



ORIGINAL RESEARCH PAPER

Commerce

COVID-19 IMPACT ON DIFFERENT SECTORS OF ECONOMY OF INDIA

KEY WORDS: Covid-19, Coronavirus , GDP, Indian Economy, Pandemic

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ABSTRACT

The Coronavirus is a disease which is caused by unknown virus and it is one of the widely spread diseases. As we all know that Indian Economy is facing depression, unemployment, slowdown the supply side due to lockdown. This study brings our focus on negative impact of this virus on the economy of India. Covid19 has adverse impact on various sectors like industry sector, service sector, food processing, manufacturing sector etc. This study demonstrates the consequences of Covid-19 on various sectors of economy of India. This paper also focuses on the government strategy and framework of policy towards COVID-19 pandemic situation. This paper includes adverse impact of this outbreak on sectors such as manufacturing sector, services sector, stock market, international trade, financial market and lay down a set of policy recommendations for various sectors to cope up with the situation.

INTRODUCTION:

Coronavirus has adversely affected both the economic activity and human lives. Most of the sectors have negative impact because of this outbreak. Also, India has to cope up with diseases in the past like small pox, plague, polio etc. But, this virus that was originated first in China in the month of December end of 2019 and speedily spread in almost all parts of the world in a very short period of time has become one of the major health crisis in world history. This Coronavirus is adversely affecting the Indian economy. The country's GDP growth has weakened due to the coronavirus induced lockdown since it is affecting different sectors. A highly-automation production infrastructure saves time and energy, low production costs and improve quality of living. As a result, reduced working hours at workplace has helped in initiating good health and to carry out businesses without hurdles. Significant change in human behavior has noticed due to increase in confidence while using technology, technical support, and electronic payments. This changing behavior leads us to follow new trends like work from home, and we are moving towards such a future that which is free from offices buildings. Allocation of budget for the purpose of investing more in healthcare and healthcare products by Governments, business leaders, and companies while discovering some gaps in the global system during this outbreak.

Almost all economic activities has come to an end due to immediate shutdown of the country. The fluctuations in demand and supply power has continued while lifting of the lockdown period. The economy of India requires sometime to get back to its normal position. According to the Ministry of Statistics, the growth of India slowdown to 3.1% during the fourth quarter of the fiscal year 2020. The unemployment rate has increased from 6.7% to 26% from April to March 2020 within a month period. During the lockdown period, near about 140 million people have lost their employment and others got salaries deducted with no increments. During the first wave of coronavirus, the economy of India have to lose \$4.5 billion per day. If this situation continues then the economic loss to be predicted is \$2.8 trillion that has tremendously put impact on the small scale and large scale business.

Objective And Research Methodology :

The key objective of this study is to find out the negative impact of this outbreak on some selected sectors of the economy and to reflect the need for policy intervention. The study uses secondary data being collected while going through different business magazines, commerce newspapers, and government websites for this study.

The Impact Of COVID-19 Pandemic On Stock Market Of India:

Coronavirus has also affected the stock price of top listed companies which has affected the financial system. The Sensex of India has changed a lot from during this lockdown period in both BSE and NSE. Due to lockdown, the stock market has faced major losses and due to decrease in funding and investments during this period, newly entrepreneurs have adverse effect. The manufacturing companies who provide the supply of goods and raw material all over parts of India has brought down its supply and operational activities.

The Impact of COVID-19 on Foreign Trade:

Major market of exports with China for different products of our country like sea food, petrochemicals, gems and jewellery etc. has adversely affected because of outbreak of coronavirus. Coronavirus has negative impact on export and import trade. Specially, it is observed that labour-intensive industries have suffered a lot due to lockdown. Also, those industries who transport equipment have showed the negative effect in both export and import. Although, medical product industries have positive impact of this coronavirus. Hence, there are harmful trade effects during the first wave.

The Impact of COVID-19 on Financial Markets and Institutions:

Financial markets and Institutions has been facing extremely volatile environment that has lead to colossal wealth erosion and big crashes as a result of unexpected conditions regarding future prediction and consequences of this outbreak. Decline in consumption levels is just because of the devastation of financial market. Both the stock exchange market BSE and NSE has shown changes of more than 8% in a single day because of the major changes in domestic equity markets and this day was to be known as black day (12.03.2020). There was total 2919 points downfall in the BSE Sensex, and 868 points drop in NSE Nifty. This drop down has taken place on regular basis till date because stock investors has opted for regular selling due to increased cases of coronavirus. The stock exchange markets of India has again jumped to a new lower level on 19.03.2020. It is expected that volatility of stock wealth erosion in equity markets to be continued.

The Demand Side Impact of COVID-19 :

The worst affected sectors are Tourism, Hospitality and Aviation sectors which are facing the maximum adverse effect because of this outbreak. Closure of cinemas, theatres, shopping complexes have tremendously affected the retail sector due to decrease in consumption of both essential and

discretionary items. The main reason behind this is job losses, no source of income as a result of slow down activity in various sectors that includes retail, construction, aviation, entertainment, etc. A panic atmosphere has now created among people and the level of confidence of consumers has decreased significantly, due to which there is delay in purchase of products. Moreover, restrictions for travel have severely put impact on the transport sector. Hotel businesses are also facing cancellations on large scale from routine travellers and business travellers due to postponement of various events, conferences, marriages, seminars and workshops on a large scale.

The Supply Side Impact of COVID-19 :

Many Indian manufacturing sectors has affected due to closure and lockdown of various factories and the delayed supply of goods and products from China that source their requirements for intermediate and final product from China. Shortage of raw material and various components are noticed in different sectors of economy due to which investment and production schedules of companies of India got affected. In spite of having an adverse impact on imports of required raw materials, the slowing down of operational activity especially in China and other markets of the world is tremendously affecting India's exporting to the main parts of the country.

Need for Policy Recommendations:

It is the need of the hour to chalk out strategies for economy in order to help businesses and the common public to cope up with this spread of coronavirus and the environmental crisis. Firstly, there is a need to reduce the cost of funds by reducing in policy rates and government needs to increase the limit of credit for all banking accounts by 25 % so as to give relaxation and enable the factories and industries to continue their operations even with less number of laborers over longer time period of work considering all precautions for the health and safer environment. Secondly, a pay roll tax holiday should be provided by government of India for a quarter in order to increase liquidity, to increase consumer confidence and to provide support demand in these stressful times. Thirdly, micro, small and medium enterprises should be given loan on concessional rates. In order to handle the economic impact of this outbreak, the government should provide financial support to different sectors especially health sector and need to design fiscal and monetary policy accordingly. Moreover, government should also provide relief from tax and give social protection in order to support various enterprises.

CONCLUSION:

Outburst of coronavirus has adverse effect on the entire world including economic activity and human lives. The present situation of depression is a totally change situation of recessions of 2008. There is a need to adapt healthy environment at workplace for protection of workers. Also, workers need to provide health access with no discrimination. Now, its time to strengthen the capabilities of government so that it becomes easy for us to face the diverse impact of this situation. Manufacturers have to face challenges on numerous fronts as we all know that COVID-19 crisis continues to expand and there is requirement to look beyond their own economic sustainability in such circumstances. Moreover, there is a need of coordination with the public sector companies to chalkout plans which are important for both safety of public and the workers at workplace taking into considerations their operational activity. Therefore, it is very important that we have to improve our capabilities so that we can face such situation of crisis and be prepared for the future events that are unknown.

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