

## IMPACT OF COVID-19 ON INDIAN ECONOMY

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### THE PANDEMIC IN INDIA

March 19th 2020, 173 cases of COVID-19 were registered, but as of 20th March 2020, a total of 195 COVID-19 cases (163 Indians and 32 foreign nationals) have been reported in 20 states/union territories. The government has invoked powers under The Epidemic Diseases Act, 1897 to enhance preparedness and containment of the virus. With COVID-19 being declared a notified disaster, the State Disaster Response Fund, constituted under Section 48

(a) of the Disaster Management Act, 2005, has been made available with state governments for response measures. Addressing the nation, the Prime Minister, Mr. Narendra Modi has urged for resolve and restraint and adopting social distancing. He has also asked fellow citizens to follow 'Janata' curfew' (voluntary self-isolation) on Sunday, 22 March 2020 from 7:00 AM to 9:00 PM.

WHO Country Office for India (WCO) has been working on preparedness and response measures for COVID-19, including disease surveillance, laboratory and research protocols, risk communications, training on infection prevention and control and cluster containment plan, surveillance and tracking of travelers.

### COVID-19 OR CORONAVIRUS

Coronavirus disease 2019 (COVID-19) is a contagious respiratory illness that can spread from person to person. The virus that causes COVID-19 is a novel coronavirus that was first identified during an investigation into an outbreak in Wuhan, China. The World Health Organization has formally declared the COVID-19 outbreak a pandemic. WHO has been assessing this outbreak around the clock and we are deeply concerned by the alarming levels of spread and severity. On March 11 2020, WHO director General during a press briefing declared this a global pandemic. He said, "We therefore made the assessment that COVID-19 can be characterized as a pandemic."

### NEED FOR THE STUDY

The researcher suddenly noticed a major fall in the stock market and in the investment values. As we reached Stage 2, the researcher noticed all aspects of the economy to unravel. Hence, started to look into the effects of this pandemic on not only in the financial and securities markets, but also other aspects of the economy. The researcher wanted to study the impact of Covid-19 on the Indian economy in some of the areas such as healthcare, finance, entertainment etc.

### AIM

To study the impact of COVID. -19, Pandemic on the Indian Economy.

## OBJECTIVES OF THE STUDY

1. To study the impact of COVID-19 on the following aspects of Indian economy:

- COVID-19 and Healthcare Industry
- COVID-19 and Banking Sector
- COVID-19 and Financial Markets
- COVID-19 and International Trade
- Covid-19 And Tourism Sector
- COVID-19 and Entertainment Industry

## SCOPE AND LIMITATIONS OF THE STUDY

**This study includes:**

- People residing in India working at different levels who are above the age of 15
- All Indians irrespective of their socio-economic or financial status.
- This study includes both male and female residents of India.
- This study took into consideration only six aspects of Indian economy such as healthcare, banking, financial markets, international trade, tourism and entertainment.

## SIGNIFICANCE OF THE STUDY

This study will be significant and beneficial for each and every member of the society to understand the situation of the Indian economy during Covid-19. This study is a means to inform people of our country to learn lessons of life while analyzing this study also it will be documented in the history of India.

## RESEARCH METHODOLOGY

**Descriptive Study:** In the present study research methodology adopted is Descriptive type.

**Sample:** In this study purposive random sampling technique is used for the selection of the sample. 89 responses were received of different professionals.

**Tool for Data Collection:** As no readymade tool was available to find out the impact of COVID-19 on Indian economy the researcher prepared the tool. The items were prepared in the Google form and link was disseminated with a personal note making them aware about the purpose of the study through virtual platforms such as WhatsApp and E-mail. The respondents were asked to attempt a google form questionnaire having items in the form of yes and no.

## ANALYSIS OF DATA

The raw data was tabulated by using google forms. Appropriate statistical technique was employed for describing and analyzing the data according to the aim and objectives of the research. The statistical technique used by the researcher was-

- 1) Percentage Calculation
- 2) Graphical Methods
- 3) Pie charts

## ANALYSIS AND INTERPRETATION OF DATA

The analysis and interpretation involve following major aspects of the study:

- COVID-19 and Healthcare Industry
- COVID-19 and Banking Sector
- COVID-19 and Financial Markets
- COVID-19 and International Trade
- Covid-19 And Tourism Sector
- COVID-19 and Entertainment Industry

### 1.COVID-19 and Healthcare Industry

Figure1. 1: Efficient health care services and medical supplies in India

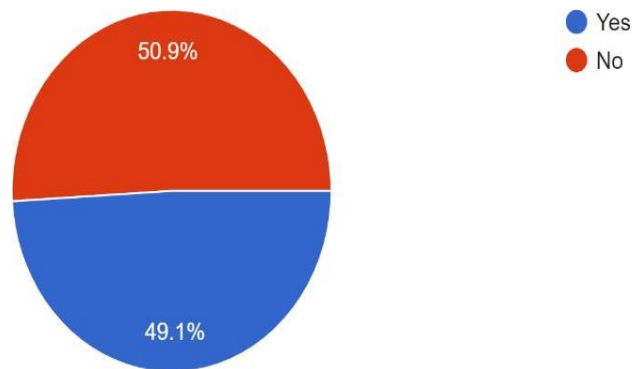
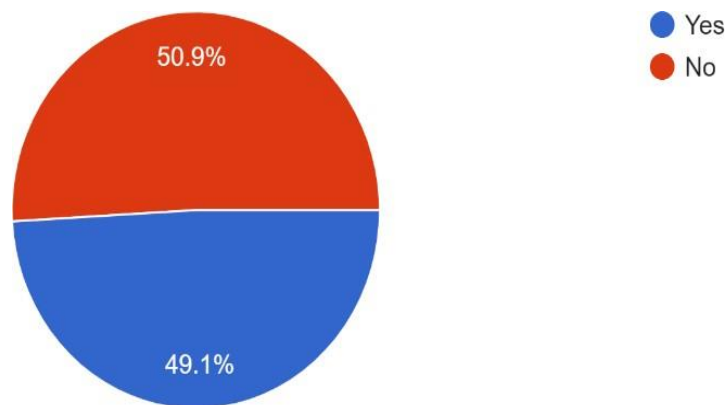


Figure 1 shows that 49.1% people believe that India consists of efficient hospitals, doctors, clinics, pharmaceuticals, dispensaries. They also believe that there are enough measures taken for quarantine zones in India whereas 50.9% of the people disagreed.

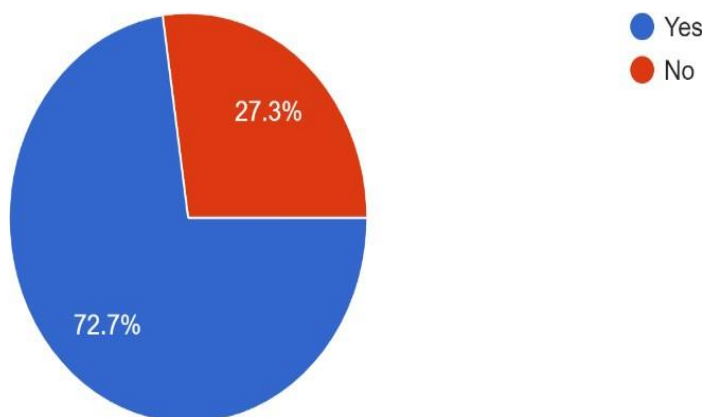
Figure 1.2: Increase in prices of medicines



This shows that 49.1 % of the people have noticed a general increase in prices of medicines where as 50.9% did not feel the hike in medicine prices.

**Discussion:** This is because China plays a vital role in the global supply chain of pharmaceuticals. India, which is one of the world's largest exporter of drugs, relies on China for 70 % of its raw pharmaceutical ingredients. The price of many pharmaceutical ingredients has spiked for Indian drug makers following panic buying and Chinese raw material shortages caused by the coronavirus lockdown.

Figure 1.3: Shortage of hand sanitizers and masks

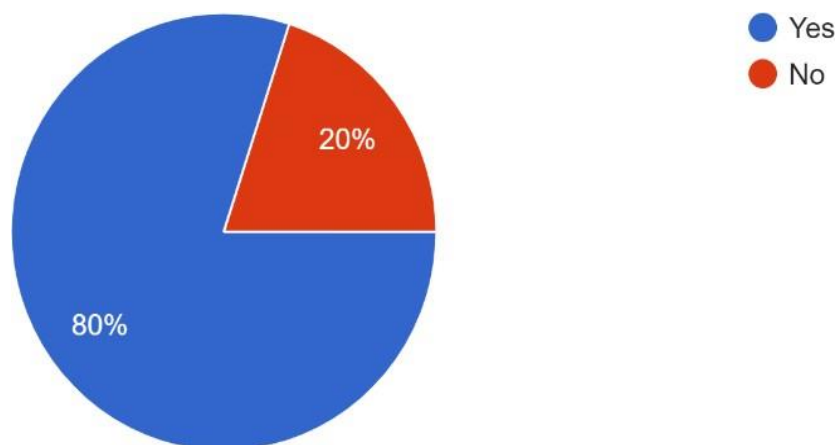


The above figure shows that 72.7% of people were facing major shortage of hand sanitizers and flu masks. Whereas, the remaining 27.3% did not feel.

**Discussion:** There were over 2000 fake sanitizers in the market and due to inelastic nature of demand, people purchased it. Hence there was limited consumer awareness.

## 2. COVID-19 and Banking Sector

Figure 2: Availability of banking services



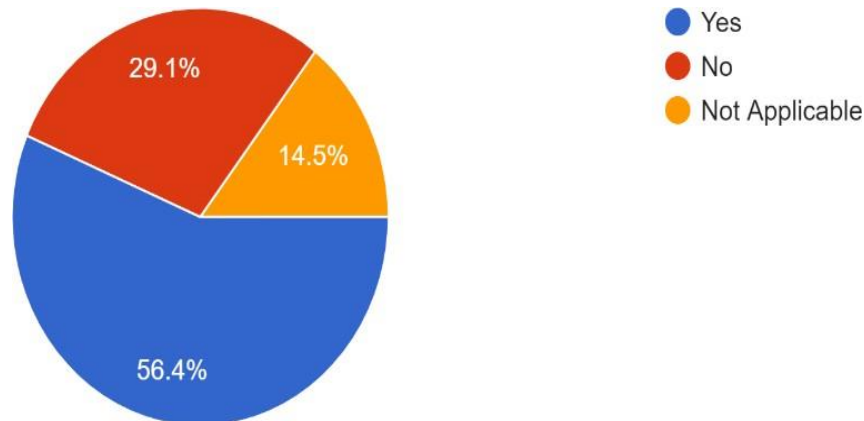
Above figure shows that 80% have agreed to the fact that amidst the chaos caused by Coronavirus, Indian Banking sector remains functional whereas 20% of the people disagreed.

**Discussion:** To ensure safety of citizens amid the coronavirus outbreak, the Reserve Bank of India (RBI) governor has urged customers to use digital banking facilities. Various measures have already been taken

to establish safe, secure, stable and affordable retail payment system such as the National Electronic Fund Transfer (NEFT) and the Immediate Payment Service (IMPS)The Reserve Bank of India has stayed away from emergency interest rate cuts.

### 3.COVID-19 and Financial Markets

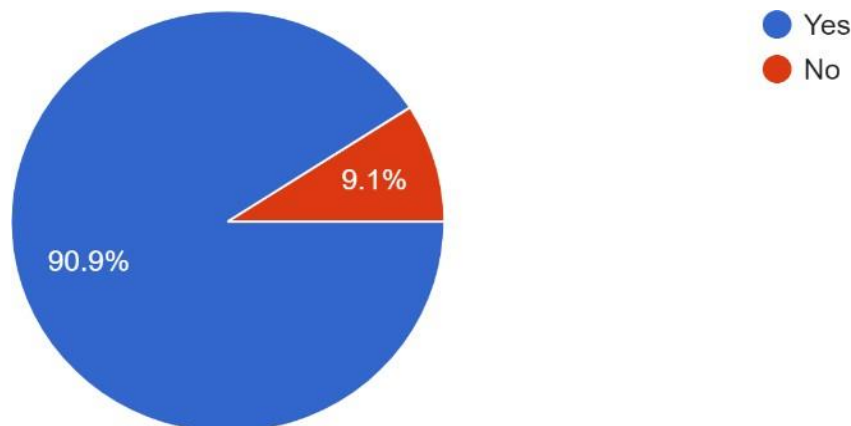
Figure 3: Decrease in investment values



Above figure shows that 56.4%% of the people agreed that there was decrease in investment values and drastic fall in their investment prices, mutual funds, NIFTY shares, whereas 29.1% disagreed. The remaining 14.5% have chosen not applicable as they have no investments.

### 4.COVID-19 and International Trade

Figure 4: Import reduction

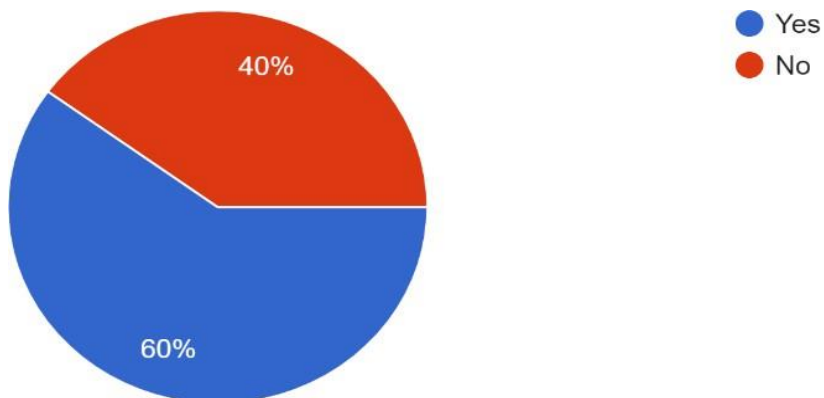


Above figure shows that the general view of the public is that due to the coronavirus outbreak, 90.9% of the people believe that the imports especially from China have come to a stagnant position. As the virus began to spread further, imports from various other countries have stopped. The remaining 9.1% have noticed no changes.

**Discussion:** This would likely lead to reduce demand for imported goods would correspond with a lower supply of that country's currency, as they need to sell less of their own currency to buy the imports they need. This would raise the price of their currency, and that would in turn reduce demand for the country's exports.

**5.COVID-19 and Tourism Sector**

Figure5: Observation of airfare hike



Above figure shows that 60% agreed that air fare was hiked and 40% of the people disagreed.

**Discussion:** Incredible India has circulated Travel Advisory notes stating the following- The World Travel and Tourism Council has warned the COVID-19 pandemic could cut 50 million jobs worldwide in the travel and tourism industry. The tourism industry accounts for 10% of the world’s GDP and jobs. The equivalent to a loss of three months of global travel in 2020 could lead to a corresponding reduction in jobs of between 12% and 14%.

India has imposed a travel ban for safety concerns. This means that no foreign airline will be allowed to enter Indian atmosphere. This ban would result in lowering India’s GDP as Tourism a major contributor to India’s GDP is reduced tremendously. In addition to this, the airlines have also hiked the air fares in order to discourage air travel. The air fares between India and foreign nations have been increased.

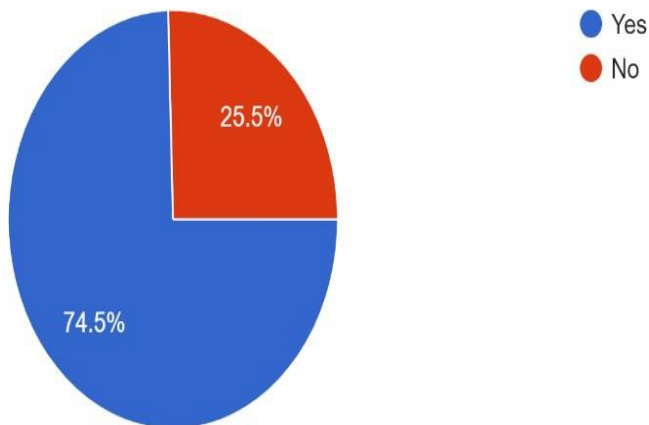


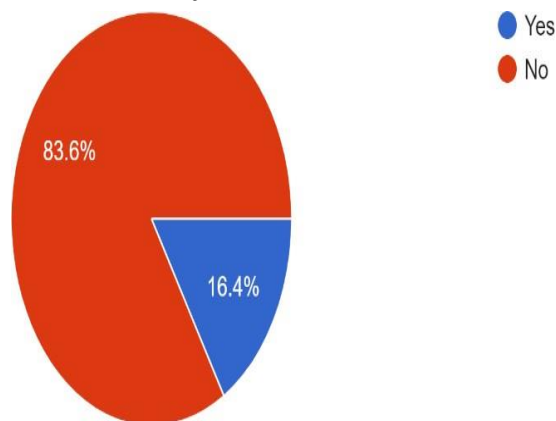
Figure 5.1: Cancellation of hotel bookings or trips

Above figure shows that 74.5% of the public cancelled their international or domestic trip bookings along with their hotel bookings. Whereas the remaining 25.5% did not make any bookings.

**Discussion:** With several companies restricting all but essential travel, business hotels in major cities could be left with a lot of empty rooms. The founder and CEO of Postcard Hotels & Resorts, says average occupancy in these hotels could fall from 70-75% to 20%. OYO Rooms is reducing its global workforce, by about 5,000 jobs, to 25,000 people as part of a worldwide overhaul.

## 6.COVID-19 and Entertainment Industry

**Figure 6: Impact on Entertainment Industry**



Above figure shows that 83.6% of the people agreed that the theatres in parts of the country under lockdown, shootings halted and promotional events and interviews on hold due to the spread of coronavirus, the television and film industries are facing huge losses, whereas 16.4% dis -agreed.

### Conclusion:

To conclude it can be said that while other commodities are down, gold has gone up because of the demand for a safe investment in the time of uncertainty. Global gold prices are rising but the fall in the rupee will push it up further in India. India imports about 85 p% of its fuel oil needs. It is the third largest consumer and importer of the crude oil in the world. Any fluctuation in the crude oil prices is bound to impact Indian economy. Inflation, current account deficit (CAD), fiscal deficit and overall GDP (Gross Domestic Product) growth rate gets favorably or adversely impacted. Hence 54.4% believe that India is likely to hoard its supply of crude oil in order to increase its demand in the international market.

In addition to this, the rupee to dollar value has also fallen. Travel of passengers from Afghanistan, Philippines, Malaysia to India is prohibited with immediate effect. No flight shall take off from these countries to India. Any scheduled international commercial passenger aircraft shall take off from any foreign airport for any airport in India. Strongly advised to refrain from travelling to China, Italy, Iran, Republic of Korea, Japan, France, Spain and Germany. Indigo, India's largest airline, has reported a 15-20% decline in daily bookings over the past few days, compared with the week-ago period.

As long as the pandemic lasts, 65.5% people believe that the economy can soon lead to a crash in all sectors leading to recession. Whereas 34.5% believe that India will not touch depression, but rather

recession. We can hope that soon we shall overcome of this global issue of Covid-19 and again get back to the path of progress resulting into booming Indian economy.

### **Weblinks**

<https://www.medscape.com/viewarticle/926666>

<https://www.worldometers.info/coronavirus/>

<https://www.who.int/india/emergencies/novel-coronavirus-2019>

<https://incredibleindia.org/content/incredible-india-v2/en/covid-19-travel-advisory.html>

<https://economictimes.indiatimes.com/news/economy/indicators/covid-19-impact-how-to-shield-the-economy/articleshow/74682449.cms>

<https://economictimes.indiatimes.com/markets/forex/rupee-plunges-73-paise-to-74-96-against-us-dollar/articleshow/74703477.cms>

<https://www.bloombergquint.com/business/the-rbis-emergency-tool-kit-what-it-could-look-like>

<https://www.ft.com/content/ef9735fa-55e8-11ea-a528-dd0f971febbc>