

# Impact of COVID-19 on Indian Economic Activities

Priyanka Mehta

*Research Scholar, Asst. Prof. at Geetanjali Institute of Management Studies (GIMS)*

**Abstract--** The Indian economy is in shock after the episode of the Corona virus pandemic. India was at that point battling being a creating economy yet the pandemic made it harder for economy to develop. There are immense misfortunes in all areas of economy whether it is schooling, monetary, diversion, and the travel industry and so on. There is no area left which is not under the effect of pandemic. The economy is universally disturbed. Administration of India has made declaration if many money strong plans to battle the effect of Corona virus.

**Keywords--** Corona Virus, Lockdown, Pandemic, Indian Economy, all sectors

## I. INTRODUCTION

We were in the middle of a global Covid-19 pandemic, which is causing two sorts of shocks for nations: a wellbeing shock and a financial shock. Given the idea of the illness which is profoundly infectious, the approaches to contain the spread incorporate approach activities like inconvenience of social removing, self-confinement at home, conclusion of foundations, and public offices, limitations on versatility and even lock-down of a whole country. These activities might possibly prompt desperate ramifications for economies all over the planet. At the end of the day, viable regulation of the infection requires the economy of a country to stop its not expected working. This has set off fears of a profound and delayed worldwide downturn. On April 9, the head of Global Financial Store, Kristalina Georgieva said that the year 2020 could see the most terrible worldwide monetary aftermath since the Economic crisis during the 1930s, with north of 170 nations prone to encounter negative per capita Gross domestic product development because of the furious Covid pandemic.

The world has seen a few scourges, for example, the Spanish Influenza of 1918, episode of HIV/Helps, SARS (Serious Intense Respiratory Condition), MERS (Middle East Respiratory syndrome) and Ebola. Before, India has needed to manage infections like the little pox, plague and polio. These separately have been serious episodes.

Anyway the Corona virus which started in China in December 2019 and over the following couple of months quickly spread to practically all nations of the world might possibly end up being the greatest wellbeing emergency in our set of experiences. Numerous specialists have proactively called this a Dark Swan occasion for the worldwide economy.

India recorded the principal instance of the infection on January 30, 2020. From that point forward the cases have expanded consistently also, essentially. At the hour of composing of this section (July second week, 2020), and as displayed in figure 1, India has recorded the third most elevated Corona virus caseload on the planet after the US and Russia with in excess of 1,000,000 affirmed cases and in excess of 25,000 passing. The multiplying rate has consistently gone up to around 18-22 days (figure 2) and the day to day new affirmed cases are around 28,000-30,000.

Notwithstanding, as displayed in figure 1 the development in dynamic cases is lower than the development in all out cases suggesting a generally high recuperation rate which has kept on getting to the next level. Likewise figure 3 shows that, dissimilar to other impacted nations the quantity of everyday new cases is yet to arrive at the top in India. Universally there have been more than 13million affirmed cases and near 6 lakh passing's (World Wellbeing Association).

To control the spread of the infection, the public authority of India declared a cross country secure beginning Walk 25, 2020 which went on for around two months. All unimportant administrations and organizations, including retail foundations, instructive organizations, spots of strict love, the nation over remained shut during this period and all method for movement were halted, beside some between state transport allowed towards end April and early May to let traveler laborers, abandoned explorers, sightseers and understudies return to their local spots. At the time this was the most broad measure embraced by any administration in reaction to the pandemic and till date stays the world's greatest lock-down in setting of this sickness. Thusly from end May early June forward the lock-down was bit by bit loosened up in a staged way be that as it may, went on in high-risk zones or 'control' regions.



This was required given the lopsided spread of the pandemic the nation over for certain states like Delhi, Gujarat, Maharashtra, Tamil Nadu, West Bengal and so forth detailing higher than normal affirmed cases and furthermore given the colossal difficulty that the cross country secure had started impressive on the general economy. With the proceeded with flood in cases, later an underlying period of relaxations in June, the cross country secure was stretched out till July 31 though in a less severe way contrasted with the lock-down of March 24.

Estimated relaxations have been allowed in regions outside the 'control or high-risk zones' including opening of superfluous foundations, and organizations. Homegrown flights have been permitted subject to the rules gave by the public authority to guarantee safe travel of the travelers in the midst of the pandemic. Anyway limitations on instructive establishments, spots of public assembling like shopping centers, gyms, pools, film theaters, amusement parks, spots of strict love, activity of metro train administrations and so on proceed. While vehicular development inside states is permitted there stays set up a night curfew period in practically all states. The re-burden of the lock-down has postponed any opportunity of financial recuperation that was expected once the main period of 'opening' had started in June.

## II. MEANING OF COVID

COVID-19, also known as Severe Acute Respiratory Syndrome (SARS), is a corona virus infection that manifests as an outbreak of the lower respiratory tract. The Chinese government refers to the condition as novel corona virus pneumonia. In January 2020, the World Health Organization declared a global health emergency and identified the disease as Covid-19 (Yuen et al.,2020). India has 8,50,000 confirmed cases, 5,35,000 recovered cases, and 22,674 deaths as of July 11, 2020.

### *Indian economy in pre-Covid-19 period*

In terms of disruptions in demand and supply as well as the ensuing economic slowdown, the shock is manifesting itself almost exactly the same way in every nation on the planet. However, the condition of India's economy prior to COVID-19 may have made the issue more severe and more persistent. After years of poor performance, India's economy had significantly deteriorated by the time the first case of Covid-19 was reported there. Since 2015 to 2016, the growth rate of GDP (gross domestic product) has been decreasing.

GDP growth slowed to 4.2% in 2019-20, the lowest level since 2002-2003, according to official statistics. In Q4 2019-20, industry, which contributes 30% of GDP, contracted by 0.58 percent. The rate of unemployment hit a 45-year high. Private corporate investment is an important factor in any economy's growth. Nominal values of private sector investment have been falling prior to COVID19. According to data from the CMIE (Centre for Monitoring Indian Economy), between 2015-16 and 2019-20, the total number of pending investment projects decreased by 2.4%, while the number of newly announced projects decreased by 4%. For the first time in several decades, expenditures on goods and services were also decreasing.

Urban consumption demand high frequency indicators (figure 4) indicate that passenger vehicle sales and consumer durables growth contracted in February 2020. Urban consumption seems to have slowed down overall in the fourth quarter. Motorcycle sales and the consumer nondurable segment remained in decline in February 2020, indicating weak rural demand, among the indicators of rural consumption. Any chance of resurgence in consumer demand and private investment would have been diminished by the lockdown.

## III. LITERATURE REVIEW

Rajeswari Sengupta and S. Mahendra Dev (2020): argued that the economic dependence on informal labor lockdowns and other social distancing measures, the large population, and the precarious economic situation, particularly in the financial sector, prior to Covid 19 would be extremely disruptive. According to Peterson Ozili and Thankom Arun (2020), a 30-day social distancing policy or lockdown restriction has a negative impact on stock prices and hurts the economy by lowering the level of general economic activities.

According to Mr. Girish Jadhav (2020), no emerging economy can expand at its normal rate when the global economy is in a slowdown mode. The covid19 added to the difficulties that the Indian economy already faced.

Kit San Yuen, Zi-Wei Ye, and Dong Yan Jin (2020) identified the nine most pressing virus research questions.

The overall magnitude of the impact of the pandemic will depend upon the duration and severity of the health crisis, the extent to which intermittent lock-downs are required in different regions of the country and the manner in which the situation unfolds as and when the nationwide lock-down is finally lifted and normal economic activity is permitted. The loss to the economy has already been substantial.

*Objectives:*

- To study the influence of Covid-19 in India.
- To study the impact of Covid-19 on different sectors of the Indian economy.
- To estimate the strength of association between these outcomes and socio demographic and health characteristics.

*Scope:*

The research paper is descriptive in nature. The paper summarizes the impact of COVID-19 on different sectors of economy in India only. All the facts included in the paper are taken from different sources published between the month of February 2020 and June 2020. The discussion in this paper is all about the impact of COVID-19 in India, talking about the impact on various sectors like education, sports, tourism, entertainment, financial, etc.

#### IV. RESEARCH METHODOLOGY

This research paper is based on secondary data. The facts and findings are gathered from different articles and research papers which are published between the month of February, 2020 to June, 2020.

*Impact On Tourism Industry:*

Numerous nations' governments-imposed travel restrictions as a result of the corona virus outbreak, which had a negative effect on the tourism sector. In 2020, India's tourism industry lost 1.25 trillion dollars as a result of hotel closures and flight cancellations following the corona virus outbreak.2020 Dash, Para. According to the report, the impact of COVID-19 on tourism was approximately 50% in January 2020, and it reached 70% in March alone due to the continued suspension of international flights.

*Impact On Hospitality Sector:*

In the third week of March 2020, hotel occupancy across India decreased by more than 65% in comparison to the previous year. The hospitality industry's 30% revenue could suffer if the situation does not improve by June 2020. Additionally, 60% of Indian hotels have already closed ("Hotels, hospitality sectors severely impacted by COVID-19 pandemic: JLL," 2020, pp. 3 to 5).

*Impact On Financial Sector:*

The pandemic had a significant impact on India's financial sector. In the fourth quarter of the fiscal year 2020, the growth rate decreases to 3.1%. During the lockdown, approximately 14 crore people lost their jobs and many had their salaries cut off.

Due to COVID-19, there was a trade impact of \$348 million US dollars, and India was included in a list of 15 countries with the worst-affected economies Jadhav, Girish.)Collateral management has become more challenging for banks as a result of COVID-19. The increase in defaulters as a result of the lockdown will ultimately have an impact on the economy's liquidity. In response to this circumstance, the RBI implemented a number of measures, including the auction of some long-term repos with tenors of up to three years. A reduction of 100 basis points in the cash reserve ratio to 3% of net demand and time liabilities. The daily minimum CRR maintenance rate was reduced from 100% to 80%.

The Indian central bank has increased the current policy rate corridor from 50 bps to 65 bps.

*Impact On Sports Industry:*

In India, the government made the decision to restrict large-scale events and impose lockdowns everywhere because the COVID was spreading at its full rate. This was a significant setback for the sports industry and its components. Due to the spread of COVID, Olympic teams, India's FIFA world cup qualification match at Bhubaneswar, and the ISSF world cup 2020, which was scheduled to begin in Delhi, were postponed. During the lockdown, a major sports brand in Jalandhar is having trouble. This brand produces 70% of India's sports goods and exports to many other countries, including Germany, France, the UK, Australia, and South Africa, among others. The sports industry in Jalandhar, which employs approximately 2,000 crore people, is completely shut down. Calendars sports industry is crippled by COVID-19, costing Rs. 2,000 crores," notes.

*Impact On Entertainment Industry:*

India's government declared a nationwide lockdown in response to the corona virus pandemic. As a result, the release dates of numerous big-budget films, web series, and daily soaps had to be pushed back. According to the Financial Express report, the lockdown will cost the film industry 1062.5 crore in the first quarter of 2020. ("Explained impact of Covid-19: What happened to India's film industry and how it is getting ready for a new normal," 2020, para.1) A member survey was recently conducted by the Events and Entertainment Management Association with 170 affected businesses. Between March and July 2020, approximately 52.91 percent of businesses experienced 90 percent of their business being cancelled. Approximately 107 businesses have experienced a revenue loss of up to one crore.

Seven businesses plan to reduce their workforce by 50 percent to 80 percent, while 35 expect to reduce their workforce by 25 percent to 50 percent. Around 97 businesses need to raise venture capital funding in the form of debt from shareholders or capital.

*Impact On Education Sector:*

The Government's Ministry of Human Resource Development, according to a report, there are 39931 colleges, 10725 private universities, and 993 government universities in India. The lives of children who attend school have also been impacted by the lockdown, which has not only resulted in a reduction in the flow of cash or a setback in the profession. The lockdown affects the dropouts the most severely. After the introduction of the midday meal, enrollment in IJIRMF class 1 increased by a staggering 30%, according to a study. This demonstrates that, in comparison to education, the availability of food was the only factor that contributed to an increase in enrollment. Given that Indian students enroll only for the midday meal, prolonged lockdowns may result in a decrease in enrollment rates. In addition, numerous universities in Canada, the United Kingdom, New Zealand, and Australia depend on Indian students. Indian parents won't let their kids go to college abroad because of the pandemic. The recruitment and retention of students at colleges and universities is at risk. A study found that the lockdown of educational institutions is expected to have an impact on approximately 600 million students worldwide. The entrance exams for fields like engineering, medicine, law, fashion design, and others have been delayed. In the private sector, some faculty and employees may see their salaries reduced. There is a possibility that the private sector will avoid employing new faculty and staff, which will reduce productivity. All institutions were closed after the country was declared in complete lockdown; competitive exams and board exams were postponed until the sector decided to start a revolution instead. The pandemic-induced education reform is a good illustration of the adage that "necessity is the mother of all inventions." Covid-19 has encouraged the education industry to share knowledge online and steered it toward technological advancement.

*Impact On Domestic Violence And Crime:*

After COVID-19, a nationwide lockdown resulted in a drop-in crime. Due to the lockdown, there has been a decrease in theft. Road accidents decreased as a result of vehicle transportation restrictions.

The number of burglaries and harassment of women has decreased by 50%. According to the "COVID-19 on the Crime and Domestic Violence Graph of India:" rape cases have decreased by 70%, while murder cases have decreased by 40%, respectively. What Comes Next?2020, para.2). The NCW observed a significant rise in the number of domestic violence cases involving women within a few days of the lockdown in the country. Over 300 reports of domestic violence and close to 900 reports of other forms of violence were made during the months of March and April.

*Impact On Agriculture:*

Currently, the primary issue in the agricultural sector is a lack of labor and inability to access markets for produce as a result of transportation issues caused by lockdown. Paddy and wheat harvesting is not significantly affected because they do not entirely rely on manual labor; however, commercial crops harvesting has been significantly affected by labor shortages. With returns of less than 35 percent or no returns at all, agricultural product producers suffer greatly. The finance minister announced a package worth INR 1.7 trillion to safeguard farmers from the effects of the corona virus as soon as the government declared a state of lockdown in the nation. Under PM Kishan scheme, farmers received a 2000-rupee advance as a means of supplementing their income. Farmers must adhere to specific Indian Council of Agricultural Research guidelines for harvesting and threshing rabbi crops (International Crops Research Institute for the Semi-Arid Tropics, 2020, paras.3-4).

*Impact On Healthcare Sector:*

The healthcare industry has also been severely affected by the pandemic. For the quarter, a loss of between 14000 and 24,000 crores is anticipated in the healthcare industry. Our front-line soldiers, who are doctors and nurses, are going through trying times right now. According to reports from some primary care practices, utilization of healthcare services has decreased by up to 70%. Medical staff salaries have also decreased, and healthcare businesses have also filed more unemployment insurance claims. To address the issue in the healthcare industry, financial assistance is required. Movdawalla, 2020, pp. 2 through 4).

## V. CONCLUSION

The Covid 19 outbreak is a global public health concern. India is the fourth country in the world that has been severely affected by the pandemic.

The pandemic has had a significant impact on all economic sectors, ultimately affecting India's economy. Patients with Covid have a higher rate of recovery than expected, but the number of patients is also growing at a rapid rate. The rate of economic growth decreased to 3.1%. Due to COVID-19, the nation's economy is severely impacted. All private and public banks, schools and colleges, and religious institutions are closed. To combat the pandemic, individuals should maintain as much social distance as possible. Given the virus's rapid spread, India should implement a culture of remote work in nearly every industry. In order to avoid dealings with the public, all banking operations should be digitalized. India should focus on becoming digitally strong. The citizens will not have it easy in the next phase. Some will try to deal with this, while others will not, but eventually there will be sunshine after every dark night.

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