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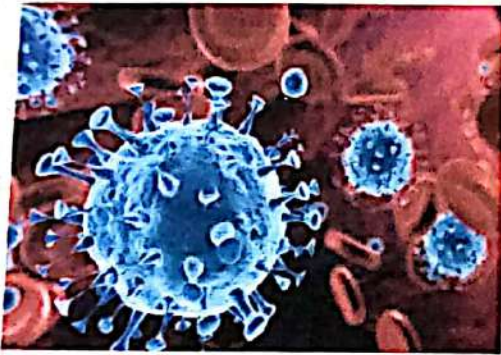
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## Impact Of Covid-19 On The Indian Economy

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### Abstract:

COVID-19 is a disease caused by a new strain of Coronavirus. CO stands for corona, VI for virus and D for disease. This research paper focuses on impact of the outbreak of pandemic Covid-19 on Indian Economy. Covid19 makes adverse impact on many sectors of Indian Economy. This paper depicts the impact of Covid-19 on different sectors of Indian Economy. This paper also furnishes the policy framework of government in this regard. This paper also gives a light on those sectors which see a boost due to outbreak of covid-19.

**Key Words:** Covid-19, Indian Economy, corona outbreak, GDP.

### Introduction:

The global Covid-19 pandemic, which is inflicting two kinds of shocks on countries: a health shock and an economic shock. Given the nature of the disease which is highly contagious, the ways to contain the spread include policy actions such as imposition of social distancing, self-isolation at home, closure of institutions, and public facilities, restrictions on mobility and even lockdown of an entire country. The outbreak of COVID-19, first in China and now having being confirmed in more than 190 countries, has emerged as a key risk to human health as well as global growth outlook through numerous channels like trade, production and supply chain disruptions; decline in demand; lower tourism and business travel; loss of investor confidence; and productivity losses from the health impact on morbidity and mortality of work force.

The virus has deteriorated the economy of all affected countries, including the developed ones. In a crisis like this, developing economies like the Indian economy have been witness to the most devastating impact, which is expected to be followed by a slow economic recovery. The impact of COVID-19 on the Indian economy has been quite lamentable. After reporting its first case in late January 2020 in Kerala, the government of India took various precautionary measures to restrain the spread of the virus. Despite the strictly implemented measures, the following weeks saw a rapid increase in the number of cases leading to a suspension of all international travel by March 22, 2020. That same day, the Indian Prime Minister, Mr Narendra Modi, called for a 14-hour 'Janata Curfew' (public curfew), which was then followed by a nation-wide lockdown in almost four phases, over a period of 70 days. The first lockdown announcement created widespread panic, specifically among the economically marginalized strata of the society, including farmers and migrant workers who were left stranded and unemployed overnight. They were also impacted greatly, since they were far from home with no modes of transport to facilitate their journey back to their hometowns. The outbreak has presented challenges for the Indian economy now, causing severe disruptive impact on both demand and supply side elements which has the potential to derail India's growth story.

### Objectives:

The major objectives of this study are:

1. To understand impact of Covid-19 on overall Indian Economy
2. To understand impact of Covid-19 on different sectors

### Research methodology:

The present study is purely based on secondary data collected through literature survey, journals, newspapers, websites and published articles relating to this particular topic. This study

considers January 2020 to December 2020 as its study period. This study focuses on descriptive research design. The sample design chooses for this study is illustrative.

**General Impact on Indian economy:**

The exact span and depth of the crisis on the Indian economy cannot be measured at this point in time. Only time will reveal the real picture. However, renowned economists provide estimates on the likely economic impact of the pandemic on low and middle-income countries like India. India's growth in the last quarter of financial year 2020 dropped down to 3.1% according to the Ministry of Statistics, mainly due to the effect of the current pandemic on the economy. While research and economic experts slashed GDP estimations of the economy, it is also estimated that the country might bounce back quickly because of the organized and unorganized market composition, the latter being largely dominant. Meanwhile, the organized sectors' losses are estimated to over nine trillion Indian rupees in March 2020. Unsurprisingly, the services and manufacturing, specifically travel and tourism, financial services, mining and construction sectors remain the most affected industries, with declining rates of up to 23 percent between April and June 2020.

According to a survey, COVID-19 is having an adverse impact on Indian business. Jobs are at high risk because firms are looking for reduction in manpower. The pandemic has created a deep routed impact on the Indian economy, negatively affecting its GDP, unemployment rate, inflation rate, domestic and international trade, financial markets, government budget and various other macro-economic factors. The most vulnerable sector of the economy at this time, the MSME sector, has witnessed a disturbing phase in its functioning due to this crisis.

**Impact on GDP:**

The pandemic has adversely affected the estimated GDP of the fiscal year 2021. Fall in manpower of production units, leading to loss of productivity coupled with shortage of demand, has led to negative impacts across various industries, further leading to a fall in their GDP contribution to the economy. India's quarterly GDP was estimated to have declined by over 9% between the months of April and June 2020. This was a decrease from a 5% growth rate at the beginning of 2020. The country went into a lockdown on March 25th 2020, restricting 1.3 billion people within the confines of their homes. The real GDP increased by only 3.1 per cent in the first quarter of 2020, over its corresponding quarter of 2019. This negative impact on the GDP is partially an outcome of the coronavirus outbreak and the subsequent measures to prevent it, accompanied by significant dip in growth rate, the declining trend of which started much earlier. The financial, real estate and professional service sector was worst hit during the period of lockdown. During the first quarter of India's nationwide lockdown that was announced following its first coronavirus outbreak, the economy was expected to lose over ₹ 32,000 crore (US\$ 4.5 billion) per day (Wikipedia).

**Employment:**

The data from the Consumer Pyramid household level survey of the Centre for the Monitoring of Indian Economy (CMIE) shows that the unemployment rate in urban areas increased sharply to 30% in the week ending March 29, about 3.5 times the rate of 8.7% for the week ending March 22. For rural areas, the corresponding figures were 21% and 8.3%. The overall unemployment rate increased from 8.4% to 23.8%. The data for the week ending April 5 estimates the rate at 30.9% for urban areas, 20.2% for rural areas and 23.4% at the all-India level.

**E-Commerce:**

From the 3rd week of March, almost all E-Commerce companies i.e. Amazon, Flipkart, Big Basket, Grofers have decided to focus their sale only for essentials goods due to the legality involved in the essential and nonessential items during the lockdown situation. The Police are also giving permission only to those delivery persons who are carrying the essentials goods.

**Education and skilling:**

Education sector is badly impacted. Education, internships, almost everything is suspended. Examinations have been put on hold. Post the covid phase, new systems and a new academic calendar would be followed, directly aiming towards the fact that it would be tougher to get back on track. Jobs and placements will be impacted badly. Skill institutes, which were training more than 10 million people in India but, due to the lockdown and decrease in manpower this sector is facing tremendous losses. Schools are facing a halt in functioning from past 3 months and might hint on the termination of the academic year. Online learning is in full swing but, the students who are resourcefully not that well off or are in the government schools are suffering a lot. Students relying on the mid-day meal programs are facing hunger. Impact of COVID-19 is affecting the students in getting admissions at the various universities in the coming academic year.

**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, Ultra Tech 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.

**Food and agriculture:**

There is macro impact of COVID-19 on the food and agriculture industry. Due to lockdown, except for essentials commodities all production activities were shut down leading to severe price fluctuations of various goods and increased demands of other raw materials and daily use products. Most affected in the food industry are restaurants. Shut down of the food outlets and online deliveries were a major impediment. E-commerce based food delivery platforms impacted, which provide employment to lot of people. Supply chain seems to be more challenging in the food industry. Agriculture industry has not suffered that much and it has the highest priority. Under guidelines of government with certain restrictions, farmers were permitted to cut the rabi crops and allowed to grow paddy. Because agricultural sector has the highest demand and supply, it may not be neglected or stopped under any circumstances.

**Impact on financial markets:**

The financial sector of India is facing challenges on multiple fronts in the time of this crisis. Financial market is seen extremely volatile that leads to colossal wealth erosion, huge crashes due to uncertain conditions regarding future prediction, and results of Covid-19. The wreck of the stock market is responsible for declining consumption levels. March 12, 2020, was the black day as there were significant slides in domestic equity markets. Both BSE and NSE slipped more than 8% in a single day. There was 2919 points drop in the BSE Sensex, and 868 points fall in NSE Nifty. This drop has regularly taken place till date as stock investors resorted to continuous selling amid increasing cases of Covid-19. Indian stock markets again jumped to a new low level on March 19, 2020. BSE Sensex closed 581 points low at 28,288, and NSE Nifty closed 205 points lower at 8236. Volatility and wealth erosion of investors are expected in equity markets during Covid19.

**Tourism:**

India is focused on historical and cultural hospitality, drawing domestic and foreign nationals around the year. It comes as no surprise that a vast number of confirmed cases of COVID-19 in India involve foreign tourists. With visas being suspended and tourist destination being shut down for an indefinite period, it is expected that the entire tourism value chain that covers hotels, restaurants, agents, attractions and operators would suffer losses of thousands of crores. Experts think that a massive hit is likely to occur in the tourism industry and may end up damaging the industry for the coming years.

**Conclusion:**

The coronavirus pandemic has paralyzed the Indian economy to a great extent, affecting almost all macro variables of the economy negatively. Although, we might not know the exact impact of the virus on the Indian economy until the pandemic is over, it is certain that the country would have a hard time coping with the deep recession complemented with a sharp fall in the GDP and surge of the unemployment rate in the country. The long-term impact of the pandemic will be a result of how the masses and the government react to the prevailing situations and the changes made in policies and businesses.

A COVID-19 crisis is expanding manifolds and new challenges are coming up. With the challenges of a new recession and economic crisis, vital situations such as these are calling for powerful and effective policy making in Health, industry, government and community. Instant, but well-planned support measures have to be initiated and adapted for those who can drop through the cracks. Mid- and long-term strategies are required to stabilize and motivate the economy during this recession. This will help the businesses and give directions to the economy.

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