

# Coronavirus: Impact on Indian Economy

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**Abstract- COVID- 19 has shown an adverse impact on the Indian economy. It is surely going to be one of the biggest economic crises ever to our country.**

## I. INTRODUCTION

The epidemic outbreak of covid-19 virus from Wuhan, china has impacted globally. The Indian government was shaken when the first person was found in the country. Soon the order for lockdown was announced for the safety and wellbeing of the citizens. But this created an inverse havoc on the Indian market. Since people were not allowed to travel for work all the industries have been on a standstill making the market crash hugely.

Indian share market has collapsed more than 10,000 points (Sensex) in just 2 weeks, the nation has lost more than billions of dollars due to epidemic outbreak. Banking the backbone of Indian economy is almost frozen. All major sectors like food industry, Transport industry, Retail industry, Automobile industry operations are on halt.

On the other hand, the telecom and entertainment as well as pharma industry has boomed in this period

## II. ELABORATIVE APPROACH

- Impact on Indian Economy:

Stock Market in India post worst losses in history as several states went into lockdown to curb the spread of coronavirus cases in the country. As on 26/3/2020, Sensex fell 4000 points (13.15%) and NSE Nifty fell 1150 points (12.98%). Taking note of excessive market volatility amid the Corona virus fear, stock market regulator sebi on Friday announced measures to curb speculative activities

On 27th March the RBI governor shakti anta was made a number of announcements including EMI's being put on hold and reducing repo rates by 75 basis points to

4.4% and revised repo rates by 90 basis points to 4%. Other measures introduced will make available a total rupees 3, 74,000 crore (US\$52 billion) to the country's financial system. To inject liquidity 3.4% of GDP were also announced.

To mitigate the economic difficulties arising out of the virus outbreak. The government of India has announced a comprehensive package of rupees 1.70 lakh crore, covering cash transfers and food, security for vulnerable sections of society, including farmers, migrant workers, urban and rural poor, differently abled person and women.

Fears of lockdown due to covid-19 pandemic boosted sales for FMCG products. consumers told Nielsen that they are highly likely to stock up on personal hygiene products such as handwash, sanitizers with 91% agreeing to buying these, about 74% of agreed to buy cleaning products while 67% said they will stock up on grocery essential.

Following chief executive officer of fast-moving consumer goods (FMCG) companies says that as government imposed strict enforcement of section 144 in many places, due to this people unable to move around, running factories has become a challenge. Workforce is down to 25per cent in many units. Some are even thinner at 15per cent attendance only while some other have had to shut their units down temporarily simply because workers have been unable to report to work as transportation grinds to a halt.

Food Industry has been severely impacted since the outbreak of Corona virus forcing a lot of them to shut shop. By extension food delivery platforms such as Swiggy and Zomato have also taken a big hit. Orders on such platforms have dropped 60% amid the pandemic.

Restaurateurs have been struggling to maintain their fixed overheads and other expenses as they have seen

a 45% drop in revenues. NRAI is predicting job losses of 20 per cent in the sector (for the time being) which employs about 7.3 million people.

The Auto component industry is facing production loss of rupees 1000-1200 crore per day and \$2 billion in revenue in March alone because of the lockdown to combat the covid-19 outbreak. According to industry body federation of automobile dealers association, footfalls in dealership bhavne gone down 45 per cent by the mid of March. This has led to a 70 per cent decline in sales. The sector is also suffering major job losses due to coronavirus

Share of Indian pharma companies were trading as top gainers in early trade amid rising concerns over the pharma industry facing shortage of raw material - most of which come from china. Approximately 70 per cent of India's total API requirement is met by imports from china. Experts also suggested that drug costs are likely to stay overpriced worldwide as most countries depend on manufacturing from china which is mostly focused on generic and over the counter drugs. It is estimated that the loss to the tourism industry will be rupees 15000 crore (US\$2.1 billion) for March and April alone. CII, ASSOCHAM and FAITH estimates that a huge chunk of the workforce involved with tourism in the country faces unemployment.



Diagram 1.1

### III. FINDING

Muted exports could shave off India's economic growth that already faces a challenge on the domestic front due to an ongoing slowdown and coronavirus pandemic. India's import basket saw a dip of 16 per cent during March 1-19 period mainly driven by decreased imports.

Despite the Reserve Bank of India's (RBI) massive actions to spur the economy and other impacts such as impact on Shares Markets, impact on tourism, Pharmacy industries, Retail industries, India's gross domestic product (GDP) is likely to contract by 4.7per cent in the April June 2020 quarter and will rise by only 2 per cent in 2020-21 on the coronavirus impact. The pharma industry is on high demand but it is facing shortage of raw material. The prices of drugs are increasing as 70 per cent of India's total Active pharmaceutical ingredients (API) is dependent on china.

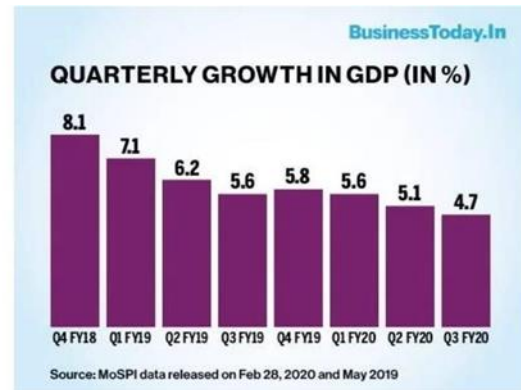


Diagram 1.2

### CONCLUSION

The Novel Coronavirus has had a drastic impact on the Indian market. As it has affected all the industries on a larger scale, it is our responsibility as citizens to abide by the rules the government has given us so that we get safely out of this pandemic. This will help us to boost back the economy or else we will be sloping downwards into recession quicker than the 2009 recession. The government has already taken all the measures given by WHO. However, if India wants to save the lives of its people and protect its economy, it should act right away.

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APPENDIX

Diagram 1.1  
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