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# COVID-19: A study of its impact on selected sectors of the Indian economy

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### Abstract

Following the emergence of the COVID-19 epidemic, India's economy is reeling. The epidemic made it more difficult for India's economy to thrive, as it was already grappling with economic slowdown, demonetization, and a growth in NBFCs, among other issues. There are massive losses in practically every sector of the economy, including education, finance, entertainment, and tourism. On the other hand, it has had a favourable impact on agriculture, the oil industry, the ecology, and so on. The global economy has been thrown into disarray. In order to mitigate the impact of Covid-19, the Indian government has announced a number of financial support initiatives, including Atmanirbhar Bharat Abhiyan, PMKGY, and others.

**Keywords:** Corona virus, Lockdown, pandemic, Indian economy

### Introduction

The world has been previously hit by many diseases like swine flu, Ebola virus, cholera, chikungunya, smallpox etc. All these diseases were eradicated through vaccinations but for Now in 21st century, a virus named corona made the world come to a pause. The news of COVID -19 outbreaks first came from China and then gradually it started spreading in the whole world. The year 2020 began with the outbreak of COVID-19. (Dev & Sengupta, 2020) Initially, China was the only country affected by coronavirus but gradually it spread all over the world. After China, Italy, Spain and US were severely affected countries and in march 2020, covid-19 started spreading in India. The spread of COVID 19 brought the economy of the whole world on its knees. The reason was social distancing which led to the shutdown of offices, banks, education institutions, etc. Also, the rate of increase of COVID 19 led the people to save money for the future resulting in a drop in investment in the market. (Ozili & Arun, 2020).

According to Ministry of Health and Family Welfare data, there were 20,022,379 deaths, 19,480,463 recoveries, and 248,805 deaths in India from January to June of 2021. The month with the greatest average cases and deaths in India was May 2021. (PRS Legislative Research, 2022) <sup>[15]</sup>

As per the rating given by Acuite Ratings, the Indian economy would have to suffer a loss of \$4.5 billion on a daily basis during initial phase of 21 days lockdown period as directed by the Central Government. ("COVID-19 lockdown estimated to cost India \$4.5 billion a day: Acuite Ratings," 2020, para. 2). In March, the International Monetary Fund predicted a worldwide recession on a par with the 2007-08 financial crisis, followed by a recovery in 2021. (Martin, 2020, para. 1)

### Meaning of COVID

COVID-19 which is also termed as Severe Acute Respiratory Syndrome (SARS), a disease caused by coronavirus which results in breakout of lower respiratory tract. The disease is termed as novel coronavirus pneumonia by government of China. World Health Organisation named the disease as Covid-19 and declared global health emergency in January 2020. (Yuen *et al.*, 2020). From January to June 2021, there were 20,022,379 confirmed cases, 19,480,463 recoveries, and 248,805 fatalities in India. (PRS Legislative Research, 2022) <sup>[15]</sup>

## Literature Review

- S. Mahendra Dev and Rajeswari Sengupta (2020) suggested that the big population, the unstable state of the economy, particularly the banking sector, in the pre-Covid 19 time, and economic reliance on informal labour lockup and other social distancing tactics would be enormously disruptive.
- According to Peterson Ozili and Thankom Arun (2020), a 30-day social separation policy or lockdown limitation harms the economy by reducing overall economic activity and by lowering stock values.
- Mr. Girish Jadhav (2020) stated that when the global economy slows, no emerging economy can expand at its typical rate. The Indian economy was already in trouble, and the covid19 added to its difficulties.
- Kit San Yuen, Zi-Wei Ye and Dong Yan Jin (2020)-highlighted nine most important research questions concerning virus.

## Objectives

1. To ascertain the extent to which Covid-19 has a presence in India.
2. To do research on the effect of Covid-19 on various sectors of the Indian economy.

## Scope of the study

The nature of the research article is descriptive. The paper summarises the impact of COVID-19 on different sectors of economy in India only. All the facts included in the paper are taken from different sources published between the month of January 2020 to June, 2021. The discussion in this paper is all about the impact of COVID-19 in India, talking about the impact on various sectors like education, sports, tourism, entertainment, financial, etc.

## Research Methodology

This research paper is based on secondary data. The facts and findings are gathered from different articles and research papers which are published between the month of January, 2020 to June, 2021.

## Impact on Tourism Industry

The coronavirus outbreak prompted many governments to place restrictions on the movement of goods and people, negatively impacting the tourism industry. Tourists spend money in the countries that they visit. The aviation, travel, and tourism sectors are estimated to lose between Rs. 47000 crore and Rs. 50000 crores in 2021.

## Impact on hospitality sector

In the financial year 2021, India's hospitality industry is anticipated to shrink by 65 percent. Hotel occupancy dropped to 18%, while RecPar (revenue per available room) fell by over 80%. Since 2020, about 40% of restaurants in India have closed, according to the National Restaurant Association of India (NRAI). Restaurants that have reopened in the past followed all of the health ministry's safety regulations, ensuring that dining out is as safe and comfortable as possible. Just as the restaurant business appeared to be regaining its footing, the second round of limitations posed a serious threat to its future. The estimated loss for the Hospitality Industry for Fiscal Year 2021 was Rs.9000 crore.

## Impact on Financial Sector

Only four times since independence has India's national GDP decreased before 2020 – in 1958, 1966, 1973, and 1980 – with the 1980 loss being the greatest (5.2 percent). This suggests that the year 2020/21 will be the worst in terms of economic contraction in the country's history, far worse than the global average. The epidemic had a significant influence on India's financial sector. The Covid 19 pandemic has thrown everyone's life into disarray and wreaked havoc on numerous businesses throughout the world. In fiscal year 2021, India's GDP declined by 7.3 percent, while the World Bank predicts a 5.2 percent drop in worldwide output. (Dhingra & Ghatak, 2021) <sup>[16]</sup>

## Impact on Education Sector

According to a Human Resource Development Ministry study, Govt. of India there are 10725 private universities, 993 government universities, and 39931 colleges. Lockdown has not just caused reduction in flow of cash or setback in profession but also affected the life of school going children. The dropouts are the worst sufferers of lockdown. According to study in IJIRMF class 1 enrollment increased by staggering 30 percent after mid day meal was implemented. This reveals that supply of food in comparison to education was the only motivating factor for number of increase in enrollment and as mid day meal is the only reason for Indian students to get enrolled then due to continuation in lockdown for longer period can cause reduction in enrollment rate. Moreover, there are many universities in countries like Australia, UK, New Zealand and Canada which are dependent on students from India. Due to pandemic, Indian parents won't allow their children to go abroad for higher studies. Universities and colleges are facing risk in area of student retention and recruitment. According to a study it has been revealed that due to lockdown of educational institutions it is estimated to affect around 600 million learners across the world. There is postponement in entrance exams of engineering, medical, law and fashion designing etc. Some faculties and employees may face salary cut in private sector. There are chances that private sector will avoid hiring new staff and faculty which will result in lower efficiency. After the declaration of complete lockdown in the country all the institutions were closed, competitive exams, board exams got postponed, until the sector decided to initiate a revolution instead. The reform in the education sector during the pandemic is the right example.

Despite the rising use of e-learning, millions of children, particularly in Africa and South Asia, have been left without proper educational opportunities. Only 6% of rural households and 25% of urban households had access to a computer, according to the 2017 National Sample Survey (NSS) report. Only 17 percent of rural homes and 42 percent of urban households have access to the Internet, which is a source of concern. The above issues, combined with the mismanagement of India's public schools, make online learning an unfeasible and non-viable option for the majority of the country's population. For an old saying that “necessity is the mother of all inventions” Covid-19 has pushed the education sector to take the online route for knowledge sharing and steering the sector with technological advancement.

### Impact on Domestic Violence and Crime

More than 730 million women worldwide report having suffered gender-based violence, with the poor and lower-middle-income countries being the most impacted. The COVID-19 pandemic has increased the prevalence of violence against women by intimate partners in the last two years, owing to increased stress from job loss, social and protective network breakdown, and mobility restrictions. (Suri *et al.*, 2022) <sup>[17]</sup>

Between January and May of 2021, the National Commission for Women received 2,300 domestic violence complaints, the most since 2000. The most complaints came from Uttar Pradesh, while Delhi had the highest complaint rate. However, NFHS-5 data indicate that 70% of women who have been physically assaulted do not report it. Even among those seeking assistance, few contacted the appropriate authorities. (Data | Domestic Violence Complaints Received in Past Five Months Reach a 21-Year High - The Hindu, 2021) <sup>[18, 19]</sup>

Among them, 61% blamed interpersonal relationships for the rise in elder abuse in families. A new study finds that during the COVID-19 lockdown, 73 percent of the senior population reported higher abuse. (About 73% Elderly Experienced Increased Abuse during Lockdown Imposed amid 2nd Wave of Covid: Report - The Hindu, 2021) <sup>[18, 19]</sup>

### Impact on Agriculture

The basic problem in agricultural sector at present is unavailability of labour and inability to access markets for produce due to issue of transportation because of lockdown. Harvesting of crops like paddy and wheat is not that seriously affected as they do not completely depend on manual labour but commercial crops have been majorly affected due to unavailability of labour. People involved in the production of agricultural goods are severely hit with less than 35% returns on the produce or no returns. As soon as the government declared lockdown in the country, the finance minister announced a 1.7 trillion rupee programme to safeguard farmers from the coronavirus. An advance of rupees 2000 was credited to the bank accounts of farmers as an income support under PM Kisan scheme. For harvesting and threshing of rabi crops farmers need to follow special guidelines issued by Indian Council of Agricultural Research. (International Crops Research Institute for the Semi-Arid Tropics, 2020, paras. 3-4) <sup>[8]</sup>.

The second wave saw tougher and longer lockdowns in rural areas. APMC Mandis has voluntarily closed because of the lockdowns. In Gujarat, Rajasthan, and Maharashtra, APMC Mandis were closed during harvest. Farmers were caught off guard by the turmoil. Because the Mandis haven't fully opened, crops are decaying. The shutdown of Mandis has harmed vegetable merchants and processing firms. The impact of the first and second waves on agricultural wage growth is evident. From April to August 2020, the average agricultural pay rise was 8.5 percent, but from November to March 2021, it was only 2.9 percent (1st wave). (Impact on Indian Economy after the COVID-19 Second Wave | The Financial Express, 2021) <sup>[20, 21]</sup>

### Impact on Environment

Our environment is benefiting from the virus's favourable impact. Smoke emissions have decreased due to reduced production and factory activity, resulting in a bright sky. This reduces the use of vehicles on the road. All of this has

helped cut CO<sub>2</sub> and NO<sub>2</sub> emissions. We have never considered how we treat the environment in this competitive day of tight schedules. However, the coronavirus has had terrible effects on mankind. It has allowed the environment to self-heal and regenerate.

### Impact on Manufacturing Sector

The epidemic has also hurt manufacturing hard. Manufacturing PMI fell to 50.8 in May 2021 from 57.5 in February, according to IHS Market India Manufacturing PMI. It's ten months low. (Impact on Indian Economy after the COVID-19 Second Wave | The Financial Express, 2021) <sup>[20, 21]</sup>

### Impact on employment sector

According to the Centre For Monitoring Indian Economy, jobless rates will grow from 7.9% to 11% in the April-June quarter of 2021. The economy is causing MSMEs to close. Millions of jobs destroyed permanently, lowering consumption (Mangla, 2021) <sup>[22]</sup>

### Conclusion

Although the exact impact of the corona virus on the global economy is unknown, it is obvious that it will be long-lasting. The outbreak of Covid 19 is an international public health issue. The pandemic has globally disturbed the world. All the sectors of economy has been severely affected by pandemic ultimately affecting economy of India. The recovery rate of covid patients show a positive result but on the contrary rate of increase in the number of patients is also at its pace. The economy of the country is seriously affected due to COVID-19. All the private and public sector banks, schools and colleges, religious places are shut. Almost all the sectors may not be able to regain their momentum until things return to normalcy. However, even if things begin to normalize, on industry may not be able to recoup from its losses for an extended length of time, resulting in crippling long term impact on country's labor productivity and job mark.

As the pandemic is increasing at fast pace, people should adopt social distancing as much as possible to combat the virus. Due to rapid transmission, India should adopt remote work culture in almost every sector. All the banking work should get digitalised in order to avoid public dealings. Focus should be on making India digitally strong through various government initiatives like Digital India Program, PM e - VIDHYA, SWAYAM online courses etc. The coming phase is not going to be easy for the citizens. Some will try to cope up with this whereas some will not but eventually "After every dark night, there is a sunshine".

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