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Impact of COVID-19 on Indian Economy

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Abstract: The outbreak of coronavirus disease 2019 (COVID-19) has caused greater than 2,900,000 + confirmed instances in the world and pronounced in 210 countries as on April 26, 2020 Due to organic nature of the novel coronavirus, named severe acute respiratory syndrome coronavirus (SARS-CoV-2) with faster spreading and unknown transmission pattern, it makes us in a problem function to incorporate the disease transmission globally. To date many countries are in lockdown to prevent from people from coronavirus by this economy has been affected and has to bare the losses.
Keywords: COVID-19, SARS-CoV-2, Quarantine, Economy, Pandemic

I. INTRODUCTION

The world health organization (WHO) has declared that the brand new coronavirus outbreak is a public health emergency of international concern, officials introduced on Tuesday, 31 December 2019 by China and first case reported in India on Thursday, 30 January 2020. The novel corona virus was originated in Wuhan, China has spread to 210 countries alarming their public health authorities across the world. More than 2900000 + are affected globally and 203000 people have died according to worldometers.info and WHO. India has reported 26283 + positive cases in all the states and in union territory where 19519 are active cases and 5209 people are get cured by the COVID-19, 779 people are died due to this virus.

II. IMPACT

The impact of coronavirus epidemic for India is about $234 Billion (Around 8.1% of GDP during 40 days lockdown) and the figures amongst the highest 15 economies most affected as slowdown of producing in world trade, consistent with a UN report. Whereas keeping with to Asian Development Bank (ADB) the coronavirus outbreak could cost Indian Economy $387 Million and 29.3 Billion in personal consumption losses, (https://www.livemint.com/).

Due to weak domestic consumption and client sentiment, there are often delay in investment which further add strain on the growth.

In imports, the dependence of India on China is large. Of the top 20 products (at the two digit 20 digit of HS code).

India's total electronic imports account for 50% of China. Around one-third of equipment and almost two-fifths of organic chemical compounds that India purchases from the world comes from China. For automotive parts and fertilizer's China's percentage in India's import is more than 25%. Around 65% to 70% of active Pharmaceutical ingredients/substances and around 90% cell phones come from China to India.

Due to current outbreak of coronavirus and lockdown in whole world, the import dependence on China could have significance effect on the India Industry.

Table 1 - China's Share in total imports to India

Organic Chemical	37%
Inorganic Chemical	13%
Medicinal & Pharma Products	36%
Dyes	28%

In terms of Export, India export around 54.8% products to many countries like United State (16.8% global total), UAE (9.2%), China (5.3%), Hong-Kong (3.5%), Singapore (3.3%), United Kingdom (2.7%), Netherlands (2.7%), Germany (also 2.7%), Bangladesh (2.6%), Nepal (2.2%), Belgium (2%) and Malaysia (1.9%). Due to lockdown in whole world the export and import gets affected which may lead to economy falls and the GDP growth is less.

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Table 2 – India's Export

Mineral fuels including oil	13.7%	$44.1 billion
Gems, precious metals	11.4%	$36.7 Billion
Machinery including computers	6.6%	$21.2 Billion
Organic chemicals	5.7%	$18.3 Billion
Vehicles	5.3%	$17.2 Billion
Pharmaceuticals	5%	$16.1 Billion
Electrical machinery, equipment	4.5%	$14.7Billion
Iron, steel	3%	$9.7 Billion
Clothing, accessories (including knit or crochet)	5.2%	$16.5 Billion

III. SECTOR-WISE IMPACT ON INDIAN INDUSTRY

1) *Chemical Industry:* Some chemical plants life were close down in China. So there can be restrictions on shipments/logistics. It was found that 20% of the production has been impacted due to the disruption in raw material supply. China is prime dealer of Indigo that's required for denim.
2) *Shipping Industry:* Coronavirus outbreak has impacted the business of cargo movement carrier providers. As consistent with the sources, in keeping with day in step with vessel has declined by more than 75-80% in dry bulk trade.
3) *Auto Industry:* Its effect on Indian organizations will range and rely upon the quantity of the business with different countries. Other countries enterprise no doubt is affected. However, contemporary tiers of the inventory appear to be sufficient for the Indian industry. If the shutdown in many countries continues then it is predicted to bring about an 10-15% contraction of Indian car manufacturing in 2020.
4) *Pharmaceuticals Industry:* Despite being one among the pinnacle formulations of drug exporters with in the world, the pharma industry of India is based heavily on import as of bulk drugs. Due to the coronavirus outbreak, it will additionally be impacted. As the known medicine which is hydroxychloroquine which is helpful in fighting with COVID-19 is made from chemicals which are imported from China.
5) *Textiles Industry:* Due to coronavirus outbreak, several garments/Fabric factories in China have halted operations that in turn affecting the exports of fabric, yarn and different raw materials from India.
6) *Solar Power Sector:* Indian developers can also face some shortfall of raw materials needed in solar panels/cells and limited stocks from China. As India is biggest imported of electronic equipment's.
7) *Electronics Industry:* The most important dealer is China in electronics being a final product or raw material used inside the electronic industry. India's electronic may also face supply disruptions, production, reduction impact on product expenses due to heavy dependence on electronics component supply without delay or in a roundabout way and local manufacturing.
8) *IT Industry:* Due to coronavirus outbreak that adversely impacted the revenue and growth of Indian IT companies. As the IT industry depend on various Countries. According to NASSCOM the sector aggregated revenues of US$147 billion in 2015, where export revenue stood at US$99 billion and domestic at US$48 billion, growing by over 13%. So, the IT sector in India has played a major role in drawing foreign funds into the domestic market.
9) *Tourism and Aviation:* Due to the coronavirus outbreak, the inflow of tourists from everywhere the world and from other East Asian regions to India will lose that will impact the tourism sector and revenue.
10) *Poultry Industry:* The poultry industry in different parts of the country has been hit tough amid rumors that the novel coronavirus can transmitted thru consumption of chicken, the prices of which have fallen appreciably as a result. About two crore human being employed in the poultry industry across the country have been impacted. People were avoiding intake of meat, fish, chicken, and egg etc. Due to the autumn in demand, price of poultry product had dropped by way of as lots as 70 percent.

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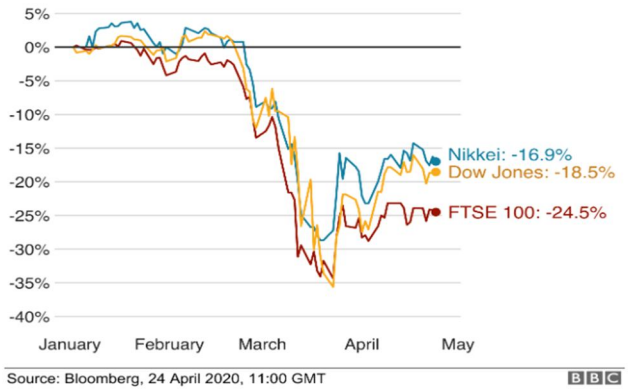


Figure 1 – Impact of Lockdown on share market

As the Share Market is crashed in Mumbai after opening this is because many people are withdrawing the investment from share market. This will affect the balance sheet of many companies, fears of downgrades and defaults have increased. This in turn has increased volatility in the banking stock. To overcome this government and many banks including RBI is giving loans to start the companies and back to the track.

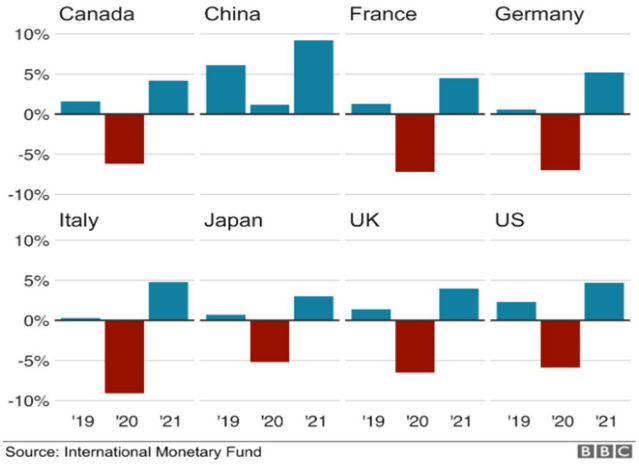


Figure 2 – GDP of many Advance Economy

As the world economy is affected due to coronavirus then the GDP of world has in loss and the global growth rate is 2.5% by World Bank which may result in recession and financial crises to many countries.

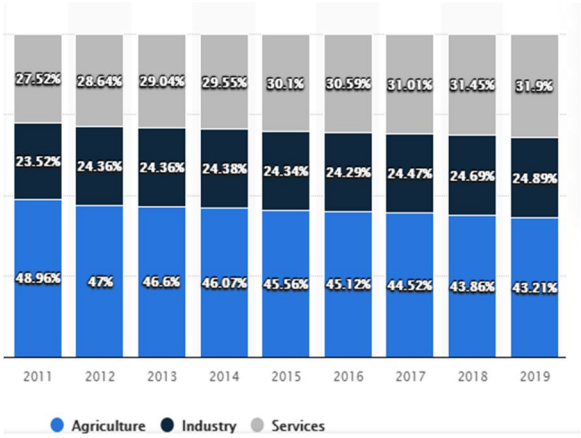


Figure 3 – workforce in percentage

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While most of the Indian workforce is employed in the agricultural sector, most of the people employed with the service sector has to loss there jobs. Around 40% people in all sectors will lose their jobs in the recession period. As the small businesses and small industry gets affected due to stop flow of money and the less in demand of the goods which creates unemployment.

To overcome the problem of unemployment in India we should try to focus on horticulture sector by which it creates employment. By exporting the agriculture product which may be raw or final product by which the circulation of money should be take places which help in economy boosting. To overcome the recession period it requires minimum 2 years to normalize all sectors. As the total horticulture production for year 2020 is approx. 313mt which is sufficient for the Country.

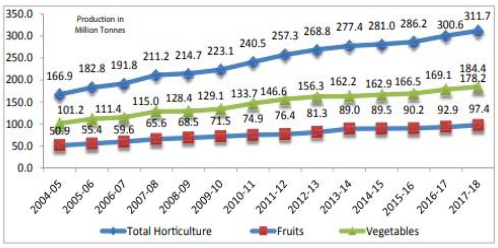
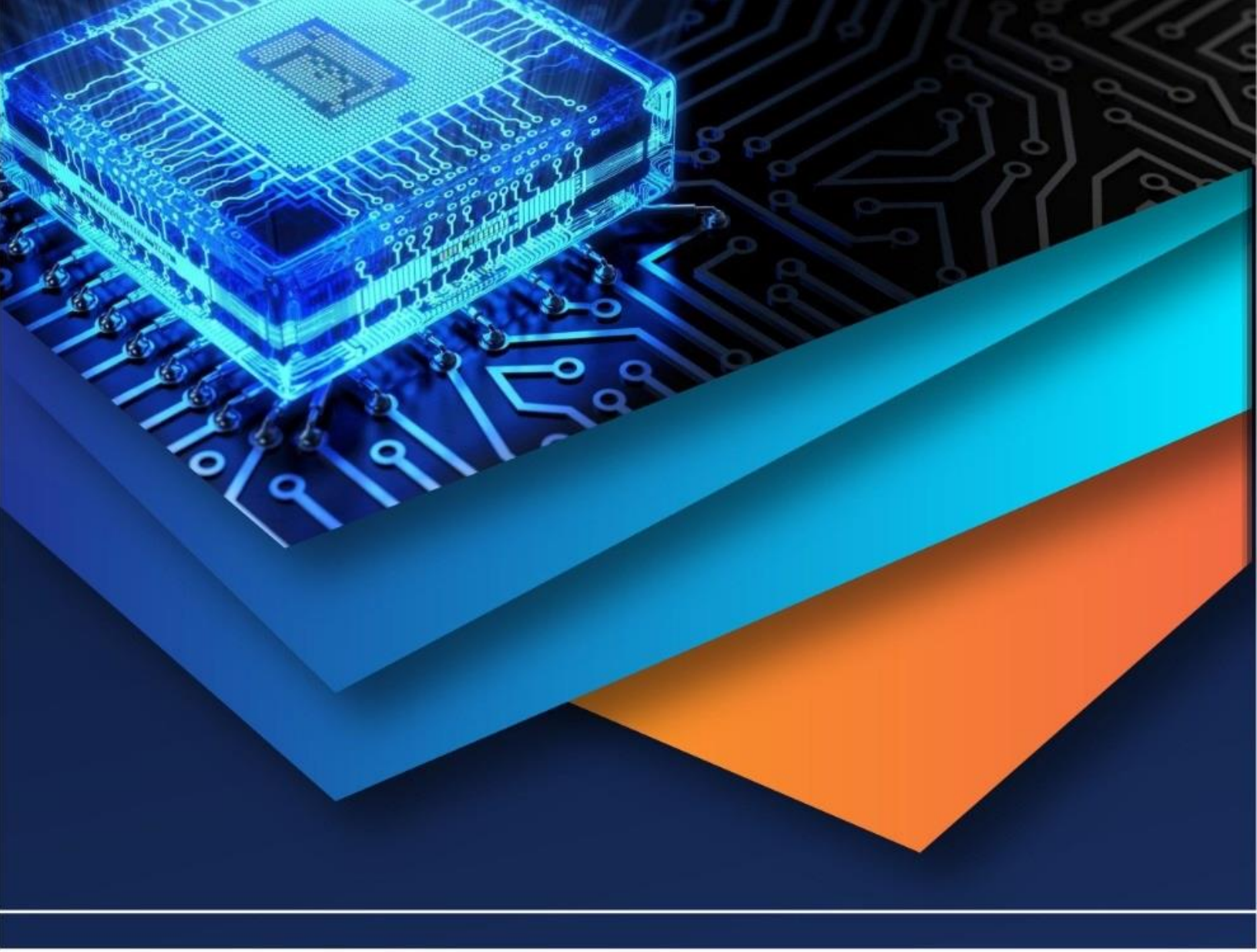


Figure 4 – Production of Horticulture

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