

Impact of the Corona Virus Pandemic COVID-19 on Indian Economy

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Abstract –The present pandemic situation has adverse deep impact on Indian business. Domestically, the impact of the corona virus pandemic COVID-19 could lead on to slowdown in domestic demand. This may end in erosion of buying power thanks to job losses or pay cuts and slow-down effect of deferred demand will have a extended lasting impact on different sectors, especially where demand is discretionary in nature. India's real GDP depleted to its bottom in over six years during 4Q 2019-20. India's growth for next year 2020-21 is forecasted in between of 5.3% to 5.7%. The COVID-19, or coronavirus, pandemic has revealed many weaknesses within the global system. Despite our accumulated experience in crisis management, this virus has been ready to isolate us beat our homes. COVID-19 has caused severe disruption for the Indian economy. the present corona virus pandemic could lead on to a four per cent permanent loss to real Indian gross domestic product (GDP) .It is estimated for India's Gross Domestic Product (GDP) rate of growth to 1.9 per cent for 2020-21. this may be rock bottom after India recorded rate of growth at 1.1 per cent in 1991-92.The COVID 19 has disrupted major sectors, it's clearly evident that various sectors tourism & aviation, telecom, auto sector, transportation are most impacted sectors that face negative repercussion of this disaster . Within the given situation, with all the retail sectors shutting down their business the livelihood of the workers are at optimum risk. The govt of the many countries has given support to the employers to pay salaries to their employees. This study is undertaken to review the impact of COVID-19 in various sectors considering the info which are secondary in nature, different appropriate statistical tools and techniques are applied for analysis and conclusion. On the idea of finding recommendations are suggested to beat these adverse situations.

Keywords: Tourism and Aviation, Telecom, Auto, Government Support, GDP

1. INTRODUCTION

The global economy is predicted to shrink by over 3% in 2020 – the steepest slowdown since the good Depression of the 1930s. -----World Bank Report

Coronavirus was first reported in Wuhan, China, in December 2019. Allow us to first consider what Coronavirus is??? COVID may be a large group of viruses that makes illness. It ranges from the cold to more severe diseases like Severe Acute Respiratory Syndrome and Middle East Respiratory Syndrome. The new Coronavirus may be a special quite virus that has not been identified in humans thus far. I even have been pondering many questions in my mind like will COVID-19 change the way world works, will things return to normal as before COVID-19, what is going to be the elemental change happen in common public, business people, industrialists, and economies. Subsequent few months are going to be very crucial. We've to change the concept of normal during this pandemic. During this research paper, I will be able to explore and describe the impact of Covid-19 on the Indian economy. If past trends of comparable infections are analyzed, it is often helpful to bring any conclusion on what we should always do to maneuver forward. How can we overcome this pandemic? Either through mass vaccination or social distancing. What sort of life are we expecting within the time of Covid-19? In simple words, I can express that liquidity is predicted to scale back because the cost in real terms are going to be increased. Though, RBI is continuously

making an attempt to melt interest rates. Commercial banks and financial institutions are tensed thanks to the fear of insolvency, NPAs and bankruptcies increase considerably. The main target and stress of state are going to be to satisfy out the hyper demand for necessity goods. In contrast, business owner of luxurious and comforts goods will stress on covering their outstanding money amount due from debtors. Mergers and partnerships won't happen during this pandemic period when most are bearing enormous losses

2. OBJECTIVE OF THE STUDY

1. To specialize in the impact of an epidemic on different sectors of the economy.
2. To reflect the necessity for policy intervention.

3. RESEARCH METHODOLOGY

This part of the research furnishes the research methodology utilized in this study. This study considers December 2019 to May 2020 as its study period. The review uses secondary data. The info is collected through various magazines, newspapers, and government websites for this study. This study focuses on descriptive research design. The sample design chooses for this study is illustrative.

4. IMPACT OF COVID-19 ON INDIAN ECONOMY

This pandemic has created new issues for the Indian economy that results in a severe disastrous impact on the demand and provides side.

1) **Impact on Demand Front:** Aviation, Hospitality, and Tourism are the worst sufferers sectors that are bearing the utmost brunt of this pandemic Covid-19. Thanks to the lockdown effect, the closing of shopping malls and cinema theatres has severely affected the retail sector by reducing the consumption of essentials and entertainment purposes items. There's a decline within the level of income, particularly daily wage earners thanks to slow economic activities in many sectors like retails, constructions, transport, and entertainment, etc. that ultimately results in fall in consumption front. There's a postponement of shopping for decisions by consumers thanks to widespread fear and panic. The transportation sector is severely affected thanks to the lockdown effect, which causes a restriction in traveling as all schools, colleges, universities, and personal firms are choosing work from home culture approach. Hotels and restaurants are seen as significant sufferers as there's the cancellation of leisure trips, business trips, conferences, seminars, workshops, internships, etc.

2) **Impact on Money Market:** Financial market is seen extremely volatile that results in colossal wealth erosion, huge crashes thanks to uncertain conditions regarding future prediction, and results of Covid-19. The wreck of the stock exchange is liable for declining consumption levels. March 12, 2020, was the black day as there have been significant slides in domestic equity markets. Both BSE and NSE slipped quite 8% during a single day. There was 2919 points drop by the BSE Senses, 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 replacement low level on Saint Joseph , 2020. BSE Senses 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.

3) **Impact on Supply Chain:** If I specialize in the availability front, delay within the supply chain of products from China thanks to the shutdown of factories has adversely affected many Indian manufacturing sectors, which depend upon China for his or her staple and final products. The matter of a shortage of staple is faced by some crucial areas like electronics, automobiles, chemical products, and pharmaceuticals, etc. Business sentiments, investment, and production schedules of firms get hampered thanks to the spread of Covid-19. Exports of India have affected adversely thanks to the slowdown in manufacturing activity in China and other markets like Asia, the US, and Europe.

4) **Impact on Global Trade:** China has been a game-changer for Indian markets dealing in many commodities like gems and jewellery , seafood, petrochemicals, etc. The outbreak of Covid-19 had made a negative impact on the exports of China. for instance , the fishing sector is predicted in touch a loss of quite 1350 crores thanks to a discount in exports. Even India exports 36 percent of its diamond to China. Jaipur incurred significant losses of 8000-10000 crores thanks to the cancellation of 4 major trade events between February and April. India exports 34 percent of its petrochemicals to China. due to export restrictions to China, petrochemical commodities are expected to furnish a discount in prices. Thanks to Covid-19, the impact on India's trade is about US dollar 348 million as per the report of UNCTAD. As a results of a producing slowdown in China that's adversely affecting world trade, India has become the highest 15 economies that are adversely affected. If I talk about India, the general impact on business is given below:

<i>Chemical Sectors</i>	129 Million Dollars
<i>Textiles and Apparel</i>	064 Million Dollars
<i>Automobile Sector</i>	034 Million Dollars
<i>Metals and Metal Goods</i>	027 Million Dollars
<i>Electrical Machinery</i>	012 Million Dollars
<i>Wood Products and Furniture</i>	015 Million Dollars
<i>Leather Goods</i>	13 Million Dollars

Source: Report of UNCTAD, 2020

5) Let's have a particular look of Covid-19 on some sectors of an economy-

1. Digital and Internet economy forms a replacement platform that's playing vital role everywhere which are described below: Online Education and online skills, webinars, conferences, training programs, etc.; online groceries, essential goods; explosion in digital content like PPTs, PDFs, audio and video lectures, etc
2. Fast paced commodity and therefore the Retail sector will step up immensely
3. With continuous fear of Covid-19, food outlets, chain stores, malls catering to low consumer demand, so digital platform to get the products will lead a increase
4. Firms selling chemicals will feel an enormous jump thanks to increased consumer demand for sanitizers, drugs, disinfectants, and medicines, etc.
5. Pharmaceuticals firms are set to watch growth prospects shortly.

Many lives are going to be lost, and millions more get adversely affected. there's an instantaneous need for introspection within countries to form realignment of companies . it is a common saying when life offers you a lemon, make it lemonade. an equivalent is required to be followed during this situation of Covid-19. There could also be a bright side during this too. We all may need to wait patiently for the rain clouds to depart. If we glance deeply, so we discover that China is returning to normal albeit it too has faced the wrath of Covid-19. China remains a dominant exporter of staple and final products.

In this scenario of COVID 19, Technology will now come on the frontline need in most corporations, whether it's the company world or education field or purchasing of online products, etc. Before Covid-19, Technology was taken as a support function tool as a way to urge an end. Work from home culture is going to be the new normal. Many corporations had realized that employees performing from home are equally efficient and productive as compared to once they were performing from the approaching to their departments. I suppose it'll reduce infrastructural costs. Cities

now are more that specialize in sustainable development models. Environment, social, and governance are going to be a replacement way forward by non- environmentally friendly business units. Extra mediators are given a backward push with the introduction of latest and compact value chains. it'll help to enhance the efficiency and productivity of labor. the simplest strategy to survive during this Covid-19 is to specialize in sales without profit by business owners. The survival of business will become a replacement standard and more essential than claiming massive valuation supported sales growth. Data and data analysis will become an ingenious path to explore during this Covid-19. Everything during this new ordinary world is predicated on data, so misuse of knowledge through AI will become a well-liked trend. We are documented that government and personal entities aren't very prompt and efficient in rolling out contact tracing tools that have poor implementation and pose severe privacy and data security problems. As per my common understanding, data can play a lead role in eliminating the impact of any viral news, information, etc. like all protests, false charges to someone, misinformation, diseases...Data and IT security will cause a big aspect for the economic units and business owners. It'll become a troublesome task for traditional businesses to survive within the present era without access to information that ultimately will become a lifeline. There's a shift from an important asset model to an asset-light model where economic activities are going to be undertaken through public trusts, land investment trusts, infrastructure investment trusts. The last two are innovative vehicles that allow developers to monetize revenue-generating land and infrastructure assets while enabling investors or unit holders to take a position in these assets without actually owning them. Equity financing will become a well-liked tool rather than debt financing.

Indian economy stands to require advantage of a fall in petroleum prices, but the population within the age bracket of 15-35 years can create a problem of low consumer demand. lately the planet market is dominated and controlled by right-wing politicians who focused on Make Local, Consume Local. Within the post-COVID-19 era, curtailment and reduction of trade restrictions and free markets are often seen and expected to bloom. The success mantra during this Covid-19 period is "You got to live, to be within the game." Those businesses which will have the potential to survive financially are going to be victorious within the coming times. Once the planet overcomes with this pandemic, there'll be a rise within the aviation sector, travel and tourism, hospitality, entertainment, and rental demand. Construction, cement, bricks, metals, cloths, cosmetics, waste management, hair salons, minerals, transportation also will seem to extend endlessly. On the opposite hand, paper businesses are often exhausted from the planet full as everyone has began to choose an environmentally friendly thanks to read and study. Electronic media are going to be the new normal after Covid-19.

I. GROWTH PROJECTIONS OF INDIA The Indian economy is experiencing slow growth during the last quarter of the current fiscal. The outbreak of Covid-19 may lead to stagnant growth even in the first quarter of FY 2020-21. Many credit rating agencies have revisited and revised the growth path of India in particular reference to the impact of Covid-19 that create travel restrictions, supply chain disturbances, the decline in consumer demand, and investment rate. The economic growth of India has been reduced by **Fitch Ratings** from 5.1% projected earlier to 4.9% for 2019-20. It did so because it predicts low domestic demand and supply chain disturbances because of Covid19, which badly makes an impact on manufacturing industries. Standard and Poors have also lowered the economic growth of India from 5.7% projected earlier to 5.2% for 2020. **OECD** has revisited and revised down forecast of economic growth of India to 5.1% for 2020-21 and 5.6% for 2021-22. OECD has

also given a warning about global growth in 2020 could come down by 50 basis points as compared to what was projected in November last year. Moody has also dropped the economic growth of India from 5.4% estimated earlier in February to 5.3% for 2020. Indian economy can bear a considerable cost due to the outbreak of Covid-19, which ranges between US\$ 387 million and US\$ 29.9 billion in lower consumption demand predicted by the *Asian Development Bank*.

II. COVID-19 AND INTERNATIONAL GROWTH The global economy is growing at 3 percent in the year 2020, which depicts far worse situations if compared to the global financial crisis of 2008 as per the IMF Report. Many first countries are expected to shrink by the following percent in this year 2020.

ITALY	SPAIN	FRANCE	GERMANY	U K	US	JAPAN
9.1%	8%	7.2%	7%	6.5 %	5.9%	5.2%

Source: IMF Report

Developed countries have poorly affected, and they are seemed to grow by -6% in 2020 on the one hand, and the other hand, developing countries are seemed to shrink by -1%. The growth rate story will become worse if China is excluded from this list of countries because the growth rate is seemed to be -2.2% in this year of 2020. GDP figures for China reduced by 36.6% in the first quarter of 2020. On the contrary, output in South Korea dropped by 5.5% even though the country did not follow lockdown but practiced the methodology of aggressive testing, quarantining, and contact tracing. If we are talking and focusing on Europe, the figures for GDP in France, Spain, and Italy dropped by 21.3%, 19.2%, and 17.5%.

6. NEED FOR RELEVANT POLICIES ON GOVERNMENT FRONT

1. There is an urgent got to form a mixture of monetary, fiscal, and financial markets measures to assist businesses and therefore the common public to deal with this spread of virus and crisis environment. For framing appropriate action plans and policy, it's significant to understand the precise issues that companies and therefore the public, generally, face recently. At this juncture, it's necessary to supply support to Indian industries and economies by the Indian Government and RBI.
2. There's a requirement to scale back the value of funds through a discount in policy rates.
3. There's a requirement to extend credit limits for all banking accounts by 25 percent.
4. There's a requirement to supply relaxation within the factory compliances to enable the industries to continue operation even in fewer laborers over longer work keeping in mind the healthier and safe environment. Social distancing is followed during this and may bring a positive outcome. If required, health concerns and lockdown decisions must be followed strictly.
5. There's a requirement to boost expenditure on public health to take care of adequate supplies to manage the matter of COVID-19: medicines, medical kits for the medical professionals, masks, gloves, more health clinics, more hospitals, etc.
6. Compliances under Companies Act: there's a requirement to increase the deadlines for declaration of monetary results (May 31), filing of returns with ROC & others, etc.
7. There's a requirement to permit for 30-60 days grace period in utility, statutory, and GST payments for affected areas and industries without impacting credit history.

8. Government and RBI should direct all banks to not reduce and eliminate the offering of loans under project delays situation due to Covid-19.
9. All pending payments to vendors are required to be passed immediately by the govt departments. GST refunds should be cleared at the earliest.
10. There's a requirement to supply reasonable and more straightforward terms for credit to those sections of companies that are adversely affected and to those that will stop production activities thanks to lockdown decisions of state.
11. GST Returns/Procedures: The deadlines for paying taxes monthly need (i.e., 20th) to be deferred, and filing of returns is predicted to be extended. All show-cause notices/inquiries could also be suspended, including those concerning excise.
12. There's a requirement to follow leniency in levying of penalties for late filings or payments like late filing of Bill of Entries, late filing important General Manifest (IGM), etc.
13. There's an urgent got to increase overdraft facilities to state governments from the RBI. It's required to pay the pending GST compensation immediately.
14. There's a requirement to supply income support to low-income families through Direct Benefit Transfer. PM Kisan Yojana is already doing it for farm households. Farmers should be supported by giving Minimum Support Prices for his or her harvests. There's a requirement to supply relief programs to those farmers who have lost their output thanks to unseasonal rains and weather harshness.
15. Ensure liquidity to surplus levels and provides individual liquidity facilities to those banks, companies, NBFCs that are bearing financial strain thanks to risk factors within the financial market or due to massive demand shock.
16. Direct Taxes: carry over period of MAT could also be increased from 15 to 17 years.
17. Personal Tax: Additional deduction facilities could also be provided to salaried classes at a flat rate in order that they will spend additional expenditure on the Corona preventive measures.
18. As we all know, there are large numbers of individuals who will lose their jobs in many sectors just like the retail, hospitality, travel and housing industry, etc., therefore the government is required to supply some incentives to employers to stay the five workers until coronavirus problem.
19. There's a requirement to pack up shops in many cities, but there should be a correct time announcement to open these shops to make sure sufficient accessibility of essential goods to consumers.
20. Shipments from China have began to arrive though the ships aren't being allowed to unload their products in India thanks to fear of Covid-19. The govt should find ways to facilitate the safe and fast unloading of shipments in India. Compute a mechanism to scale back quarantine delays at ports.
21. Regular planning is required for planning at the district level, so constant communication is required to be maintained. Any early discussion of planned measures and joint planning with industries will help to avoid shock to provide chains at an area level.
22. There are not any guidelines, so far, for exchanging cash currency, which may be the most route of spreading of Coronavirus.
23. There's a drag of illiquidity within the bond and cash equivalent market. RBI must take steps either directly or through the commercial banking industry to make sure a sufficient flow of funds within the market. 22. Other services: The governments imposed restrictions on the opening of malls, gyms, clubs, salons, restaurants, hotels, educational institutions, nonessential products shops, etc. there's a requirement to supply particular incentives to those people that are employed in

- these sectors also on the businesses. But certain services like banking and hospitals aren't under lockdown effect.
24. The employers got to pay salaries continuously for this era. These salaries are required to be adjusted either in overtime working or in performing on Sunday. While changing, holidays of 10 days given to workers won't be taken under consideration.
 25. Simple rules for the buy-backing of shares. there's a requirement to supply flexibility in minimum floor rule to offer a lift within the primary marketplace for QIPs (Qualified Institutional Placement)
 7. **CONCLUSION:** This is time to reset everything because the world has become standstill for a couple of months thanks to the outbreak of Covid-19. We all are allowed to rethink, redesign, and restructure everything. If we involve in doing the proper things, we could also be ready to fix challenges in new platforms which will face and bear humankind's environmental damage, maybe it pollution, self-centered growth or inequality, or concentration of economic power and wealth.... I feel the foremost significant point is that we must ensure and make the simplest of efforts that this black phase of life should never happen with all folks again. I'm sure that humankind has never taken lessons and wisdom from history. Let's hope for the higher, healthy, safe, prosperous, and, of course, sustainable future ahead.

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