

# The Impact of a Pandemic on Indian Economy

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## Abstract

In the following paper we investigate the impact of a pandemic on the Indian Economy. The main focus of this study is to find out the economic impact in all the various sectors, which will help us in understanding the pandemic better, and how deep is the impact. This study considers various reports and concludes that despite the sluggish economic growth of India since 2019, the outbreak of COVID-19 has led to a further drop in the Economy. The nation has also been listed as among the top affected nations across the globe due to the pandemic. As a nation we've faced a lot of economic challenges due to pandemic breakout. It has majorly adverse sectors like food security, informal sector, agriculture, also the aviation industry, shortage of labor for harvesting, the PDS, and social security. This is a resultant of no proper infrastructural capacity to suffice a pandemic. Given our population we have no resources to source functionality in the nation. Also, the health sector has also suffered a lot from the poor health facility, too costly checkups. The social life of the Indian people affected by the coronavirus includes the hike in Domestic Violence, Communalism, Fake news, and Religion.

Keywords: Pandemic, Covid-19, Indian Economy.

## **Introduction:**

Any pandemic comes with the possibility of negative economic impacts. Currently, several nations, including India, are steadily going to lockdown due to the COVID-19 pandemic. The World Health Organization declared the virus outbreak a pandemic during the second week of March 2020. The declaration came four months after the novel virus first made headlines. Several suspected cases of COVID-19 have been tested in India, resulting in more than two thousand confirmed cases. The COVID-19 pandemic in India has caused several impacts on the economic sector, social life, and the health sectors in India. We need to create awareness in our nation about the virus and help in an orderly manner to reach an end to it. As a populated country we have to keep in check that social distancing will be the new norm. And every sector has to follow this protocol to run a smooth everyday life. Our lives are directly proportional with our livelihoods, and our livelihoods are inversely proportional to the economy of our nation. The more we maintain protocols the more we can get our nation back on its feet. As a whole we have to accept the economic fall and do our best to regain sustainability.

## **Research Problem:**

### **Business in India:**

Businesses in India are operating under fear of an impending collapse in the financial market. Even before the onset of this pandemic, the global Economy is dealing with turbulence on account of disruptions in attenuated growth and trade flows. The situation has now been aggravated by the supply, demand, and liquidity shocks that have been inflicted by COVID-19. Therefore, although India has already been affected by a sluggish economic growth since 2019, the situation has worsened because of

the COVID-19 pandemic. The rate of interest is a simple summation of the rate of the borrowed amount. We have no foot to stand on given the pandemic the nation suffered massive losses but there were sectors that did make businesses. But the nation requires proper unfurl which seems unlikely we have to make precise decisions on which sectors will re-open and help reduce our economic fall. We are entering a period of inflation and businesses in India are subsequently falling into the trap too.

### **Research Objective:**

#### **GDP in India:**

The real Gross Domestic Product of India decreased to its lowest for the last six years, and the outbreak of COVID-19 has posed fresh challenges. Attempts to contain the spread of the virus, such as “complete lockdowns” (KPMG 10), have brought a standstill to economic activity. The situation has also negatively affected investment and consumption. The statistics of GDP states that business in India for certain sectors have sustained although the trading in whole is halted. We have suffered massively in making trade overseas given the COVID-19 pandemic. In New Delhi, the COVID-19 disease is a worse demand shock for the Economy in India. The situation might contribute to further suppression in the gross domestic product of the nation, as the pandemic induced a lockdown, which has caused a huge disruption across several sectors.

### **Research Methodology:**

Any proper research plan is submitted in the methodology. Here we talk about the plummet of our economy.

### **The trade effect:**

The trade effect of the coronavirus pandemic for India is approximated to be about "348 million dollars" (Kumar, thombare & kale 301). The nation has also been listed among the top fifteen most affected economies after the outbreak of the pandemic. According to the Asian Development bank, the outbreak of COVID-19 could cost the Economy of India between "\$388 million and \$30 billion" (Kumar, thombare & kale 301). The pandemic has led to a huge disruption of the Chinese Economy, and that clearly shows that there will also be a "disruption in the imports" (Kumar, Thombare and Kale 302). Besides, the processes of production and the supply of consumer products in India will also be affected. Our exportation is completely gone downhill given how we are associated with several nations and our delivery resource trade. The entire system change in the pandemic period has led to many losses, we need to find more efficient sources to make trading safer so that it keeps our economic security intact. Yes, it is a very complicated and testing period for the nation but our deducing trade cannot be ignored. We know we have made the authorities in position take action as this pandemic will in a whole change the entire relations of traders who source out commodities in India. It is foreseeable that it will negatively affect the Economy of India.

### **Overview of Research:**

In the following research we speak about the industries which have been impacted massively due to the pandemic.

#### **Chemical industry:**

The chemical sector in the country is likely to be one of the most affected sectors during the presence of the pandemic. Several chemical firms in India have already been closed down, and that is an indication

that there will be a restriction on logistics or shipments. We are in collaboration with many chemical firms who have instilled giant factories in our country while some of them are Indian companies too. So given how factories are closed many employees are now facing unemployment. Chemical industries in India are lead manufacturers for many companies overseas. Given how our lockdown protocol hasn't made any sales it wouldn't be surprising if some of these industries are shut after the pandemic. It has been discovered by economic experts in India that twenty percent of the production has been affected because of the disruption in the supply of raw materials. For instance, China is the main supplier of Indigo, which is needed for denim. Corporations in India are likely to be affected, and that will force individuals to secure their supplies.

#### **Auto industry:**

The Indian auto industry, the electronics industry, and the foreign trade sector have also been affected by the deadly pandemic. Its effect on Indian firms will vary and depend on the extent of the businesses in China. It is evident that businesses in China have already been affected even though current “inventory levels” (Kumar, Thombare, and Kale 301) seem to be enough for the Indian industry. We need to secure our sector's efficiency. We require the government to have a proper management protocol to band resources from China. We need to create our own labeled devices in order to stop the dependable trading form the nation. As this has only seemed to tarnish our supply economy. If we build proper establishments to suffice our need in the auto industry and support companies so that they can have their grounds in our nation. We will enable ourselves and soon disable the fall in auto industry. Additionally, the supplier of electronics in the region is China, and that shows that the electronic industry in India might face disruptions in supply and production. There might also be a reduction effect on the price of products because of the nation's heavy reliance on electronics component supply either directly or

indirectly and local manufacturing. The foreign trade sector in India will also suffer severely due to the outbreak of COVID-19. SINCE 2004, China has been the biggest source of imports for India.

### **Global supply chain:**

Apart from the disruption in the “global supply chain” (The Economic Times Para 1), the pandemic has led to a worse demand shock that has affected the impressive recovery of the Economy in India that was being observed at the climax of 2019. Besides, a decline in the level of optimism in the course of the uncertainty has contributed to a closedown of enterprises bringing about disruptions in the world supply chain and a steady decline in the level of consumption. The gross domestic product in India has also been greatly affected by the pandemic even though the magnitude of the real effect would rely on the duration and severity of the pandemic, and that is still not yet known. The main three “channels of effect” (The Economic Times Para 1) for the businesses in India, which include macroeconomic factors, supply chain, and legal linkages, are the ones that have suffered the most. For instance, several Indian firms have linkages with firms in nations that have a huge number of confirmed coronavirus cases. A disruption in the global business means that there will be a negative effect on the operations of the firms. As a nation we will face a lot of shortcomings in respect to our clients, firms that have trading relations in India, establishments in many sectors might even close. The pandemic will take down our country’s capitalism as a whole.

### **Food Security**

As it is in Covid-19 has worsened our trading if it has caused many adversity with our food security sector. The agricultural and the supply of food within the country have been disoriented. The government warehouses are all full of about 71 million tons of rice and wheat (Ahmad, 2020). The prices of food products are dropping due to a lack of demand from consumers. Also, the Kerala

government is continuing to provide food with diversified diets at the doorsteps of households. People have started to spend a lot of their time confined to their houses. Many products are seen to be disappearing on the racks of food marts. This is because we are facing the peak of the virus infection given which we are secured at home with limited food supply. And some traders across the regional places are unable to source goods. This is the effect on our food security given the pandemic breakout.

### **Informal Sector**

India has been under a nationwide lockdown for more than one month now. Consequently, this has been challenging, especially in the economic growth of the country where it is now in the slump. Most of the employed people in India work in the informal sector. According to the International Labor Organization, 86% of the employed are in the informal sector (Khan & Faisal, 2020). Due to the pandemic, the daily-wage earners are no longer at work unemployed youth, unprotected environments, police brutality, and so much of innate loss. We have to look into our small scale industry from a roadside tailor, to hawker who sells pens, these people fall under the sector of informal employment. They are now unable to sustain lives and hence in grave danger. We have threatened the normalcy of our nation and the government needs to plan an effective measure to survive the below average income of countrymen. The self-employed women and their associations have indicated a lack of job opportunities due to the lack of down.

### **Agriculture**

The ongoing lockdown in India has coincided with the rabi harvesting season (Ahmad, 2020). Farmers across the country are depending on the government to ensure there is uninterrupted harvesting of crops and other procurement operations. We are known as the most agricultural developed nation worldwide. Today our farmers cannot trade their beans, grains, given the lockdown. If the lockdown is going to

continue for some time, the farmers would be highly affected, hence affecting the agricultural sector in the long run. We need to secure the agricultural sector as we depend on the source to survive. The sale of other products such as dairy products, fish, and poultry has also been hit significantly by the pandemic.

### **Shortage of Labor for Harvesting**

The India farmers have continued to face shortages of harvest labor amid the coronavirus lockdown. The northern breadbasket states of Punjab, Uttar Pradesh, and Haryana all rely so much on the farm laborers who come from eastern Indian. However, due to the lockdown that kicked off on 24<sup>th</sup> March 2020, these laborers have returned to their villages (Coronavirus and India: Economic and sectoral implications, 2020). Since India is one of the largest producers of wheat worldwide, the shortage of laborers to harvest the wheat and other mechanical harvesters to the fields would really impact negatively on the productions.

### **Personal Development Schemes (PDS)**

The PDS that is part of the informal sector has been seriously hit by the lockdown. Many of the PDS such as the street vendors, the taxi and auto drivers have all been affected negatively by the pandemic. 65% to 70% of the Indian Economy has been termed as unorganized since these are the people who are highly affected by the pandemic since they make up for the small and medium enterprises (Koirala, & Acharya, 2020). The street vendors and open-air marketers are experiencing zero cash since their customers are all staying indoors.

### **Social Security (Job loss in the Informal Sector)**

The informal workers in India have been affected by the pandemic in a hard way. The workers are facing the dismissal spectrum and the probabilities of loss of livelihood since there is a decline in the monthly wages. The paid workers since they have not been in their work stations for quite some time, their employers would hesitate in paying them their full dues (Coronavirus and India: Economic and sectoral implications, 2020). This goes a long way in affecting the families of these informal sector workers. Declining earnings and the loss of jobs among those paid and the overall closures of the self-employed people affect the families.

### **Aviation Industry**

The spread of the virus into India has also posed serious challenges to airlines, airports, and other ecosystems (Ahmad, 2020). This affects the way the Economy runs since the imports and exports in the Economy all depend on the aviation sector. It is currently wreaking havoc in the entire aviation industry in India. The Indian air transport sector is facing a lot of challenges, especially the reduced passenger traffic, where the stakeholders are now setting aside more money for the alternative uses of the airlines such as the use of drones. The drones would serve the same purposes as the airlines since they deliver to remote places. However, the quantity of the goods delivered cannot be compared to the ones delivered by the airplanes.

### **Suggestions**

#### **Poor Health Facilities**

While the numbers of coronavirus cases in India are still in the low hundreds, there are rising concerns on the capacity of the healthcare systems capable of dealing with the potential threat. The effect has also

spread to the other practitioners such as the Ayurvedics from south India who are using the opportunity to give other medical options such as the miracle remedies meant to tackle coronavirus (Awasthi, & Avasthi, 2020).

### **Costly Checkup**

There is a considerable increase in the inquiries made on the health insurance policies. This comes from the customers who are seeking further protection against the Covid-19. More checkups on the new polices have also been experienced, rising up to about 40% after the new cases have been detected in Delhi and Agra (Awasthi, & Avasthi, 2020). In India, the tests done for the virus are free. However, the costs of hospitalization would depend on the patient themselves. Those who are covered by the standard health products are lucky to have expenses being catered for by the insurance companies but the majority vulnerable community is facing it hard.

### **Hike in Domestic Violence**

The India National Commission for Women registered the highest number of domestic violence and other related complaints between 23<sup>rd</sup> March and 16<sup>th</sup> April. This is highly contributed by the long periods of staying indoors. The NCW relies on the women to provide these reports for analysis and call for actions (Corona virus and India: Economic and sectoral implications, 2020). The commission has already given out the helpline numbers and other modes of communication to help report all the cases of domestic violence that mostly involve the women and children. Many other countries still experience the same domestic violence and the relevant authorities have taken necessary actions against it.

### **Communalism (post-Tablighi jamaat issue)**

The authorities in India have linked several cases of the virus to the Muslim missionary that has held several annual conferences in March around Delhi. Since March 28<sup>th</sup> there have been several tweets on

Corona Jihad which have been trending for quite some times (Jain, 2020). One major issue on communism is the Tablighi jamaat controversy. The issues escalated further on the 3<sup>rd</sup> of April when the government threatened to charge some of the members of the group for violating the quarantine rules. They claimed that it was just one of the myriad religious groups that were meeting in India after the unexpected announcement of the lockdown.

### **Fake News**

In India, rumor travels faster than the corona virus itself. The speed at which the false data is spreading in India has caused panic amongst the people who receive the fake news. The conspiracy theories on the virus concerning its origin and the people responsible for the spread have spread widely in India across WhatsApp and Facebook (Awasthi, & Avasthi, 2020). In Mizoram, there are at least 15 people who have already been arrested for circulating fake news.

### **Religion**

The India's health ministry has blamed the Islamic seminary for the fast spread of coronavirus (Bhalekar, 2020). The party officials have also spoken on the human bombs and the corona jihad. Through this we saw a spree of the anti-Muslim attacks have been witnessed across the country. There were young Muslim men who were assaulted while passing out food to the poor. Other Muslims have been beaten and attacked by the neighborhoods as they are falsely considered as virus spreaders.

### **Conclusion:**

In general, the Indian auto industry, the electronics industry, and the foreign trade sectors have been badly affected by the coronavirus in Indian, as most of the firms in the industry depend on supplies from other nations such as China. The global supply will directly mean that the Economy of India will be disrupted. The pandemic has also led to a worse demand shock, especially in New Delhi and that could lead to a further suppression of India's Economy. The India economic, social and health sectors have been hardly hit by the COVID-19 pandemic. The effects include reduced food security, the informal sector, and the severe effects on agriculture. Also the pandemic has also had several effects on the transport industry especially the aviation industry, shortage of labor for harvesting has also been experienced and the PDS and the social security. Also, the health sector has also suffered a lot from the poor health facility to costly checkups. The social life of the Indian people is affected by the coronavirus including the hike in domestic violence, communalism, fake news and Religion.

In trying to curb all these economic effects in India, the government needs to come up with policy measures that shall be effective in the midst of a fast spreading coronavirus pandemic. Some of these policy changes include some of the cash transfers to the workers in the informal sector. As the healthcare officials around India are trying their level best to take measures of keeping the daily numbers of the reported cases at a manageable number, the government also needs to implement some of the actions to assist different sectors such as agriculture. Also, the government needs to work on both the fiscal and the monetary measures to curb the disruptions in the supply chain, the aviation industry, the healthcare facilities and the insurance policies together with the different agricultural produce.

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