

**IMPACT OF COVID - 19 ON VARIOUS SECTORS OF THE INDIAN ECONOMY****Dr. Kirtankar R.V.***N.W. Mahavidyalaya, Hingoli.***Introduction**

Last two years the global pandemic is created and its effects are spreading all countries. The Economic Impact of the Covid-19 in India has been largely disruptive. Economic growth rate went down to 3.1% according to the Ministry of Statistics. India had also been witnessing a pre pandemic slowdown, and according to the World Bank, the current pandemic has magnified pre-existing risks to India's economic outlook. In the Finance year 2020 the midcap Index fell by 26% while the Sensex fell by 22 percent of Indian. The Indian economy, like the major economies in the world, has been hit hard. People and businesses in the country suffered a lot. Although some have been badly affected, the country is expected to improve in the next few months.

**Copyright © 2022 The Author(s):** This is an open-access article distributed under the terms of the Creative Commons Attribution 4.0 International License (CC BY-NC 4.0) which permits unrestricted use, distribution, and reproduction in any medium for non-commercial use provided the original author and source are credited.

**Impact on Growth Rate**

Based on the country's gross domestic product (GDP) of before year 2.9 trillion, the GDP per day is estimated to be around 8 billion. Assuming this catastrophe and lockdown, the gross national product is estimated at 240 billion, or about One billion. The loss is likely to be more than Rs 6 lakh crore. The World Bank had initially revised India's growth for Financial Year 2020 with the lowest. However, after the announcement of the economic package in mid-May, India's GDP estimates were downgraded even more to negative figures, signalling a deep recession. (The ratings of over 30 countries have been downgraded during this period.) On 26 May, CRISI L announced that this will perhaps be India's worst recession since independence. of India research estimates a contraction of over 40% in the GDP in Q1 The contraction will not be uniform, rather it will differ according to various parameters such as state and sector. On 1 September 2020, the Ministry of Statistics released the GDP figures for Q1 (April to June) FY21, which showed a contraction of 24% as compared to the same period the year before. India's unemployment rate was record high of 23.5 % in April 2020. The jobless rate in urban areas was 24.9%, while that in rural areas was 22.5%.

**Impact on Unemployment**

The labour sector under the MGNREGA, 2005 are worst impacted as they are not provided jobs due to lockdown, most of the labour sectors are associated with the construction companies and daily wage earners.

Travel restrictions and quarantines affecting hundreds of millions of people have left Indian factories short of labour and parts, just-in-time supply chains and triggering sales warnings across technology, automotive, consumer goods, pharmaceutical and other industries. Unemployment rate rose from 6.7% to 26% and then back down to pre-lockdown levels by mid-June. In the lockdown period 14 crore people lost employment. Some of workers' salaries were cut off in this period.

### **Impact on Business**

The Indian economy was expected to lose over ₹ 3 2,000 crore every day during the first 21-days of complete lockdown, which was declared following the coronavirus outbreak. Under complete lockdown, less than a quarter of India's \$2.8 trillion economic movement was functional. Up to 53% of businesses in the country were projected to be significantly affected. Supply chains have been put under stress with the lockdown restrictions in place; initially, there was a lack of clarity in streamlining what an "essential" is and what is not. Those in the informal sectors and daily wage groups have been at the most risk. A large number of farmers around the country who grow perishables also faced uncertainty.

### **Sectoral Impact**

#### **Restaurants Services:**

The National Restaurant Association of India (NRAI), which represents 500,000-plus restaurants across the country, has advised its members to shut down dine-in operations starting Wednesday till March 31, 2020. This will impact operations of thousands of dine-in restaurants, pubs, bars and cafes. By extension, food delivery platforms such as Swiggy and Zomato that are by itself functioning -- have also taken a big hit. Orders on Swiggy and Zomato have dropped 60 per cent amid the pandemic.

#### **Food and Agriculture:**

The food and agriculture sector contributes the highest in GDP i.e., 16.5% and 43% to the employment sector. The major portion of the food processing sector deals with dairy (29%), edible oil (32%), and cereals (10%). India also stands number one in dairy and spices products at a global scenario (export).

#### **Online Business / Internet Business sector:**

The online business in today's economy plays a major role in the economy with a market share of USD 950 billion. It contributes 10% to the Indian GDP and showed a drastic increase in the employment sector in the FY19 viz 8%. Its major segments are the household and personal care products (50 %), healthcare segment (31%) and the food and beverage sector (19%).

### **Impact on manufacturing industry**

The ongoing lockdown has put a lot of strain on the manufacturing industry, which contributes almost 20% of the GDP. Of this, 50% is contributed by the auto industry. Even prior to the lockdown, the auto industry was not in great shape, with sales down by more than 15% and production cuts of the order of 5 to 10% or more. In the unorganised industry, the situation was much worse, as the uncertainty would impact smaller organisations with lesser retentive power, due to their lower profitability. This is somewhat like the 'root beer

game' effect in Operations Management parlance, where an event in the market can lead to highly amplified response from the suppliers, leading to short term overproduction and medium-term discount sales. Choking of distribution channels due to this effect are not unknown and goods tend to get offloaded at lower prices, providing volume support, but hitting the profit and profitability. Manufacturing industry has been hit in many ways due to the Corona effect. To begin with, lower production, due to lower offtake. This takes a little longer to manifest itself, as some distributors, sensing an opportunity to earn profits in a developing shortage situation, tend to carry on with the sales, but with an extended schedule of deferred payments. Longer credit days are given by the producer, who is keen on continuing with operations, before a complete shutdown. More and more employees stop coming in to work, due to government directives, thereby reducing the scale of operations, with consequent effect on quality, cost and production volumes. Over a period, this adversely affects the turnover, which slows down to a trickle. The uncertainty in the logistics leads to a cascading effect, transporters struggle to not only place vehicles for loading, they also are under pressure to adjust their quotes for carrying goods, as they also face lower attendance, with their operational risks increasing steeply. The slower rate of banking operations, shorter working hours, jammed and overloaded communications lines lead to delayed money transactions, thereby elevating monetary risks. The suppliers to large producers start feeling the pinch, and start to disengage, and play safe, to protect their interests, because their capacity to bear risks is much lower than their big customers. Finally, due to all these interruptions, the end user also starts postponing non-essential purchases, and disengages from the consuming processes, by postponing their demands.



### Impact on Banking

Small business and weak industry. This indicates that the forecast for future asset quality of banks is weak. While the NPA (non-performing loan) figure may seem to be rising again, it is higher this time around. This will adversely affect liquidity and credit in the banking sector. Several banks have made investments in technology and digital transformation over the past couple of years. A lot of them, however, are still heavily reliant on face-to-face interactions, supported by paper processes. So, we expect to see renewed vigor in the

Indian financial services industry with banks making a concerted effort to up their digital game. This will be critical as COVID-19 is likely to have a prolonged impact, and banking touches every part of our economy. That said, most banks have addressed the immediate challenges of COVID-19, related to protecting staff and providing much needed services to customers. They now have the chance to be active participants to help mitigate this crisis, and there are four key areas they can focus on to help navigate the current situation.

### Impact on Service Sector

Restrictions on free movement by state governments due to the spread of the virus have had the biggest impact on the service sector. Unemployment has risen as people have not been able to travel to work due to public transport. As most of the employment in India is in the unorganized sector, millions of migrant workers have had to return to their hometowns due to lack of work. The tourism, retail and hospitality sectors were also negatively affected.

### Conclusion

Overall conclusion is that the impact of Covid19 all sectors, different factors of the economy is very large. All sectors growth fell, and economy growth was negative. Government is trying to push this problem and start-up economical change. Although some have been badly affected, the country is expected to improve in the next few months.

### References

en.wikipedia.org

"India's economic activity almost at pre-lockdown levels but Covid looms: Nomura ". *The Economic Times*. 15 September 2020. Retrieved 15 September 2020.

Das, Goutam (30 March 2020). "136 million jobs at risk in post-corona India ". *Livemint*. Retrieved 2 April 2020.

The Economic Times. Retrieved 25 March 2020.

"World Bank Fast-Tracks \$1 Billion COVID-19 (Coronavirus) Support for India ". World Bank. 3 April 2020.

"MHA issues lockdown 2.0 guidelines: Agricultural, horticultural activities to remain functional". *Business Standard India's*. 15 April 2020.

### Cite This Article:

*Dr. Kirtankar R.V. & N.W. Mahavidyalaya, (2022). Impact of Covid - 19 on Various Sectors of the Indian Economy, Electronic International Interdisciplinary Research Journal, XI (II), 13-16.*