

Research Article

Covid-19 And its Effects on Indian Economy

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Abstract

The COVID-19 pandemic had a profound impact on the Indian economy, which was already vulnerable before the pandemic. The pandemic-induced lockdown led to demand and supply shocks across various sectors, including agriculture, animal husbandry, and industry. The pandemic's effects on employment were significant, with a substantial rise in unemployment. The paper concludes about the effects of the Indian Economy.

Keywords: COVID-19, Corona Virus Pandemic, Indian Economy, Effects

Introduction

Corona Virus Pandemic in India has been largely disruptive in terms of Economic activity as well as loss of human lives. All most all the sectors have been adversely affected as domestic demand and exports sharply plummeted with some notable exception where high growth was observed.

According to Normura India business resumption index economic activity fell from 82.9 on 2nd March to 44.7 on 26th April 2020.

Effects of Covid-19 on Indian Economy :

Agriculture Sector : Since agriculture is the back bone of the economy and part of the Govt. announced essential category, the impact is likely to be loss on both primary production and usage of agri inputs.

Effect on Oil and Gas :

The Indian oil and gas industry is quite significant in the global context. It is the third largest energy consumer only behind USA and China and contributes to 5.2% of the global oil demand. The complete lockdown across the country slowed down the demand of transport fuels and auto & industrial manufacturing declined and goods passenger movement fell. Though the crude prices dipped in this period, the Govt. increased the excise and special excise duty to make up for the Revenue loss, additionally road cess was raised.

Pharmaceutical Industry :

The Pharmaceutical industry was been on the rise since the start of the Covid-19 Pandemic, especially in India, the largest producer of generic drugs globally; with a market size of \$55 billion during the beginning of 2020, it has been Surging in India, exporting Hydroxychloroquine to the world.

Effect on Aviation and Tourism :

The contribution of the Aviation and Tourism to our GDP stands at about 2.4% and 9.2% respectively. The Tourism sector served approximately 34 million people in FY 18-19. Aviation and Tourism were the first industries that were hit significantly by the Pandemic.

Real Estate and Construction Sector :

The real estate activities have started facing Sever disruption during the second wave as a large number of migrant workers have left the urban areas.

Hospitality Sector :

As many states have imposed localized lockdowns, the hospitality sector is facing a repeat of 2020. The hospitality sector includes many business like restaurants, pubs, bars and night clubs. The sector that has contributed to a large portion of India's annual GDP has been hithard by restrictions and curfews imposed by the states.

Effect on Animal Husbandry :

During the lockdown period, many regular consumers of milk, such as sweet shops, restaurants and hotels were shut. The demand for milk fell by 20.25% during the lockdown. Milk sales declined, and milk dairies announced milk holidays, liquid milk procurement from farmers fell from 53.42 million liters per day in the first two waves of March 2020 to 50.39 Mlpd by the last two weeks of May 2020.

Effect on Poultry :

Poultry producers were also adversely affected. Broiler birds, whose life span is about 30 to 40 days began to pike up on the forms and growers were forced to keep feeding them with purchased poultry feed. As a result, birds were culled on a large scale. Chicken prices at the farm gate fell from Rs. 85-90 Kg. to 5-10 Kg. during the lockdown.

Effect on Employment :

As per FICCI survey in March 2020 by 24th April the unemployment had increased nearly 26% with in a month, reaching. Around 140,000,000 (140 million) Indians lost employment during the lockdown. More than 45% house holds across the nation reported an income drop as compared to the previous year.

Manufacturing Industry :

Major companies in India such as Larsen and Tourbo, Forge, Aditya Bilra gGoup, Tata Motors significantly reduced operations. Industrial production which stood at 134.2 in Feb. 2020 fell to just 54.0 in April 2020. The Covid-19 has forced start ups to close due to lock of work, lock of funds. The temporary half in economic activities resulting in decline of India's exports by 34.6% and imports by 28.7%.

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