

STRESS ON INDIAN ECONOMY DUE TO COVID – 19***Prof. Vikrant D. Palatshaha****Assistant Professor, MKSSS's Shri Siddhivinayak Mahila Mahavidyalaya, Pune.**E-mail Id.: vikrant.palatshaha@siddhivinayakcollege.org***Abstract:**

COVID-19 outbreak is the major shock for the Indian Economy. It has struck the economy suddenly and impacted very hard. With the prolonged lockdown that country has witnessed never before in the history of the country. Due to the global downturn the demand and supply chain disrupted and the economy is likely to face a protracted period of slowdown. The magnitude of this economic impact will depend upon the duration of pandemic and health crisis. In this research paper I describe the impact of pandemic on Indian economy and analyze the various sectors of the business impacted by the pandemic.

Key words: COVID-19, Pandemic, Economic Downturn, Demand, Supply Chain, Economic Activity.

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Research Methodology:

This paper is based on the Secondary collected from websites, newspapers and magazines.

Introduction:

India recorded the first case of COVID-19 on January 30, 2020, since then the cases have increased steadily and significantly. At the time of writing this research paper (first week of September 2021) India is struck by the second wave is also predicted very soon. India has recorded the second highest caseload of COVID-19 in the world after United States of America (USA). More than 3 crore positive cases have been confirmed and near about 4.41 lakhs deaths happened due to the pandemic COVID-19 till date.

In order to control the spread of the COVID-19 pandemic the Government of India announced a nationwide lockdown starting March 25, 2020, which continued about two months. All non-essential services and businesses, including retail establishments, educational institutions and religious places were completely shut in whole country. All modes of travels were also remained closed. It was the biggest lockdown witnessed by the country.

In the month of July 2020 measured relaxations have been permitted in areas outside the containment zones including opening of non-essential establishments and businesses. However, till date restrictions are continued on educational institutions, shopping malls, gyms, swimming pools, religious places, cinema theaters, entertainment parks, operation of metro train services etc.

This pandemic situation rose during the time when India's GDP growth was slowing down and unemployment was also raising due to the poor economic performance over the last several years. Therefore, this entire situation struck the economy of our country in unprecedented ways, which worsen the growth of economy very badly.

The economy may take a long time to recover from this shock. The recovery will depend on the policy formation of Central Government and RBI to demolish the effect of this crisis. The policymakers have already announced certain

round of actions. But, there is necessity to implement more measures to be done to minimize the impact of the shock on the economy.

Impact of COVID-19 on Indian Economy:

The suddenly came pandemic made disruptive impact in terms of economic activity as well as a loss of human lives in India. All the sectors of economy and businesses adversely affected by the pandemic. Domestic demand and exports sharply declined to the lowest with some notable exceptions where high growth was observed. In the following information, I made an attempt to analyze the impact on several sectors of the economy and businesses.

Aviation and tourism were the first industries that were hit significantly by the pandemic. Pandemic hits both the industries harder than any crisis in the past. The contribution of the aviation sector is 2.4% and tourism is 9.2% in India's total GDP. Before the pandemic, these two industries have been dealing with severe cash flow issues. Approximately 43 million people serve in the tourism in FY 2018-19. During the pandemic 38 million people lost their jobs. These two industries may incur loss of 85 billion rupees due travel restrictions, stated by IATO reports. To reduce this effect, these industries should bring the innovation in the fields of contactless boarding and travel technologies.

Telecom, which becomes the most essential service sector during the pandemic situation. This sector becomes most essential due to the implementation of 'work from home' because of COVID-19 pandemic restrictions. This sector contributes about 6.5% of GDP and employs almost 4 million. Increased broadband usage had a direct impact and resulted in pressure on the network.

The pharmaceutical industry has been on the rise since the start of the pandemic. With the market size of 55 billion dollars India became the largest producer of generic drugs globally. Exporting Hydroxychloroquine to the world especially to the US, UK, Canada and the Middle-East, India became the largest exporter.

The Indian Oil and Gas industry is the third-largest energy consumer only behind the USA and China and contributed 5.2% of the GDP. The complete lockdown across the country slowed down the demand. Restrictions on the movement of passengers and the goods impacted most on it.

Agricultural sector is the backbone of the country's GDP. In the overall economy it is the less impacted sector in ongoing pandemic. It has witnessed an upward growth during the pandemic. The food sector impacted severely due to the pandemic situation and prolonged lockdown. Online food grocery platforms are heavily impacted due to unclear restrictions on movements and stoppage of logistics vehicles.

The real estate and construction sector has also impacted most due to the pandemic situation. Workers migrated at large numbers from urban areas, due to this the real estate activities disrupted.

Due to the ongoing pandemic situation hospitality sector affected most. The hospitality sector includes many businesses like restaurants, beds and breakfast, pubs, bars, night clubs and more. The sector that has contributed to a large portion of India's GDP has been hit hard by restrictions and curfews imposed by the states.

The pandemic has worsen the GDP growth, which crashed by 23.9%. India's GDP shrank by 7.3% in 2020-21. It was the worst performance of Indian economy in any year since independence.

Conclusion:

The current pandemic situation is different from the recessions. The sudden downfall in demand and increased unemployment is going to alter the business landscape. Now, it is the time for business and economy to think about the newer policies and innovative thinking. Adopting new principles like local is vocal, digital currency, supply chain

management, contactless deliveries and technological innovations will help businesses in trading a new path in this uncertain environment.

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