

THE IMPACT OF CORONA VIRUS ON INDIAN ECONOMY

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Abstract: Corona virus has created third major trouble in front of the Indian economy. In November 2016, the economy hit the note ban, when suddenly 500 and 1000 currency notes were banned overnight. Due to demonetization, the economy of India running on cash received a strong break, which completely shook the unorganized sector of India. Two and a half million units in the unorganized sector were closed and the real estate sector was badly affected. People have lost jobs in large numbers. After that India's economy suffered as GST. Meanwhile, on the one hand, the problem of NPAs came in front of the banks; on the other hand, non-financial companies also faced difficulties. This had an impact on employment. Overall, this was the second major push for the Indian economy. After this, the situation looked a bit careful by 2020, but a Coronavirus again presented a formidable challenge to the Indian economy. This time not only the Indian economy but also the financial situation of other countries of the world was shaken. But the case in India became worse due to the migration of the workers. According to data from the Center for Monitoring Indian Economy (CMI), the unemployment rate in the week ended on August 23 was 7.46 percent. The rate was 9.98 percent in urban areas and 6.32 percent in rural areas. The present research paper is written to find information about the impact of Corona on various sectors of the Indian economy, in order to identify the relationship between the impact of coronavirus in India and the economic downturn. In the same way, exploring measures by which it is possible to reduce the effect of corona and based on the information obtained by the conclusion, suggestions can be made for the development of the economy.

Keywords: Coronavirus, Economy, GDP, Economic Slowdown

Data Collection Method Used For Research:

Data for the research paper has collected from newspaper, books, magazines, reports, and websites

The Objective of research:

- 1) To know the impact of coronavirus on various sectors of the Indian economy.
- 2) To discover the reasons for India's economic slowdown.
- 3) To Identifying areas of the Indian economy that have not been adversely affected by the corona virus.
- 4) To give suggestions for eliminating the economic slowdown of the Indian economy based on information by the conclusion of the study.

Introduction:

If we hear the name of coronavirus today, the first thing that emerges is 'quarantine (limiting its activities) or isolation (isolation)'. This isolation has not only happened at the level of the individual or society but also at the level of the boundaries of different countries. In the event of this worldwide disaster, on the one hand, while efforts are being made to fight on a war foothold, on the other hand, a charge-taking stage has started between 'First World Countries (developed countries)' about the origin of this virus. People face food and employment crisis.

It is important to note that earlier in June; the World Bank had projected a contraction of 3.2 percent of the Indian economy in the financial year 2020-21, which has now been extended. The manufacturing and export industry will have to face stress for a long time, while the growth potential in the construction industry is also negligible. The main reason for this is that these industries are largely dependent on migrant workers and migrant workers have not yet returned to the city.

Due to the nationwide lockdown implemented to control the epidemic, all the economic activities in the country were halted partially or completely and production stopped, so the situation of the economy worsened. Currently, the biggest challenge before the Government of India and the economy is about revenue, where on the one hand the government's revenue has decreased due to less economic activity, Despite a nationwide lockdown of nearly four months, India remains second in the world in terms of coronavirus (COVID-19) infection, but economic activities have stalled as a result of the pandemic and lockdown, causing a huge revenue loss to the government. Is facing India's development mainly depends on private consumption. According to statistics, the Indian economy grew at an average rate of 6.7 percent from the financial years 2008-09 to 2017-18, but after that, the growth rate of the economy started to decline, the GDP growth rate of the Indian economy in the financial year 2019-20 Was 4.2 percent. According to the recent data, India's GDP noted a contraction of 23.9 percent in the first quarter (April to June) of the financial year 2020-21.

The global economic slowdown, including South Asia, is quite different from the previous economic slowdown, as the previous economic slowdown was mainly driven by a decrease in investment and exports, while the current slowdown is driven by a decrease in private consumption. The World Bank urged governments of all countries of South Asia, including India, to provide universal social security, as well as to formulate policies to increase productivity, skills development, and human capital. Amid the severe economic effects of the epidemic, governments in South Asian countries have attempted to stabilize their economies through monetary policy, economic stimulus, and financial regulation, but the situation still remains critical. There is thus a need to target the formal sectors of the economy as well as informal sectors through policy interferences and the optimal distribution of resources.

The Impact of Coronavirus on Indian Economy:

The United Nations Conference on Trade and Development (UNCTAD) has reported that India is also one of the 15 largest economies in the world affected by the Coronavirus. The decline in production in China has also affected the trade with India and due to this; Indian economy may have to suffer losses of up to \$ 348 million. The Government of India is assuring the people of the India that they have no need to fear.

However, opposition parties have started asking the government questions about the effect of coronavirus on the Indian economy. So let us know what effect the coronavirus has on the economy of our country.

Impact on GDP Growth Rate:

There was a period of lethargy before the outbreak of the epidemic in the India. The country's gross domestic product i.e. GDP grew at a rate of 8.3% in 2016-17. In 2017-18, the country's growth rate has come down to 7%, in 2018-19 it has come down further to 6.1%, while in 2019-20 it has fallen to just 4.2%. The Union Statistics Ministry released GDP figures, in which it has been negatively 23.9 percent. The country's growth has been falling for the last three consecutive years. Covid-19 has made this situation worse.

Impact on Banking Sector:

In the present time, banks are holding back from giving loans because there is a lot of pressure on them for bad loans. If banks do not do the work of lending money, then they will not get capital and in this way, the growth of the economy gets pushed. Due to many reasons, loans become bad loans. These include cases of financial lethargy and sometimes fraud.

IndusInd Bank, Axis Bank, Indian Bank, Bandhan Bank, RBL Bank, and Kotak Mahindra Bank have all incurred losses due to Covid-19. These banks have had to make separate provision of money due to Coronavirus. According to Global rating agency Moody's, public sector banks will want additional capital of Rs 2.1 lakh crore to overcome this endemic. When banks are unable to recover both principal and interest from their given loan, they put such loans in the NPA.

Impact on Agricultural Sector:

In the current Kharif 2020 season, sowing work has been completed in the 1095 lakh hectare area in the country whereas, in the same period last year, sowing work was done in 1030 lakh hectare area. Sowing of rice, pulses, coarse grains, millet oilseeds, etc. is almost complete. The Corona epidemic has not had any adverse effect on Kharif sowing. The corona epidemic has not had an impact on the agricultural sector. Similarly, in the quarter from March to June 2020, exports from the country to the agriculture sector have also gone up to Rs 25,553 crore, registering an increase of 23.24 percent.

Originally, agriculture-based northern and eastern states have recorded a huge increase in power demand, while industrialized western and southern states have not yet seen

an increase in power demand due to a decrease in industrial production. Demand for electricity has fallen behind by 2 or 3 percent from the previous level of the corona epidemic.

Impact on Micro, Small, and Medium Enterprises:

The MSME sector has also been badly affected due to Corona. According to media reports, the results of the All India Manufacturers Association (AIMO) survey are based on 46,525 responses. For this survey, AIMO conducted an online survey from MSME, self-employed, corporate world CEOs, employees, and experts from May 24 to May 30. Only 12 percent of the people involved in the survey said that in less than three months the condition of their industry will be restored.

Impact on Infrastructure Sectors:

The production of eight core sectors recorded a growth of 2.6 percent in the last year i.e. in July 2019. According to the data released by the ministry, in July 2020, all seven sectors except fertilizer - coal, crude oil, natural gas, refinery products, steel, cement, and electricity have registered a decline.

Impact on the IT sector:

All over the world, due to Corona, the share price of the IT sector has fallen. Many companies in India depend on IT projects going abroad. In such a situation, millions of people may have to lose their jobs in this sector in the next few months.

After the software industry, if any sectors can have the greatest impact on the corona epidemic, then it is the technology industry. Be it a mobile maker or companies like Facebook and Google. According to media reports, Facebook and Google may suffer \$ 44 billion or \$ 4,400 million in 2020 due to the Corona epidemic.

Impact on Media:

There are 62.5 crore internet, 83.6 crore television, and 39 crore newspaper subscribers in India. Demonetization dragged the industry into a period of economic slowdown and now the Corona crisis has taken it into full recession. Media and telecom firms neither have such a high level nor are their profits so high that they can continue their business even in the event of falling revenue. India's media and entertainment market is struggling with fragmented and low cash. The revenue is expected to fall by 20 to 40 percent due to the epidemic. Some newspapers with the potential to be published for another decade may close soon while some channels that can be easily aired on a successful network will go off-air. Many cinemas with single screens will either be closed or sold and many production houses may also be acquired.

Impact on the Tourism Industry:

The tourism industry in India has also suffered a lot due to the Corona epidemic. There are 28 countries in the world whose entire economy rests on tourism. In India also, the

contribution of the tourism sector in employment and revenue is about 12 to 13 percent. Tourism is the third-largest export sector of the world economy, after chemicals and fuel. In the year 2019, the share of the tourism sector in global trade was seven percent. Globally, one out of every 10 people is employed in this sector.

Impact on Real estate and housing sector:

According to a survey conducted by the news agency Reuters, the average house price is expected to fall by 6% this year and 3% in 2021. Polls conducted from 16–28 September 2020, in which 15 analysts participated, reported that Mumbai, Delhi, Chennai, and Bengaluru had an area-wise house price of 7.5%, 7.0%, 5.0%, and 3.5%, respectively. The decline is expected. Some experts say that in the future, the impact of the epidemic will decrease by at least 10%.

Impact on Employment:

With no job, more and more people are snatching business from their hands. But this is not a sudden change. In a 2017 study by economist Vinoj Abraham, it was clearly revealed that between 2013-14 and 2015-16, there has been such a big decline for the first time since employment. The study was based on data collected from the Bureau of Labor.

Labor participation indicates the number of active workers in the economy. According to CMIE, after the demonetization was implemented in 2016, this labor participation fell from 46 percent to 35 percent. This greatly affected India's economy. Currently, the current 8 percent unemployment rate shows the reality of this worsening situation.

Conclusion:

The production of the agricultural sector has not decreased during the corona. But the troubles of the middle class and salaried people have increased, with nearly one crore people living on salary are unemployed. People working in restaurants and malls are also facing difficulties. Big companies are also expelling people. Many people are already working on less salary. Those people who have been receiving money during this time are also confused about the future, so the tendency to spend money has decreased. This is one of the reasons that even after the opening of shops and factories, the lack of economic demand are.

The government helped small and medium industries to start work by giving loans, corporate tax was also exempted. All this was benefited in production, but demand did not increase in the economy due to lack of money. When the Central and State Governments launched relief schemes to save the farmers from the lockdown, it further benefited the people of rural areas, which have increased the hopes of strengthening the economy from there. To overcome the slowdown in the economy, the government will have to increase the flow of money in the market.

Suggestions:

- 1) Government should think about depositing funds by imposing more wealth tax on the millionaires of the country at this time
- 2) The government needs to make a demand and supply balance, for which they will have to put money in the hands of people in different ways.
- 3) The one-time contingency relief given by the government to the workers of the unorganized sector and other weaker sections of the society is very low, which is just 1 percentage of India's GDP. It should be increased.
- 4) Special allowance should be given to the workers in the unorganized sector under the social security policy.
- 5) The easiest way to get money in the hands of the people is to cut tax, the government reduced the corporate tax, and similarly, the tax should be cut for the consumer as well.
- 6) For schemes like MNREGA, more money should be allocated for income transfer, and state governments should speed up the transfer of revenue owed by the Center.
- 7) Financial sector reforms are needed to reduce high-interest rates.
- 8) Foreign investment in large industrial areas should be encouraged by simplifying complex laws

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