

## COVID AND ITS IMPACT ON 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 is so serious the world health organisation has declared it as a virus. The outbreak of Covid has unpredictable and unprecedented impact the economy throughout the world and India isn't in the least an exception to the present. Even after the lock down the people are so scared to return out and be involved in the economic activities like before, that it becoming very challenging round the world to be normal. As we said that India isn't an exception to the current, it's in reality economic pressure and future consequences on Indian Industries, resulting the declining the economic stabilization. The Indian government has announced number of measures to handle the pandemic extending to food security, additional funds to health care industry, tax exemptions and incentive together with extended deadlines et al. The country wide lockdown of twenty in the future followed by step lock down of several days in whole of the India and than in respective states, has created a stoppage in the demand and provide equation. This may provides a slowdown impact on economy. This study has been undertaken with the item to search out out the present and potential impact of Covid 19 on different sectors of the Indian economy and various industries like manufacturing, Banking, real State et al.. However there are certain aspects and areas which might be benefitted by this pandemic like adaptation of self dependent economy. This article will enlighten the identical and can also to handle survival strategies to beat such tough situation.*

**Keywords:** Corona, Industries, Slowdown, Economy, Pandemic, World Health.

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### Introduction

This Article discusses the economic impact of the COVID-19 crisis across all industries in entire country. The introduction of corona Virus has flashed a really wide and worst impact on the full world economy. The introduction of an unwanted pandemic COVID 19 has clutched the entire world. The impact of Covid 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 supply chains, the economy is perhaps running face a protracted period of slowdown. This has impacted the whole world including every industry including education. It was started from china, the whuan city which was the major source of this virus. It then spread whole over the world, but in beginning there was very little signs of community transmission. The number of people who got effected by this was quite less in number. Most of the cases was relating to travel history. The impact on the Indian economy are often significant if the virus continues to penetrate the country which is ready 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.

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### How It's Different from Past Pandemics

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

- It is a worldwide pandemic
- It isn't focused on low-middle income countries
- Interest rates are at historical lows
- The earth is far more integrated
- This current crisis is generating spillover effects throughout supply chains
- We've simultaneously destruction of demand and supply

The above-mentioned facts are often seen within the sunshine of recent business events. This will be a small sample of relevant events over the past month. As an example Car manufacturers, like Volkswagen and Ferrari, suspend production in Europe. Various Sectors are tormented by the lockdown like transport, entertainment, retail, hotels and restaurants etc. Tourist destinations are deserted. Various Trade fairs and events are canceled. Every kind of public gatherings and sporting events are cancelled. Airlines have started by grounding their whole fleet of aeroplanes and started asking their employees to want leave that too without pay. Lufthansa one of the biggest airlines of the world reduces 90% of its long range flights and cancels quite 23000 flights until the tip of April. Quite 10 million people have already lost their jobs. Big Cinema houses closing all of their movie theatres. Media groups and TV networks face sudden drops in ad revenue. This may be perhaps just a list but not exclusive one.

### Impact of Covid on Various Sectors and Evaluation of Future Impact

- **The Educational Activities:** Outbreak of Covid-19 has compelled lockdown in every sector including education. So, the numerous activities like admission, examinations, entrance tests, competitive examinations conducted by various boards/schools/colleges/ universities are postponed. Many entrance tests for higher study got cancelled which created an honest challenge within the lifetime of a student of upper education. The primary challenge was to continue teaching learning process when students, faculties and staff couldn't be physically present on the campuses. The plain solution for the institutions was to depend online teaching learning. However, within a relatively short time, education Industries are able to provide support to the students through online modes. The upper Education Industries have started conducting orientation programmes, induction meetings and counseling classes with the help of assorted e-conferencing tools like Google Meet, Skype, and You Tube live, Facebook live, WebEx etc. to provide support services to the students. This initiative has taken to make an efficient virtual environment of teaching learning and to create motivation among students for online activities. Change is inevitable which has been forced upon the society due to Covid-19. The opportunities created by the pandemic Covid-19 will lead towards an improved tomorrow. Tomorrow are visiting be a replacement morning which is in a position to thoroughly be in our own hands. New technologies will certainly challenge the traditional paradigms like classroom lectures, modes of learning and modes of assessment.
- **The Service Industry:** The problems are particularly bad in hospitality related sectors. Besides these, there are other businesses that rely upon tourism and may suffer spillover effects. Additionally, it's well-known that Chinese tourists are the world's biggest spenders. Many of the services we use on a everyday aren't traded and remain locally sourced. Here too, there is a powerful negative impact to the economy. As people cancel appointments at the dentist, postpone their haircuts, don't venture out for his or her weekly meal, or wait to position their house on the market, this may be a sturdy blow to service-oriented economies. Indeed, in commission sectors, the majority of the lost output isn't visiting be recovered. If you're thinking of buying a transportable or a microwave, you're likely visiting wait and buy that product later.
- **The Manufacturing sector:** This Sector provides employment to around 25% of the population in India and contributes about 30% of the Indian GDP. It embraces industries that produces and distributes finished goods or in indulged in construction activities, thus providing support to both the primary and repair sector. Manufacturing industries are bearing the brunt of corona virus as they'd terminated their production at a short notice. The worth of the inventories that are delayed within the assembly centers or warehouse of these industries has gone down and so the machineries are too lying idle for

an extended time. Major hindrance encountered by the industries is income constraints and supply chain disruption. Within the identical way industry with the bulk plants shut and imports being sealed up, there is a steep decline in production and sales of the auto companies impelling them to declare pay cuts. The Textile and fashion industry isn't in the least an exception to this. This Industry could also be a workplace for over 45 million people within the country but temporary closure of production units has increased their hurdles leading to lay-offs. Pharmaceutical and Chemical industries highly depends on import of bulk drugs and a number of other raw materials from China. Due to import restrictions these industries are impacted. For construction and engineering industries, the physical presence of massive labour force is crucial which is restrained during lockdown and so the development activities have also halted. Thus the industries are tormenting at the hands of ruthless corona virus.

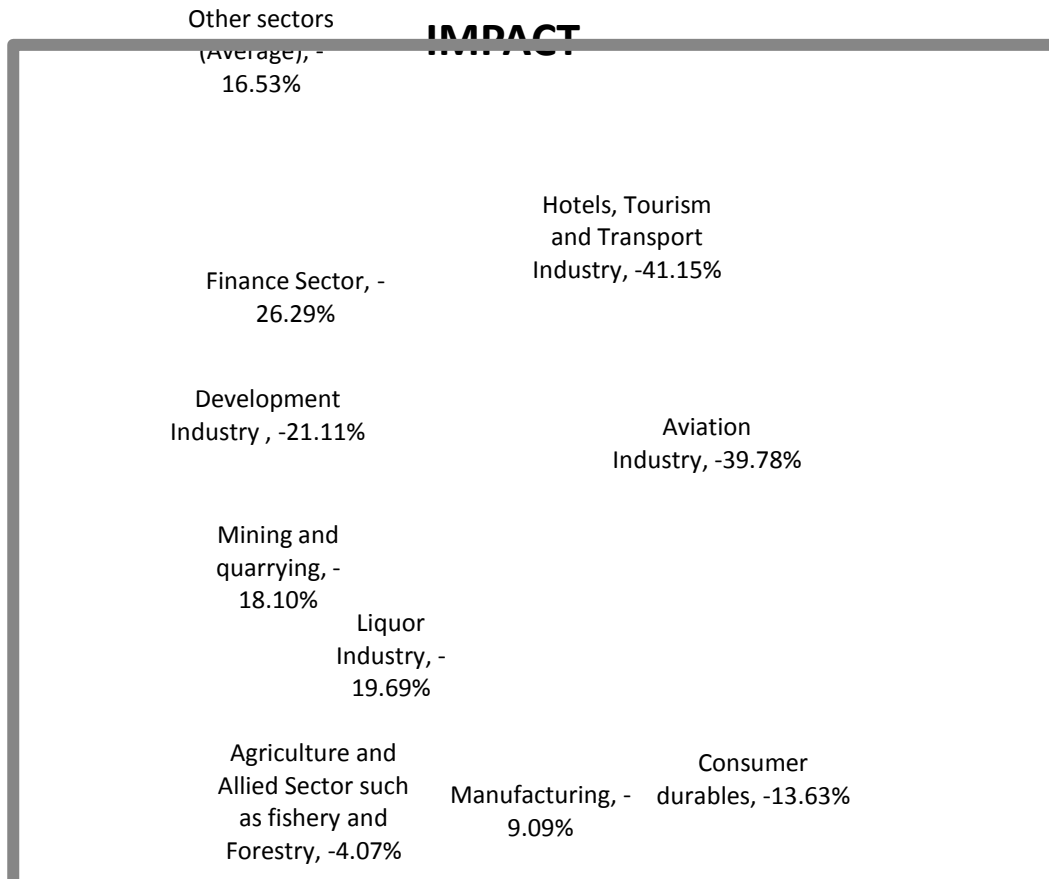
### Results and Analysis

The impact of Corona Pandemic could be a road changing turn of the life of everyone. The Social still economical position of individuals has gone worst. The impact of the identical has been described in the main three sectors. These are Primary Sector, Secondary Sector and repair Sector. Primary sectors are those sector in which are engaged in generation of those products which are of primary in nature such as generation and production of material. With the contribution of quite Sixteen percent in total GDP of the country and around forty five percent of total employment is generated through the first sector. This Agriculture sector is impacted in both ways i.e. for domestic furthermore export. The case of Tea, the impact is largest, as India is one in all the biggest exporters of Tea. Because of worldwide lock down the export has been impacted drastically. Second the standing crops wasn't abate because of paucity of labour and also the crops which were ready has not been used since the consumption has been decreased because of closure of Hotels Restores and other similar areas. Same as Secondary sector has also been impacted. Secondary sector mainly covers those industries which are engaged in production using primary produce. As an example the pharmaceutical industry has impacted at large level; because of lack of staple which is generally imported from china, and thanks to Covid, the push of individuals toward hospital for his or her other disease has get down. In the same way, the electronic industry of India is basically depends upon china not just for material but also for finished goods.

The Service Sector with the contribution of over sixty percent in total GDP of the country and around thirty five percent of total employment is generated through the secondary sector. It constitutes various sectors like Tourism, health care, Information Technology, retails et al. If any industry throughout the all sectors has been impacted largely, then it's Tourism sector. The other sectors are now getting up and recovering, the tourism industry remains in lock down situation. By closing down the shops and malls for all those goods which don't are available ambit unavoidably have introduce an outsized decrease in the demand and revenue in the retail sector. The loss of the opportunities in this sector is at the very highest level.

Let's sum up the whole impact on various sectors in an exceedingly table to allow a fast check out within it. Below table indicates that to what extent an industry has been decreased.

S.No.	Area or Industry	Impact (-ve)	Ranking
1.	Hotels, Tourism and Transport Industry	- 41.15%	1
2.	Aviation Industry	- 39.78	2
3.	Consumer durables, Necessary and Luxury and Other utility (including Gas, Electricity and others)	- 13.63%	8
4.	Manufacturing	- 9.09%	9
5.	Agriculture and Allied Sector such as fishery and Forestry	- 4.07%	10
6.	Liquor Industry	- 19.69	5
7.	Mining and quarrying	- 18.10%	6
8.	Development Industry (Construction and allied activities)	- 21.11%	4
9.	Finance Sector	- 26.29%	3
10.	Other sectors (Average)	- 16.53%	7



**Figure 1**

However looking into the positive side of this pandemic, there are a few things which could create an extended term benefit for India. Various countries are blaming china for this pandemic and began discontinuing their business relationships and their industrial setup from china. Like Japan and USA. This has opened a brand new era of Opportunities for India. Being the very best growing economy at the worldwide, India can be the next Global Economy after the china, if the chance has been cashed. There are certain factors that support the claim. The primary one is India has second largest population, so it's huge labour availability with the lowest cost and average age of twenty nine years. Even the domestic demand is incredibly high. With the fifth largest economy of the planet, its highest purchasing power parity at third level in world. The transportation and rail network is worldwide known. Hence even being number of disfavour acts of this pandemic, India continues to be on the higher side.

**Conclusion**

Even though the country may not slip into a recession, unlike the Euro zone, the US, or Asia-Pacific that has stronger trade ties to China, it's going to be forecasted that the impact on Indian economy are going to be significant. In keeping with the UN conference on trade and development the COVID-19 outbreak may cost the worldwide economy \$1-2 trillion in 2020, its potential impact on the Indian economy In March 2020, panic selling due to the pandemic shaved off 23% capitalization of companies listed on the National exchange (NSE) within a span of only 1 month. Although the sell-off was witnessed across-the-board, it had been more severe for industries that are hit the toughest by the Covid-19 pandemic. The Coronavirus outbreak has began to hit India's pharmaceutical sector by raising the prices of key ingredients. Similarly, the value of paracetamol has gone up. Challenges faced will account for rising price of medication, lack of supply of active pharmaceutical ingredients or finished drug products from China to not mention interstate transport challenge.

In our baseline scenario, we expect a substantial slowdown of world process. In our calculations, global growth in 2021 will attain 3.6%, which is substantially under the expected 5.3% and Bloomberg consensus 3.9%, at start of June 21. The limited economic impact in India in our baseline scenario assumes that the corona virus won't spread substantially on Indian soil which the amount of cases will remain limited. However it gone wrong. India is in more dangerous condition to this virus because of large number of population and lower health facilities compare to abundant than in many Western countries. The everyday number of hospital beds and doctors per 1,000 Indians is 0.7 and 0.8 respectively, compared to 5.2 and 3.7 within the Europe. As long as the WHO already is talking a few pandemic, there's a risk we are quickly moving towards our pandemic scenario.

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