



## A NARRATIVE REVIEW OF COVID-19 AND ITS EFFECT ON INDIAN ECONOMY

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**ABSTRACT** At present the world is facing a tough time. Almost every country has been affected by the deadly corona virus disease. What is more alarming is that the numbers are rising day by day and is putting the economies at a major risk. The WHO declared corona virus a pandemic suggesting all countries to work aggressively enough and that's why after the spread of Covid-19 many countries have shut down their sea ports and airports. They have banned the import and export activities leading to disruption in supply of raw materials to the industrial units. In the present paper I have discussed the effect of Covid-19 on Indian economy and its different sectors. It is expected that this study will help the researchers to develop the conceptual model to overcome from this.

**KEYWORDS :** Pandemic, Covid-19 effect, Lockdown, Economic Sectors

### INTRODUCTION

Viruses are the most numerous entities on Earth, and they are found in the majority of ecosystems. They are often recognized by the population as pathogens associated with diseases and epidemics. They generate tremendous amount of fear once they directly influence human life.

Corona viruses are S family of viruses that range from the common cold to MERS corona virus which is Middle East respiratory syndrome corona virus and SARS which is severe acute respiratory syndrome corona virus. SARS COV-2 is a virus responsible for an outbreak of respiratory illness known as COVID -19. It is slightly larger than influenza SARS and MERS Virus.

### Why it is a matter of concern

As a novel virus newly emerged in humans, the world's population is completely immune-naïve and therefore vulnerable. There is clear human-to-human transmission and transmission from close face-to-face social contact, especially in small enclosed spaces, is also evident. You may get trapped by this virus where you are simply caring your loved one and that's why health practitioners are at maximum risk. They can travel between hosts through the air, water, soil, and droplets. They mutate rapidly. And they are truly everywhere. No one is invulnerable; the older adults are at increased risk for severe illness or death from COVID-19. Despite your best efforts, you may be exposed to corona virus and become ill with COVID-19. In addition, the experience in studies shows that transmission can be massive in a short period of time with thousands of new patients diagnosed daily. While there is clearly a mortality linked to the virus, the most concerning problem will be if a health system is overwhelmed in the wake of rapid transmission so that affected patients cannot receive the care they need. Furthermore, patients with other urgent medical conditions are at risk of not obtaining their necessary care. Countries with vulnerable health systems are particularly of concern. The outbreak had significant impact not only on public health worldwide but also on all stages of the supply chain and value chain of various industries. Right now, doctors are using general treatment measures to control the symptoms of Covid-19, but there's not yet a specific vaccine or cure.

There are no specific treatment or vaccine for COVID-19 at this time which poses the biggest difficulty. There are things you can do to feel better and to prevent it from attacking you like washing hands regularly, maintaining social distancing, using mask in the public place. In the meantime, researchers around the globe are looking India and COVID-19. The only way to tame the spread of this virus is by practising social distancing and that's why Govt Of India has so far announced many phases of lockdowns in India.

The first case of Covid-19 in India reported in January, 2020 and after that the Govt of India has declared lockdown in different phases. I  
Phase 1- 25th march to 14<sup>th</sup> April  
Phase 2- 15<sup>th</sup> April to 3 may  
Phase 3 - 4<sup>th</sup> May to 17<sup>th</sup> may  
Phase 4 - 18<sup>th</sup> May to 31<sup>st</sup> may  
Phase 5- only for containment zones

Because of this the Supply chain across the nation is disrupted.

**Different sectors of India-** An economy is made up of different sectors and when we think of Indian economy it is mainly made up of three sectors-Agricultural or Primary sector, the Industry or Secondary sector and the Services or Tertiary sector but as the world comes to a standstill due to corona virus pandemic and life is basically operating within the four walls of the home the Indian economy is also suffering a major setback. No sector has escaped its impact.

**Primary Sector-** Agriculture is the most important sector of India, providing employment and food to majority of our population. The humans have excessive reliance on the primary sector. The problem in agriculture at the moment are primarily related to inability to access markets for produce due to lockdown issues and availability of labour but in general they are not affected much as compared to other sectors. This is the peak of Rabi season in India and most of the crops are at harvestable stage and this is the time when they reach the market for procurement operation but the lockdown has created severe obstacles in their way. Corona virus pandemic has impacted the supply chain of agricultural commodities by taking a toll on the loading and unloading of agricultural produce and it has also hindered the movement of trucks carrying essential commodities. The migration of workers from different parts to their native place has also triggered panic button. The sale of dairy products has also suffered due to this pandemic because of transport issues.

**Secondary sector-** The secondary sector is another very important sector and forms a substantial part of GDP. It creates value (goods) and is often known as the engine of economic growth. There is natural limit on how much can be extracted from primary sector but when economy paves its way to secondary sector new farm techniques are used, new machineries are involved and thus it boost the manufacturing process and industrialisation becomes dominant. Before the corona virus pandemic the FDI flow was optimal but after the outbreak the FDI in flow has witnessed a sharp decline due to downfall in manufacturing sector, movement of workers, and unavailability of raw materials. Due to Covid-19 most of the manufacturers have reported disturbances in the manufacturing practices. Major companies in India such as Larsen and Toubro, Bharat Forge, Ultra Tech Cement, Grasim Industries, the fashion and retail wing of Aditya Birla Group, Tata Motors and Themax temporarily suspended or significantly reduced operations in a number of manufacturing facilities and factories across the country. The impact of COVID-19 on the manufacturing industry is classified into these sections-

**Automobile-** Automobile and component manufacturing plants was already facing massive headwinds even before this pandemic and now the situation is going from bad to worse they are suffering a lot due to Covid -19 outbreak. Consumer footfalls in showrooms have fallen sharply, vehicle sales have declined dramatically. The industry is really concern about generating new demands. If we look at areas in which they operate, most of the zones are in red zone so very few companies are able to open up and secondly it's becoming very difficult to coordinate with the suppliers and dealers. Although this sector is adopting new strategies to grab the attention of consumers but it is difficult to start the manufacturing and generating demands unless the supply chain starts working together and that seems very challenging in present scenario

**Food and beverage-** This industry is experiencing the differential impact of this rapid spreading of Covid -19. This industry is facing shortage of workforce due to safety concerns which is affecting the overall production and distribution of food and beverage products. Raw material supply has been disrupted. Trade restrictions imposed by several countries is also affecting the global logistics and transportation which has resulted in shortage of food supply. Food safety concerns and the potential risk of virus transmission through public contact has affected consumer visits to outlets and the consumers have now started preferring homemade food giving a very tough competition to ready to take way foods

**Chemical Industry-** The industry claimed that it has multiple cross-linkages and is critical in functioning of many essential goods like food, edible oils, drugs, fertilizers etc.

According to Indian Chemical Council (ICC), many essential supplies from the C&PC sector are stuck at various checkpoints in the country. Manufacturers are unable to produce, even if permitted to operate, as their employees are finding it difficult to reach at work. Hence, the C&PC sector should be declared as essential and be exempted from lockdown, it demanded.

The chemical industry is facing worldwide adverse effect due to this pandemic. India is one of the major production hubs of chemicals churning out over 80,000 commercial chemical products. Being a dominant global dye supplier, the country accounts for approximately 16 per cent of the world production of dyestuff and dye intermediates. In FY 2018-19, total production of major chemicals and petrochemicals stood at 27,847 metric tonne (MT), a growth of 4.15% over 2017-18. Out of the total chemical production in India, alkali chemicals accounted for approximately 69% share; while the production of polymers account for around 61% of the total production of basic major petrochemicals

**Electrical and Electronics-** The production facilities of the electronics parts have been halted owing to the logistics slowdown and unavailability of the workforce across the globe. On the other hand, various e-commerce companies all across the globe have discontinued the delivery of non-essential items (including most of the electronics products), which is affecting the electronics industry. The major supplier is China in electronics being a final product or raw material used in the electronic industry. India's electronic industry may face supply disruptions, production, reduction impact on product prices due to heavy dependence on electronics component supply directly or indirectly and local manufacturing.

**Pharmaceuticals and Medical-** The toll on the pharmaceutical industry is of significant concern for India, mainly as 70% of active pharmaceutical ingredients (API) are imported from China. These active pharmaceutical ingredients are essential to a large number of pharmaceutical manufacturing companies in the country. As COVID-19 is rapidly making its way through India, medication is going to be the number one consumer demand, and because there aren't nearly enough APIs to manufacture drugs, the subsequent traders and the market are witnessing skyrocketing prices. The prices of vitamins and penicillin alone already see a 50% surge. At present there are huge demands of many products especially the face shields and pharmaceuticals products and the need is rising with the rise in number of cases

**Aviation-** Aviation provides the only rapid worldwide transportation network, which makes it essential for global business. It generates economic growth, creates jobs, and facilitates international trade and tourism. Over a third of world trade by value travels by air but after the Government of India indefinitely suspended tourist visas and banned domestic and international flights airlines are in great pressure leading to a sharp drop in airline fares, even on popular local routes. Private airport operators have requested the Government to grant permission to impose a nominal passenger facilitation charge on airfares to cover the increased operating cost.

**Tertiary sector-** The tertiary sector of the economy is the service industry. This sector provides services to the general population and to businesses. Activities associated with this sector include retail and wholesale, transportation and distribution, entertainment (movies, television, radio, music, theatre, etc.), restaurants, clerical services, media, tourism, insurance, banking, healthcare, and law. The Indian retail has witnessed a massive setback. All the malls and the stores have

been shutdown only the retailers with presence in essential commodities continue to have some cash flows. In most developed and developing countries, a growing proportion of workers are devoted to the tertiary sector. The impact of the COVID-19 pandemic on India's services economy has not been fully realised yet," Joe Hayes, Economist at IHS Markit, said adding that "the survey data collection (March 12-27) was concluding just as Prime Minister Narendra Modi ordered a complete lockdown of the country". Covid 19 has attributed to work from home (WFH) in almost all field, be it education, IT, Retail, banks, and the worst affected sectors are aviation, hospitality, automobile, real estate and MSMEs

## CONCLUSION

Never before has the world come to a standstill so this is the time to reset and rethink. For the Indian economy, there is both supply and demand side disruptions. On the demand side, sectors bearing the brunt of the adverse impact of COVID-19 include sectors such as trade, transport, travel and tourism, hotels, sports and entertainment as also the financial services sector. On the supply side, sectors such as wood products, mineral oils, plastics and chemicals derive a substantial share of their export demand from China and hence may be adversely impacted

The government needs to provide support to two types of economic actors—those who have lost incomes or business because demand collapsed or contracted and those who have lost their jobs because they cannot go to their jobs and the unit cannot function. So the need is to provide income support and working capital support businesses are actually trying to come to their original shape

At last there's no one-size-fits-all approach to the current environment — and it's certainly not business as usual. Most companies already have business continuity plans, but those may not address the fast-moving and unknown variables of an outbreak like COVID-19. They don't generally take into account the widespread quarantines, extended school closures and added travel restrictions that are now being enforced in countries across the world. Each company's response to these forces should be carefully tailored to the dynamics of its industry. Employee safety is the need of the hour. Still, with no experience of dealing with a virus that has the potential to spread rapidly, most companies are brushing off their hands by asking employees to stay home.

Making the current situation a learning opportunity, this is the time India can work on capturing potentially 40% of their competitor's market share by looking at indigenous production of goods, furthering the country's Make in India campaign, commercialization of indigenous technology, reduction of import, efficient health system. As such, I am historically optimistic that lessons from both the past and present can help us devise effective and also ethically and socially appropriate strategies to mitigate the microbial threats that inevitably loom on our horizon.

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