construction and allied activities)?	49%	51%	100%
9.	Whether it has impact to Finance Sector?	36%	64%	100%
10.	Whether it has impact to Other sectors (Average)?	29%	71%	100%

**Source:-** Online Questionnaire



As we can see in above table that most of the sectors are impacted by the COVID-19. The highest impacted sector is Aviation and Tourism industry. After that highly impact sectors are Manufacturing, Development and Agriculture since Jan 2020. In all other sectors the impact is not as severe as to these five sectors. However this is undoubtedly clear that almost all sectors from all three major categories have been impacted by the COVID-19.

### CONCLUSION & RECOMMENDATIONS

#### Conclusion

In India since the quantity of Corona cases has crossed millions figure and still increasing, it's becoming difficult to begin again systematically. India continues to be fighting with the crises. Although, the Indian government is trying to adopt all those effective measures like Tax

benefits, Tax reliefs and providing the opposite relief measures for best result for economy. Our Honorable' Prime Minister has announced an economic package for various segments of the Economy. However the amount up to which our economy has degraded needs a powerful fiscal and monetary measures from our policy makers. The impact is undoubtedly unpredictable and really huge which could take lots of time to recover, however with the below mentioned suggestion it is revived soon.

## RECOMMENDATIONS

- The primary measure which shall be adopted by the government should be healing those that are affected worstly i.e. Labour. They ought to be helped financially so they meet out their daily need and comeback to their work place in other cities.
- A disaster management plan should be made out so pandemic are often controlled in a very better way.
- Corporates shall be forced to contribute their Corporate Social Responsibility fund towards Covid recover Plans during this year moreover as in next year.
- A facility of capital with almost no interest or Zero Interest shall be granted to Small Scale Industries in order that these industries may be taken back to the traditional working of them.
- Government shall provide a tax relief window which is providing the gradual tax relief to the industries for few numbers of years per the impact of Pandemic to their industry.

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