

Effects of COVID-19 on Indian Economy

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Abstract:- This project is a research paper which is done using data analysis. The main objective of this project is to analyse the sectors which are badly affected by covid and how do we overcome this loss in future. With the help of this research, we can determine the severity of the covid affected regions to have meticulous information to reach a certain conclusion. After this we can take required steps and procedures to recover economically and socially from the zones which are very badly affected by the pandemic. So overall this project can have a positive effect on our nation's well-being and economy. This type of analysis is very important for learning the aspects of the economy which has been damaged by the pandemic. The main objective of this project is to analyse the sectors which are badly affected by covid and how do we overcome this loss in future. The prospect which deals with the recovery of economic and social conditions are variable from place to place and depends upon the severity of the damage done.

Keywords- Covid-19 economic impacts, pre-covid situation, MSMEs, Start-ups, Funding, Employment, Online Education, Social Life.

I. INTRODUCTION

The Indian Economy was severely hit by the unprecedented widespread of the corona virus in the nation. Not only India but the entire world suffered the consequences of the corona virus. In this research paper we ought to analyse the prospects of economy that was severely damaged by the virus and also suggest some remedies to deal with its shortcomings. This could be fruitful to the administrative authority to come up with measures in the direction the research paper has suggested. Also, the research paper has highlighted certain non-economic aspects of the pandemic which could give the sense of in what other ways did it effect the Indian population except for the economy.

II. LITERATURE REVIEW

S. No.	Title	Author	Finding
1.	COVID-19 and Its Impact on the Indian Economy	Vikas Barbate, Rajesh N.Gade	Calculate 5 years impact using tree model.
2	Impact of COVID-19 on Indian Economy-A Review	Ajay Kumar Poddar and Brijendra Singh Yadav	Calculated the relationship between plummeting Economy and COVID 19
3	Thinking ahead about the trade impact of COVID-19	Baldwin, Richard E; Tomiura, Eiichi	Analyzed how covid 19 has impacted like the US, Italy, and Germany; that are responsible for about 50% supply and Demand of Manufacturing
4	Impact of Covid-19 on Indian economy	Shreyansh Mangala	Analysed how covid 19 has hit various sectors of Indian industries
5	Covid-19: Impact on the Indian Economy	S. Mahendra Dev	Analysed the covid 19 period and differentiated between pre and post covid scenarios. Calculated measures needed to take

III. RESEARCH METHODOLOGY

The research was done by using the viable trusted secondary sources which have a big name for themselves. We extensively relied on those sources for facts which helped us to make this research paper a reality. For some data we relied on multiple sources to make sure the data was relevant and credible to support our views and argument.

We studied various research papers already published pertaining to this issue.

➤ Pre Covid-Situation

Before covid outbreak of the virus. The economy was quite good. The Indian economy was down but yet it was growing and catching up very rapidly. The manufacturing industry was growing. The start-ups were raising a lot of funding and creating revolutionary products for the country. The agricultural exports were great. The tourism industry was

very sustainable in India. Furthermore, the MSMEs were creating new jobs very rapidly. So overall the economic aspect of the country was in the good direction.

People were going to offices to work. Students were going to schools and colleges to take classes in physical modes. Therefore, we can say that the social life was also sustainable.

➤ *Post Covid-Situation*

As soon as the covid struck in India the prime minister of India implemented lockdown in the entire country. All the products logistics crashed. The economic industries took a toll on themselves because it was important to ensure safety of the citizens rather than growing the economy at that unprecedented time.

This resulted in the plummeting of the Indian economy. Many surveys were organised and it was declared that India will take several years to recover its Economy.

➤ *Impact on MSMEs*

According to UNCTD MSMEs makes up 70% of employment and 50% of the nation's entire GDP (gross domestic product). In India SMEs have their hands in almost all the major industries including but not limited to agriculture, production, manufacturing, packaging and a lot more. SMEs are the most important part of any country's economy. In India it offers majority of the employment and also plays a major role in the economic growth of the nation.

They are the real warriors of the nation's strong economic supply chain and most of the SMEs owners suffered drastically due to this pandemic lockdown. They had to lay off workers and staffs. The entire supply chain of products broke down.

They were the most vulnerable businesses since they can raise later funds just as MNCs or Start-ups could do. The survey from MSMEs Ministry suggest that 95% of the MSMEs were negatively impacted due to the lockdowns and pandemic situation.

➤ *Retailers were at Huge Loss*

The retail sellers who used extremely conventional method of doing business were extremely devastated. Many had to switch their business because they were not able to cope with the lockdown. People stopped coming to shops for buying things and preferred for home delivery and online shopping of grocery and daily necessity items.

This decreased the sales of local sellers and many had to switch their business in order to deal with their finances. This shifted the citizens of India adapt with the digital mode of transactions instead of cash in hands. Now people digitally pay for many services and products.

➤ *Employment V/S Unemployment*

As this unprecedented wave hit every corner of the world, it brought huge storm in India. It affected various sectors of India which included financial, Pharmaceuticals, Educational and the list is countless.

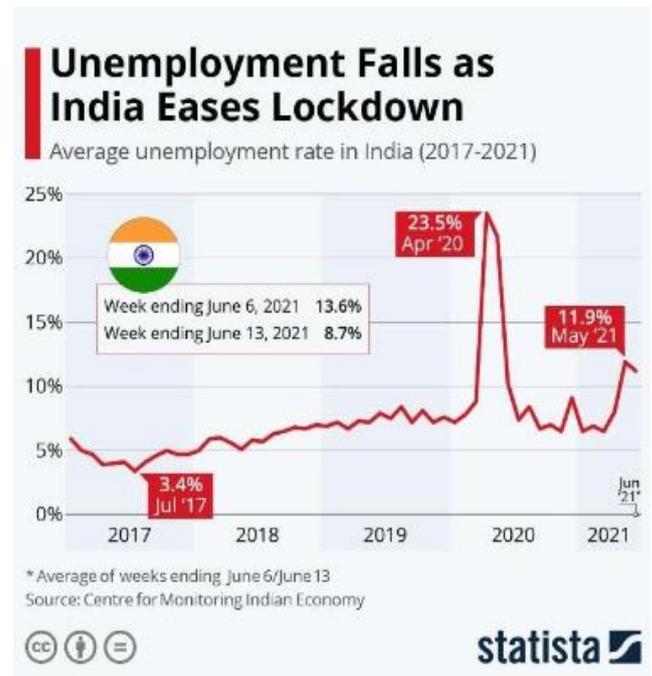


Fig 1

The Urban Areas saw various grave effects in terms of Unemployment in comparison to the rural areas. This reason was clear because the people in rural areas mostly depended on Farming for their living which continued even after various waves of covid hit India.

But in the urban areas as mostly people were doing business which were supposed to be mobile (People had to move to their offices or workplace), which caused to be shut down due to pandemic lockdown.

Different Waves resulted in deepening of the harms caused to the Indian Economy. The number of Unemployed Citizens increased enormously and many among them started to migrate from the cities to villages and their hometowns.

A drastic decrease in the Indian economy was seen during the 2nd wave. It was predicted that it will take several years to recover the economy.

➤ *Impact on Social Life*

The social life of people changed drastically due to the pandemic and lockdown. People could only talk virtually via videocalls or audio calls. There was no way to have an in-person communication with any person who lives outside your building or house. According to the memes on social medias we could say that it was a good time to spend for the introverts as they did not have to see and interact to people in-person.

Eventually people were habituated to this lifestyle of practically living in this virtual world that is possible because of internet.

➤ *Impact on Environment*

Due to the lockdown the entire economy was shut down. The MSMEs suffered a huge loss on their shops being shut down. A lot of industries were shut down. The nature benefited most from the shutting down of the travel and transport industry. The environment became clean withing the first few weeks of lockdown. Cities like Mumbai and Delhi felt incredible difference between the pre lockdown and post lockdown environment. the air became cleaner and the ppm (parts per million) in the air reduced significantly.

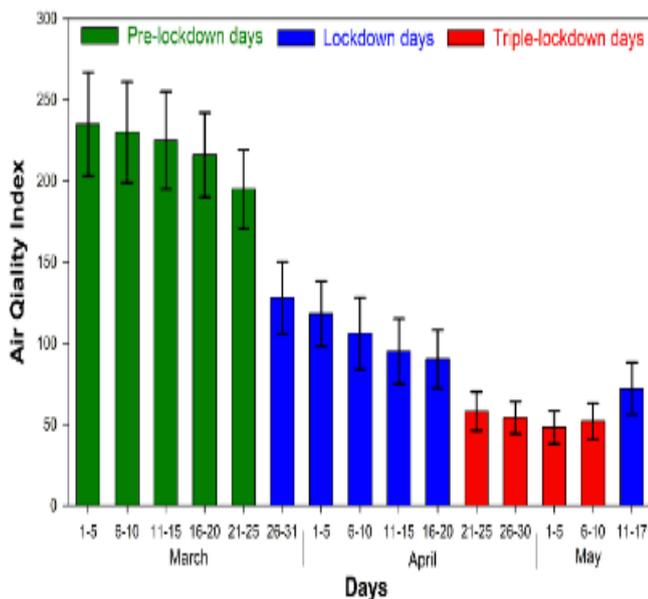


Fig 2

➤ *Impact on Start-ups and Funding*

According to Mondaq, there has been a 50% reduction in the start-ups funding in India majority of which are FDI (foreign direct investment) and it has reduced because the VCs want to keep the money to their country at this unprecedented time.

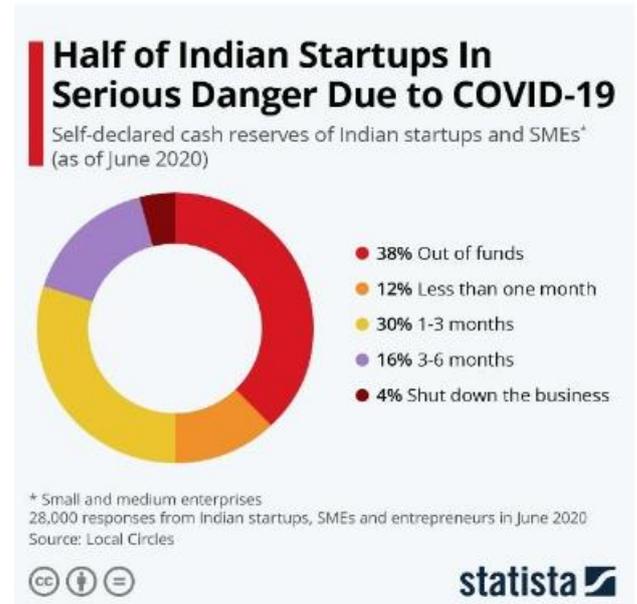


Fig 3

At these times money is more valuable than assets no matter how fast they can be converted into liquid cash. The funding amount in march 2019 is 1.39 billion USD and it plummeted to 0.33 billion USD in 2020. But eventually after all the lockdown removed there has been an exponential VC funding in the Indian Start-up ecosystem. The Indian start-up ecosystem raised 34 billion USD in the year 2021.

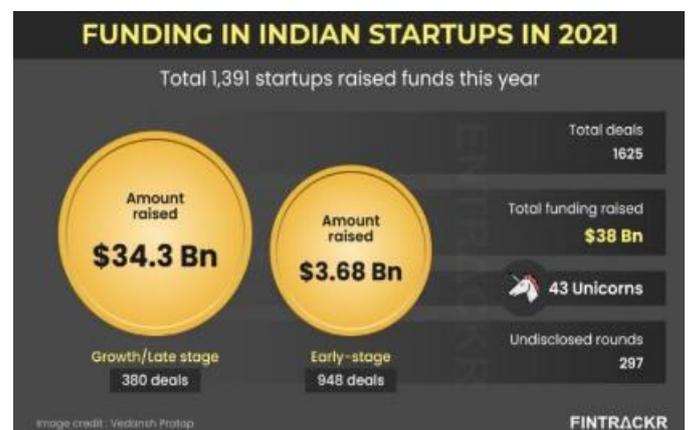


Fig 5

➤ *Impact on Education*

Before the outbreak of Covid-19 the education industry was mostly run in the physical modes where teachers and students come to physical classes to continue education process but when the lockdown was imposed in the entire nation. The classes remained closed for a couple of weeks. Later when we could not see a nearby prophecy of the closure of the pandemic then we shifted to the virtual classes via online modes. It was obviously first time when the majority part of the education industry in India shifted to virtual modes including schools, colleges and universities.

But his too was difficult because a lot of people in the education Industry (including Students, teachers and staffs) were not that handy with the usage of technology.

Not every Student had enough financial condition that they could afford the laptops or mobile phone to continue their studies

Many dropped out of schools due to unavailability of fees or technology to continue their study.

➤ *Impact on GDP*

The gross domestic Product of India has also suffered extremely during this pandemic. Many crashes have already taken place in the GDP of India.

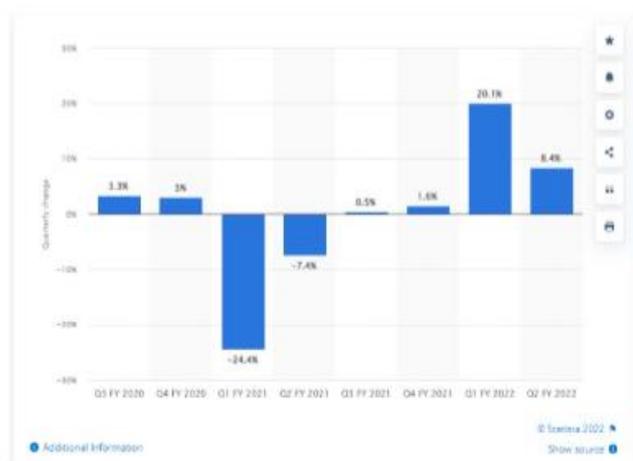


Fig 6

GDP growth fell 23.9% following the closure of the centre without notice. India's GDP fell 7.3% in 2020. It is the worst economic performance since India's independence in a year. Currently, India's GDP growth is likely to be less than 10%.

➤ *Solution*

- *Create A Logistics for A Quantitate Supply of Very Demanded Products*

We should try to create a logistics of the goods that are fundamentally basic and should be made available to every locality of the country where the demand has surged. This will help people be patient and trust the system and governing body of the country. As a result, people will adhere to the guidelines and policies that the government is citing which will reduce the spreading of the virus.

- *Trying To Reduce Allocated Demand of a Certain Product in A City*

We should try to reduce any demand of a good in any allocated place because we have to make sure that any basic commodity is reached to everyone proportionally. We can't just supply basic products to certain city in abundant amount

and in another city with effectively less amount. We have to take care and distribute evenly covering everyone's basic needs.

- *Creating An Effective Supply Chain Of Effective Drugs Across The Nation*

Drugs are very important part of the products required to deal with any pandemic situation. Effectively the drug that works in reducing the symptoms of the virus. For this we need to make sure that we take the help of major drug manufacturers in the nation to create an effective supply chain of effective drugs.

- *Creating A Fund For Msmes The Government Should Create A Revival*

Fund To Make Sure That The Msmes Owner Are Not Hit Very Hard Due To The Lockdown And Their Minimum Requirements Are Met. They Should Be Supported At This Time As They Play A Major Role In The Entire Economy Of The Nation. The Government Should Make Sure That The Fund Is Distributed Proportionately To Make It Fulfill Needs Of The Msmes Of The Nation.

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