

IMPACT OF CORONAVIRUS (COVID-19) ON INDIAN ECONOMY :

PRABHULING .SAPALI
H.O.D. of Economics
GOVT.FIRST GRADE COLLEGE KEMHAVI
TQ/SHORAPUR DIST/YADGIRI-585216

Abstract:

Globally coronavirus has produce an unstable environment for people. This has spread all over the world and called as a pandemic by world Health organization. This is stopped many of economic activities due to contagious disease and has no cured till date to fight with corona. It has produced economic impact on globe and India. It may produce recession in many part of the world. In every sector in India most of the products are imported from china, especially in Medicine and manufacturing industry. How did a health crisis translate to an economic crisis ? Why did the spread of the coronavirus bring the global economy to its knees? The answer lies in two methods by which coronavirus stifled economic activities. although the increasing number of confirmed coronavirus cases did not have a significant effect on the level of economic activities.

Keywords : Covid-19,coronavirus,outbreak,social distancing, financial crisis, Indian Economy , public's health , monetary policy , fiscal policy etc.

Introduction:

In 2019, there was anxiety about the impact of a Indian economy. The World Health organization has declared that the new coronavirus outbreak is a public health emergency of international concern, officials announced on Thursday, 30th January, 2020. WHO proposed calling the disease 2019-nCoV acute respiratory disease. The 2019 novel coronavirus originating in Wuhan, China, has spread to 24 more countries alarming public health authorities across the world. More than 4900 people have died and over 132,000 have been infected globally, according to the WHO on 13 March, 2020. According to situation report-48 on Coronavirus disease 2019 on 08th March 2020 Over 100 countries have now reported laboratory-confirmed cases of COVID-19. The report stated that globally 105,586 confirmed cases have been reported, whereas in China 80,859 confirmed 3100 deaths and Outside of China 24,727 confirmed 484 deaths. Delhi has reported six positive cases and Uttar Pradesh 10 so far. Karnataka has five coronavirus patients, Maharashtra 11 and Ladakh three. Besides Rajasthan, Telangana, Tamil Nadu, Jammu and Kashmir, Andhra Pradesh and Punjab have reported one case each.

In this paper, we show how the coronavirus outbreak led to Indian economy into major sectors of the economy, and how fast policy response by several governments either triggered and prolonged the recession while trying to save the lives of citizens. We also investigate the effect of social distancing policies on the level of economic activities and stock index prices.

The discussion in this paper contributes to the financial crisis literature. This paper contributes to the literature by showing that non-financial factors and non-economic factors can trigger both a financial and economic meltdown in unprecedented ways. The implication for financial stability is that stress testing of the resilience of the financial system should take into account human health factors as an important element in their stress testing exercises.

Impacts :

The trade impact of the coronavirus epidemic for India is estimated to be about 348 million dollars and the country figures among the top 15 economies most affected as slowdown of manufacturing in China disrupts world trade, according to a UN report. Whereas according to Asian Development Bank the Covid-19 outbreak could cost the Indian economy between \$387 million and \$29.9 billion in personal consumption losses. For India, the trade impact is estimated to be the most for the chemicals sector at 129 million dollars, textiles and apparel at 64 million dollars, automotive sector at 34 million dollars, electrical machinery at 12 million dollars, leather products at 13 million dollars. China has seen a dramatic reduction in its manufacturing purchasing Managers Index to 37.5, its lowest reading since 2004. This drop implies a 2 per cent reduction in output on an annual basis. This has come as a direct consequence of the spread of corona virus . when we see the China's share in total import to India, India's total electronic imports account for 45% of China. Around one-third of machinery and almost two-fifths of organic chemicals that India purchases from the world come from china? For automotive parts and fertilizers China's share in India's import is more than 25%. Around 65 to 70% of active pharmaceutical ingredients and around 90% of certain mobile phones come from China to India.

Sector-wise impact on Indian industry:**1. Chemical Industry :**

Some chemical plants have been shut down in China. So there will be restrictions on shipments/logistics. It was found that 20% of the production has been impacted due to the disruption in raw material supply. China is a major supplier of Indigo that is required for denim. Business in India is likely to get affected so people are securing there. However, it is an opportunity. US and EU will try and diversify their markets.

2. Auto Industry :

Its impact on Indian companies will vary and depend upon the extent of the business with China. China's business no doubt is affected. However, current levels of the inventory seem to be sufficient for the Indian industry. If the shutdown in China continues then it is expected to result in an 8-10 % contraction of Indian auto manufacturing in 2020.

3. Electronics Industry :

The major supplier is China in electronics being a final product or raw material used in the electronic industry. India's electronic industry may face supply disruptions, production, reduction impact on product prices due to heavy dependence on electronics component supply directly or indirectly and local manufacturing.

4. Foreign Trade :

China has been India's largest source of imports since 2004-05, shows data from the Centre for Monitoring Indian Economy (CMIE) database. In 2018-19, the latest period for which annual data is available, it had a share of 13.7% in India's total imports. Any major disruption in the Chinese economy can disrupt these imports and hence both production processes and supply of consumer goods in India.

5. Effect on poultry:

The poultry industry in different parts of the country has been hit hard amid rumours that the novel coronavirus can be transmitted through consumption of chicken, the prices of which have fallen considerably as a result. About two crore people employed in the poultry industry across the country have been impacted. People were avoiding consumption of meat, fish, chicken, and egg etc. Due to the fall in demand, wholesale price of chicken had dropped by as much as 70 per cent.

6.Travel industry :

The coronavirus outbreak led the governments of many countries to impose restrictions on non-essential travel to countries affected by COVID-19, indefinitely suspending tourism travel, work visas and immigrant visas. Some state placed a complete travel ban on all forms of inward or outward travel, shutting down all airports in the country.

7.hospitality industry:

Restaurant business have been affected during the pandemic mainly through the government announced 'stay-at-home policy' and 'social distancing' movement restriction imposed by the government in many countries.

8.Sports industry:

The sports industry was severely affected during the coronavirus outbreak. In the football segment, major European football leagues in some country announced the immediate suspension of football matches for 6 weeks until 30th April.

9.Vehicle Industry :

Its effect on Indian organizations will differ and rely on the degree of the business with China. China's business no uncertainty is influenced. In any case, current degree of the stock appear to be adequate for the Indian business. In event constriction of Indian vehicle producing in 2020.

10.Pharmaceuticals Industry :

Despite being one of the top plans of medication exportes on the planet, the pharma business of Indian depends vigorously on import as of mass medications. Due to the coronavirus episode, it will likewise be affected.

11. Material Industry :

Due to coronavirus flare-up, a few articles of clothing/material manufacturing plants in China have stopped activities that thusly influencing the fares of texture, yarn and other crude materials from Indian.

12. IT Industry :

The New year occasions in occasions in China has been stretched out due to coronavirus flare-up that antagonistically affected the income and development of Indian IT organizations.

13. Implication of the findings

Overall ,the results showed that the increasing number of lockdown days, monetary policy decisions and international travel restrictions imposed at the peak of the coronavirus crisis severely affected the level of general economic activities and the opening, lowest and highest stock prices of major stock market indices. On the other hand, the imposed restriction on internal movement and fiscal policy spending had a positive impact on the level of economic activities while the number of confirmed cases was positively related to the opening, highest and lowest stock prices of major stock indices.

Conclusion :

We analysed the coronavirus outbreak and the spillover to the Indian economy which triggered the global recession in 2020. Policy makers in many countries were under pressure to respond to the coronavirus outbreak. As a result ,many governments made fast policy decisions that had far-reaching positive and negative effects on their respective economy –many state plunged into a recession. Social distancing policies and lockdown restrictions were imposed in many state, and there have been arguments that such social policies can trigger a recession. Our findings in section 5 showed that a 30-day social distancing policy or lockdown restriction hurts the economy through a reduction in the level of general economic activities and through its negative effect on stock prices.

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