

COVID-19 PANDEMIC AND ITS IMPACT ON THE INDIAN ECONOMY**Dr. Chandrakant P. Kamble**

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Abstract

Economic activities are playing crucial role for social development in overall sectors. Indian economy has main three sectors i.e., Agriculture, industry and service. All these sectors looked a Great Depression of 1930. Everyday analyst and action reports are presenting into new bottoms of a fall-down in overall economic activities. Indian economy, however, has a slightly different story to tell at this Covid-19 pandemic of crisis. India is the second largest country of population in the world Most of the population living in agriculture sector. The impact of covid-19 pandemic is not only on agriculture sector but also on industry and service sector. India is largely self-sufficient in agriculture, and is not dependent on imports. The production of agriculture usually falls in the pandemic situation. Agricultural GDP practiced an average growth rate of 3.3% per year in the last five years period 2014-15 to 2019-20 with fluctuation situation. Terms of trade for agriculture looks to have improved with the nominal agricultural GDP growth was 11.4% as compared to real growth of 4% in 2019-20. This paper studies an impact of COVID-19 pandemic situation on Indian Economy. It's explained with agriculture, Industry and service at macro level.

Keywords: Covid19 pandemic, Indian economy, food & agriculture, industry.

Introduction

The impact of covid19 pandemic is new phenomena for agriculture sector. The Indian economy is a major part of the global economy. Initially a standard of the global impact is necessary to analysis of impact of Covid-19 pandemic. When started the break out of COVID-19 virus pandemic, analysts and experts worldwide are in a competition to project biggest economic difficulties for the global economy. Every day passing, the new predictions are showing an unhappier picture than the previous day. A slowdown of the global economy by 1% as compared to the earlier estimate of a 2.5% growth has been estimated by the UN on 2 April 2020. The size of the world economy in 2017 was \$80 trillion. The \$80 trillion world economy means \$2.8 trillion which was the size of our entire Indian economy in 2018-2019. The situation leading to economic depression has set on a roll. Lower consumption, less demand, reducing prices, supply cut, job decaling, lower expenditure all these factors look like a perfect suitable of depression. Currently predictions about the gloomy prospects for the world economy.

India's GDP for the first quarter (Q1) of 2020-21 estimated by 23.9% and the share of the manufacturing sector in total gross value added (GVA) which was 17.5% in Q1 of 2019-20 reduced to 13.8% in this quarter. Growth rate in the manufacturing sector has jumped to -39.3% in Q1 of 2020-21. For continuously eight quarters manufacturing growth rate has been declined, due to a lack of demand and structural crisis in the sector in the pandemic-induced lockdowns.

The impact of coronavirus pandemic on Indian economy has been largely adversely in terms of economic activity as well as a loss of human lives. Almost all the sectors have been facing long term impact as domestic demand and exports sharply declined. An attempt is discussing to the impact for some key sectors.

Objectives of the study:

1. This study observes the impact of COVID-19 pandemic on Indian economy in the lockdown period with the various important sectors of economy.

Research Methodology:

In this study secondary data have been used for collected through various websites, Newspapers, Books, reports and E-Journals.

Impact on the Indian Economy:

Covid-19 made significant economic and social troubles in India. The impact of covid19 varies widely among the economy. This main impact has elaborated one by one.

Food & Agriculture:

Agriculture is the backbone of the Indian economy. And a part of the government announced essential sector, the most impact is on primary agricultural production and usage of agriculture inputs. India's food grain output was projected to be at 292 million tonnes in 2019-20, up by 2.4 per cent from 2018-19. The stock of wheat and rice with the Food Corporation of India (FCI), as on March 1, 2020, was 77.6 million tonnes. This stock was more than three times the quantified minimum operational buffer-cum-strategic stock of 21.04 million tonnes required as on April 1. Numbers of state governments have already allowed free movement of supply agriculture commodity. Like fruits, vegetables, milk etc. RBI and Finance Minister announced measures will help the industry and the employees in the short term. The rural food production areas in the pandemic situation have held a great macro impact of COVID-19 on Indian food sector as well as larger economy.

Aviation & Tourism:

The contribution of the Aviation Sector and Tourism in our GDP stands at about 2.4% and 9.2% respectively. The Tourism sector helped around 43 million people in FY 18-19. Aviation and Tourism is the first industries that were highly adverse and significantly impact by the pandemic. These two industries have been dealing with simple cash flow issues since the start of the pandemic and are staring at a potential 38 million lay-offs. That is translates to 70 per cent of the total workforce. The impact is going to fall on both, White- and Blue-collar jobs. According to IATO estimates, these industries may incur losses of about 85 billion Rupees due to travel restrictions or limitations. As per reports, there has been 20% reduction in domestic travel and about 75% reduction in international travel bookings.

Restaurant services & food industry:

The National Restaurant Association of India (NRAI) which declare the majority of Indian restaurants had advised it shut down their dine-in services in the lockdown began. Hotel booking rates have also declined from 70% to 20%. There has been a down of 30-35% in restaurant business. Sales of poultry sector have also come down by 80% losing a business of approximately Rs 1,500 - 2000 crores daily. Which major impacted the dinner service, pubs, cafes and also food delivery platforms such as Swiggy and Zomato is challenged drop of 60% in revenue.

Telecommunication Industry:

In the telecom sector of India there have been a significant number of changes, even before the COVID 19 due to reducing price wars between the service providers. Most essential services and sectors have continued to run during the pandemic period. That is good thing because to the implementation of the 'work from home' due to restrictions. The telecom sector contributes about 6.5 per cent of GDP and employs almost 4 million people in the economy. Number of broadband usages had a direct impact and resulted in an increased pressure on the network. Demand for net data pack has been increased by about 10 per cent. But prices of net services remain constant it means maximum positive impact on telecom sector in coronavirus pandemic.

Pharmaceuticals:

The pharmaceutical industry has been playing major role in pandemic situation. The rise services since the start of the Covid-19 pandemic, especially in India. A market size of \$55 billion during the year of 2020, it has been surging in India, exporting Hydroxychloroquine to the world, particular to the US, UK, Canada, and the Middle-East. There has been increased in the prices of raw materials imported from China and other countries due to the pandemic. The most impacted due to heavy reliance on imports, disrupted supply-chain, and labour unavailability in this industry, caused by social distancing. Simultaneously, the pharmaceutical industry is going to struggle because of the government-imposed bans on the export of critical drugs, equipment, and PPE kits to ensure sufficient quantities for the country. But the financial pressure on the pharmaceutical companies, tax-relaxations, and addressing the labour force shortage in the

desperate time.

Oil & Gas:

The Indian Oil & Gas industry is fairly significant in the global context. India is the third-largest energy consumer country after USA and China and contributes to 5.2% of the global oil demand in international market. The completely lockdown across the country has declare on 23rd march 2020. The country slowed down the demand of transport fuels as auto & industrial manufacturing declined and goods & passenger movement both bulk & personal fell. The crude prices had declined in this period. Simultaneously the government increased the excise and special excise duty to make up for the revenue loss of economy. As a policy recommendation, the government may think of passing on the benefits of reduce the crude oil prices to end consumers at retail outlets to stimulate demand. But this objective is not achieved due to restriction of pandemic.

Raw materials and Electronic parts:

Most of the electronics goods imported from China. It is nearly 55 percentages. These imports have come down to 40% due to the pandemic and later Indian government came up with the promotion of Atmanirbhar or original production for the reduce dependency. The lockdown period has also resulted in reduced exports of raw materials like organic chemicals, cotton, mineral fuels ensuing in large trade deficit for India. At the same time the manufacturing the auto parts and automobiles have taken a major falling demand. With continuing lockdown, a downward slide of this sector is projected.

Textiles Industry:

India has been majorly affected on operation of textile factories. The export of raw materials such as cotton, other fabric, and yarn from India has been majorly affected. The raw material unavailability, reduction in work force and working capital restrictions has resulted in reduced demands and purchasing capacities. All manufacturing in India had stopped, except for the rice milling sector where production reportedly released by partial. In manufacturing, some of the most affected industries have been metals and chemical products, motor vehicles, machinery and equipment, textiles, etc.

Education and E-learning:

India Education is the traditional method, and the way its imparted has always relied mostly on the methods of classroom learning and teaching habit with a comfortable combination of technology wherever necessary. A fundamental approach was the most favoured, but the disturbing effects of the pandemic have left educational institutions and educators with an instant need to divert way of education is delivered to the students. The traditional nature of quality of education is something no one can change immediately by the educational institutions in our country. But due to pandemic they have divert into e-learning and online teaching with the agreed goal of students' progress and continuous learning.

It would not be simple that we embarked on e-learning within a very short time. The efforts of the uni-teachers institute have taken for E-learning with adapted new technology, video lessons and live classes. Most of the students have not understated online class. With limited resources but sufficient passion, educators across the world have been motivated hard and will continue to do to deliver quality lessons and education across the country.

Conclusion:

The first outbreak of corona virus (covid19) in Wuhan, China, the world has changed human life. Apart from the disturbing effects of the pandemic, the death rate and struggling healthcare systems is necessary. The coronavirus has left the economies world-wide staggering and even sinking in many parts of the all over world. Although some of the effects of Covid19 on the economy are short term a long term also, many can have permanent impacts. The lockdowns have massively impacted the supply-chain management and directed the GDP and import-export cycle dropping. There are three major areas of impact for Indian economy which are linkages, supply chain and macroeconomic factors. This is truly the worst recession since the Great Depression in the 1930s. While the majorly affected sectors include aviation travel and tourism, oil & Gas, auto, Textiles, drugs and pharmaceuticals and food and agriculture, among others,

education as we know it, has completely changed and is impacted too.

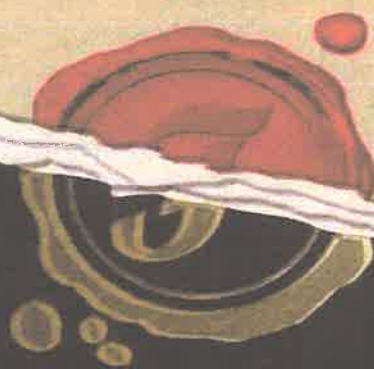
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