

“IMPACT OF CORON VIRUS ON INDIAN ECONOMY”

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ABSTRACT:

This study has been conducted to know the risk of Corona Virus lockdown has created the damage to the Indian economy. This Covid-19 pandemic disease has buried the life of businesses from huge profit and challenge on recovery. Most of the 211 plus countries were suffering from CORONA VIRUS. Many businesses were struggling to get back on the market track with many difficulties and part on recovery. In one hand Indian Some businesses were struggling to keep their track on market share and many businesses were always in profit even in the lock down, those are declared as emergency services by the Government of India. This could create a gap between supply and demand. This will give a foundation for local price game changer. Customer has to pay more price than the standard due to more demand and less by Supply. Income has treated life blood to the people. It would affect on the poor people to return to their regular life. Imbalance of income and expenditure will be curse on the part of poor people and daily wagers. As many services could directly affect on the part of the customers. Such as FMCG, Transportation, Luxury goods, Price discrimination based on the demand and supply, artificial demand, Changes of behaviour on h stock markets, Price hitting on bullion markets, Threat against discovery of new products. It will be directly impact on the Indian Economy.

Key Words- *Business crisis, Corona Virus pandemic and influencing Economy.*

I) INTRODUCTION:

Government of India has declared Corona Virus Disease is treated as pandemic and threat to human life and announced a lockdown to protect the life of people. Government has struggled to control the spreading of disease with the guidelines, restrictions under the many laws. This lockdown has started from 22nd March, 2020 and it will continue up to end of the June, 2020. Under this period most of the business operations were suspended. Totally manufacturing process was stopped other than medical services. It has influenced on the top businesses based on the demand and price parameters. Such as manufacturing, tourism, transportation, stock market, bullion market, FOREX, automobiles, FMGC, Cement industry, Hotels and Motels, Supply chain management and others. It will directly impact on economy though indirect changes. Imbalance of demand and supply will be creating artificial demand, this could help to companies as neglecting the advantages of monopolistic market features. Customers are required to pay

more price and government may impose more duties for various business on products to recover source of funds to the nation.

II) OBJECTIVES OF THE STUDY;

This study is undertaken to know the various businesses were influenced the Indian economy. Such as (1) To know the financial loss on businesses. (2) To know the changed scenario due to lockdown on business. (3) To know the challenges during and after lockdown. (4) Challenges on returning to their low operating cost.

III) RESEARCH METHODOLOGY

The present study is based on secondary data. It has been collected from magazines, News Papers, Books, Journals, various websites, Government official statements and forecasted based on the data. In this study many suitable charts and diagrams were used to analyse the data to understand in easy and found research gap.

IV) LIMITATIONS OF THE STUDY;

This study is based on the (1) secondary data which were collected from authentic sources. (2) This study is focused on Covid- 19 lockdown period from January to June, 2020. (3) Experts opinions were applied to this study

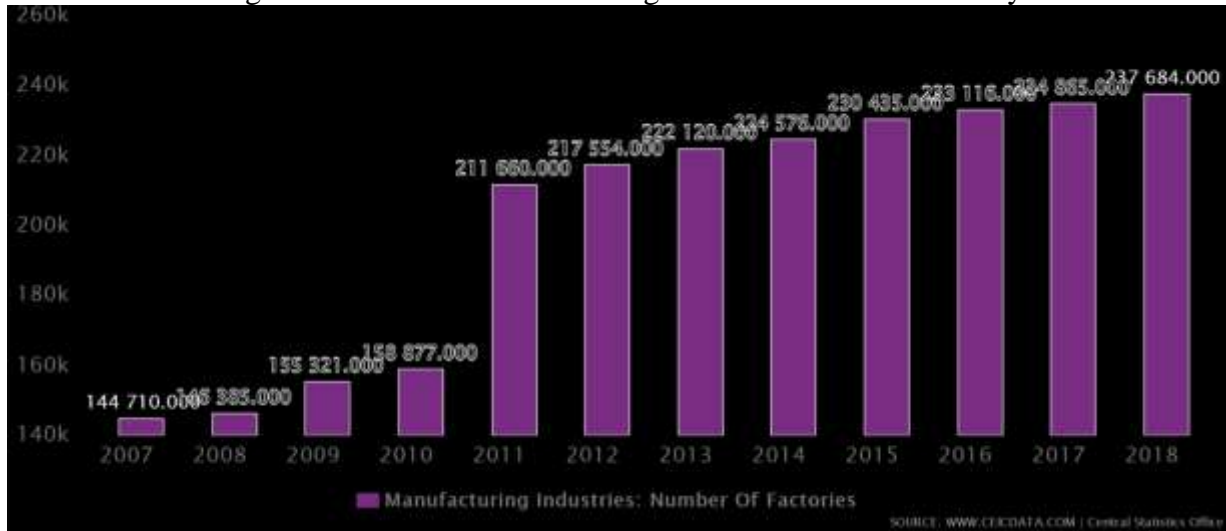
V) STUDY OF IMPACT ON INDIAN ECONOMY

. Corona Virus Pandemic has influenced on the top businesses based on the demand and price parameters. Such as manufacturing, tourism, transportation, stock market, bullion market, FOREX, automobiles, FMGC, Cement industry, Hotels and Motels, Supply chain management and others.

1. MANUFACTURING UNITS-

144710k manufacturing units were working in the year 2007. It was increased over the decade and stood at 237684k by the end of 2018. Large number of units were suspended operations in the lockdown period and getting back on track in June. Threat is available for the new start ups with capital adequacy and basic factors.

Diagram 01 – No. of manufacturing Units established over the year



Source- NAM’s recommendations

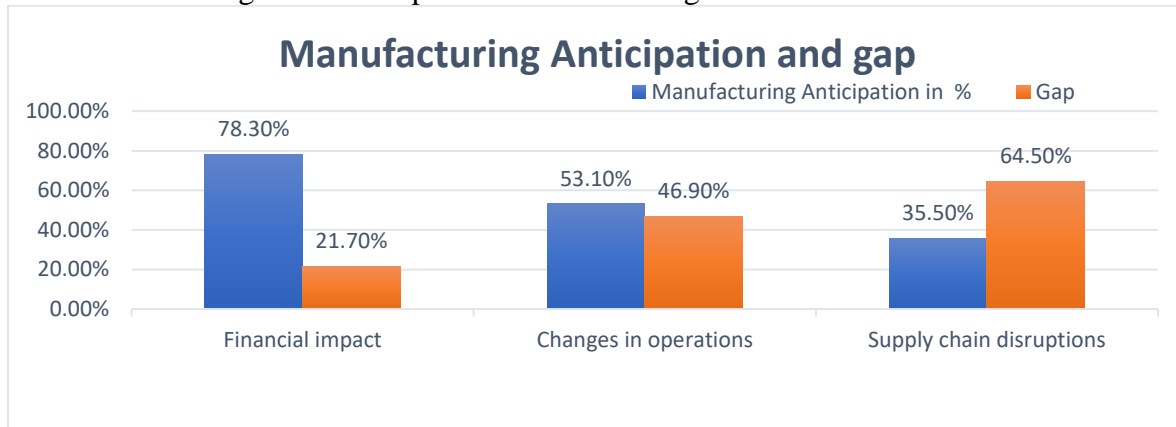
It is estimated that 21.70% of the units may suffer from financial problem, 46.90% from changes in operations and 64.50% by supply chain disruptions. This threat will be influence on manufacturing output.

Table No- 02 Impact on manufacturing Units from COVID-19.

S No	Type	Manufacturing Anticipation in %	Gap
01	Financial impact	78.30%	21.70%
02	Changes in operations	53.10%	46.90%
03	Supply chain disruptions	35.50%	64.50%

Source- NAM’s recommendations

Diagram 02 – Impact on manufacturing Units from COVID-19.



Source- NAM’s recommendation

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2. TOURISM

Indian Tourism is contribution to GDP and it is \$98 billion in 2018 and \$106.9 billion in 2019. This service market is fast-growing by immense potential due to the rich culture and Indian geographical diversity. It is the major contributing to GDP of the country. The Travel service programme and Hotel segment services are reached growth rate 12% and 13.20% in 2018 and 2019 respectively.

Table No- 03 Foreign tourist arrivals in India

Year	2012	2013	2014	2015	2016	2017	2018
Arrivals (millions)	6.58	6.97	7.68	8.03	8.8	10.04	10.56
% change	4.3	5.9	10.2	4.5	9.7	14	5.2

Source- Wikipedia data

This table represents the number of visitors from foreign is increasing from 2012 with a 6.58 millions to 10.56 millions by the end of 2018. Change of percentage is taken from base year 1997. It was increased from 2012 to 2014 and drastically reduced to 4.5% in 2015 and increased by 5.2% in 2016 and finally in 2018 it was huge decrease to 5.2% from 14% in the year 2017. It may face again huge loss on part of the tourism from foreign incomes. It would directly impact on transportation, decreased demand for hotels, motels, lodges. Local transportation, low income for local areas businesses. It could loose the major contribution to the GDP for the country.

Table No. 04 - Foreign exchange earnings from tourism in India (2011-2018)

Year	Earnings (US\$ million)	% change	Earnings (₹ crores)	% change
2011	16,564	16.7	77,591	19.6
2012	17,737	7.1	94,487	21.8
2013	18,445	4	107,671	14
2014	20,236	9.7	123,320	14.5
2015	21,071	4.1	135,193	8.8
2016	22,923	9.1	154,146	14.3
2017	27,310	19.1	177,874	15.4
2018	28,585	4.7	194,882	9.6

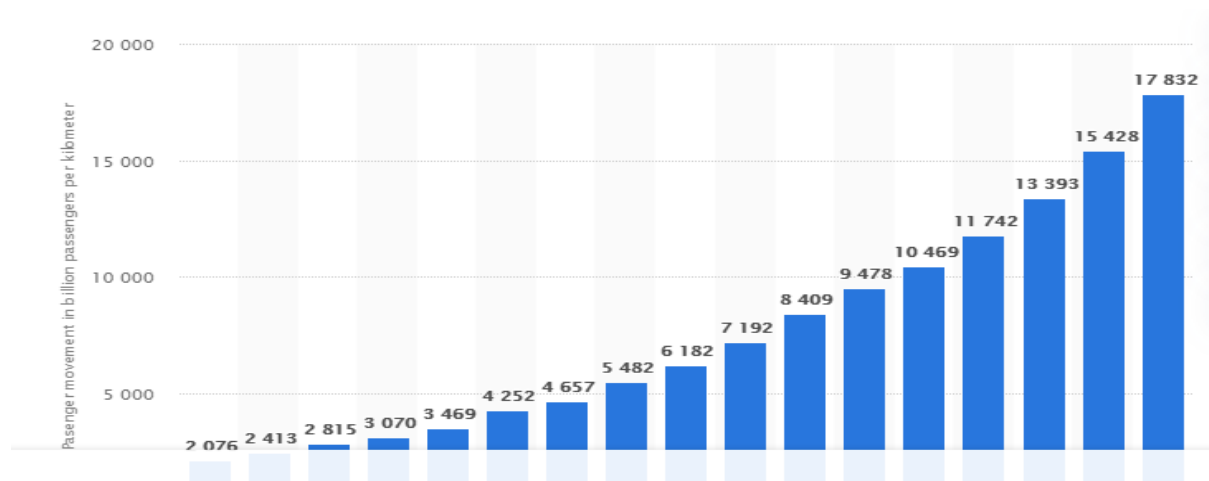
Source- Wikipedia data

This table represents the FOREX there was 19.6% 2011 was increased to 21.8% in 2012. Later it was decreased to 14% in 2013 and it gradually changed over the years and stood at 9.6% in the year 2018.

3. TRANSPORTATION-

Indian transportation is included Airways, Road ways and water ways. Passengers movement by road in India from financial year 2001 to 2017(in billion passengers per kilometer).

Diagram No- 03 Indian Logistics and Passengers movement from 2001 to 2017.



Source- Bloomberg

This diagram represents the logistics and billion passengers kms are increasing over the years. Now reached to 17832 billion passengers kms in the year 2017. During Lockdown it is affected by almost three months. Hence very income was generated with more cost based on the huge demand and emergency period. It incurred huge operating loss for the companies. OLA, UBER, VRL, respective state road transport, and many private companies were incurred a huge loss on this part.

4. STOCK MARKET-

As the fact, Stock market is directly influence on the growth and development of nation. It plays important role as game changer. Such Indian stock markets are not stagnant. It is hitting on many factors due to corona virus effect. Here investors get fear on part of their investment other than SIP. Intra day transactions creates huge speculation profit or loss. It is not good for all the investors to take advantage on the part of their investment. Speculation loss will create a disturbing to smooth functioning of the trading. Here bear can take more advantage than the bull.

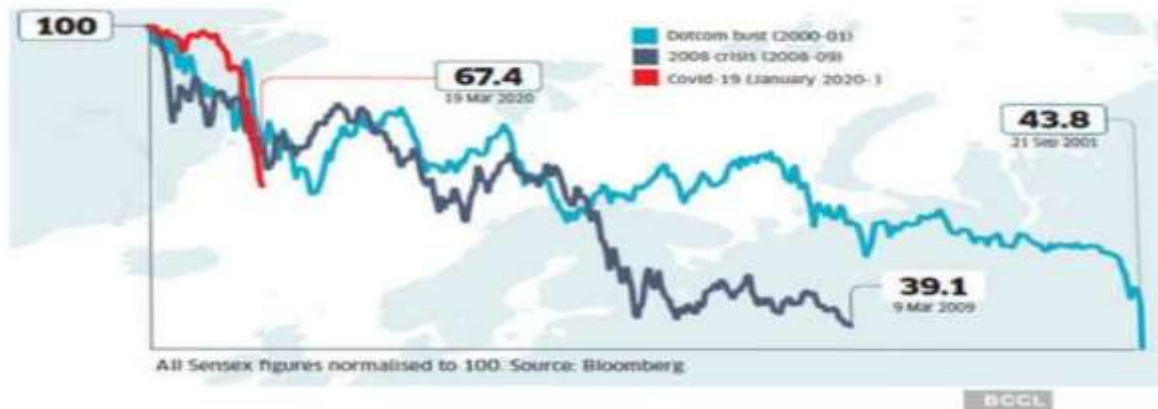
Diagram No- 04 Volatiles in Bombay Stock Exchange (BSE) Market points



Source- Bloomberg

This diagram reveals the sensex was most influenced by the Bear than Bull. This indicates investors at the risk. Such risk can create damage to confidence level for investment. Everybody start to withdraw to stop future loss. It can create imbalance and would create financial damage to the nation.

Diagram No-05 Comparison of BSE from 2001 to 2020



Source- Bloomberg

This graph represents the comparison of stock markets from the year 2001, crisis in 2018-2019 and Covid-19 lockdown. This indicates big up and downs of market points of BSE (SENSEX) in the covid-19 lockdown period. It is affected to all the industries. Investors are at risk to loose their speculation profit/Loss with imbalance of market points.

5. BULLION MARKET-

Bullion market is for precious metals. Such as diamonds, gold, platinum, silver and other precious metals which are used to design wearable ornaments, sculptures etc., As the India is the best market in the world for precious metals. Prices are always under the inflation factor.

Diagram No- 06 Gold prices changes over the period from 2011 to May, 2020

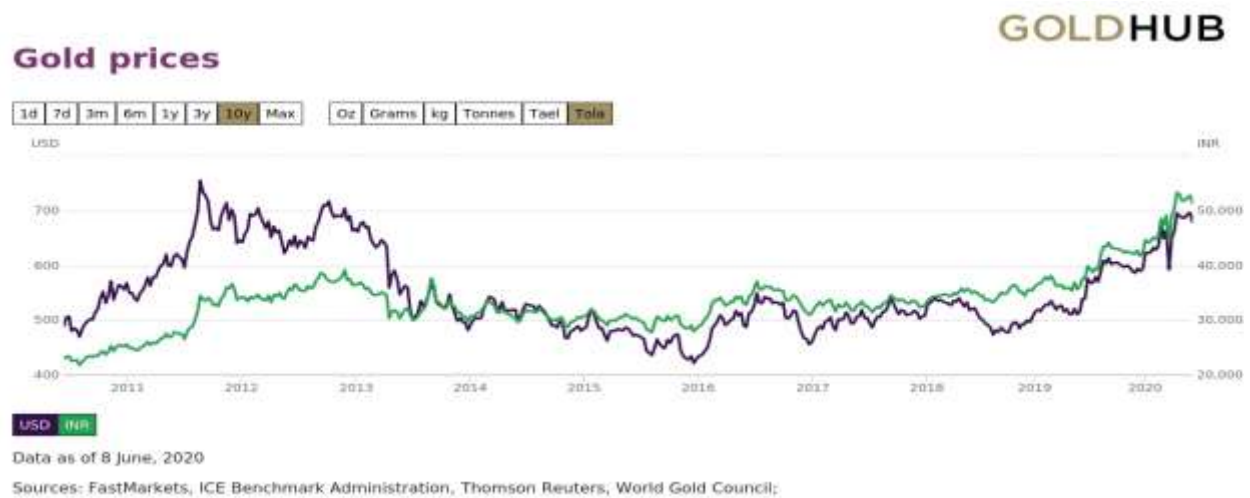


Diagram reflects the changes in gold prices will directly impact on the part Indians due to gold lovers. Investment may become costly due to inflation. It is estimated to hit the price near to Rs.80,000 by the end of December, 2020. It could be the game changer for the lockdown.

6. AUTOMOBILES-

China has contributing 27% of parts for the automobiles from the major companies. Robert Bosch, Valeo AS, GmbH and ZF Friedrichshafen were the major companies to provide assemblies to the Indian industry. These factories' operations were suspended due to the lockdown, and later it is reported to supply by late of December, 2020. This could directly impact on the part of productions for many automobiles as India demand for BS VI models. Diesel car sales was dropped by 85 percent in February 2020. Overall sales of diesel PVs has dropped by 20.98 percent in the April 2019 as compared to February 2020 period. It is found that more demand is shifted to petrol cars.

Table No- 05 Sales of Automobiles for the February and March 2020

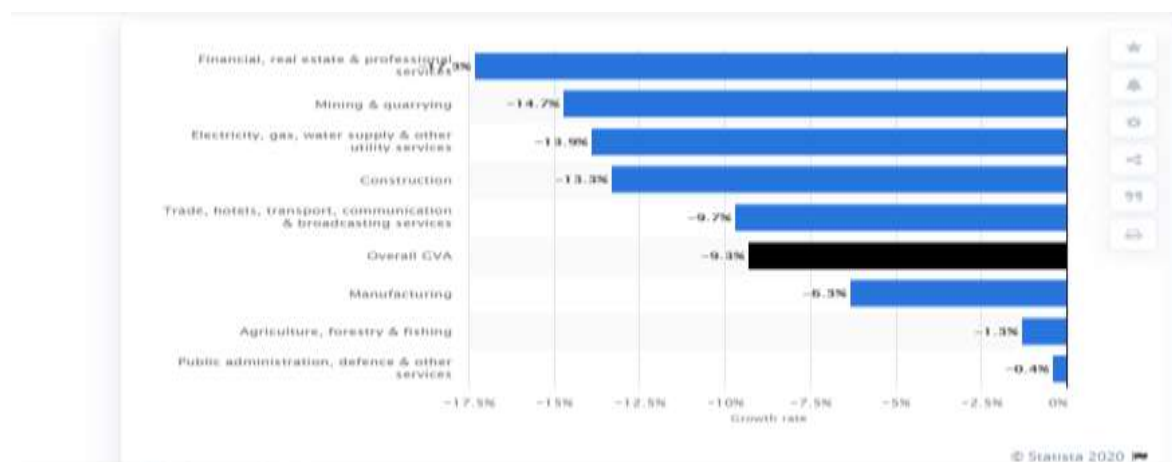
	Utility Vehicles			Passenger Cars		
Fuel Type	Feb '19	Feb '20	% Change	Feb-19	Feb-20	% Change
Diesel	66,497	31,765	-52.23%	25,566	3,816	-85.07%
Petrol	16,772	51,283	205.766%	1,45,533	1,52,167	4.56%
Total	83,269	83,048	-0.27%	1,71,099	1,55,983	-8.83%
Fuel Type	Apr-Feb '19	April-Feb '20	% Change	Apr-Feb '19	Apr-Feb '20	% Change
Diesel	7,04,108	5,88,646	-16.39%	3,86,365	1,91,306	-50.48%
Petrol	1,44,160	3,05,791	112.11%	16,54,105	14,21,010	-14.09%
Total	8,48,268	8,94,437	5.44%	20,40,470	16,12,316	-20.98%

Source- www.autocarindia.com

7. OVERALL IMPACT ON THE PART OF INDIAN ECONOMY

Indian businesses were incurring loss during and after lockdown due to Corona Virus effect.

Diagram No- 07 Estimated impact on India between April and June 2020 from Corona Virus



VI) CONCLUSION

Corona virus pandemic has created many problems to the nation and people. Lockdown saves the life of people but not businesses. It influenced on many industries like manufacturing, tourism, transportation, stock market, bullion market, automobiles, banking, etc., It was a burden on the below poverty line to lead and return to their regular life. India has to use a rehabilitation process on Corona Virus Pandemic. Govt. should think and review the policy on strategic plans to get financial healthy development and growth of nation.

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