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**IMPACT OF COVID-19 ON VARIOUS ECONOMIC  
SECTORS IN INDIA**

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### **Abstract**

Coronavirus disease (COVID-19) is an infectious disease caused by a new virus which was emerges in the year 2019 IN China. Today almost all the countries of the world trapped in COVID-19. The main purpose of this study is to be well aware with COVID-19 and to find out its impact on various economic sectors in India. This study finds that all the crucial economic sectors need to be boom and it only possible when COVID-19 could be thoroughly cured. There is a lockdown till 17<sup>th</sup> may to enforce self-distancing to prevent the spread of COVID-19 and flatten its growth curve. It is natural that in the process, the economy is on complete bed rest. Lockdown in country like an India is more devastating for human welfare and economies since there is no help for small business nor are there unemployment benefits.

**Key words:** COVID-19, IMPACT ON ECONOMIC SECTORS, INDIA

### **1. Introduction**

A new corona virus has infected hundreds since the outbreak began in Wuhan China, in December, 2019. What we know is, it causes pneumonia and then doesn't respond to antibiotic treatment, which is not surprising. The world health organization (WHO) offered guidance to countries on how they can prepare for it, including how to monitor for the sick and how to treat patients. Here's what you should know about corona viruses. The trade impact of the corona virus epidemic for India is estimated to be about \$348 million. The country now figures among top 15 economies most affected by the manufacturing slowdown in China, says a UN report.

### **2. What is a Corona virus (COVID-19)?**

**CORONA VIRUSES** are a family of viruses known for containing strains that cause potentially deadly diseases in mammals and birds. In humans they're typically spread via airborne droplets of fluid produced by infected individuals. Corona viruses are a large group of viruses that are common among animals. They can be transmitted from animals to humans.



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### 3. Objective of this study

The main objective of this study is to get knowledge about COVID-19 and its impact on various economic sectors in India.

### 4. Impact of COVID-19 on Various Economic Sectors

The trade impact of the corona virus epidemic for India is estimated to be about \$348 million. The country now figures among top 15 economies most affected by the manufacturing slowdown in China, says a UN report. This is how Confederation of Indian Industry put forth the impact analysis for various sectors. **Let us have a brief lookout at the sector-wise impact on Indian industry**

**1. Chemical Industry:** It is very difficult to evaluate the impact of COVID-19 on chemical industry currently. Many of industries have announced huge donations, both in cash and in goods. Some companies provided support to their employees via medical instructions, guidance regarding insurance coverage, psychological support. Some chemical segments had even best in sales – disinfectants, materials such as produce masks, antiseptics, gloves. However, it is obvious that keeping up the current preventive measures such as travel restrictions for longer will have an effect on the chemical industry. Mainly business activities which require face-to-face meetings will suffer. The overall impact on chemical industry will now mostly depend on how fast the virus can be destroy. Petrochemical prices were already under pressure, given concerns of global overcapacity and slowdown in demand. The COVID-19 impact is further expected to a worse impact on the sector with the weakening in crude oil prices and the bad impact on petrochemicals coupled with uncertain domestic and global demand, petrochemicals prices are likely to remain low. Construction labour migration issue, if not addressed by government, might further aggravate the delays. Uncertain demand outlook and weak prices are expected to lead to weak market sentiments and delay investments in the sector. Once lockdowns are lifted, plants will gradually resume normal production and outflow.

**2. Auto Industry:** With the World Health Organization declaring the COVID-19 outbreak a pandemic, this global disruption is never existed before at hand. Automobile and

manufacturing plants are being shuttered around the world, consumer footfalls in showrooms have fallen highly, vehicle sales are dropping dramatically and almost every major industry event is either being cancelled or going the digital way. Over and around above thousand of an executives working at India auto are currently working from home to contain the spread of Covid-19.

Most of these employees are from key original equipment manufacturers, including Ford, Tata Motors, Mahindra, Volkswagen, Renault, Volvo and MG Motor. While factory workers will continue to operate in plants, it will not be 'business as usual'. original equipment manufacturers are trying their best to give safe working environment to factory workers and other employees in key operational roles in order to ensure that supply chain does not get 'further' impacted. Automakers, including Maruti Suzuki, Hyundai Motors India, Toyota Kirloskar Motors and Tata Motors have put in place several measures such as thermal screening, business travel restrictions, maintaining physical distance and suspension of biometric attendance systems, to prevent the exposure of their workforce has so far managed to control the outbreak better than most of the countries. Moreover, in India, the highest number of cases has been reported in Maharashtra, a state which is a major automotive hub. Continued cash flow tightening will impact the market further. Auto original equipment manufacturers will need to delay any new launches by atleast a few quarters, or till market improve. Only essential repair related after market services may continue, but under low demand.

**3. Pharmaceuticals Industry:** Despite being one of the top formulations of drug exporters in the world, the pharma industry of India relies heavily on import as of bulk drugs. Due to the corona virus outbreak, it will also be impacted. Generics drugs are most impacted – reliance is high on imports from China. Supply disruptions over the past 2 months were managed through available inventory. As China limps back to almost full production, raw material supply disruptions should ease out. While pharmaceutical manufacturing is exempted from the lockdown – non-availability of labour, lack of clarity over transport over ingredients packing material and physical distancing has slow down production volumes. Supply and distribution of essential medicines, sanitizers, masks, and gloves are impacted also. There is a production slowdown due to raw materials and ancillaries not reaching

factories. India has banned the export of essential medicines, specific medical devices, sanitizers, surgical masks and ventilators – to ensure sufficient quantities are available for the domestic market. Most large global pharmaceutical manufacturing are monitoring their supply chains, and have emphasize their commitment to continued supply with minimum disruptions. Pharmaceutical companies are working along with agencies to test combinations of medicines for potential cures against the virus. For Online pharmacies – delivery of medicines has been affected due to staff not turning up and non- availability of passes.

**4. Textiles Industry: Surat in Gujarat is the hub of textile industry.** Due to corona virus outbreak, several garments/textile factories in China have halted operations that in turn affecting the exports of fabric, yarn and other raw materials from India which directly affect to textile market. Current and potential impacts on the sector are as below,

- Demand shocks are expected to hurt India's textile exports over the next few quarters.
- With lockdown in China, price of Man-Made Fibre imports is expected to rise significantly, resulting in higher price for some goods in the domestic market.
- If the current scenario persists over the next few months, the domestic retail market would also be impacted significantly.
- From a manufacturing perspective, employment would be impacted owing to limited demand in both domestic and international market.
- The textile and apparel sector production is expected to decline by 10-12 per cent in the Apr-Jun quarter.
- The cotton prices have been reduced by three per cent and are expected to be further impacted over the next few months.

**5. Food and agriculture: India is the country of farmers, and** primary agriculture, since it is the backbone of the country and part of government announced essential category, the impact is likely to be low on both primary agricultural. Production and usage of Agri-inputs like seeds, pesticides and fertilizers. Migratory labour movement for harvesting wheat, paddy, pulses etc, should be allowed for the ongoing season. Insulating the rural food production areas in the coming weeks will hold a great answer to the macro impact of



COVID-19 on Indian food sector as well as larger economy. Agricultural inputs overall sector impact should be very low.

Several state governments have already allowed free movement of fruits, vegetables, milk etc. Due to fake propaganda, poultry sector is heavily impacted. Fresh meat, seafood have uncertain supply chain as there is no clarity from state governments on retail shops. It is expected that prolonged lockdown will result in increased demand for food supplies. Online food grocery platforms are heavily impacted due to unclear police restrictions and stoppage of vehicles. Last mile delivery platforms are impacted too. States are working out policies for food movement which are likely to ease the situation.

All food based industries are allowed to function normally. There are few issues on interstate movement of skilled and semi skilled labour that needs to be sorted out. Raw material supplies are not impacted as of now and the measures taken by central government should ease supply chain issues. Factories should adjust to working with less labour force and overtime to meet demand. Domestic market based players should not have a problem.

Major destinations like the U.S. Europe, China will try to control with COVID-19 for the next 6 months and Indian export based companies will be impacted due to low consumer demand and port hurdles. Partial diversion of export inventories to domestic market will help the players in the interim. Farm gate prices for export oriented commodities like seafood, mango, and grapes are crashing and this will impact future crop availability.

**6. IT industry:** Mumbai, Bangalore, Hyderabad and Pune are the well known cities for IT sector. A hit to global businesses following the corona virus outbreak notwithstanding, India's \$185 billion information technology (IT) industry says that it has been minimally impacted So far. It will be damaging though, if the outbreak is not contained soon enough as most of their clientele are manufacturers. The next 2-3 weeks are critical that if the virus is contained within this period then the domestic IT industry can heave a sigh of relief. India's top IT firms have a fairly large presence in China, the epicenter of the epidemic. Tata Consultancy Services (TCS) ranks among the top outsourcing firms in mainland China, while India's second-largest IT services company, Infosys, opened its first overseas centre in Guizhou province. Wipro and HCL are also present in China. Although many global

companies have suspended operations in China in the wake of the outbreak, Indian industry executives said they have so far managed to scrape through by asking employees to work from home or remotely from other locations. The IT sector may see some indirect impact in the medium to long-term as some of the clients have exposure to manufacturing in China.

**7. Tourism and Aviation:** Due to the corona virus outbreak, the inflow of tourists from China and from other East Asian regions to India will lose that will impact the tourism sector and revenue. Here we are strongly emphasizing on the analysis of the impact of the pandemic on Indian aviation and tourism industries are as shown below:

- Due to the domestic and international flights or travel shut off the demand of jet fuels will surely decline.
- The industry facing large amount of cancellation, and the “Indian Association of Tour Operators estimating that together hotel, aviation and travel sectors may loss around 85 billion rupees due to travel restrictions on foreign tourists.
- Outbound and inbound travel to India will be at all time low. And that impact likely to the white collar and blue collar job both.
- As per an international air transport association (IATA), globe revenue loss for year 2020 estimated for the passenger business is between 11 percent to 19 percent.
- World travel and tourism council estimates the travel sector shrinking by up to 20-25 percent in 2020, which resulting 50 million jobs in loss.
- Indian tourism and hospitality industry is staring at a potential job loss of around 30-40 million people which is around 70 percent of the total workforce, which leads large amount of unemployment in both the sectors.
- A large amount of vocational group bookings to be cancelled and due to tour operators fall into big troubles.
- The situation of covid19 leads to the Indian economy into big financial trap, it is only depends on how soon the pandemic destroy.

**8. Building and constructions:** The real estate sector is one of the largest employment generators in the country and has a multiplier effect on around 150-250 connected industries. However, the year 2019 has been a mixed bag for the Indian real estate industry, having



attracted investments worth billion. Around 66 per cent of these investments were in the commercial real estate market owing to healthy demand from private equity investors for stable rent yielding assets. On the other hand, the residential real estate sector has witnessed poor demand and lower absorption in the past few years owing to the economic slowdown.

With current lockdown situation in the country, retail sector has seen short term impacts and may continue to see the slowdown with the impact on supply chain and logistics Hospitality sector is one of the early few to have faced the highest impact of the pandemic outbreak, with the segment possibly staring at a massive financial and employment losses. logistics and warehousing sector is also expected to get impacted, but the bounce back for this segment is expected to be the strongest, with businesses looking to hedge investment risks in China.

The global economy is already in a recession as the hit to economic activity from the corona virus pandemic has become more widespread, according to economists. The worst-case views on growth taken just weeks ago in some cases have already into the central scenario for private sector economists in Reuters polls.

## 5. FINDING AND CONCLUSION

It can be concluded from the study that all the crucial economic sectors need to be boom and it only possible when COVID-19 could be thoroughly cured. Lockdown in country like an India is more disastrous for human welfare and economies since there is no help for small business nor are there unemployment benefits. To combat with COVID-19, Indian Government extended the date of lockdown till 17<sup>th</sup> may 2020. COVID-19 no doubt disrupted human lives and global supply chain but the pandemic is a severe demand shock which has offset the green shoots of recovery of the Indian economy that was visible towards the end of 2019 and early 2020. The revised **Gross Domestic Product** estimates for India downwards by 0.2 percentage points for the fiscal year 2020 to 4.8 per cent and by 0.5 per cent for the fiscal year 2021 to 6 per cent. Further, it is stated that the extent of the actual impact will depend upon the severity and duration of the outbreak. Further, according to the World Bank's assessment, India is expected to grow 1.5 per cent to 2.8 per cent. And IMF projected a GDP growth of 1.9 per cent for India in 2020 because the global economy is affected by the COVID-19 pandemic, the worst recession since the Great Depression in the





1930s. Also, we can't ignore that the lockdown and pandemic hit several sectors including MSME, hospitality, civil aviation, agriculture and allied sector. India is now facing its greatest crisis since its independence. There is a lockdown till 17<sup>th</sup> may to enforce self-distancing to prevent the spread of COVID-19 and flatten its growth curve. It is natural that in the process, the economy is on complete bed rest. The exercise is to find out the cost of this lockdown.

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