

Impact of COVID-19 on the Different Sectors of Indian Economy

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Abstract: The novel corona virus emerged in Wuhan, China (SARS-CoV2) at the end of 2019 quickly spread to all Chinese provinces and, as on 1st March 2020, to 58 other countries. But now this virus spread about 100 plus countries. Corona virus attacks the economy at a time when the economies were going slowly into the recession. In the short term, the world will witness a recession with increasing unemployment and long-term unemployment, households that have either lost their jobs or have worked fewer hours will spend less and banks are the busy managing the deterioration in asset quality. Service sector had lowered India's economic growth forecast for 2020 to 5.3 percent (from 5.4 percent), as corona virus impact on the economy. But now the virus totally affected the Indian's economy. World's second-largest economy China became standstill. Its outbreak is declared as a national emergency by the World Health Organization.

Key Words: Virus, Economy, Unemployment, Emergency, Recession, Outbreak.

1. INTRODUCTION:

The World Health Organization (WHO) declared the corona virus outbreak a global spread on 11th March as the outbreak has now spread to 100+ countries. The infections outside of China are accelerating, with the global infection surpassing 200,000 as of March 18, with China's contribution at more than 81,000. The virus spread in society and emphasizes slowing the speed and scale of the economic process. Corona virus attacks the economy at a time when many economies were slowly going into recession. Corona virus will outbreak worse for the global economy, including India. This virus is going to hit all the countries economy including Indian economy if it outbreaks. In terms of export, China is India's 3rd largest export partner and accounts for around 5 per cent share. Many sectors affected by corona virus like organic chemicals, plastics, fish products, cotton, ores, etc. The most of the Indian companies are located in the eastern part of China. About 72 per cent companies of India are located in China's cities like Shanghai, Beijing, provinces of Guangdong, Jiangsu, and Shandong. These companies working in many sectors like Industrial manufacturing, manufacturing services, IT and BPO, Logistics, Chemicals, Airlines, and tourism etc. Few sectors of India have been impacted by the corona virus spread in China including shipping, pharmaceuticals, automobiles, mobiles, electronics, textiles, etc. The supply chain may affect due to the corona virus. There are supply problem in the pharma, chemicals, electronics industry and businesses sector and prices will go up by 10 per cent. Many industries witness the impact of lower global demand and its impact on commodity prices.

2. OBJECTIVE:

- To study the impacts of Corona Virus on Indian economy.
- To suggest the recommendations for the economic growth.

3. METHOD:

The study is based on the analysis of secondary data collected from the different websites, newspapers, magazines and news channel etc.

4. DISCUSSION:

Impact of corona virus on Indian Industrial Sector:

- **Chemical Industry:** Few chemical plants have been shut down in China. There will be restrictions on shipments/logistics. It was found that 20 per cent of the production has been impacted due to the disordering of raw material supply. China is a main supplier of Indigo that is required for denim. Business in India is affected through corona virus.
- **Shipping Industry:** Corona virus impacted the business of cargo movement service providers. As per the sources, per day per vessel has declined by more than 75-80 per cent in dry bulk trade.

- **Auto Industry:** Indian companies will vary and depend upon the extent of the business with China. China's businesses are totally affected. The current levels of the inventory seem to be sufficient for the Indian industry. If continues shutdown in China industries then it is expected to result in an 8-10 per cent contraction of Indian auto manufacturing in 2020.
- **Pharmaceuticals Industry:** The top formulations of drug exporters in the world, the pharma industry of India relies heavily on import as of bulk drugs. But due to the corona virus outbreak, it will also be impacted.
- **Textiles 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.
- **Solar Power Sector:** Due to limited stocks in solar panel or cells in China. Indian may face the shortfall of raw materials.
- **Electronics Industry:** India's electronic industry face the supply problem. So they are reducing the production and effected by corona virus.
- **IT Industry:** China has been extended due to corona virus outbreak that adversely impacted the revenue and growth of Indian IT companies.
- **Tourism and Aviation:** Due to the corona virus, the inflow of tourists from one country to another country like East Asian regions to India will lose that will impact the tourism sector and revenue.
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5. ANALYSIS:

Export from India to China

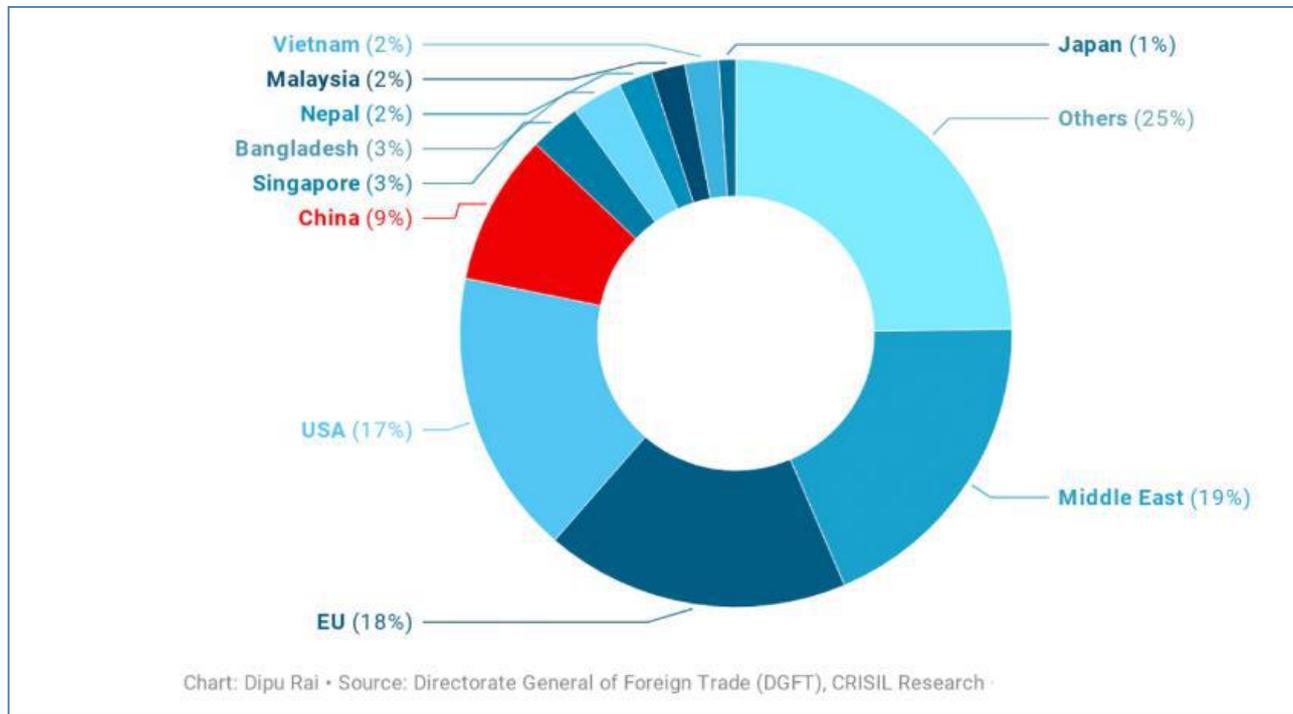
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There are supply problem in the pharma, chemicals, electronics industry and businesses sector and prices will go up by 10 per cent. Metals, upstream and downstream oil companies, could witness the impact of lower global demand impacting commodity prices

Impact of Corona virus on Indian export to other countries

Corona virus epidemic continues for a more extended period, Indian export to China hit by this virus, in the field like petrochemicals. India exports to China about 34 per cent of its total petrochemicals. The corona virus impact on the economy will be control by China as fast as possible.

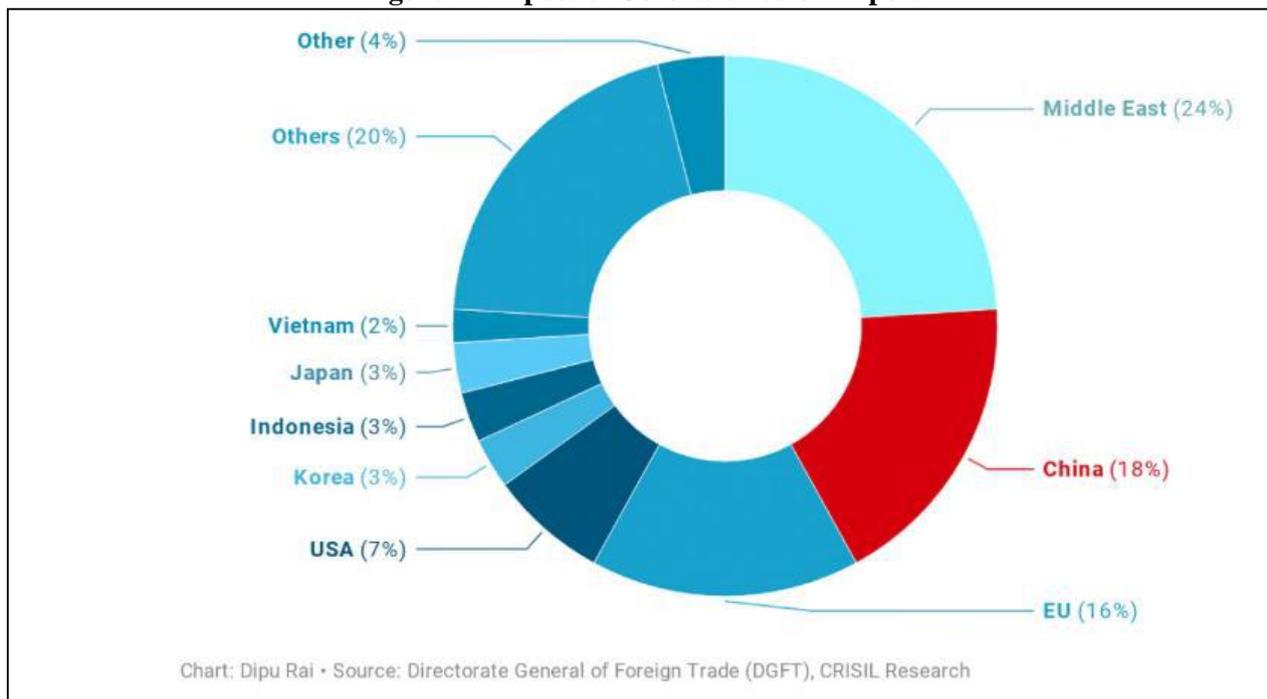
Figure-1: Corona Virus risk on Indian export



Sector-wise impact on Indian industry:

The Fig-2 shows that India importing most of the share from the Middle East countries. It is about 24 per cent and the share from other countries about 20 per cent. China has one of the largest shares of India's import things. India imports electronics, consumer durables, auto components and pharma bulk drugs.

Figure-2: Impact of Corona Virus on import



India's merchandise is about 18 percent is imported from China. For electronics components and consumer durables India is highly dependent on China. Electronic components are about 67 per cent and consumer durables is about 45 per cent are imported from China. Factories are shutdown in China due to corona virus and it expected to negatively impact on the electronics industry in India. Indian producer currently does not have the capability to manufacture such semiconductors and components in the short term, though some parts are sourced from Japan, South Korea, Taiwan, and Germany, among others countries.

6. RECOMMENDATIONS:

- India, Bangladesh, and Vietnam as the world looks to reduce dependency on China, the largest manufacturing hub in the world.
- India has a good chance of becoming an attractive manufacturing hub given the present situation, provided the government changes some of its trade policies to bring down commodity prices.
- Corona virus outbreak in China has offered India with an opening to revive the 'Make in India' programme.
- Corona virus outbreak in China provides an opportunity for India to expand exports. India is the leading trade partners to China in Asia and has a huge trade deficit with that country.
- India focuses on revival of the small industries.
- India attention to the primary sector development because primary sector is the key of industry sector raw material.
- India should focus on skill development and brain drain restriction.

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