



Impact of COIVD-19 on Indian economy

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Abstract

The World Health Organization (WHO) declared CORONA (COVID-19) outbreak a pandemic in the month of March 2020 (2nd Week). The WHO reached to this decision since the positive cases were/are rapidly showing the up-swinging trends towards 20 lacs with death toll crossed over to 1 lakh plus. The entire world (around 170 countries; all across the continents) is suffering miserably without having any vaccine to embark upon the effort to contain it immediately. The impact of coronavirus pandemic on India has been largely disruptive in terms of economic activity as well as a loss of human lives. Almost all the sectors have been adversely affected as domestic demand and exports sharply plummeted with some notable exceptions where high growth was observed.

Keywords: COIVD-19, Indian economy, WHO

Introduction

India has been hit hard by the pandemic, particularly during the second wave of the virus in the spring of 2021. The sharp drop in GDP is the largest in the country's history, but this may still underestimate the economic damage experienced by the poorest households. From April to June 2020, India's GDP dropped by a massive 24.4%. According to the latest national income estimates, in the second quarter of the 2020/21 financial year (July to September 2020), the economy contracted by a further 7.4%.

As per the various reports global economy is likely to be impacted by the corona virus to a very large extent. According to the International Monetary Fund (IMF), global GDP is likely to be 3% only which lowest since the great depression 1930. Due to COVID-19, economies activities are closed and business organizations are not able to operate at their full capacity. The present situation is moving towards global recession which is not good for world GDP.

Objective of Study

1. To analyze the impact of COVID-19 on Indian economy.
2. To identify the impact of COVID-19 on each industry.
3. To measure the performance of company during COVID-19.

Research Methodology

This paper is based on the secondary data. Secondary data has been collected from the various sources containing data related to the performance of GDP and other inflation during the lockdown. Secondary is collected from management libraries, journals, newspaper and magazines. This paper describes in detail the estimated loss/ profit of the business organizations during lockdown.

Impact of COVID-19 on Industry

The impact of coronavirus pandemic on India has been largely disruptive in terms of economic activity as well as a loss of human lives. Almost all the sectors have been adversely affected as domestic demand and exports sharply plummeted with some notable exceptions where high growth was observed. An attempt is made to analyze the impact and possible solutions for some key sectors.

Food & Agriculture

Since agriculture is the backbone of the country and a part of the government announced essential category, the impact is likely to be low on both primary agricultural production and usage of agro-inputs. Several state governments have already allowed free movement of fruits, vegetables, milk etc. Online food grocery platforms are heavily impacted due to unclear restrictions on movements and stoppage of logistics vehicles. RBI and Finance Minister announced measures will help the industry and the employees in the short term.

Aviation & Tourism

The contribution of the Aviation Sector and Tourism to our GDP stands at about 2.4% and 9.2% respectively. The Tourism sector served approximately 43 million people in FY 18-19. Aviation and Tourism were the first

industries that were hit significantly by the pandemic. The common consensus seems to be that COVID will hit these industries harder than 9/11 and the Financial Crisis of 2008. These two industries have been dealing with severe cash flow issues since the start of the pandemic and are staring at a potential 38 million lay-offs, which translates to 70 per cent of the total workforce. The Pandemic has also brought about a wave of innovation in the fields of contactless boarding and travel technologies.

Telecom

There has been a significant amount of changes in the telecom sector of India even before the Covid-19 due to brief price wars between the service providers. Most essential services and sectors have continued to run during the pandemic thanks to the implementation of the 'work from home' due to restrictions. With over 1 billion connections as of 2019, the telecom sector contributes about 6.5 per cent of GDP and employs almost 4 million people. Increased broadband usage had a direct impact and resulted in pressure on the network. Demand has been increased by about 10%. However, the Telco's are bracing for a sharp drop in adding new subscribers.

Pharmaceuticals

The pharmaceutical industry has been on the rise since the start of the Covid-19 pandemic, especially in India, the largest producer of generic drugs globally. With a market size of \$55 billion during the beginning of 2020, it has been surging in India, exporting Hydroxychloroquine to the world, esp. to the US, UK, Canada, and the Middle-East.

There has been a recent rise in the prices of raw materials imported from China due to the pandemic. Generic drugs are the most impacted due to heavy reliance on imports, disrupted supply-chain, and labour unavailability in the industry, caused by social distancing. Simultaneously, the pharmaceutical industry is struggling because of the government-imposed bans on the export of critical drugs, equipment, and PPE kits to ensure sufficient quantities for the country. The increasing demand for these drugs, coupled with hindered accessibility is making things harder. Easing the financial stress on the pharmaceutical companies, tax-relaxations, and addressing the labour force shortage could be the differentiating factors in such a desperate time.

Oil and Gas

The Indian Oil & Gas industry is quite significant in the global context – it is the third-largest energy consumer only behind USA and China and contributes to 5.2% of the global oil demand. The complete lockdown across the country slowed down the demand of transport fuels (accounting for 2/3rd demand in oil & gas sector) as auto & industrial manufacturing declined and goods & passenger movement (both bulk & personal) fell. Though the crude prices dipped in this period, the government increased the excise and special excise duty to make up for the revenue loss, additionally, road cess was raised too.

Manufacturing and Production

The manufacturing & production sector of India is tremendously suffering due to the lockdown situation. All big guns like L & T, ITC, Dabur India, Grasim Industries, UltraTech Cement, Aditya Birla Group, Bharat Forge and many others have put off the production completely. Many Logistics and Motor companies like Maruti, Hero Honda,

Escorts left no other option but to abide by the lockdown situation for 21 days as declared hence had shut down their production till the Government announce reopen.

However, the lockdown is all set to go even further.

Conclusion

After analyzing the various reports, it is concluded that Indian economy has not been affected as badly as the other economies impacted. However, some industries have been affected badly and hit the financial performance of the companies badly. On the other hand, some industries are performing good and expected to perform well in the coming few quarters.

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