



CORONAVIRUS (COVID-19): IMPACTS ON INDIAN ECONOMY

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Abstract:

Corona viruses are a large family of viruses which may cause illness in animals or humans. In humans, several corona viruses are known to cause respiratory infections ranging from the common cold to more severe diseases such as Middle East Respiratory Syndrome (MERS) and Severe Acute Respiratory Syndrome (SARS). The World Health Organization (WHO) has declared that the new corona virus outbreak is a public health emergency of international concern, officials announced on Thursday, 30th January, 2020. According to situation report 107 on COVID 19 on 7th May, 2020 around 215 countries in the world have been affected by the corona virus. The report stated that globally 36,72,238 (83465 new) confirmed cases have been reported and 2,54,045 deaths occurred due to this pandemic. Due to this epidemic pandemic Lockdown has been done in most of the countries of the world. Due to this lockdown, almost all economic activities except essential items have been shut down. These have adverse impacts on different sectors on Indian Economy. The main objective of this study is to understand the impacts of COVID-19 on different sectors of Indian Economy. The study is based on secondary data. Data have been collected from the various websites, reports, journals etc. The Asian Development Bank estimated that the lockdown will cause a loss of 2.3% in the Gross Domestic Product. The COVID-19 shows a worse impact on the economy and many people lost their jobs and many lost their lives but the government is putting all its effort in order to come out of this worst condition and this condition shows unity among the people and police and government showing their full support to the common people.

Keywords: *COVID-19, Pandemic, Lockdown, Impacts on Indian Economy etc.*

❖ **INTRODUCTION:**

Corona viruses are a large family of viruses which may cause illness in animals or humans. In humans, several corona viruses are known to cause respiratory infections ranging from the common cold to more severe diseases such as Middle East Respiratory Syndrome (MERS) and Severe Acute Respiratory Syndrome (SARS). The most recently discovered corona virus causes corona virus disease COVID-19. The World Health Organization (WHO) has declared that the new corona virus outbreak is a public health emergency of international concern, officials announced on Thursday, 30th January, 2020. WHO proposed calling the disease “2019-nCoV acute respiratory disease”. The 2019 novel corona virus (2019- nCoV) originating in Wuhan, China, has spread to 24 more countries alarming public health authorities across the world. According to situation report 107 on COVID 19 on 7th May, 2020 around 215 countries in the world have been affected by the corona virus. The report stated that globally 36,72,238 (83465 new) confirmed cases have been reported and 2,54,045 deaths occurred due to this pandemic. If we talk about situation of India till 7th May, 2020 total 56,342 positive cases and 1,886 deaths have been reported. The purpose of this study is to understand the impacts of COVID-19 on the Global Economy.

❖ **Spread of COVID-19**

Real-time data on the spread of the coronavirus (or covid-19 disease) was collected from Worldometer. The data shows that the US had the highest number of infected individuals, followed by China, Italy and Iran as at 8th May, 2020. The statistics is reported in Table 1.

Country	Total Cases	Total Deaths	Country	Total Cases	Total Deaths
Total	4,032,763	276,677		-	-
USA	1,321,785	78,615	Czechia	8,077	273
Spain	260,117	26,299	Norway	8,070	218
Italy	217,185	30,201	Panama	7,868	225
UK	211,364	31,241	Kuwait	7,208	47
Russia	187,859	1,723	Australia	6,914	97
France	176,079	26,230	Malaysia	6,535	107
Germany	170,588	7,510	Finland	5,738	260
Brazil	145,892	9,992	Morocco	5,711	186
Turkey	135,569	3,689	Argentina	5,611	293
Iran	104,691	6,541	Algeria	5,369	488
China	82,886	4,633	Kazakhstan	4,834	31
Canada	66,434	4,569	Moldova	4,728	150
Peru	61,847	1,714	Bahrain	4,444	8
India	59,695	1,985	Ghana	4,012	18
Belgium	52,011	8,521	Nigeria	3,912	117
Netherlands	42,093	5,359	Luxembourg	3,871	100
Saudi Arabia	35,432	229	Afghanistan	3,778	109
Switzerland	30,207	1,823	Hungary	3,178	392
Mexico	29,616	2,961	Oman	3,112	16
Ecuador	28,818	1,704	Armenia	3,029	43
Portugal	27,268	1,114	Thailand	3,000	55
Pakistan	26,435	599	Greece	2,691	150
Chile	25,972	294	Iraq	2,603	104
Sweden	25,265	3,175	Uzbekistan	2,325	10
Ireland	22,541	1,429	Azerbaijan	2,279	28
Singapore	21,707	20	Cameroon	2,267	108
Belarus	21,101	121	Croatia	2,161	86
Qatar	20,201	12	Bolivia	2,081	102
UAE	16,793	174	Bosnia and Herzegovina	2,070	98
Israel	16,436	245	Guinea	2,009	11
Austria	15,774	614	Bulgaria	1,872	86
Japan	15,575	590	Iceland	1,801	10
Poland	15,366	776	Cuba	1,741	74

Romania	14,811	923	Estonia	1,725	56
Ukraine	14,195	361	Honduras	1,685	105
Bangladesh	13,134	206	Ivory Coast	1,602	20
Indonesia	13,112	943	North Macedonia	1,586	90
S. Korea	10,822	256	Senegal	1,551	13
Philippines	10,463	696	New Zealand	1,490	21
Denmark	10,218	522	Slovakia	1,455	26
Colombia	10,051	428	Slovenia	1,450	100
Serbia	9,943	209	Lithuania	1,436	49
Dominican Republic	9,376	380	Djibouti	1,135	3
South Africa	8,895	178	Sudan	1,111	59
Egypt	8,476	503	Hong Kong	1,045	4
Latvia	928	18	Tunisia	1,030	45
Kyrgyzstan	906	12	Somalia	928	44
Cyprus	891	15	Sao Tome and Principe	208	5
DRC	863	36	Liberia	199	20
Mayotte	854	10	Ethiopia	194	4
Albania	850	31	Madagascar	193	
Sri Lanka	835	9	Faeroe Islands	187	
Guatemala	832	23	Martinique	186	14
Lebanon	796	26	Myanmar	177	6
Niger	795	44	Zambia	167	4
Costa Rica	773	6	Eswatini	159	2
Andorra	752	47	Guadeloupe	154	13
Maldives	744	3	Haiti	146	12
Burkina Faso	744	48	Gibraltar	146	
El Salvador	742	16	Togo	145	10
<i>Diamond Princess</i>	712	13	CAR	143	
Uruguay	694	18	French Guiana	141	1
Mali	668	35	Brunei	141	1
San Marino	623	41	Cambodia	122	
Georgia	623	10	South Sudan	120	
Kenya	621	29	Bermuda	118	7
Gabon	620	8	Trinidad and Tobago	116	8
Guinea-Bissau	594	2	Nepal	102	
Paraguay	563	10	Uganda	101	
Channel Islands	545	41	Aruba	101	3
Tajikistan	522	12	Monaco	95	4
Tanzania	509	21	Guyana	94	10
Jordan	508	9	Bahamas	92	11
Malta	489	5	Barbados	83	7
Jamaica	488	9	Mozambique	82	
Taiwan	440	6	Liechtenstein	82	1
Equatorial Guinea	439	4	Cayman Islands	81	1
Réunion	426		Sint Maarten	76	14
Venezuela	388	10	Libya	64	3
Palestine	375	2	French Polynesia	60	
Mauritius	332	10	Syria	47	3
Isle of Man	329	23	Macao	45	
Montenegro	324	8	Malawi	43	3
Vietnam	288		Angola	43	2
Congo	274	10	Mongolia	42	
Rwanda	273		Eritrea	39	
Chad	260	28	Saint Martin	38	3
Sierra Leone	257	17	Zimbabwe	34	4
Benin	242	2	Yemen	34	7
Cabo Verde	230	2	Antigua and Barbuda	25	3
Timor-Leste	24		Papua New Guinea	8	
Botswana	23	1	Mauritania	8	1
Grenada	21		Comoros	8	1

Gambia	20	1	British Virgin Islands	7	1
Laos	19		Bhutan	7	
Saint Lucia	18		Western Sahara	6	
New Caledonia	18		St. Barth	6	
Fiji	18		Caribbean Netherlands	6	
Belize	18	2	Anguilla	3	
St. Vincent Grenadines	17		Saint Pierre Miquelon	1	

(Source: Worldometer)

❖ **Impacts of COVID-19 on Indian Economy:**

In India up to 53% of businesses have specified a certain amount of impact of shutdowns caused due to COVID-19 on operations (FICCI survey). Various businesses such as hotels and airlines are cutting salaries and laying off employees. By 24 April the Unemployment Rate had increased nearly 19% within a month, reaching 26% unemployment across India, according to the "Centre for Monitoring Indian Economy". Around 140,000,000 Indian lost employment in the lockdown. More than 45% households across the nation have reported an income drop as compared to the previous year. On 4 April, former Reserve Bank of India chief Raghuram Rajan said that the corona virus pandemic in India may just be the "greatest emergency since Independence" he former Chief Economic Advisor to the Government of India has said that India should prepare for a negative growth rate in FY21 and that India would need a ₹720 lakh crore (US\$10 trillion) stimulus to overcome the contraction. The impacts of corona virus on different sectors of economy can be discussed as below:

The Technology Industry:

It is the area on which COVID-19 has a positive and negative impact. If we look at both separately, then the positive impact of this COVID-19 on this industry is that industry with the help of remote work facilities boosts up its demand by increasing their working capacities from remote facilities. Its negative impact is that many big company conferences get canceled due to the misuse of data for the wrong person by any person or other entities like Zoom app. Whereas, its positive impact is that many companies or apps like- Zoom, G Pay, Skype, and many other applications makes people work much easier and students attend their classes and companies organize their meetings. Everything has two aspects negative as well as positive and this industry shows both aspects due to this pandemic.

Tourism Sector:

It is also impacted badly due to the Corona virus and is considered worse than the aviation industry due to this pandemic outbreak in many countries. And most affected countries have the worst revenue generation from this sector. The tourism industry contributes 10% in the total GDP and due to a temporary break in the tourism industry contribution to the GDP declines. According to the World Travel and Tourism Organization, COVID-19 cuts about 50 million jobs all over the world in the travel and tourism sector and it is continuing for the temporary period when the country is going towards the direction of recession.

Real Estate Sector:

At the time of COVID-19 pandemic was largely affected due to the ban on international trade and investment. All Foreign direct investment was stopped and delayed in all activities which increase the value of the Real estate. During the corona virus outbreak and lockdown, real estate faces many consequences. Advertisers of the real estate are not able to comply with the venture time constraints and this largely affects this real estate industry. Every nation during the festive session earns a huge amount and contributes to the GDP by the new ventures and purchasing of different properties. If the lockdown is extended, the impact of the Covid-19 outbreak on economic activity could be deeper and more sustained, leading to a crunch in cash-flows and project completion for developers, ICRA said. According to India Ratings, overall residential demand is likely to decline this year and will be suppressed due to weaker demand, economic growth and supply-side issues. This will lead to the unsold inventory levels remaining high.

Automobiles Sector

Most original equipment manufacturers and auto component firms have shut down manufacturing units and production is on hold. The two main auto clusters in the country, in Pune and Gurugram, have been completely shut, said CARE Ratings. While large manufacturers have liquidity buffers and strong balance sheets to survive the headwinds to some extent till production normalizes, other companies will not be able to survive without intervention and support from the government, said ICRA Ratings. It added that automobile volumes would decline by 15-16 percent in FY20 and remain flattish in the coming fiscal, leading to credit weakness for a number of firms.

Logistics Sector

According to World Logistics Council, logistics is a huge sector contributing to over 20% of the global gross domestic product (GDP) and around 8% of global employment. With the coronavirus outbreak, the logistics sector has taken a dip. Besides, the initiatives undertaken by the government to prevent the spread of coronavirus, such as lockdown and social distancing are impacting the demand for goods and causing a threat to the global supply chain. Also, recent researches predict that the breakdown of corona virus is worse than the SARS epidemic. To gain a competitive advantage in the long-run, companies in the logistics industry will need to understand their direct supply chains and the inherent risks they may be exposed to at the secondary or tertiary supplier and customer levels. By being aware of these risks, logistics companies can focus on formulating corporate strategies and business planning.

Food and Beverage Sector

Like all other sectors, the coronavirus outbreak has a severe impact on the food and beverage industry. While some processes food companies are witnessing a surge in demands, others such as restaurants and retail food establishments are encountering facing shortage of food supplies and workforce management issues. Therefore, companies in the food and beverage industry will need to take actions to mitigate the risk and streamline supply chain operations.

Aviation Industry

It is the industry that is the most affected and worst affected sector among all the industries. Due to the spread of coronavirus from China to many other countries, many countries put a ban on the movement of people from one country to another through the medium of the aviation industry. And this total ban on the movement of people from one country to another leads to a decline in the revenues of this Industry. If we look at the report of the CII then according to the CII report, almost 28 million Indians are estimated to travel outside India in the year 2019. Many airlines suspended their airline's services temporarily which put a heavy burden on the economy.

Retail Industry

As retailers are compelled to close their stores in order to stave off the corona virus outbreak, the retail sector is estimated to be heavily impacted by Covid-19. Also, major retail brands are witnessing a negative financial hit in the first quarter as a result of the epidemic. While some others are running under reduced hours with significant footfall losses. Also, with people scarcely venturing out of home, retail brands are bound to witness plummeting sales over the coming weeks. However, the challenges vary across various segments in the retail sector. For instance, the grocery sector is facing challenges in coping with the sudden surge in traffic and product demand owing to rising customer adoption of online channels to meet their grocery and daily needs. As such, retail stores are in need to stay prepared to act quickly and address short-term disruptions.

Hotel and Restaurants

There has been a massive decline in the restaurant and food service business. The impact is growing exponentially as the country comes under a lockdown for 21 days – food delivery has become the major means of revenues in the food service business • Similarly, the hotels and linked businesses (guest house, townhouses, banquet halls, etc.) have been direly impacted amid the lockdown. Business stays, leisure stays, family holidays, get-togethers, social occasions, etc. are being completely curtailed and in such a scenario the hospitality sector is

taking a hard hit. Layoffs seem inevitable in the restaurant sector as cash flows have dried up almost completely. Small and mid-size restaurants would be the worst affected as they struggle to cover fixed costs.

❖ Conclusion

This COVID-19 pandemic is a pandemic that has a very serious ill effect on everything from life to property. It totally devastated the economy and social conditions of many countries. The impact and its ambit of impact are so large that the World Health Organization has declared Coronavirus as a pandemic and many nations declared total lockdown and stopped all the commercial activities for the temporary period and many countries clearly explicit their intention of giving more priority to save a life than the conducting of commercial activities. The COVID-19 shows a worse impact on the economy and many people lost their jobs and many lost their lives but the government is putting all its effort in order to come out of this worst condition and this condition shows unity among the people and police and government showing their full support to the common people. And the launching of new phones is deferred due to which the supply chain of smartphones is affected and this puts a burden on the economy on a different level as in the whole world most people use smartphones and the break of supply chain brings the economy into recession. From the medical point of view, the COVID-19 is at a peak and its impact on the economy will lead to a recession in the near future. From the last few years, it is seen that corporate sector of India has a lower financial capacity to absorb losses incurred and due to COVID-19 the losses incurred this time is huge and after the end of the corona virus pandemic, the inability of the corporate sector to absorb losses may lead to a recession in the economy.

The Asian Development Bank estimated that the lockdown will cause a loss of 2.3% in the Gross Domestic Product. From the beginning of lockdown all the major companies temporarily shut down, all inter and intra movement banned, schools and colleges closed and all auto-mobile manufacturing companies closed for a temporary period and all this jointly affects the economy so badly that it leads to recession in the economy. In the aftermath of the pandemic and the impending economic disadvantages, it will lead to the emergence of a new world and many countries will emerge as a prosperous nation and a strong nation.

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