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# **Impact of COVID – 19 on Indian Economy**

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It is unbelievable that one virus originates from one country and spreads all over the world and later becomes a pandemic because of which whole world gets disturbed. Then how Indian Economy shall be an exception!! Modi Government announced Lockdown till 03/05/2020. It has serious effects on Indian Economy. In this period of lockdown , everybody is facing many problems. Tourism and hospitality industry , Pharma and medicinal industries , Automotive Industry , MSME sector and other allied sectors are suffering a lot. GDP is expected to go down. Current situation is horrible. Near future shall be strange. Already India , a developing country , is facing many problems like Fiscal deficit, Unemployment , poverty and so on. This pandemic has increased intensity of these problems. This research paper is prepared to study the impact of COVID – 19 on Indian Economy.

Whole the world is suffering from Pandemic , named as COVID -19! Many countries had to announce lockdown to avoid spreading Coronavirus. People are advised to work from home and stay at home. No transportation , No shopping !! Nothing else. Malls, shops, Indian railways, buses , autos , taxies are closed. Only necessary things like Milk , vegetables and fruits , people are getting. Many companies are closed for time being due to pandemic. In 1930s , pandemic situation was observed by India. After 90 years again India has observed a pandemic :- COVID 19. Indian Economy is suffering serious problems due to his pandemic.

## **Objectives**

- 1) To understand current position of Economy.
- 2) To know severe impact of COVID – 19 on Economy.
- 3) To know problems faced by various industries due to pandemic.
- 4) To suggest possible solutions , if any , to overcome serious situation.

### **Methodology:-**

The study is based on secondary data. It is collected from newspaper , websites and news channels on television.

### **Observation:-**

COVID – 19 has declared not only disaster but also a pandemic. It has collapsed the global financial market. India is developing country with serious economic problems like unemployment , Poverty , Population explosion , scarce resources, increasing interest rates , fiscal deficit and so on. But in recent times , arrival of one virus in country disturbed whole the economy. On more considerable problem has been added in the problems list of India as well as Globe's problems. Many economists expressed their views regarding effect of coronavirus on Indian Economy. It is expected that GDP and Growth Rate shall be hit by around 0.50 % and 4 to 4.5 % respectively.

Various sectors such as Tourism , Hospitality , Trade and commerce shall face severe problems in initial stages. Stock market is also down because there is great extent of fluctuations and volatility in Global Stock Market. So, investors are reluctant to invest in stock market. It has Dual effect :- 1) Negative effect on Economic activities and 2) All related sectors get affected.

There is disruption in Supply chain in China. Due to which there is adverse effect on Indian Economy. Many chemical , Textile, Automotive , Pharma and medicinal companies are bearing burnt in China. Indian companies dependent on these companies in China are suffering serious problems. India is highly dependent on China in Imports. China holds lion's share in products that India imports from abroad. Around 45% electronic imports made by India are from China. Basic ingredients of Indian drugs come from China. But Chinese shutdown has fractured supply chain and resultantly affected Pharma and medicinal industry in India. 90% of certain phones come from China to India. We are dependent on China for advanced Machineries and Chemicals. This is not appreciation of China. But it's a reason due to which there is down in Indian Economy. In other words we can say that, due to current outbreak in China due to Coronavirus , import dependence on China will have a significant impact on Indian Economy.

India is a country with a boon of Nature. Lot of tourists come in India on tour. But Tourism and Hospitality industry is absolutely flat due to Coronavirus. India will loose many tourists which will directly make in effect on overall Tourism sector and revenue. Most airlines cancelled flights. There is steep fall in number of flights being handled. Indian railways are also not working. But many steps has been taken by Ministry of Indian Railways like increasing platform ticket from Rs. 10 to Rs. 50 to avoid crowd , drive against spitting to improve hygiene , massive awareness campaigns , provision of railway hospitals and so on. Domestic hotel companies has hit hard due to lockdown.

Due to coronavirus outbreak , several garments / textile factories in China has stopped their operations. As a result , there is production and export of fabrics , yarn and other materials from India.

Also there is impact on business of cargo movement service providers. As per sources there is decline by around 80% in dry bulk trade per day per vessel.

MSME sector (Micro , Small , Medium Enterprises) has also hit by Coronavirus. This sector contributes about 25% to the GDP from Service activities and 33% from manufacturing activities. Many workers have migrated from place of business to their towns due to lockdown. This sector will face problems in calling back their migrated workers .

### **Suggestions :-**

- 1) Interest free loans or lower interest loans should be given to MSME sector.
- 2) Financial support for continued salaries to the employees should be given by Indian Government to avoid layoffs.
- 3) Many incentive plans and campaigns should be undertaken by Government to maintain good economic health of the country.

### **Conclusion :-**

It is concluded that Coronavirus affected adversely Indian Economy. It will take us 21 years back. Near Future is a big question mark. Current problems in front of economy shall become more severe. We all have to support Government and various programs undertaken by it

in future for overcoming this worst situation. It is said that prevention is better than cure. Lets see what will happen in coming future.

### **References :-**

- 1) [www.businessworld.com](http://www.businessworld.com)
- 2) Daily newspapers (Sagar, Sakal , Loksatta, Times of India, Maharashtra Times etc)
- 3) News channels on TV (ABP Maza , TV9 Marathi , IBN Lokmat , News on DD National)