



Effects of Post COVID 19 on Indian Economy

Rekha Garg*

Faculty of Commerce, N.A.S College, Meerut, (U.P.) India
Email Id: rekhagargnas2016@gmail.com

Abstract

An outbreak of COVID-19 impacted the whole world. The outbreak is declared as a national Emergency by the World Health Organization. In India the three major contributors to GDP Namely private consumption, investment and external trade will all get affected. World and Indian economy are attempting to mitigate the health risks of COVID-19 with the economic risks and necessary measures needed will be taken to improve it. The government has put in place Restrictions on expenditure in a bid to save resources. Funds are being diverted towards the Fight against Covid-19. According to the survey, COVID-19 is having a 'deep impact' on Indian businesses, Over the coming month's jobs are at high risk because firms are looking for some Reduction in manpower. Further, it is added that already COVID-19 crisis has caused an Unprecedented collapse in economic activities.

Key Words: National Emergency, Covid-19.

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1. INTRODUCTION

COVID-19 is a pandemic declared by the world health organization. In the whole world, 7.8 billion humans beings are being affected by it. No one can help. In India, its impact goes on increasing day by day, and every no knows how to deal with this unforeseen pandemic. After the evolution of this virus, no one is safe, and it has a long-term impact, the society and every citizen under stress, and the government has the responsibility for anticipating risk and putting the country to aware of the consequences and the way to save. The Covid-19 pandemic shows no signs of going back. No vaccine has been found, and to take precautions remain the only way to slow its spread. However, the lockdowns are also pushing significant economies to slow growth.

2. RESEARCH METHODOLOGY

This Research paper depicts the present situation of the world with particular reference to India based on exploratory research. The content is prepared with thorough learning of each point, whether major or minor, and it is based on the secondary data, sourced from journals, magazines, articles, newspapers, and media reports.

2.1 Covid-19 Hit the Indian Economy

COVID 19 hit the economy very badly. This pandemic has pushed the Indian economy back approx ten years and into a worse situation called recession with a massive loss to the government of revenue to say of tax. *The Atmanirbhar Bharat Abhiyan package declared* by the government of India, Finance Minister Nirmala Sitharaman, provides relief to various industries. Many developed countries in the world have given huge boxes to help people to come out of this situation. At the same time, India's economic package is 20.97 lakh crore rupees, many countries like the UK, US, JAPAN, EUROPE, also announced their stimulus packages.

2.2 Trade between India and China

China is the world's largest exporter and second-largest importer. It accounts for 12.4% of world trade. The Indian industry harms trade with China. In imports, India depends on China to a large extent. The major products that India imports from China are animal feeding, apple juice, poppy seeds, etc. have a significant share in most of them.

China stop production due to COVID- 19, India's supply chain is adversely affected. China is the leading supplier of raw material and finished products in India. In 2019-20, China supplied goods amounted to 26.9% of total exports in various goods to India like machinery, including computers 316.7% furniture bedding lighting signs, prefab buildings are 4%. In 2019, the main products imported by India were mobiles, electronic gadgets, advanced technological products, valuable and cheap instruments, which accounts for 49% of total imports. India's total automatic imports include a 45% share of China. India purchases 33% of the machinery and 40% of organic chemicals from China. India's import auto parts and fertilizers from China. 90% of mobile phones of various companies like Xiaomi, Oppo, Vivo, Motorola, Honor come from China to India. Chinese software also captures a large area in the IT market. So it is evident that how Chinese products and users of them inspire us all.

2.3 Impact of Pandemic on Pharmaceutical Industry

India's imports medicines from China. Indian pharma industry imports around 85% of pharmaceutical products imported by Indian companies are from China. India depends upon China for its raw material requirements and price volatility. The Indian pharmaceutical industry does not utilize its full capacity. India has a capacity utilization between 30% and 40% as against 75% of China. Mankind Pharma and Granules, Glaxo, Hindustan lever, Cipla., Abbott are the

companies that depend upon China for manufacturing units. Immunity booster drugs and medicines demand increases with a shortage supply. Sanitary napkins, diapers of kids, gloyvati, honey, chavanprash, all are the products which are not available in the market due to high demand with less supply.

Due to a long period of lockdown almost three months, COVID-19 is having a '**deep impact**' on Indian businesses, as most of the people's jobs are at high risk because firms are looking for some reduction in workforce. Further, the COVID-19 crisis has caused an unexpected situation of unemployment, or we can say a job without salary with an increase in expenditure. The present situation is having a "**high to very high**" level impact on the business as during lockdown, all business units are closed, and the government faces the loss of revenue. COVID-19 affected both supply and demand of the Indian economy in 2020, and it goes up continuously. The GDP graph for India shows downwards of 0.3 % for the fiscal year 2020 to 4.9 % and by 6% for the fiscal year 2021 to 7%. Further, it is stated that the actual impact will depend upon the severity and duration of the spread of the coronavirus in the country and all over the world.

There are three main which have a significant impact on covid19, namely education, production, and revenue. Business activity is slow in the International market, which shows an adverse effect on the business of these companies, which are on the top. Sectors that are affected include the service sector, hospitality, manufacturing sector.

2.4. The World Bank, IMF, both expected that India could grow 1.6 percent to 2.9 percent in 2020. It is the worst recession seen. All the sectors are affected, and the rates of commodities are high because the supply of raw material is not according to the demand, and production houses are closed due to total lockdown. So we can see that closing India will hurt the economy through which GDP is profoundly affected.

The whole country is disturbed in this period, and the price of essential commodities is raised due to a shortage of supply. A large part of individual savings expend on fulfilling their requirements with no source of income; there is no scope for investment, which further results in the slow growth of the country as all the development projects are set aside. The main focus at present is how to deal with the present situation.

In the era of post-COVID-19, some economies are expected to adopt different kinds of strategies and shift their manufacturing bases from China. This can create new opportunities for India to expand its exports. Chances will largely depend on how quickly the economy recovers and the pace at which the supply chain issues are addressed. A focus on ensuring job continuity and job creation will be imperative".

3. IMPACT OF CORONA VIRUS ON DIFFERENT SECTORS OF INDIA

Chemical Industry: chemical plants stop production in China. So there will be a means to transport the goods which in turn restrict the supply of raw material and finished products to India.

3.1. Shipping Industry: Most of the trade-in India takes place through shipping. As it is the cheapest way and bulk goods are exported through water transport.

3.2. Auto Industry: Indian Auto Industry depends upon the exports from China. China is the major exporter of auto parts to the Indian industry. India has sufficient stocks of these auto parts which are needed, but this lockdown continues, then it means in 10%-12% contraction in manufacturing automobiles in 2020-21.

3.3. Pharmaceuticals Industry: INDIA is the primary drug exporters in the world, but the Pharma industry of India also depends on other countries to import bulk drugs. Because of this pandemic, it is not possible to introduce in such quantity as needed, so the Pharma industry is profoundly affected.

3.4. Textiles Industry: Due to COVID 19, various industries are closed during the lockdown period, which results that the labor starts migrating from their workplace. This creates problems in the supply of several garments, fabric, yarn, and other raw materials.

3.5. Solar Energy: India is the primary developer of solar energy. But due to COVID -19 outbreak, there is a shortage of raw materials needed in solar batteries as all these are exported from China as well. So solar power sector growth is restricted due to the non-availability of raw material.

3.6. Electronics Industry: China in electronics is at the top. The raw material required in the electronic equipment is imported from china industry. Production in the electronic commerce of India is interrupted. It causes delays in supply with the massive demand for electronic items like AC, coolers, as this is the time of summer when the temperature is very high.

3.7. IT Industry: COVID 19 delays all the proceedings, which give revenue and income to the government. When the whole world is locked, no business unit works, so no revenue is collected. No revenue means no income, which results in a loss of government income in the form of tax.

3.8. Tourism and Aviation: we all are aware that May and June both are fixed for tourism, but when all are locked in their houses during lockdown no one goes outside for tourism and aviation, which means that no revenue is collected and affected the people whose source of income is based on tourism. The inflow of tourists is banned everywhere, so the tourism sector generates negligible revenue.

4. THE ECONOMY RESTARTS OPERATION

Now companies started preparations for restarting operations. It is time to unlock and start working by ensuring health precautions by using sanitizer and wearing a mask. We cannot be in lockdown forever. Some business units grant permission to open with some restrictions and proper guidelines to follow. They reduce workforce availability at one time, and some shops are open at alternate days to develop social distancing. The global economy, trying to stand again with slow growth. It takes some time to gain the same position as before back. The virus has infected many people in India, and the death rate is increasing day by day. This scenario depicts the picture which we are facing today and how it impacts our future.

5. STATE OF THE ECONOMY

Today the problems faced by the poor, daily wage workers, and farmers do not come to an end. "**Pradhan Mantri Gareeb Kalyan Yojana.** Started by the central government provide some relief to the people who live below the poverty line. Their interests have also been taken care of while making the new guidelines. To provide assistance from this unwanted difficult situation, and to handle it properly the finance minister last announced a Rs 1.7 lakh crore rupees which benefitted the people that included free foodgrains and cooking gas to the poor for three months, and cash five hundred rupees per month for three months to women and poor senior citizens.

Saving On Costs

As we all know that savings form the base for capital formation. Capital formation generates investment, which is the key to the development of the economy. So the first step taken by the

government is to put restrictions on expenditure to save resources. Funds are being transferred towards the measures used to the fight against Covid-19. The Prime Minister Develop A Care fund to donate the amount which is entirely tax-free so that this amount is used to help the poor and affected people by this virus. There is a reduction of 30 percent cut in salaries and profits of Ministers for one year. The President of India, Vice President, and state governors have voluntarily decided to take a pay cut to donate in care funds towards concerted efforts to contain the pandemic. Various teachers, people of different sections, give their salaries or do jobs as volunteers to help others in one way or another.

6. CONCLUSION

Now, it is time to restart again to boost up India's economy. People are trying to quickly and safely resume normal activities is social distancing, wearing masks, hand sanitization, and proper hygiene following government guidelines and health checkups from time to time. The quarantine period is of 14 days; no vaccine or treatment is there for it. The government starts to unlock things one by one so that economy starts breathing, and people can go back to their jobs by implementing the guidelines of the government. Due to lockdown, when everyone stays at home to break the chain of coronavirus, everyone learns how to deal with this pandemic. The motive of every human being is to stop the rapid spread of this virus and high death rates in the country. The government provides the best health systems.

Various measures are taken by the Government of India to face the situation and try to cash the opportunities. The people of India come across to fight with this. We know unity has the power to get success in every situation. We all are getting united to stop spreading the virus and win this fight against COVID.

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