

The Impact of COVID-19 Pandemic on Different Sectors of the Indian Economy: A Descriptive study

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Abstract:

“Covid-19 is an infectious disease caused by a new strain of Corona. Co stands for Corona, Vi stands for Virus, D stands for Disease, formally this disease was referred to as 2019 novel Coronavirus. This paper focuses on the impact as a result of outbreak of pandemic of Covid-19 on Indian Economy. This paper mainly focuses on the impact of Covid-19 on different sectors of Indian Economy. This study reveals the impact of the shock on various sectors like manufacturing, Banking, health care, unorganized sector, tourism and Aviation sectors and etc.”

Research Design: In this research Descriptive research Design has been used.

Key Findings: “The Indian economy was grappling with its own issues and Covid-19 made the matter worse. Due to the measure adopted to prevent the spread of Corona virus disease-19 especially social distancing and lockdown and non essential expenditure are being postponed. This causing is causing aggregate demand to collapse across the India.”

Research limitations:

- This study is restricted to some selected sectors of an economy.
- This study is related to the Indian economy only.
- This study is limited to pandemic of Covid-19 only.

Key words: Covid-19, Pandemic, Indian Economy, outbreak of pandemic, unorganized sector.

1.2: Introduction:

“We all know that we are in the middle of the Covid-19 pandemic which is being affected the 2 major shock of the economy they are health shock and economic shock. The disease which is seriously affecting to the people have made certain policy action to follow for the spreading of virus the actions are social distancing, closure of institutions and companies, public facilities centre, self-isolation at home, and the major cause was lockdown of the whole country, education sector, tourism sector, hospitality, aviation, hotels, banking sector.”

Kristali Georgieva the chief of international monetary fund has said that the year 2020 is the worst affect on the global economy, with over 170 countries likely to experience the negative per capita GDP growth due to covid-19 pandemic.

“The world has witnessed several epidemics such as the Spanish flue of 1918, outbreak of HIV/ AIDs, SARS, MERS, and Ebola. In the past, India also had to deal with diseases such as the small pox, plague, and polio. We all know that, however the covid-19 which was originated in China on December 2019 and in the next few months it has been spread rapidly to almost all countries of the world where the all countries have to face the biggest crisis of the health in the history. India is one among where it has been recorded the first case of the covid disease on January 30, 2020, and the cases have been increased significantly. In order to stop the spread of virus, government of India has been announced a national wise lockdown starting from March 25, 2020, but it was continued about 3 months.”

“At this point if time the education sector, places of worship, business, and industries were closed and even travelling from one place to another place was closed. This created a problems to the students, employees and workers to travel who stayed far from there native, but as the time passed at the end the government had made some discussion to open the lockdown by the month of April and may to the people to go for there native place who stayed.”

This was required given the uneven spread of the covidvirus across the country with some states like Delhi, Gujarat, Maharashtra, Tamil Nadu, Karnataka, Kerala where reporting higher cases eventually then the required.

“Domestic flights were allowed as per the guidelines given by the government and opening of essentials were permitted. Restrictions on education sector, places of public centre such as malls, gym, swimming pool, cinema, parks, places of worship, and operations of metro train have been continued. And after few days they had been come up with night curfew that was started after the first stage of unlocking begun in June.”

OBJECTIVES OF THE STUDY:

- To focus on the impact of a pandemic on different sectors of the economy.
- To understand the impact of covid-19 on overall Indian economy.
- To know GDP growth rate of the economy.

Demand side impacts: “Tourism, Hospitality and Aviation are the leading and mostly affected sectors that are facing maximum crises. Closing of shopping mall, cinema theatres as a result of lockdown restrictions has severely affected the retail sector by reducing the consumption of essential and entertainment purpose items. It resulted into decline in the level of income, particularly daily wage earners due to the slow economic activities in many different sectors like entertainment, retails, constructions, transportation and etc., that lead ultimately to fall in consumption front. There is a postponement of buying decisions by the buyers due to panic and fear about the virus attacks. The transportation sector has critically affected due to the lockdown effect, which causes a restrictions in travelling. Most of sectors like schools, colleges, universities and most private firms started work from home culture. Hotels and restaurants are observed suffering significantly as there is the result of cancelation of leisure trips, business trips, seminars, workshops conference, internships and etc. Supply chains have also been put under strain due to the lockdown restrictions.”

Impact on supply front: “The Covid-19 has also affected supply front; delay in the supply chain of goods from China due to the shutdown of industries/factories has also adversely affected, many Indian manufacturing sectors which were depended on China for their raw materials, Inputs and final products. The problem of a shortage of a raw material for production also faced by some of the crucial areas like electronics, automobile, pharmaceutical, chemicals products and etc. Business sentimental, investment and production schedules of firms get hampered due to spread of Covid-19. Exports of India have also been affected as a result of the slowdown in manufacturing activity in China and other markets like US, Europe and etc.”

Here is a brief out look at how some major industries have been affected due to the pandemic of covid19:

1. **Agriculture and food processing-** “Agriculture is considered as an backbone of the Indian economic system. As a result of Covid-19 pandemic the inter state intervention and transportation services have been shutdown and farmer are unable market their crops in the market. They are incurring enormous losses and this pandemic forced the farmers to throw their crops. As farmers are basically dependent on the agriculture they don't have any other source of incomes. The pandemic has affected adversely on the one of the fastest growing subsector of India Poultry sector and it has incurring a loss due to the misinformation has been spread by social media as infections of Covid-19 with consumption of Poultry products and meat. Even though the government is providing a help to this sector but still their conditions are miserable.”
2. **Education sector-** “The covid-19 pandemic has affected adversely on the educational system not only in India but also worldwide leading to the near closure of schools, universities, colleges etc. The educational sector is been fighting to survive the crisis with the different types of approaches and digitizing. In India more than 32 core students have affected by the various restrictions and as the lockdown was announced at a nationwide. Even though the Covid_19 had impacted immensely on educational sector of India, though it has created a many challenges on the other hand various opportunities have also arrived. The Indian government and other stakeholders of the education system have explored the possibility of open and distance learning (ODL) by adopting different technologies to cope with the current crises of pandemic. Despite of the online education platforms helped the students in learning, but in fact if this situation continues, then there can be drastic unemployment in the education sector.”

- 3. Unorganized sector-** “This pandemic affected workers of unorganized sector very badly. This sector mostly includes labours and daily wage earners, who are working in Micro, Small and Medium enterprises (MSME's) and it left them as jobless and has resulted into increased unemployment rate and it left no alternative income sources. Every one is observed with migrating on foot and cycles to their homes and native places and some sort of help has been extended by the government by the way of running some special trains for these people. After lockdown giving them employment is a very necessary step before the government. If no employment for these people then they may not die from Corona but they will die definitely from starvation. Therefore after lockdown giving them employment is necessary for this class of people.”
- 4. Defence and security-** “On defence and security the impact of Covid-19 has affected on supply chain and production/manufacturing facilities of the defence companies. As they need to depend on the different sources available in affected countries. This will affect on the reducing the demand for defence equipment. The present situation is not much affective for the business growth as we know that high value procurement programmes were finalized during defence shows which are now being cancelled. The military activity which disclosure foreign equipment and their abilities to the prospective buyer also affected business growth as many countries like United States of America and United Kingdom has cancelled travel plan, deployment and activities for troops. Even the assembled equipment which is ready for delivery are also cancelled due to the lockdown of airspaces. When the items were not dispatched on time due to that the demand and sales reduced and the manufacturing companies balance sheet was affected. Covid-19 has teaches a lesson to the defence industry that they should be always ready for uncertainty and shift to the technology based platform.”
- 5. Health-care industry-** “Covid-19 has exposed the vulnerability of healthcare systems. As we know that in fundamental rights we have access to the health care facility but the fear of covid-19 everything has in turn affected many people primary health care. The covid 19 created a problem for the pregnancy women to visit the hospital for check-up of parental and instead of this, opting for telemedicine. Many healthcare centres are ignoring for other patients like cancer patients due to covid-19 and where found difficult to get proper treatment. If this is continued the death rate will be more than the other patients. This pandemic has reached a lesson that temples, statues, and museums are not a necessary requirements but the hospital with world class infrastructure is also important.”
- 6. Stock market-** “Stock market is a place where shares of public listed companies are traded. Stock market are crashing worldwide by record lows and affecting the economic states of countries worldwide. It is incredible to expect a fast economic overcome from the present Covid-19 impact. Even though the financial crisis and is unavoidable. One S&P analysis Covid-19 daily update (2020) show that whenever the market goes down by 20%, then it takes average 536 days to recover. However due to the pandemic S&P has fallen below record 17 days and even we don't have any idea for how much more will it fall. Investors in India as well as around the world fear that Covid-19 pandemic will destroy the economic growth of the nation and the actions which are undertaking by the government may not enough to stop this decline. Interest rates in various banks of different countries have seen declining the interest rates in order to reduce the impact on the banks which in turn allowed borrowing cheaper and it helps in the encouragement of spending to boost the economy again.”
- 7. IT Sector-** “The IT sector is dependent on the many above mentioned sectors such as manufacturing, retail, hospitality, communications and etc. It had major impacts on the purchasing and investing pattern on IT services. This has impacted as requirements of additional workforce and inflow of revenue in this sector. IT having a share of impact as the top software companies like Tata consultancy services and HCL (Hindustan computer's limited) impacted as technological spending reduced from US and Europe.”
- 8. Tourism sector-** “This is one of the biggest hit industry by the pandemic, this sector has the lions share due to the recession without the intervention from the government. Since the government imposed restrictions held to travel for leisure in the country and all over the world, it will affect the flow of tourists in all the countries, which will dramatically lead to reducing the money flow in this sector. Many meetings, conferences and major domestic and international events got cancelled when the pandemic was declared in India. More than 100 countries have travel restrictions including India due to the spread of Coronavirus and pandemic which affected the travel industry most. The Indian tourism industry anticipated an book loss of Rs 1.25 trillion in schedule 2020 as a result of dropout of the shutdown of hotels and suspension in flights when the spread of Coronavirus pandemic begin. This division also creates an enormous employment base in India and this sector have been note worthy supporter of the country's GDP.”
- 9. Indian Railways-** “During the Corona virus pandemic railways suspended all the passengers train services from March to 3 May. During a Web conference on July 28 Railways Board chairman V.K Yadav said that the Indian Railways expects to incur a loss of up to Rs 35000 from a passenger train segment during the FY 21 due today fallout of train travel as the restrictions were held for travelling and to prevent the wider spread of Covid-19.
- 10. Aviation-** “As the Covid_19 lockdown was announced in India, the government of India suspended all the tourist visas. Nearly 600 international flights which were traveling to and from India were cancelled and around 90 domestic flights have been cancelled leading to a sharp drop in airline fares even popular local routes. Private airport operators have requested the government to grant the permission to impose a nominal facilitation charge on air force to cover an increased operating cost.”
- 11. Impact on International Trade-** “China has been a game-changer for Indian markets dealing in many commodities like gems and jewellery, seafood, petrochemicals, etc. The outbreak of Covid-19 had made a negative impact on the exports of China. For example, the fishing sector is predicted to bear a loss of more than 1300 crores due to a reduction in exports. Even India exports 36 percent of its diamond to China. Jaipur incurred significant losses of 8000-10000 crores due to the cancellation of four major trade events between February and April. India exports 34 percent of its petrochemicals to China. Because of export restrictions to China, petrochemical commodities are expected to furnish a reduction in prices. As a result of a manufacturing slowdown in China that is adversely affecting world trade, India has become the top 15 economies that are adversely affected.”
- 12. Manufacturing Industry:** “The component manufacturing sector is heavily hit by the impact of the virus, as it shut the production and factory operations in the automotive, electronics, aerospace, and others.”
- “It all originated from China, which is the hub for the supply of raw materials to the global companies in the global market, then it impacted the whole supply chain for the manufacturing companies in order to follow lockdown, social distancing, and prevent corona virus spread measures suggested by the local government.
- The lockdown was aimed and It is estimated that over 75% of the total businesses in the world are direct or indirect contact for the procurement of raw materials from China companies and almost 950 Fortune 1000 companies have tier 2 suppliers in China. Moreover, as per the United Nations Conference on Trade and Development (UNCTAD) prediction that the global foreign direct investment (FDI) will reduce by 5% to 15% owing to fall in the operations of manufacturing companies in terms of factory shutdown.”
- 13. Banking sector-** “Banks sit at the heart of the economy and provide funding to corporate and individuals. Their stability is crucial to keep the system up and running. The covid-19 pandemic could one of the most serious challenges faced by the financial services industry in nearly century. The covid-19 impact on banking will be severe fall in demand, lower incomes and production shutdowns and it will affect the business of banks. The challenge faced includes shortage of staff deficient digital maturity and pressure on existing infrastructure as firms scramble to deal with the impact of Covid-19 on financial services. In this time a slide down of lending activities in banks as the borrowers and businesses face job losses, sales and declining profits as the virus continues to spread around the world. The ongoing Covid-19 pandemic poses a serious challenge for them but it is important for banks to remain operational during such

crises. The main income source of banks is interest accrued on loans, but it showed a downward trend because people preferred to deposit whatever they could to secure their future.”

Opportunities During crises: “The trade war between the China and US at its peak, many companies have decided to leave the trading that is connected to china. Many companies thought that the China is responsible for this pandemic. Many companies stopped paying to the China companies. The native companies of Japan that are performing in China, the government of Japan told to stop functioning in the china. This is the opportunity to the India to seize the companies to function under our geographic area. By this India can bring investors, Employment, transfer of knowledge and adopt new technologies. If India seize this opportunity there I'll be a development in economic slowdown. And many start-up have been started which made many Employment opportunity to the people. Marketing through digital have taken place by many companies. Working through online has been adopted by the people, which will help to learn how to perform the new technologies. Many innovation and speed of work is being adopted by the people. There is lot of improvement in the climatic conditions, environment as many industries where closed which functions chemical producing. And travelling was stopped, which causes pollution. Spending time with family was the great opportunity as many people who get time to spend time with family.”

GDP likely to contract by 7.7% in 2020-21: India's real GDP (Gross Domestic Product) is estimated to contract by 7.7% in 2020-21 as compared to a growth rate of 4.2% in 2019-20 with Real GVA (Gross Valued Added). Indies economy had grown at 4.2% in 2019-20, but entered a recessionary phase with two successive quarters of sharp contraction triggered by the Covid_19 as the national wide lockdown began in March 2020.

Just two sectors are estimated positive growth in GVA this year with Agriculture (3.4%) continuing its strong run through the first half of the year to the second half of the year and Electricity, Gas, Water supply and other utility services (2.7%)

The sharpest decline in pandemic is expected in Trade, Hotels, Transport Communication and services related to broadcasting (21.4%) followed by construction (12.6%) mining and quarrying (12.4%) and Manufacturing (-9.4%) public administration, defence and other also projected to contract by 3.7% while Financial, Real estate and Professional services record a marginal 0.8% decline as per advanced estimates.

Government's Measures: “The Government of India has announced a variety of measures to tackle the situation, from food security and extra funds for healthcare, to sector related incentives and tax deadline extensions. The immediate objective of the policy responses to the economic impact of Covid-19 is to ameliorate the effect of the shock on economic agents in both the formal and the informal sectors and to help them tide over the crisis. The central government and RBI have announced an initial round of fiscal and monetary policies respectively. In addition, several state governments have also announced fiscal stimulus measures.”

Policy Recommendations:

- “Government should mount an enthusiastic media campaign to counter the remorse being spread on social media regarding consumption of poultry products and also consider giving direct assistance to poultry farmers through direct benefit transfer so that they are compensated to some extent for the losses incurred by them.”
- “Suspending/Reducing of port fees and other logistics fees over the next few months to help revive the import and export.”
- “There is need to reduce the cost of funds through a reduction in policy rates.”
- “There is need to provide relaxation in the factory compliance to enable the industries to continue operation even with a fewer labourers, keeping in mind the healthier and safety environment. Social distancing is followed in this can bring positive outcome.”
- “There is need to provide reasonable and more straightforward terms for credit to those sections/sectors that are adversely affected and to those who will stop production activities due to the lockdown decision of government.”

- “About 90% of India's workforce is informally employed which includes gig economy workers. This population is extremely vulnerable to economic shocks and need greater access to formal credit and social safety needs such as insurance coverage and pension schemes.”
- “There is need to provide income support to low-income families through Direct Benefit Transfer. PM Kisan Yojana is already doing it for firm households. Farmers should be supported by giving Minimum Support Prices for their harvests.”
- “MSME'S should be provided a concessional working capital loan based upon average turnover of last year to support them.”
- “There are large numbers of people who will lose their jobs in many sectors like the retail, hospitality, travel and construction industries etc so the government is required to provide some incentives to employers to keep the workers until Corona virus problem get over.”
- “CSR spending by corporate organizations should be directed toward a response fund dedicated for the management of pandemic.”
- “There is a need for a carveout for the e-commerce company operation in case of urban lockdowns. The government should ensure that due to lockdown and other restrictions imposed by the state government.”

Conclusion: “The impact of Covid-19 pandemic had been affected more to the different sectors of the industries in the globe. Many people have lost their job due to this pandemic and the industries which got affected by this pandemic are hotels, oil industry, job industry, travel industry, education industry, gold industry, marketing, healthcare industry, stock markets, banking etc. This was one of the worst recessions over a time. This was one of the bad causes to the human beings and nightmare. All are on the hopes that we'll vaccine will be brought to the market and will end with this pandemic. And as we see that it has been hit the supply chain of the many industries and their balance sheets got affected due to improper dispatch of items on time. The demand for certain products has been decreased. Many things went unbalanced among the countries which was difficult to handle the situation. There was lot of issues took place within the country many people lost their jobs and lives which was much difficult for the people to survive, due to insufficient supply of basic materials. And the GDP was low because of the many industries n working sectors where closed for some period of time. At current the second wave of coronavirus has began and in future days this will also affect in the Indian economic system. I think the most significant is that we must ensure and make the best of efforts that this black phase of life should never happen with all of us again. I am sure that humankind has never taken lessons and wisdom from history.”

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