

## IMPACT OF COVID-19 ON THE INDIAN ECONOMY

Mr. Sandip Daulatgir Giri

*Research Scholar, D.S.M. College, Parbhani.***Abstract:**

*Coronavirus disease has impacted all the countries across the globe. All countries have observed the effects of the coronavirus at different levels. All economies are facing the problems how to the economy open and functioning during COVID-19. Many industries have been affected by the nation-wide lockdown. Companies are expected to register the poor growth in business. Organization's financial performance will remain sluggish in the coming few quarters. There are some Positive impact of COVID-19 on Indian economy. On the other hand, there are some Negative impact of COVID-19 on Indian economy. This paper intends to measure the performance of various impact on Indian economy during the COVID-19.*

**Key words:** Covid-19 (Virus), GDP (Gross Domestic Products), BOT (Balance of Trade) and BOP (Balance of Payment)

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**Introduction:**

The COVID 19 is creating destruction for the Indian economy. Due to the corona virus, induced lockdown is weakening the country's GDP growth since it is having major disturbance across multiple sectors. The resulting reduction in human working hours will help us maintain better health, and can allow businesses to hold on without interruptions should a crisis hit again. Increased confidence in technology, technical performance, and online payment sectors are causing a change in consumer behavior, away from traditional methods. This forces us to adapt to new trends, like performing from home, and move towards a future that would be freed from brick-and-mortar offices at large.

The exact span and depth of the crisis on the Indian economy cannot be measured at this point in time. Only time will reveal the real picture. However, renowned economists provide estimates on the likely economic impact of the pandemic on low and middle-incomes countries like India. India's growth in the last quarter of FY20 dropped down to 3.1% according to the Ministry of Statistics, mainly due to the effect of the current pandemic on the economy. While research and economic experts slashed GDP estimations of the economy, it is also estimated that the country might bounce back quickly because of the organized and unorganized market composition, the latter being largely dominant. Meanwhile, the organized sectors' losses are estimated to over nine trillion Indian rupees in March 2020. Unsurprisingly, the services and manufacturing, specifically travel

and tourism, financial services, mining and construction sectors remain the most affected industries, with declining rates of up to 23 percent between April and June 2020. The pandemic caused uncertainty and implications among all businesses across the world. Segments like consumer retail are expected to see steep declines ranging from 3 to 23 per cent, depending on the market situation.

### **Objectives of the study:**

In this present Study focused on the following objectives:

- 1) To exploring the Impact of COVID-19 on the Indian Economy.
- 2) To enlist some negative impacts of COVID-19 on the Indian Economy.
- 3) To highlight various positive impact of COVID-19 on the Indian Economy.
- 4) To put some effective suggestions for improve the Indian economy during this COVID-19 pandemic situation.

### **Research Methodology:**

This paper is based on the secondary data, and data has been taken from various reports of national and international agencies on Covid-19 pandemic. As it is not possible to go outside for data collection due to lockdown, information is collected from different authentic websites, journals, newspapers and e-contents relating to impact of Covid-19 on Indian economy. This collected data is analyzed in a systematic manner.

### **Impact of COVID-19 on Indian economy:**

There are several sectors which are impacted by the COVID-19 and the chances of their revival are not in the near future. Covid-19 appears to have had both positive and negative effects on the Indian economy. We can see positive and negative effects on the Indian economy as follows:

#### **A) Negative Impact of COVID-19 on Indian economy:**

##### **1) Decline in GDP rate:**

During this COVID-19 situation has announced a nationwide lockdown. The lockdown has shut down industry and manufacturing process in the country. Due to the lockdown, GDP fell by 1.87 per cent from 5 percent. India's quarterly GDP was estimated to have declined by over 9% between the months of April and June 2020.

##### **2) Human loss:**

Globally as of January 28, 2022 Covid-19 has affected 364,191,494 confirmed cases, including 5,631,457 deaths worldwide.

##### **3) Unemployment problem:**

The unemployment rate has had a sudden surge due to the total lockdown imposed in the country followed by the policy of social distancing. Rise in the unemployment rate from 6.6 per cent in January 2020 to 24 per cent in the month of May.

**4 Decline on Trade:**

The trade impact of the pandemic on India is estimated to be around 348 million dollars, as the country is among the top 15 economies most affected as slowdown of manufacturing in China disrupts world trade, according to a UN report. In India, the chemical sector is most impacted in terms of trade and stands at 129 million dollars, textiles and apparel at 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.

**5) Increased in migration rate:**

The lockdown has shut down companies and businesses, leaving many workers unemployed. All such workers are migrating in large numbers one place to another place for job in this COVID-19 situation

**6) Decline in growth rate:**

The lockdown has shut down all industries and services in the country, affecting the country's growth rate. The growth rate has declined by 1.5 per cent.

**7) Financial loss:**

The financial sector of India is facing challenges on multiple fronts in the time of this crisis. Due to fear and the practice of social distancing, very few customers are being served in the physical branches of banks, putting additional strain on other channels like telephone, online banking and social media. A large number of people are frantically trying to contact their financial services providers with questions, queries, concerns or to request some special measures as their incomes have been impacted by the pandemic.

**8) Impact on inflation:**

The impact of coronavirus on the inflation rate of the country is ambiguous. The rate of inflation increased significantly during 2019. Since 2014, India's CPI (consumer price index) inflation has somewhat remained in the band of 2-6 per cent. In comparison to the aftermath of the global financial crisis 2008, CPI inflation was on a downward trend as shown in Figure 7. Due to a number of push and pull factors, it is difficult to govern which factors affect the inflation of a country like India. During the present crisis, inflation is expected to remain dormant. This would give RBI some flexibility to go for accommodative monetary policies.

**9) Many companies and industries closed down:**

Many companies and businesses have been shut down due to the lockdown. As a result, the number of unemployed in the country has increased tremendously. The country is losing crores of rupees every day due to lack of taxes.

**B) Positive impact of COVID-19 on Indian economy:**

Covid-19 has been some positive effects. We can see positive impact of COVID-19 on Indian economy as follows:

**1) Reduction in pollution:**

Due to the lockdown all types of transport are closed in the country. Which means there is no pollution. In this lockdown situation reduction in air, noise, soil and water pollution in the country.

**2) Decline in imports:**

If imports remain high, it creates a deficit in transactions, deficit in current account, BOT and BOP. If imports are limited, then it is profitable. Considering this, imports have declined during the lockdown period.

**3) Promoting Online and Digital Business:**

The lockdown has forced everyone to stay indoors. In this lockdown situation everyone prefers to stay at home and do online business and purchases some goods maximum online. So there has been a huge increase in online and digital transactions.

**4) Decrease in global warming:**

The problem facing global warming is huge. Global warming appears to have slowed down during the lockdown. Because in this lockdown situation reduction in air, noise, soil and water pollution in the country. Pollution is reduced as all are closed.

**5) Growth in Digital Literacy:**

In this COVID-19 pandemic situation induced people to learn and use digital technology and resulted in increasing the digital literacy. Parents, teachers and students to become more technology savvy.

**6) Move towards Digital Teaching and Learning:**

Education system has accelerated adoption of digital technologies to deliver education. Educational institutions moved towards digital teaching and learning. It encouraged all teachers and students to become more technology savvy. New ways of learning, delivery and assessments of learning opened immense opportunities for all teachers and students.

**Suggestions:**

Some effective suggestions for improve the Indian economy during this COVID-19 pandemic situation as follows:

**1) Government should announce economic packages:**

The government announced the economic stimulus package of INR 20 lakh crore, which makes up 10 per cent of the GDP as on 12th May, 2020. This package consisted of a mix of reforms, infrastructure building, support to businesses that are suffering and some amount of direct cash support.

**2) Focus on Indigenous use:**

In globalization, the country needs to become self-reliant. For that, the country has to focus on investment, industry creation and indigenous use. The fact that the country is self-sufficient is a sign of nation development.

**3) Focus on Make in India projects:**

Promoting Make in India will boost productivity and development in India. This will help improve the Indian economy.

**4) Government should offer jobs and internship programs:**

In India, there is no recruitment in Govt. sector in this pandemic situation. Most of the recruitment got postponed due to COVID-19. So, Govt. should offer some job schemes and policies and internship programs in India to reduce unemployment.

**Conclusion:**

The coronavirus pandemic has paralyzed 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 the 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 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 specific target groups like the MSMEs and the unemployed by other schemes like MNREGA and Jan Dhan Yojana.

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