

## IMPACT OF CORONA VIRUS ON PERSONAL FINANCE AND ECONOMIC SITUATION IN INDIA

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### ABSTRACT

*Covid -19 originate on china has spread to 149 country of the world. The worst affected countries are china, USA IRAN and Europe. It is likely to impact personal income, expenditure, savings and investment. It very Lead to biological warfare also. If prolonged it may lead to global economic crises, scientific research is needed to study its impact on personal finance.*

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**Keywords:** Covid -19, Corona Virus, Personal Finance, Economic Situation, Biological Warfare.

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### Introduction

Corona virus (Covid -19) has spread to 149 countries of the world. It has no preventive vaccine or **curative** medicine, daily approved by scientific medical immunity. In order to prevent it become spreading through contacts, social distancing has been emphasized. People are asked to keep on confirmed to home. Use of mask, sanitizers, regular washing of hands are advised. India had been observing a pre-pandemic slowdown. Even earlier the pandemic, since Financial Year - 2018–19. India's growth was sinking, 8% in Financial Year - 2018 to Financial Year -2020 With 4.5%. In Jan- 2020- well earlier India's lockdown or responses to the pandemic, the International Monetary Fund reduced India's GDP approximations In 2019 and also reduced the in2020 year GDP estimate. The 2016 Indian banknote demonetisation and goods and services tax enactment in 2017 directed to severe back to back troubles in the economy. On upper of this there had been many banking calamities such as the Infrastructure Leasing & Financial Services crisis and government scheme disappointments such as that of 'Make in India'. There was also an important "income crunch" for both rural and urban sectors in the year preceding to the lockdown. It will be interesting to study its impact on personal finance in India. It is going to impact personal income, expenditure, savings and investment in several funds.

### Research Objective

- To study impact on personal income
- To study impact on personal expenditure
- To study impact on savings and investment
- To suggest strategies to policy formulation

### Research Design

The study is exploratory in nature to identify research questioners/ hypothesis. The source of primary (prime) data is mainly social media available secondary data like NSSO 72<sup>nd</sup> round on per capita, consumer expenditure on services and dabbles has also used. This study is limited to India only and references period is February- March 2020 office instruction delivered by the govt. of India and state government to checked its range are also used. WHO advises are also used

Since this is completely a virgin area of research, literature review and finding research, gap is not feasible

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- **Impact on Income**

It is likely to cause significant losing income to investors in shares and mutual funds another group of peoples likely to be worst affected is daily wage parameters in unorganized sector, person related to treatment, travel, tourism, entertainment, newspapers, bullion, restaurant, jewelry, malls and event management, who have no permanent or secure jobs may suffer loss of income/jobs. Beggars, priests and kathavachak, singer dancer may also suffer

It may lead to increase in control rates in the field of house hold thefts. An advisory trends, "Don't allow any stranger to enter your house who claimed to have been sent by the Govt. for sanitization of your house, equipment's, assets etc. (tiktok video of Dr. Deepak Devgan) to escape from creditors. (WHO finding)

- **Impact on Expenditure**

Masks are available only at heavy black market premium sanitizers are also costly. If vaccine is made is made available by any reputed MNC drug company like Roche of the USA. it will also cost vary clearly it is very likely permanent expenditure or Hygiene products and medicines will go up

Expenditure related to the following products/ service in likely decide drastically

- Travel, tour, entertainment, transport, fuel etc.
- Foreign travels
- News papers
- Shopping at mall
- Online shopping, specially of food.
- Events, social educational and others.
- Donation at religious place, personal income and expenditure

This impact on personal income and expenditure is likely to continue for at least one month (March 15 to April 15 2020)

- **Impact on Savings and Investment**

Taking personal loans vehicle loan and consumer durable loans may decline for some period. Business will face slowdown stock market, bullion and jewellery market event management, transport and travel, tours, entertainment business will remain subdued. Personal investment in financial instruments may decline due to less savings and poor prospects of appreciation. Bank deposits growth rate may also decline.

If covid- 19 horror is prolonged it may lead to economic slowdown and recessam also one breaking news on social media may become a cause of serious concern. It reads as under

In the 3<sup>rd</sup> week of March- Amazon announced that it would stopover sale of non-needed items in India so that it could focus on vital needs. Amazon followed the same policy in Italy and France. On 25 March, Walmart-owned Flipkart temporarily suspended some of its services on its E-commercial platform and would only be selling and distributing essentials. Big Basket and Grofers also ran restricted services, facing troubles due to the lockdown. Delhi Police began issuing delivery mediators restriction passes to make it easier for them to keep the supply chain open. E-commerce companies also sought legal clarity related to crucial essentials.

"china developed corona virus in its plumb as portion of its covert biotic warfare programme to use this virus dripped out of its Wuhan PU lab and started killing Chinese citizens."

Dr. franchiseboyle is the creator of the US bio weapons act also said that corona virus is big Biological warfare weapon. The WHO knows it china smuggled in from Canadian lab in Winnipeg

The USA has declared national emergency. Third and fourth stage will be very dreadful like in Italy. The US sees opportunity to exploration the opportunity by developing vaccine. Have we not returned to barbarism?

"Covid-19 has affected everybody have a major relook at our operational priorities and what we actually need. boost 'Make in India' by hand-holding our internal( domestic) industry even if they deliver weapons with around only 67% of the general staff qualitative requirements (GSQRs) in the beginning... given the opportunity, they will finally deliver cutting-edge technology. We are not expeditionary forces that have to organise everywhere the globe we should not go in for large amounts of imports by distorting our operational requirements"

During the declaration of the economic package, the Finance Minister announced a change in the FDI cap from 48% to 75% for defence, the corporatization of India's ordnance production and a list for the prohibition of select defence imports.

- **Research Question/ Hypothesis**

The following hypothesis may be tested by empirical primary data collected by online for whatsapp sample survey also:

- Personal income before corona virus and after corona virus differs significantly.
- Personal expenditure before corona virus and after corona virus differ significantly
- Personal savings and investment/ loan growth rate are significantly affected by corona virus.

Strategies may be suggested to the Govt. to minimize the adverse influence of the corona virus on personal income and expenditure, savings and investment. Similar researcher in other affected countries/regions may also be undertaken.

### **The Economic impact of the coronavirus pandemic in India in 2020**

- The **economic impact coronavirus pandemic in India** has been largely disruptive. India's growth in the fourth quarter of the fiscal in year 2020 went down to 3.7% according to the Ministry of Statistics. The Chief Economic Adviser to the Government of India said that this drop is mainly due to the covid-19 effect on the Indian economy. Notably India had also been witnessing a before covid-19 slowdown, and according to the World Bank, the recent pandemic has "magnified pre-existing dangers to India's economic position".
- **The World Bank** and rating agencies had primarily revised India's growth for Financial Year 2021 with the lowest figures India has seen in three eras since India's economic liberalization in the 1990. However, after the declaration of the economic package in mid-May, India's GDP estimates were downgraded even more to negative figures, signaling a deep recession. (The ratings of over 30 countries have been reduced during this period.) On 26 May, CRISIL announced that this will maybe India's worst recession since independence. State Bank of India research estimates a contraction of over 42% in the GDP in Financial Year 2021. The contraction will not be uniform, rather it will differ according to various parameters such as state and sector. On 1 Sept 2020, the Ministry of Statistics released the GDP figures for (April to June) Financial Year 2021 which showed a contraction of 25% as compared to the same period the year before.
- **Unemployment** rose from 6.8% on 15 March to 26% on 19 April and then back down to pre-lockdown levels by mid-June. During the lockdown, predictable 14 cores people lost employment while salaries were cut for many others. More than 47% of households across the nation have reported an income drop as compared to the previous year. The Indian economy was expected to lose over 32,000 core every day during the first twenty days of complete lockdown, which was declared following the covid-19 outbreak. Under whole lockdown, less than a quarter of India's \$ 2.8 trillion economic movement was functional. Up to 54% of businesses in the country were projected to be meaningfully affected. Supply chains have been put under pressure with the lockdown restrictions in place; initially, there was a lack of clarity in restructuring what an "essential" is and what is not. Those in the casual sectors and daily wage pay groups have been at the most risk. A large number of farmers around the country who grow perishables also faced insecurity.
- **For most of companies** in India such as Larsen & Toubro, Bharat Forge, UltraTech Cement, Grasim Industries, Aditya Birla Group, BHEL and Tata Motors have momentarily balanced or considerably reduced procedures expenses. Young start-ups have been impacted as funding has fallen. Fast-moving consumer goods companies in the country have significantly reduced o procedures expenses and are focusing on essentials. Stock markets in India posted their worst loses in history on 23 March 2020. However, on 25 March 2020, one day after a completed 21-days lockdown was declared by the Prime Minister, SENSEX and NIFTY posted their biggest gains occur in 11 years.
- **The Government of India** announced a variety of measures to undertake the situation, from food security and extra funds for healthcare & for the states, and sector related incentives and tax deadline extensions. So no 26 March a number of economic relief measures for the

poor were declared totaling over Rs.170,000 cores . The next day the Reserve Bank of India also announced a number of measures which would make accessible Rs. 374,000 crore (US \$ 52 billion) to the country's financial system. The World Bank and Asian Development Bank approved support to India to undertake the covid-19 pandemic.

- **The different phases of India's lockdown** because of (corona virus ) up to the "first unlock" on 1<sup>st</sup> June had varying degree of the opening of the economy. Then On 17 April, the RBI Governor declared more measures to counter the economic impact of the covid-19 pandemic including 50,000 crore (US\$7.0 billion) special finance to NABARD, SIDBI, and NHB. On 18 April, to protect Indian companies during the pandemic, the government changed India's foreign direct investment (FDI) policy.

**On 12 May** the Prime Minister declared an overall economic worth 20 lakh crore (US\$280 billion), 10% of India's GDP, with prominence on India as a self-reliant nation. During the next 5 days the Finance Minister declared the details of the economic package. After 2 days later the Cabinet meet cleared a number of proposal in the economic package including a free food grains package. By 2<sup>nd</sup> July 2020, a number of economic indicator showed signs of recover. On 24<sup>th</sup> July the Finance Secretary of India said the economy is showing signs of recovery than anticipated, while the Economic Affairs Secretary said that he expects a v-shaped recovery in India. In July the Union Council of Ministers passed the National Educational Policy 2020 goal to build up growth of the economy.

### **Economic Situation**

In India up to 53% of businesses have specified a certain amount of impact of lockdown caused due to Covid-19 pandemic on operations, as per the report of FICCI survey in March. The unemployment rate had increased nearly 20 percentage within a month, reaching 26 percentage unemployment across India, according to the 'Centre for Monitoring Indian Economy'. Around 140,000,000 (14 crores) Indians lost employment during the shutdown. Because of corona virus More than 45 percentage households across the India reported an income drop as compared to the last year. Different business such as many hotels and different airlines cut salaries and laid off employees. Income of transport companies such as Ola Cabs went down nearly 95 percentage in March to April resulting in 1420 layoffs. It was estimated that the loss to the tourism business will be Rs 15,000 crore (US\$2.1 billion) for March to April month of 2020. ASSOCHAM and FAITH approximation that a huge chunk of the labour force engaged with tourism in the country faces unemployment. Live events industry saw an approximation loss around of Rs. 3,000 crore (US \$ 420 million).

In India a number of young start-ups have been impacted as funding has fallen Data Labs survey report shown a around 46% decrease in the total growth-stage funding as compared to According to a KPMG survey report shown that venture capital in Indian start-ups has fallen over 51% in 2020 from.

The Indian economy was expected to lose over 32,000 crore (US\$ 4.5 billion) every day during the first 21 days of the lockdown according to Acuité Ratings. Barclays said the cost of the first 21 days of lockdown as well as the last two shorter ones will total around 8.5 lakh crore (US\$120 billion). Confederation of Indian Industry (CII) had sought an economic fiscal stimulus package of 1% of India's GDP amounting to Rs.2 lakh crore (US\$28 billion).The fiscal policies approach is compared to what has happened in many other countries like Germany, Brazil and Japan. Jefferies Group said that the government can spend 1.3 lakh crore (US \$ 18 billion) to fight the impact of covid-19. Bloomberg's economists say at least Rs, 2.15 lakh crore (US\$30 billion) needs to be spent. Former CEA Arvind Subramanian said that "India would need a 10 trillion (US\$140 billion) along with stimulus to overcome the retrenchment".

### **Conclusion**

Income and expenditure per head data may be obtained from (NSSO) national sample survey organization website survey that savings and investment data may be obtained from CSO. Impact on corona virus on personal income, expenditure and saving and investment should not be computed on the source of number of corona patients or death at different stages. It grow exponentially it may be a very minor proportion of total population. But threat perception created by media hype has spread over almost the whole population for example, when Govt. issues necessary to close down educational institutions, coaching classes, malls, multiplex, events, hotels, restaurants, shops and asks people to remain confirmed to own home for Three Months, the whole population is imparted.

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