

Potential Impact of covid-19 on Indian Economy: A Sector wise Analysis

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Abstract:

The steadily spreading Covid-19 over the global economy could also be the sign of an massive depression. Reverberation macroeconomic policy and prudent financial regulation has able of most of the region to affect and a big economic soreness cannot avoid altogether countries. Countries must take action now – including there should urgent investment in healthcare capacity and targeted fiscal measure to mitigate a number of the immediate impact. During a rapidly changing environment, it's very different to form a particular growth projection. Due to covid-19 pandemic several sectors of India are affected inversely. As per the study nearly 55% of electronics imported by India instigate from China. These imports have already slid right down to 40% in light of the corona virus epidemic and succeeding lockdown¹. The duty on the pharmaceutical industry is of serious concern for India, mainly as 70% of active pharmaceutical ingredients (API) are imported from China. The costs of vitamins and penicillin alone already see a 50% flow. The demand for life insurance policies has seen a jump of 35-40% on online insurance platforms in India. Nearly 600 international flights to and from India were cancelled for varying periods. Around 90 domestic flights are cancelled, resulting in a spiky drop by airline fares, even on popular local routes and due to this government and personal company's lost huge amount of revenue. The unemployment will increase by 23 % due to the pandemic which is negative signal for the economy. The paper deals with comprehensive analysis of pandemic impact of various sectors.

Key Words: COVID-19, GDP, Economic stimulus, Active Pharmaceutical Ingredients (API)

Introduction:

At this time whole world facing the disaster which is very worst condition. As we know earlier there was crisis condition but not as like Covid-19. One year has been completed from the origin of this pandemic but there is no proper control on it and we do not have proper vaccine for this corona virus. During the month of October 2020 to January 2021 the condition of the economy was about to be now normal but from the March 2021 again the Covid cases are going to increase drastically and the death rate was also very high comparison to earlier effect.

Having seen the worst condition government had to announce complete lockdown that was only option to reduce the number of victims. Because of the lockdown, most of the sectors would be affected gain except few sectors like Pharma, insurance.

During a rapidly changing environment, it's very different to form a particular growth projection. Due to covid-19 pandemic several sectors of India are affected inversely. As per the study nearly 55% of electronics imported by India instigate from China. These imports have already slid right down to 40% in light of the corona virus epidemic and succeeding lockdown². The duty on the pharmaceutical industry is of serious concern for India, mainly as 70% of active pharmaceutical ingredients (API) are imported from China³. The costs of vitamins and penicillin alone already see a 50% flow. The demand for life insurance policies has seen a jump of 35-40% on online insurance platforms in India. Nearly 600 international flights to and from India were cancelled for varying periods. Around 90 domestic flights are cancelled, resulting in a spiky drop by airline fares, even on popular local routes and due to this government and personal company's lost huge amount of revenue. The unemployment will increase by 23 % due to the pandemic which is negative signal for the economy. The paper deals with comprehensive analysis of

pandemic impact on various sectors. With the study we can understand the impact of Covid-19 on different sectors of the economy.

❖ **Objective of the study:**

The main objective of the study is to analysis the potential impact of covid-19 on the Indian economy and what could be the consequences of this pandemic before the economy in upcoming future.

❖ **Significance of the study:**

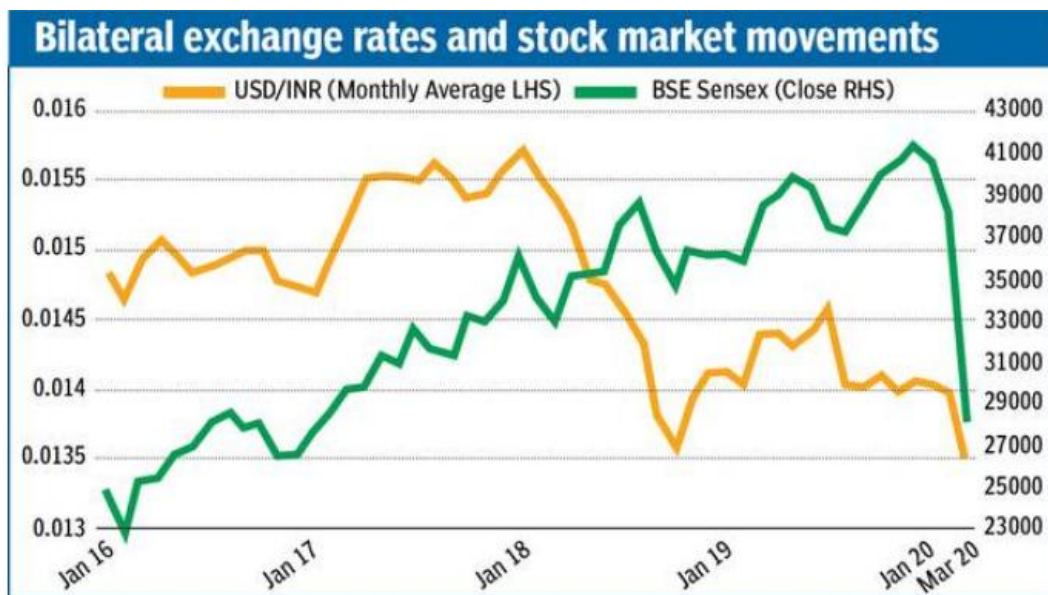
The study will be helpful for government as well for the public for taking decision regarding investment as well as for the upliftment of the economy in upcoming future. And also help in grasp the opportunity from the global economy.

❖ **Research methodology:** the study is of analytical nature & descriptive and data has been collected from secondary sources like journals, magazine, research paper and different online websites.

❖ **Sector Wise Impact of Covid-19 on Indian economy:**

1. Pharmaceuticals – As per Trade Promotion Council of India, the country imports around 85 percent of its total requirement of active pharmaceutical ingredients (APIs) from China. Dependencies on China have impacted manufacturing operations in India. However, demand for essential medicines and safety equipment has gone up. Government has restricted the export of certain medicines and pharma products and is monitoring the general inventory on regular basis.

2. Rate of exchange and stock market- The immediate covid-19 impact on India's financial market also as rupee which hit a replacement low vis-à-vis the U.S dollar in March thanks to global sentiments.



Source: The Hindustan line.

3. Agriculture – The nationwide lockdown has left farmers across the country deprived of agricultural labor just before the crucial harvesting season. Farmers also worry about government procurement and their ability to sell their crops, as long as many agricultural markets are still closed, despite orders from the house ministry to exempt all farming activities from the shutdown. Unless the govt acts soon, farmers in India will face a bleak future resulting in bankruptcies and farmer suicides. this may severely dent India's ability to revive its economy since there'll be a pointy decline in consumption within the rural sectors resulting in impairment of the economic activity.

4. Automotive – the world was already witnessing a sluggish demand for the last one year. this situation has further aggravated the matter and compounded things with an acute liquidity crunch. China accounts for 27 percent of India's automotive part imports. With Wuhan being a serious car hub, the availability chain of the automotive sector has been hit significantly.

5. Textile – Production halts in China and lockdown in India have had an impression. Mainly due to dependence on China for textile raw materials including synthetic yarn, synthetic fabric, buttons, zippers, and hangers. India also exports cotton yarn to China in bulk quantity, and poor demand in China has caused cotton prices to return down in India.

6. Apparel – Payment of a minimum of US\$2 billion is cursed with foreign buyers due to deferment or cancellation of orders. Closure of retail stores across the country is additionally adding to losses

7. Navigation – With global travel is suspended, airlines are watching bankruptcy. It's possible that the government might bail the aviation sector within the near future.

8. Hotels and restaurants – Demand has declined substantially with owners struggling to recover the fixed costs. Pre-lockdown, occupancy rate rates of 70 percent declined to twenty percent with restaurants losing 30 to 35 percent of their business.

9. Poultry – Untrue claims regarding transmission of COVID-19 through chicken and other meat have impacted the sales and price of poultry items. Sector is facing a loss within the range of US\$20 million a day.

10. Chemicals – Dependence on China for active ingredients and lack of essential chemicals amidst the lockdown has resulted during a reduced production of organic and inorganic chemicals across India.

11. Durables – Electronic appliances are experiencing a slowdown thanks to lack of demand, reduced economic activity, and provide chain dependencies with China and other impacted countries. India imports around 50 percent of its completely built units of durables from China.

12. Entertainment and sports – Places of gathering like cinema halls and malls are closed. Promotional and sport events also are being called off. One among the main cricketing events within the country – Indian Premier League (IPL) has been deferred for the nonce – its cancellation can alone mean a loss of a minimum of US\$500 million for the organizing body.

13. FMCG – After the lockdown announcement, demand for essential FMCG products spiked up due to hoarding and panic buying by consumers. Grocery items, milk, and hygiene products have seen a surge in demand while supply chain constraints have limited the manufacturing capacities.

14. E-commerce – Several e-commerce players are unable to service existing orders and aren't accepting new orders, even when there's a surge in demand for home delivery. However, companies try to service essential items on priority basis.

15. IT Sector – Slowdown in markets have reduced the influx of IT projects from international markets. Remote working has given rise in demand for communication tools, conference platforms, and cyber security apps, among others. These software tools are getting used across sectors like education, finance, and HR to make sure business continuity.

Findings:

- There is positive impact of Covid-19 on pharmaceuticals sectors. Government has restricted the export of medicines and pharma product. There is need of more health workers in the country so the employment level in these sectors has grown up.
- The stimulus packages are going to be productive in such a way- fast improvement of existing climate solutions and manifestation of zero-carbon technologies, flexible net zero-carbon economy by 2050 at the newest. Now this is often time for state and business to unlock further investment in climate solutions.
- Due to the pandemic financial market have face strong shock. The price of shares has broken with high impact.

- Adverse impact on agriculture sector. The nationwide lockdown has left farmers across the country deprived of agricultural labor just before the crucial harvesting season.
- As we know world was already facing the sluggish demand for the last one year of automotive and this pandemic adversely affected the market.
- Textile industry has become more affected because most of the raw material like synthetic yarn, fabric, buttons , zippers was imported from China but due to the pandemic all supply have been restricted by the government.
- The stimulus packages are going to be fruitful in such a way-rapid development of existing climate solutions and demonstration of zero-carbon technologies, resilient net zero-carbon economy by 2050 at the newest.
- Navigation, Hotel and Restaurants, Poultry, Chemicals and Entertainment sectors have incurred huge loss due to the Covid pandemic because during lockdown everything had been closed.
- Moody's Investors Service has also slashed its estimate of India's GDP growth during the 2020 civil year to 2.5 per cent from an earlier estimate of 5.3 per cent and said the corona virus pandemic will cause an unprecedented shock to the worldwide economy.
- India's total foreign tourist arrivals (FTA) stood at 10.9 million and the foreign exchange earnings (FEE) stood at Rs 210,971 crore during 2019, with Maharashtra, Tamil Nadu, Uttar Pradesh and Delhi accounting for about 60 per cent of foreign tourist arrivals (FTAs)⁴.

❖ **Conclusion:**

Obviously this pandemic has inversely impacted every sectors of the economy but on the other side we can see that it is an opportunity for us as well. We are trying to become self reliant in every aspect and more focus on the use those products which is produced in India and also export the goods to another country. Most of the companies move away from China and they are searching for new alternatives for production hub. As per the study tourism sector has been highly affected and as per the report more specifically on a quarterly basis, India's growth rate fell from around 8.5% in Q4FY 2018 to a new low of 4.5 % in Q2 FY 2020⁵. In upcoming years it could be decline more this is the challenge for the govt. to enhance the growth rate and uplift the economy. But on the other side India has an opportunity to driven the company towards India which moved away from China. This would be helpful in generation of employment in the country that will definitely enhance the growth rate of the economy.

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