

## IMPACT OF PANDEMIC IN INDIAN ECONOMY

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### ABSTRACT

*The outbreak of the COVID-19 pandemic is an unprecedented shock to Indian economy. The economy was already in a parlous state before Covid-19 struck. With the drawn out country-wise lockdown worldwide monetary decline and related interruption of interest and supply chains, the economy is probably going to confront an extended time of log jam. The Indian Economy was required to lose over Rs.32, 000 crore (US\$4.5 billion) consistently during the initial 21-days of complete lockdown, which announced after the Covid flare-up. Under complete lockdown, less than a quarter of India's \$2.8 trillion economic movement was functional. The non performing assets will increase as unemployment increases, including retail loans. The paper shows some of the remedial measure that must be taken care of so that there is a boost in the economy as soon as the lockdown gets over. The reason for this paper is to assess development ramifications of the Pandemic for the Indian economy. Such an activity will be basic for resulting conversations on arrangement intercessions expected to speed up the way toward fixing supply chains and limiting the monetary expenses related with the pandemic. Watchwords: COVID-19, Pandemic, Unemployment, Economy, Downturn.*

**KEYWORDS:** COVID-19, Pandemic, Unemployment, Economy, Downturn.

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### Introduction

On 31st December 2019 around there, Hubei Province, the China Health Agency alarmed the World Health Organization (WHO) of various pneumonia in focal China with questionable etiology. The recorded case has been on the Huanan Seafood Wholesale market since December 8, 2019, where a few group utilized or remained, while numerous early cases were without admittance to this area. Another Covid was accounted for on January 7 from the throat swab test of a patient, at first condensed as 2019-nCoV by the WHO. The pathogen was later named as the Corona virus belonging to the Study Group SARS-CoV-2, and the WHO identified the 2019 COVID (COVID-19) as a severe respiration syndrome. As of 21st April, 2,496,372 cases were reported and number of active cases is 1,669,348 in the whole were identified. (COVID-19 Dashboard by the Center for Systems Science and Engineering (CSSE) at John Hopkins University (JHU), (2020). The WHO has declared the epidemic of SARS-CoV-2 an International Public Health Emergency (PHEIC). The epidemic is growing quickly across mainland China and has now entered many nations. Several cases of unexplained pneumonia have been identified during the early stages of this virus outbreak. Serious respiratory disease signs were accounted for in specialists and others with rapidly expanding intense respiratory trouble condition, intense respiratory inadequacies and other critical perilous inconveniences. On seventh January, 2020, the Chinese Center for Diseases Control and Prevention (CCDC) recognized this contamination as novel Corona Virus and on eleventh February, the WHO declared another name for this pandemic which is presently referred to as COVID-19 as it was started in the year 2019. The National Health Commission of China as reported as 2.1percent death rate in acknowledgment cases in China as of fourth February and a 0.2 percent death rate in the cases outside China. The death rate went from 11 to 15 percent for emergency clinic conceded patients which fundamentally uncover that COVID-19 is somewhat infectious.

The point of this paper is to break down the distinction between the pre pandemic and the post pandemic circumstance of the work power in India.

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### Literature Review

**As per (Ozili and Thankom, 2020)**, why has a worldwide downturn added to medical issue? How the world economy adapting to the spread of the Covid? The arrangements lie in two methodologies that disabled monetary tasks through Covid. Right off the bat, the infection spread advanced social disconnection and added to the fast improvement of the plague, and the subsequent disarray regarding how awful the condition will be.

**Sardar, Nadim and Chattopadhyay, 2020** The creators consider another numerical model for COVID-19 transmission, with a lock-down impact and transmission inconstancy among suggestive and asymptomatic populaces. The influence on reduction cases and deaths of current 21 days was measured using average COVID-19 cases notified from three states (Maharashtra, Delhi, and Telengana), and from overall India. A specific lock-down performance rate is observed for lock-down results. The outcome indicates that 21 days of lockout in Maharashtra and in India as a whole world have no effect. They also compared approximate samples of parameters for the four locations described. They noticed a link between the lockdown impact and the percentage of symptoms in an area. The finding indicates that a greater proportion of patients affected in an area results in a substantial reduction in the amount of reported cases and fatalities related to multiple lock-downs.

A very limited amount of study has been done on this topic. But, as the virus has been spreading rapidly, which cannot be controlled through any vaccines, they are need of certain studies which would suggest what are the possible ways in which would suggest what the possible ways in which an economy should progress when the lockdown gets over.

### Research Objectives

The major objectives of this study are:

- To understand impact of Covid-19 on overall Indian Economy
- To understand impact of Covid-19 on different sectors
- What is the impact of the lock down?
- How can India regain its growth after the lock down/ pandemic gets over?

### Research Methodology

In this study I have taken survey reports & study reports by various agencies like CRISIL, FICCI, PwC, ASSOCHAM, CII, McKinsey & Company and CARE Rating for detail study. I have picked the reports for the most part distributed in March and April months to comprehend the effect of COVID-19 on Indian economy and different areas. Likewise, I have contemplated not many examination papers and News article which distribute in these two months.

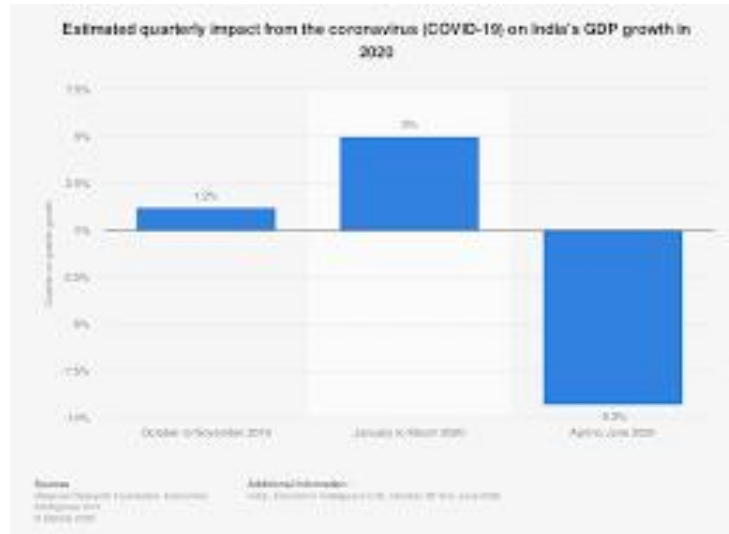
### Results and Findings

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 rooted impact on 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 year fiscal year 2021. Fall in manpower of production units, leading to loss of productivity coupled with shortage of demand, has a 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 lockdown on March 25th March 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 corona virus outbreak and the subsequent measures to prevent it, accompanied by significant dip in growth rate, the declining trend which has 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 corona virus outbreak, the economy was expected to lose over Rs. 32,000 crore (US\$4.5 billion) per day.

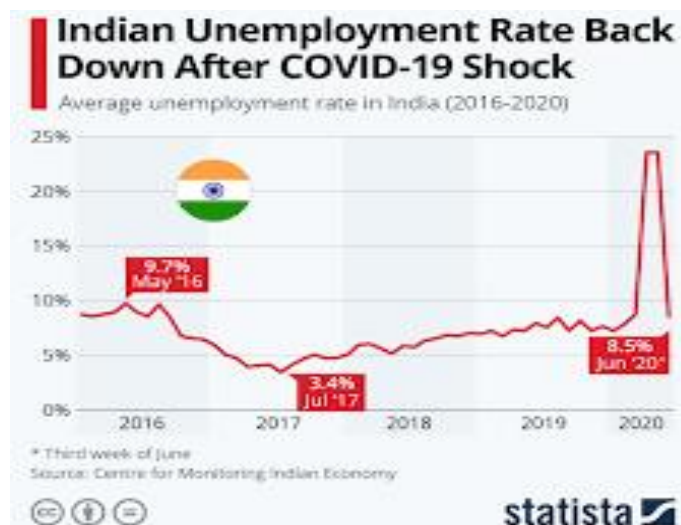
### Estimated Quarterly Impact on GDP



Source: www.statista.com

### Impact on Unemployment

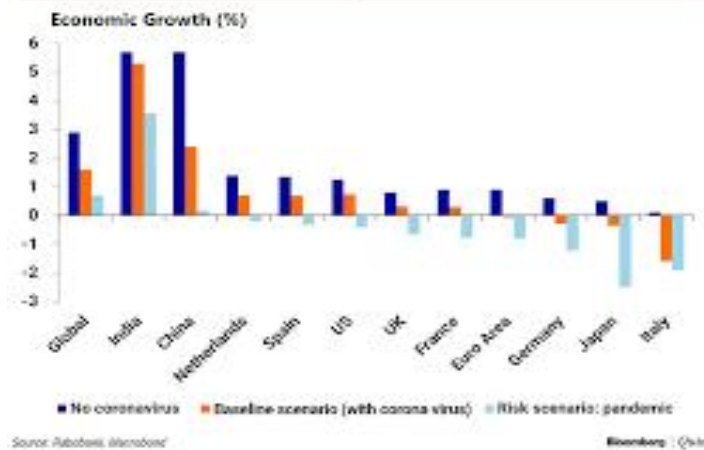
The unemployment rate has had a sudden surge due to the total lockdown imposed in the country followed by the policy of social distancing. The decline of economic activities implies slack labour market conditions that contribute to rising unemployment rates. Lack of funds for business and movement of migrant laborers back to their hometown has also resulted in massive unemployment. Between February and April 2020, the share of households that experienced a fall in income increased to nearly 46 percent. The total lockdown followed by the practice of social distancing resulted in job losses, specifically those pertaining to Indian society's lower economic strata. Several households' terminated domestic help services—especially an unorganized monthly-paying job. During the nationwide lockdown, labour intensive industries reported the highest rate of unemployment as efforts were made to reduce manpower due to lack of funds owing to the temporary stoppage of production and prolonged shortage in demand. The informal, unorganized jobs which employ 90% of the population were the first to be hit. As a result of proctor acts, curfews and closure of businesses, even the formal, permanent jobs were affected. All these factors have led to a steep rise in the unemployment rate from 6.6 percent in the month of May.



**Impact on Trade**

The trade impact of the pandemic on India is estimated to be around 348 billion dollars, as the country is among the top 15 economies most affected as slowdown of manufacturing in China disrupts the world trade, according to UN report. In India, the chemical sector is most impacted in terms of trade and stands at 129 million dollars, textiles and apparel of 64 million dollars, automotive sector at 34 million dollars, metals and metal products at 27 million dollars, leather products at 13 million dollars and electrical machinery at 12 million dollars. The only positive news that came along with the crisis was that India registered a trade surplus in 2020, almost after two decades. The late trade surplus was reported in 2002. However, this surplus is unlikely to sustain.

**Global Economic Impact Of COVID-19**

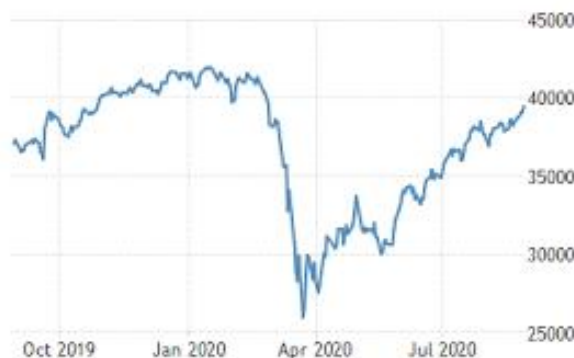


Source: www.bloomerguint.com

**Impact on Stock Market**

The stock market witnessed significant drop and volatility in the major indices during February and March 2020 as shown in figure. On 23rd March 2020, securities exchanges in India saw their most exceedingly awful misfortunes ever. SENSEX fell 4000 focuses (13.15%) and NSE NIFTY fell 1150 focuses (12.98%). Notwithstanding, on 25th March, one day after the declaration of a total 21 days lockdown, SENSEX saw its greatest increases in 11 years, adding a colossal worth of Rs.4.7 lakh crore (US\$66 billion) crore for financial backers.

In April and May, the Indian market basically reacted to the advancements in the US financial exchange, which was the ameliorated by money related facilities of the Federal Reserve. On eighth April, getting a positive sign from the Wall Street about the novel pandemic arriving at its top in the US, the financial exchanges in India by and by rose steeply. By 29 April, Nifty arrived at the 9500 imprint.



Source: tradingeconomics.com

### Recommendations

Here are a few suggestions that the policymakers can consider as they gear up to deal with the economic crisis:

- The first measure must to be ensured them laborers in the casual area, who will be gravely influenced, but have little investment funds to hold them over the stun. This won't be not difficult to do, yet there are two instruments that could be used: MNREGA (Mahatma Gandhi National Rural Employment Guarantee Act) and Jan Dhan accounts.
- For coordinated area as talked about over, the target ought to be to make the banks fairly less danger opposed in their general loaning, while at the same time saving their power to recognize feasible and non-suitable firms.
- To build liquidity and increment customer certainty, the Government of India ought to give a compensation move charge occasion for a quarter to help support interest in these distressing occasions.
- CSR spending by corporate associations ought to be coordinated towards a reaction reserve devoted for the administration of the pandemic..

### Conclusion

The corona virus pandemic has paralysed 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 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. Price increases could occur in the sectors like agriculture so measures should be taken to maintain adequate harvest and keep the supply chain operating smoothly. The risk of a rating downgrade and fiscal deficit spike will make it harder to borrow and spend in the future. The government must increase the scale of direct benefits to the specific target groups like MSMEs and the unemployment by the other schemes like MNREGA and Jan Dhan Yojana. There should also be a temporary increase in the quantity of food distribution to ensure the food security of the vulnerable groups. Given the limited nature of available resources and other limitations, the policymakers in India have to carefully weigh the policy options and choose only those that have the largest payoffs in the short run as well as long run.

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