

The Economic Effects of Covid-19 on Different Sectors in India

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Abstract:- COVID-19 has hugely impacted in worldwide economy. Speaking of which, India's economy has been hugely affected this year compared to other years. According to the source, since 2013 India's economic growth remains the weakest. In the Q4 of 2019, Indian economy expanded by 4.7%. Earlier it was reported 4.5% on Q3 of the same year, which was revised and known to be 5.1% in the same period. This paper focuses on the impact of COVID 19 across various sector's and how it directly affects the people working in that sector. This paper also elaborates on the economical downfall underlying various factors such as loss of income and jobs lost during the time of this crisis in India.

Keywords:- Business Sectors, COVID 19, Retail, Education, Agriculture, Construction.

I. INTRODUCTION

India is taking many steps across various states. The Government of India announced a 3-week lock down starting from 24th of March 2020 till April 14th 2020. During this period, many of the activities in India stopped and this has resulted in greater impact in the Indian economy. India is trying to overcome this by undertaking various activities like, selling fruits and vegetables in the market for a particular amount of time, grocery stores are still open for a particular amount of time following all the government norms. Food delivery companies like Zomato are delivering food outside homes after 6 pm in the evening. Government has opened a tunnel for disinfecting the people going for shops or offices in few areas in Tamil Nadu. Government of Tamil Nadu has announced budget for creating more disinfectant tunnels in various areas. Many online sellers like Amazon, Flipkart, etc. have been affected during this lockdown period. India's economy seems to be growing by 5% in the fiscal year 2019-20 and the slowest pace since the year 2008-09 and significantly slower by 6.8% expansion record in the same period last year according to the First Advance Estimates, released by Federal Ministry of Statistics and Program Implementation.

BusinessToday.In

Sector	GVA (₹ in lakh cr)	% to total
○ Agriculture, forest and fishing	27.76	16
○ Industry	37.08	22
○ Mining and quarrying	4.10	3
○ Manufacturing	28.18	16
○ Electricity, gas, water supply and other utilities	4.80	3
○ Services	107.15	62
○ Construction	13.76	8
○ Trade, hotel, transport, communication and services relating to broadcasting	31.51	18
○ Financial, real estate and professional services	36.66	21
○ Public administration, defence and other services	25.22	15
○ TOTAL	171.99	100

* Figures for 2018-19
(Source: Reserve Bank of India, Handbook of statistics on the Indian Economy 2018-19)

Fig 1:- Figures for 2018-19

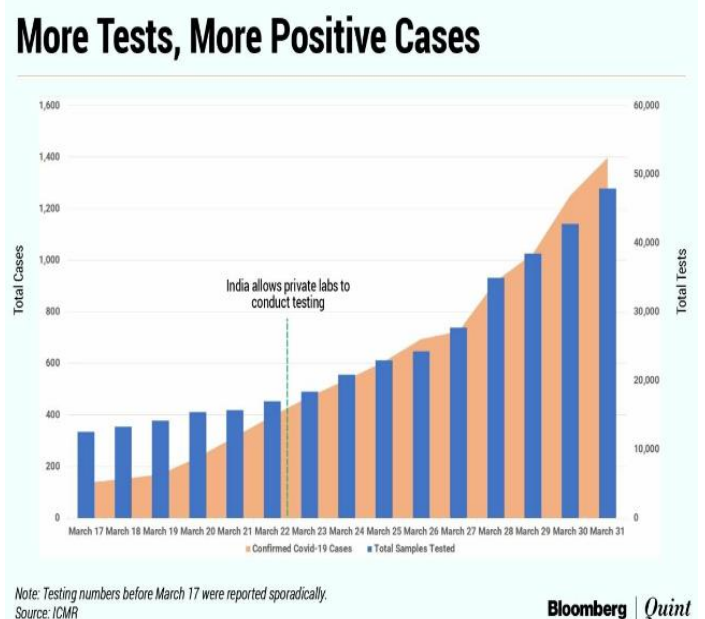


Fig 2:- More Tests, more positive cases

II. CONSUMER AND RETAIL BUSINESS SECTOR

Ever since India's offline retailer stores and markets are facing a huge crash after this lockdown, most of the stores are trying to adopt to online sales. Many markets like restaurants, bricks and mortar retailers, mobile phone dealers and automobile dealers are boosting their online presence by posting ads in various social media platform like YouTube, Instagram, Facebook, etc. by making the users in India to visit the website and buy resources online. In the case of Automobile industries, they are accepting all the customer bookings and giving them a quote on the price and the reservations are done online by sending the customers that they can continue the rest of the formalities after the ending of the lockdown. Many stores are training their existing staff to e-commerce business, hiring delivery personnel for taking care of the delivery and taking over warehouses.

Reliance Retail is building processes and training employees to deal with online shopping and phone orders. Many mobile sellers and brick and mortar sellers are adapting themselves to the new online business strategy to improve their business during this lockdown in India. They are constructing e-commerce networks and training their staffs to adapt to online sales. All of these markets are strengthening their delivery chains and warehouses. On the other hand, e-grocers like Flipkart, Grofers and BigBasket are facing a surplus in orders and finding it hard to do timely deliveries to the customers. Many companies are tying up with bike taxis and cab services, who are idle during this lockdown in India. Companies like Rapido have tied up with Big Bazaar, Spencer's retail and BigBasket to help with local deliveries, according to the reports by The Hindu Business Line.

Rapido is undertaking the deliveries to various areas across ninety cities in India. It is also talking to huge e-grocer markets like Grofers, BigBasket and online fish and meat seller Freshtohome to help with deliveries. Many companies are tying up with companies to strengthen their online markets. Britannia Industries has partnered with on growing app called Dunzo to handle deliveries of their products. Marico, a beauty and wellness products seller has tied up with food delivery platform Swiggy and Zomato to deliver their products. ITC has chained up with Domino's Pizza to do home deliveries to their products.

South Korean Car maker Hyundai Motors India has introduced a new system called Click to Buy, which is an end-to-end online purchase platform for buying vehicles. Here, this platform is connected to 500 dealers across India and is connected to them on a real time basis. In case if a customer is interested or if there are any queries, they are directly connected to the sales representatives. They are given a choice to either pick up their vehicles in the nearest dealers or can get it delivered home.

During this pandemic, some of the e commerce have given offers like free delivery, buy one get one free, discounts and exchange offers. Since, all the people in India are conservative and cautious on spending their money on buying products during this pandemic. This has made the retailers to

reduce the cost and give people goods for lower cost. This strategy is improving the amount of sales.

Indian exports to China

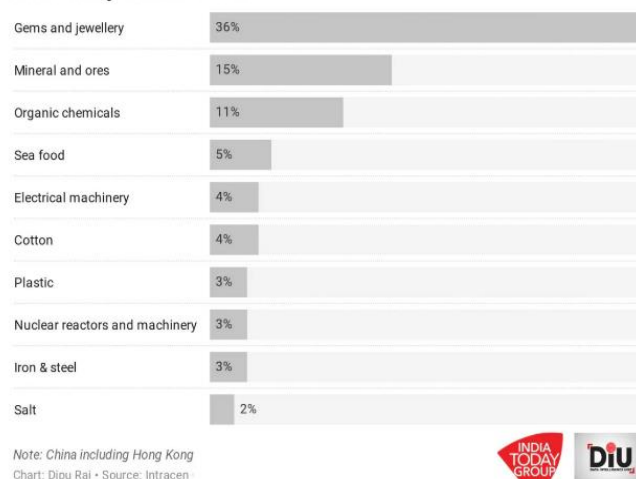


Fig 3:- India's exports to China

India's Imports from China

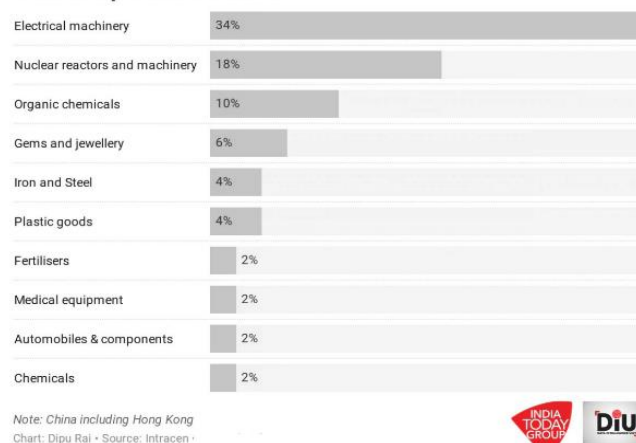


Fig 4:- India's Imports from China

III. EDUCATION SECTOR

Education is one of the most important fields in India. It is the way to shape the future generations of India. It has been greatly impacted in India during this lockdown. In Tamil Nadu, the state has announced to graduate all the students in the grade 1-9th a direct promotion because of the inability to conduct exams. Government somehow managed to finish off the final exams for 12th grade for the whole country. In Tamil Nadu, still 10th grade students are yet to write their final exams due to this lockdown. Government is still in talks on when to conduct the exams.

When conducting exams during the pandemic, the government made all the precautionary measures by providing hand sanitizers to all the students to clean their hands before entering the examination hall. In many schools, the housekeeping will clean each and every class rooms before the commencement of each exams by using anti-viral chemicals.

All the teachers who are going for invigilation are supposed to clean their hands before distributing the question and answer booklet to the students. Once the exam gets over, there is a special squad to make sure all the students leave the campus after the completion by maintaining distance.

Many college students, academics have been affected because of this lockdown in India. Many of the colleges are lagging in their portions and they are trying to complete the portions in online classes. One of the top universities in India such as Anna University has postponed its exams. Due to the lockdown they have postponed the semester exams.

Many other universities have started conducting online classes via Zoom, Skype, etc. and they are making use of the Google Classroom to share assignments and other notes. Government has ordered the colleges and universities to conduct online classes and even exams online. Many of the companies like Coursera, Udemy, Cognitive Class and other top online learning platforms are offering courses at higher discount prices and some are offering it for free. Many of the institutions are stressing their students to join online courses to develop their skills during this lockdown. On the contrary, various organizations are conducting hackathons through online to provide various solutions related to COVID-19. One of the top learning communities like Geeksforgeeks are conducting online coding challenges by giving various tasks each day to encourage the students to get involved in coding and other activities.

Nikon has announced free online photography class in India until the end of the month April 2020. The company is collaborated with India's award-winning photographer Raghu Rai alongside with many renowned photographers to encourage the people in developing their photography and videography ability.

According to Nikon, each of the classes will offer an in-depth knowledge about photography and videography followed by Q&A sessions in some of the classes that are hosted by professional photographers for each class.

IV. CONSTRUCTION SECTOR

Constructions and real estate industry play a huge role in India's economy. Many areas are either becoming commercial areas or residential areas. There are many upcoming projects going on in many parts of India. Due to the lockdown, there is a huge shortage in labors.

According to AGC, over half of the surveyed contractors reported furloughs and layoffs at their firm. The construction sector lost 29000 jobs in March, and unemployment shot up to 6.9% in March, up from 5.5% in February and 5.2% in March of 2019 according to US Bureau of Labor Statistics data. Worker shortage could have a major impact in the construction industry in India's effort to resume all the construction activities after the government allowed work to restart at sites as a part of guidelines framed by Prime Minister as the lockdown is till May 3rd 2020. Migrant workers comprise at

least 80% of the total 44 million workforce in the construction sector.

"Considering the ongoing scenario, the move to start at least some of the construction activity project sites, even with limited workforce, is certainly welcome. That said, since many migrant workers had left for their villages post lockdown 1.0 announcement, we will have to wait and see how many are actually left to resume work" said Anuj Puri, chairman of ANAROCK Property Consultants. The revised guidelines given by the home minister for the extension of lockdown period has allowed in continuation of construction projects, within the limits of Municipal corporation and municipalities, where workers are available on site and no workers are required to be brought from outside of the city or state.

In order to maintain the stability in economy, government has allowed to continue the work in the non-hotspot zones of COVID-19 in India, provided they follow strict social distancing guidelines. Although the guideline strictly states that no workers from outside city is brought for the construction work to resume.

"That aside, it will definitely help real estate to some extent. However, the fact that COVID-19 hotspots will not be able to resume activity from April 20, 2020 is a dampener for markets such as MMR – a highly impacted zone which, as per ANAROCK data, currently has the highest under construction residential stock of nearly 4.65 lakh units. This accounts for 30 per cent of the overall 15.62 lakh under construction stock across the top seven cities" Puri said. Construction projects worth more than Rs59 lakh crore is under development across the country and are mostly affected due to the pandemic outbreak. Labor and capital can be expected to be in short supply when the lockdown ends as it will be difficult for all the workers to travel from far places as the transportation industry will have a huge demand.

Coronavirus risk on Indian export

India's 9% merchandise export to China

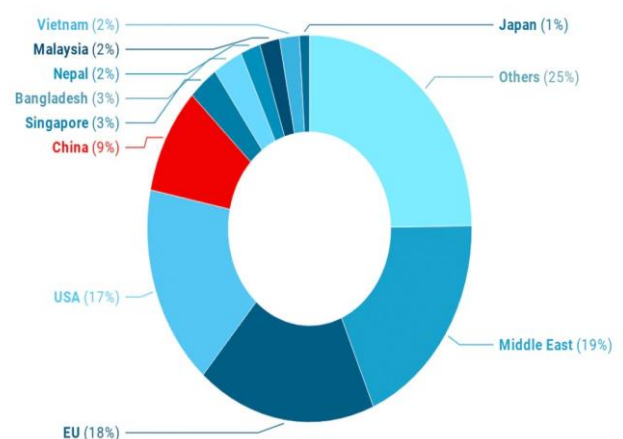


Chart: Dipu Rai • Source: Directorate General of Foreign Trade (DGFT), CRISIL Research

Fig 5:- Coronavirus risk on Indian Export

V. FOOD AND AGRICULTURE SECTOR

Agriculture is one of the major sources of food in our country. In the year 2017-2018 alone 275 million tons of food grains were produced with over 70 percent of people depending on agriculture for their survival resulting in 16.9-17.9 to the country's GDP. After the Corona virus outbreak, India's economy was completely crippled especially during this month since major farming activities sets afoot between April and June.

Crops were still harvested even after the imposed lockdown by the country. This situation also negatively impacted the control measures being taken since markets places usually create crowds resulting in a wild spread of the disease. Once the news about number of COVID patients in specific areas increased, various vegetable vendors fled to safety resulting in the shutting down of markets. Still few vendors remained to supply the increasing demands in the area.

Agriculture being a primary sector the production of crops is not disrupted by the government since its impact is likely very low. The vast demand for food is also taken into the consideration here. Seeds, fertilizers, pesticides are all under this sector. Manpower is a problem since everyone household is put under lockdown and personal are not allowed to be outside making production of crops rate slow down. Still small-scale agriculture fields are producing crop yield are a considerable rate resulting in the overall demand being answered.

The main issue is with the transportation of the goods because there are around 7500 wholesale markets in India which require distribution of goods to them, since a lot of drivers are unavailable, a major portion of the supply is disrupted. Still farmers are trying their best to make sure food is supplied directly to the household of citizens by various measures while maintaining social distance.

Food comes under essentials and to make sure it is available to everyone, the Indian Government has given permission for shops to be set up under time restrictions with added security from the states police departments. PPE or personal protective equipment is used by the cops to prevent the spread to the force. Various area's regarding the spread are continuously covers by the media providing contents to the residents at home. Another main impact is the sudden lockdown of numerous restaurants in the neighborhood. When there's no demand all the goods are sold at very low prices resulting in the loss of the vendors, this issue is gradually reducing to the reopening restaurant for only delivery services which reduces the potential spread to the public. Still the issue persists to the fact that people gather at the restaurant to buy take outs for their families at home. So, restaurants are required to provide hand sanitizer to all the customers buying takeout and obviously recommend them to wear protective gear since they are the most exposed to the spread of the disease.

This comes to the next essential part of the food industry which is the food processing and manufacturing companies. They are all told to shut down during the period of lockdown which completely destroys the production and disrupts the

supply chain. Department stores all over the country especially the main cities are emptied quicker die to food hoarding. People fear that their essentials used in home will not be enough for the period of lockdown especially since we do not know about the duration of it being extended. This reduces the availability of stock to everyone since most of them are already bought in large quantities.

Food delivery services such as Zomato, Swiggy are up and running due to the fact that there's still demand for food loving home residents which in turn lead to newer problems where people could possibly be responsible for the spread of the disease. To make sure the business is continuing and safety is maintained amongst the people the WHO standardized safety measures to be taken in the restaurants and delivery boys by conducting regular temperature checks, sanitized environment, regular hand was using soap vendor every delivery and top of all "Contact less delivery" where the person delivering the food does not stay during the customer food interaction. The money transfer is done completely online through mobile transactions. This concludes the impact of the virus in the food and agriculture sector.

VI. AVIATION AND TOURISM SECTOR

Aviation is the primary reason for the origin of COVID 19 in India as passenger who are likely to carry the virus from other countries back to India. Due to this strong factor of the first sector to be closed effective immediately to stop the spread to the locals. It resulted in 53 million jobs being lost and producing a loss of nearly 22 billion dollars USD by an estimate made by World Travel and Tourism Council. India following its footsteps had nearing 40 million jobs being lost in Indian Airlines.

When the lockdown was announced various flights in the domestic airlines were cancelled at the 12:00 AM mark for almost a week where nearly 70 % of the population were sent back home including staffs, officers and passenger seeking residence in the city. With almost every flight being cancelled both international and domestic the price of fuel used in aircraft are also likely to be reduced due to the lack of demand.

Passengers traveling to other countries from India suffered the most as they had to be checked extensively for the virus before letting them enter the general population. Lakhs of passengers were screened daily by the airport security to find the presence of virus. Personal Protective Equipment is distributed for safety reasons for the working class inside the airport along with food. Soon after the lockdown the airports were filled with both international passengers waiting for available flights to visit their family during this pandemic. Few international passengers who tested positive for the virus had to be separated for public safety by keeping them in lockdown in places available. Due to the increasing hear zones and numbers of cases registering positive for COVID 19 it is highly possible that Aviation services in India remains close for few upcoming months.

After several consideration from both WHO (World Health Organization) and UNWTO (World Tourism

Organization) it is decided that the whole tourism sector must act both responsibly and cautiously during the time of crisis. Hotels are the mainly hit hard due to the lack of customers and are widely being used as containment zones for various passengers carrying the virus. Jobs are lost even in the hotel business resulting in hardship for the workers. Cruise ships travel is also cancelled due to cases of outbreak in cruise which led to the containment of 69 person inside for several days. Ships are being docked and closed until further notice arises.

Passenger who have visited India during the lockdown are also not permitted to Travel to their home country due to the lack of flights and are forced to stay quarantined during this mass pandemic occurring at exponential rate. Medical checkups at the cost of the state has been performed as per procedure alone with the providing of necessary provisions like PPE, tooth brush, sanitizer and clothes. This situation still persists and will not stop until larger results are shown in the recovery of the nation. As per the analysis of World Travel and Tourism Council calculated that 17 lakh crores are generated from tourism alone during the year 2018 where it's hasn't reached the half way mark this year.

VII. BANKING SERVICES SECTOR

Banks and Non-Banking Financial Companies are the backbone of the economy of our country. With an epidemic crisis like COVID19, this sector has also been deeply affected the smooth flow and running of the economy to which all citizens are invariably attached.

The primary functions of Bank i.e. Deposits and Lending has been disturbed as the deposits have gone down for more than a month and the deadline on repayment of loans (via Lending) has been extended by the Govt. of India.

The working hours of bank have been greatly reduced also with number of employees performing in banks on shift basis has reduced the efficient functioning of bank due to increased pressure handled by few instead of all.

According to reports in the last month, there has been rise in the usage by 55% of Online Banking modes, such as Mobile Banking, Net Banking and Unified Payments Interface (UPI) specially in the customer's handle for day to day expenses. But looking at graph of citizens above the age of 40 who majorly depend only upon cash, the impact has made it more difficult for them since it has been reported that a lot of ATM's have been either shut or out of cash.

A Moratorium of 3 months has been issued on all term loans by the RBI to all commercial banks which is predicted to largely affect the NPA (Non-Performing Assets) of the bank, it will also effect the collection and disbursement of fresh loans of NBFC's(Non-Banking Financial Companies) by spiking its rate in the financial year of 2020-21 leading to decline in profit percentage of banks.

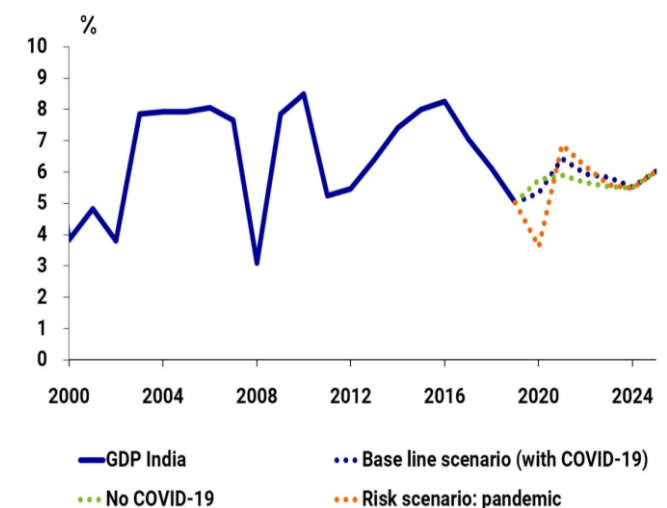
Another impact of this will also lead in fluctuating Credit rating of Individuals for further assessment of Project appraisal/ passing of loans from Banks to individuals. Due to significant

drop in all revenue streams of the Non-Banking Financial Companies, reports show that there have been almost 38% drop in the revenue of all NBFC's.

VIII. CONCLUSION

COVID 19 has impacted India at a very large scale along with several countries damaging lives, livelihood, import/export and safety. This is definitely a very hard time and will persist until we fight together as a nation to prevent it from spreading and save lives it has already affected. There are few sources which show promising figures about our future with response to COVID 19.

Expect A Rebound After COVID-19 Crisis



Source: Rabobank, CSO

Bloomberg | Quint

Fig 6:- Expect a Rebound After Covid-19 Crisis

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