

A STUDY
On
“IMPACT OF COVID-19 ON INDIAN ECONOMY”

SATAVAHANA UNIVERSITY KARIMNAGAR
In Partial Fulfillment of the requirement for the award of the degree of
BACHELOR OF COMMERCE



Submitted

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DECLARATION

I hereby, declare that this project entitled “ **IMPACT OF COVID-19 ON INDIAN ECONOMY**” have completed successfully towards the partial fulfillment for the award of the degree “**BACHELOR OF COMMERCE**” from “**TELANGANA TRIBAL WELFARE RESIDENTIAL DEGREE COLLEGE FOR WOMEN, RAJANNA SIRICILLA** .This is the Bonafide work undertaken by me which is not submitted to any other university or institution for the award of any degree / diploma.

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CERTIFICATE

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INTRODUCTION

The covid-19 pandemic has led to a dramatic loss of human life world wide and presents an unprecedented challenge to public health, food system and the world of work .The undernourished people, currently estimated at nearly 690 million, could increase by economic and social disruption caused by the pandemic is devastating ; tens of millions of people are at risk of failing into extreme poverty , while the number of p to 132 millions by the end of the year

Labour where Economics or crumbling , people are losing or jobs and governments are finding different ways to cope with crisis . The Indian state of Telangana to has been adversely affected by consequences of lock downs due to Covid-19. There is no single state or country in the world today that has been left untouched by the troubles of the pandemic. With the entire world facing a lock down , everything seems to be undergoing a massive change Covid-19. In the state alone , over 6 lakh migrant workers remained standard with now where to go due to the lock down. Thousands of daily wage also effected in the process. However , a lot of industries took Immediate measures to get back on there feet as soon as possible.

The Indian economy is a mixed economy which consist three important sectors

- Agriculture sector
- Industrial sector
- Territory[service] sector

These sector are also top performing sector of the Indian economy . In 2019, almost half of India's GDP was generated by the service sector . These sectors aggregate contribution stands as GDP of India . Q1 (April-June) and Q2 (JULY - SEPT) of financial year 2020-21 shows contraction in GDP due to lock down which effects Indian economy at serious level.

Firstly , we have to know, what is covid-19? for better understanding of its impact on Indian economy . COVID -19 is a pandemic disease which is having significant impact on human life. This disease is caused newly discovered corona virus it is an infectious

disease. Rapidly increasing in human being is an important feature of these disease thus it is also known as human transmission disease.

The corona virus transmitted from one person to another through droplets of saliva are discharge from the nose when an infected person coughs or sneezes.

The following are the symptoms of Corona Virus:

Serious symptoms of corona virus:

- ✧ Breathing difficulties,
- ✧ Chest pain
- ✧ Loss of speech of movement,

Normal/Common symptoms of Corona Virus:

- ✧ Fever or chills
- ✧ Cough
- ✧ Shortness of breath or difficulty breathing
- ✧ Fatigue
- ✧ Muscle or body aches
- ✧ Headache
- ✧ New loss of taste or smell
- ✧ Congestion or runny nose
- ✧ Sore throat
- ✧ Diarrhea
- ✧ Nausea or vomiting

Emergency symptoms of corona virus:

- ✧ Trouble breathing
- ✧ Constant pain or pressure in chest
- ✧ Bluish lips or face
- ✧ Sudden confusion
- ✧ Having a hard time staying awake

The first human case COVID-19, the disease caused by the novel corona virus causing COVID-19, where first reported by official in WUHAN CITY, China , in December 2019. The first case of COVID-19 in India , which originated from China, was reported on 30 January 2020. On 24 March 2020 the government of India ordered a nation wide lockdown for 21 days, at that time the number of confirmed Positive Corona virus cases in India, was approximately 500. At the time of lock down, there was complete shutdown of all the economic activities and production resulted huge decline in India's GDP.

In India,the lockdown was implemented in four phases:

- ❖ In phase1. From 25 March 2020 to 14 April2020 (21 days)
- ❖ In phase2. From 15 April 2020 to 3 May 2020 (19 days)
- ❖ In phase3. From 4 May 2020 to 17 May 2020 (14 days)
- ❖ In phase4. From 18 May 2020 to 31 May 2020 (14 days)

What happened in lock down situation:

- Wear a face mask in public space
- Maintain at least 6 feet of distance between your self and others
- Avoid large gatherings
- Socialize outdoors
- Get vaccinated and boosted as soon as your are eligible
- All services and shops, are closed except pharmacies, hospitals,banks, grocery , shops and other essential services

- All educational training research, institutions are suspend in lock down
- All places of work shop are closed

The lock down in India due to corona virus disturb the economy of India at every serious level . The number of details increasing day-by-day movement of human life has been stopped . Every day during the first 21 days of complete lock down , this was declared the corona virus out break.

Justification Of The Study

Economy is playing a significant role to measure growth and development of a nation.It comprises various sectors like agriculture, industrial and services, these sectors have been continuously contributing to our GDP and growth. Corona virus -induced lockdown had significant impact on all those activities which are related to GDPs contributing sectors. GDP is the significant parameter to measure the economic growth and development of a nation, during the period of March- June 2020 there was fully lockdown of 68 days, due to pandemic disease COVID-19, resulted in shutdown of all the activities which are related to production and services .In this study we want find out the impact on GDP and effect on various sectors of Indian economy.Thus ,we have selected this topic for the study

Objectives of the Study

The study has the following objectives;

- To analyze the impact of COVID-19 on various sectors of Indian economy.
- To examine impact of COVID-19 on GDP of India .
- To give findings and suggestions the basic of results of the study,

Research design

Research design is a blue print and plan of the proposed research work which shows how to precede the research work by the researcher. We have taken the secondary data for this study. The sources of secondary data are ;

1. Annual reports,
2. Monthly economic review reports,
3. Statistical reports ,

4. Government reports,
5. Any other publishers document and internet,

The objectives of the study which were taken for study have been also analyzed.

Limitations of the study

The study has the limitations

- Non availability of sufficient data and literature.
- This study has been covered only COVID period.
- As per the requirement of the study grouped data are sub grouped.
- This study is based on secondary data.

Analysis of impact of COVID-19 On Indian economy

Indian economy is termed has developing economy of the world. Some features like low per Capital income, higher population, below poverty line , poor infrastructure, lower rate of capital formation and agriculture -based economy. Tagged it has a developing economy in the world .

The economy of India is characterized as a developing market economy. it is the worlds fifth largest economy by nominal GDP and third largest by purchasing power party {PPP}. India is the worlds sixth-largest manufacturer, representing 3 % of global manufacturing output and employees over 57million people. India ten largest trading partners are USA, china, UAE, Saudi Arabia, Hong Kong, Iraq, Singapore, Germany, Switzerland and South Korea.

Sectorial Impact:

Imports : India depends on China for the following goods :

- India imports 45% of the demand of electronic goods from China,
- 1/3rd of machinery imports from China,
- 2/5th of organic chemical,
- 25% of automobiles part and fertilizers,

- Around 65 to 70% pharmaceutical ingredient,
- India imports 90% certain mobile phones from china.

Exports: The following are the Indian exports to China:

- ❖ Mineral fuels ,
- ❖ Organic chemical,
- ❖ Fish product,
- ❖ Cotton,
- ❖ Ores .

Indian companies are located in eastern part of china. In China about 72% Indian companies are located in cities like shanghai, Beijing, Guangdong province, Jianguo and Shandong. These industries are manufacturing , industrial manufacturing services, IT and BPO, logistics, chemical,airlines and tourism. Due to interruption in supply, prices of goods increased by 10%.

Sector-wise impact on Indian industries:

Agriculture:

In the agricultural production good harvest depend on quality of seeds, which were delivered to farmers by private sector and public sector.preparation of these seeds happens between March- May,but corona virus impacts its preparation.India needs about 250 lakh quintals of seeds for Kharif season. There was a decreasing result of output of the Sharif crops due to unavailability of good seeds and its impact was seen on agriculture sector.

Beauty products industry:

Here are the key trends shopping of the beauty industry that are going to affect the production , marquetry strategies and sales of goods in the APAC amid COVID-19.

Protective personal care on the rise

COVID -19 is impacting the consumers behaviour with regards to purchasing cosmetic and toiletries products. The witnessing an increase in the demand of protective personal care products and consumers and willing to accept brands that depict evidence of adequately and safely a both from health and environmental preservative, **S**

according to global data COVID-19 data 43% Australian 75% Chinese 82% Indian , expect brands to provide tips on personal health and well-being.

Online hopping :

The COVID-19 pandemic and the lockdown and social distancing mandates have distributed the consumers habits of buying as well as shopping customers are learning to improvise and learn new habits .

For example: consumer cannot go to the store so the stores comes to home.

Alcohol:

Alcohol was not deemed " Essential" at the time the COVID lockdown was implemented. However as the number of days spent in lock down grew the economy and the tax collections suffered. States began pleading with the centre to permit liquor stores to reopen as a result .As a result , on the second day reopening karnataka reported a highest ever single day liquo sales to tailing 197 crore. Delhi and Uttarpradesh both experienced comparable record sales.

Tourism Industry:

In India the tourism industry has been massively affected by the spread, of the COVID-19 ,has many Countries have introduced travel restrictions in an attempt to contain its spreads.38 lakh people last their job at that time and also large amount of income and revenue lost by government experts believe that tourism industry likely to take a massive hit and it could end the up crippling the industry foreseeable future.

Apparel and Textile sector:

India a developing country and it has a large amount of apparel and textile industries. The sector has the second highest employment generation after agriculture sector and this sector was also affected by COVID-19. In this sector 45 lakh employees works directly and 60 lakes employees works indirectly 4.5 lakh people lost their jobs in this sector and also large amount of income and revenue lost by government.

Raw material and spare parts :

India and China are third largest export partner for export of raw material like organic chemical mineral, fuels, cotton and fish products but due to COVID -19 all the exports are affected this results in declined of India GPD and economy.

AUTOMOBILE:

The covid-19 lockdown has/had a multiplier effect the industry had almost been at a complete stand still March 24 shrinkage in consumer demand due to the lockdown has significantly affected to auto manufacturers revenue and cash flows . In this sector 2.30 lakh auto mobile manufacturer employees and 2 lakh auto dealers lost their jobs and also large amount of income and revenue lost by government.

DATA INTERPRETATION

Table 1: Quarterly GDP of the financial year 2019-2020 and 2020-2021

YEAR	QUATER	GDP(%)
2019-20(preCOVID)	Q3(Oct-Dec)	4.7
	Q4(Jan-Mar)	3.1
2020-21(Post COVID)	Q1(April-June)	(-)23.9
	Q2(June-Sept)	(-)7.5
	Q3(Oct-Dec)	0.4

Source: National statistical office (NSO), MOSPI

INTERPRETATION:(TABLE 1)

India's GDP for the Q3(Oct-Dec)of the financial year 2019-20 which is a Pre COVID period is 4.7%. The GDP growth for Q4 (Jan -Mar) is 3.1% as compare to 4.7% in Q3 (Oct-Dec). the contraction of 23.9% in GDP for Q1(April-June) of financial year 2020-21 which is a post COVID period . India's GDP for Q2 (July-Sept) is contracts to 7.5%. in Q3 of financial year 2020-21 growth of GDP is positive 0.4 .

Table 2: Quarterly GVA (Gross value added) of all sectors for the financial year 2019-20 and 2020-21

Year	Quarter	Agriculture	Industry	Services
2019-20(Pre COVID)	Q3(Oct-Dec)	3.5%	0.1%	7.4%
	Q4(Jan-Mar)	3.7%	1.8%	7.0%
2020-21(Post COVID)	Q1(April-June)	3.4%	(-)38.1%	(-)20.6%
	Q2(July - Sept)	3.4%	(-)2.1%	(-)11.4%

Source:Ministry of Statistics and Programme Implementation (MoSPI)

INTERPRETATION:(Table 2)

Gross value added (GVA) growth rates of agriculture allied industries and service sectors are 3.5%, 0.1% and 7.4% respectively for the Q3(Oct-Dec) of Pre-COVID financial year 2019-20. GVA growth rates for Q4(Jan-mar) are agriculture 3.7% industry 1.8% and service sectors 7.0%.Q1(April-June) of the financial year 2020-21 which is a Post-COVID period , in this all sectors shows the negative growth aspect agriculture sectors (3.4%). In Q2(July-Sept) there is a little bit of recovery by industry and service sector ,but the growth is negative, which is - 2.1% for industry and -11.4% for service sector.

IMPACT OF COVID-19 ON WORLD ECONOMY

COVID-19 not only effects the Indian economy but also its impact was seen on the world economy. There was a largest global recession in history caused by pandemic disease of COVID-19, in that time more than a third of the global population being placed on lockdown there was on estimate that 30 million jobs were lost in the first quarter alone.

With the scaling back of lockdown in may and june ,which helped to break the chain of the spread of the corona virus, most of the nation recovered from there troughs,contractions of quarterly GDP growth amid lifting of the containment measures and pick up in business and consumer confidence.

**Table3:GDP Rates of difference nations for the year 2019 and Q1 and Q2 of FY 2020-21
G-20 Advanced Economics(in %)**

Country	2019	Q1(April-June) 2020-2021	Q2(July-Sept) 2020-2021
Canada	1.7	-12.5	-5.2
France	1.5	-18.9	-3.9
Germany	0.6	-11.2	-4.0
Italy	0.3	-18.0	-5.0
Japan	0.7	-10.3	-5.9
Spain	2.0	-21.5	-8.7
United kingdom(UK)	1.5	-21.5	-9.6
United states(US)	2.2	-9.0	-2.9

INTERPRETATION :(TABLE3)

India GDP growth shows a V-shaped recovery in Q2 of financial year 2020-21 and RBI estimated that in Q3 of FY 2020-21 shows positive growth, suggesting that the resumption of economy activity as been gathering place, India GDP growth shows a contractions of (-) 7.5 percent year over year Q2,a sharp recovery from the lockdown-induced decline of (-) 23.9% percent in Q1. China is the only nation which shows positive growth in both the positive growth in both the quarters advanced economic like France, Italy, Spain, UK, USA shows contraction in quarterly growth.

FINDINGS:

After analysis of the study we found that COVID-19 has an intensive effect on various sectors and made human life difficult to survive. During COVID-19 period many difficulties of the livelihood faced by daily wagers are those persons who have not permanent jobs. Even those who were working in private sectors their salary package was cut down and many of them retrenched from their jobs by the company.

COVID-19 has major effect on sectors like manufacturing, services and agriculture and especially on educational institutions, banking sector, insurance, raw material, import/export, tourism, pharmaceutical, aviation, apparel & textile, real estate and auto mobile.

During COVID-19 there was a total shutdown for 2 months, this had a massive hit on agriculture, industrial and service sector, contribution of industrial and service sector is negative and agriculture sector shows decreasing contribution in GDP. Agriculture sector is the only sector that has been positive and decreasing contribution to the overall Gross Value Added (GVA) in both the quarters of 2020-21. This indicates that agricultural activities for Rabi harvesting and kharif sowing were slightly affected by the COVID-19 induced lockdown.

Due to lockdown all the production process and movement of human life had been stopped. This result as mass unemployment in all the sectors and drastically change in capital formation, income and revenue. Its impact was mostly on weaker section of society, daily wagers, social workers, vendors and hawkers.

We have seen that entire world economy has been negative impact on their GDP except China. It was surprised that entire world economy shows negative growth, but China continues to be the only economy in the world which shows positive growth and comparing to previous quarters GDP it has slightly decreased.

The effect of COVID-19 was not only up to economic, it has intensive effect on human life also. The lakh of casualties were seen during COVID-19 and death rate continuously increasing not in India but in the entire world. In India, there are 11 Million cases on which

10.7 Million People recovered and 156 thousand deaths recovered. In the month of June when lockdown was removed, all the sectors are slowly recovering and India's GDP is also recovering. RBI estimated that India's GDP for Q3 (Oct-Dec) of FY 2020-21 is 0.1% but actual growth is 0.4%, this is a good sign for nation and it will help to economic growth and development of the country.

In the best of that many countries searching the vaccine of COVID-19. Many economies have started to recover faster than anticipated after reopening from their lockdowns. Indian Government has brought the vaccine of corona virus, some of the peoples are vaccinated but its effect is still awaited.

SUGGESTIONS

- Government gives financial assistance to daily wagers, hawkers, social workers and weaker section of the society.
- Government has to invest in sustainable infrastructure, investments are an effective way to boost economic activities and create jobs.
- Apart from these steps, government of all nations should take major steps to control the spread of corona virus so that economy will come down on track.
- To stop spread of corona virus we will need to change almost everything we do, how we work exercise, socialize shop, manage our health, and educate our kid.

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