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Project file 📁

Impact of covid 🧑‍🤔 🦠 19 on
indian economy

NAME - SANGEETA

B COM FINAL YEAR

REG. NO. 1812720061

ECONOMIC IMPACT OF COVID-19 ON INDIA



REAL GDP
TO GROW BY **1.871%**
COMPARED TO 4.223% IN 2019
DUE TO IMPACT OF COVID-19

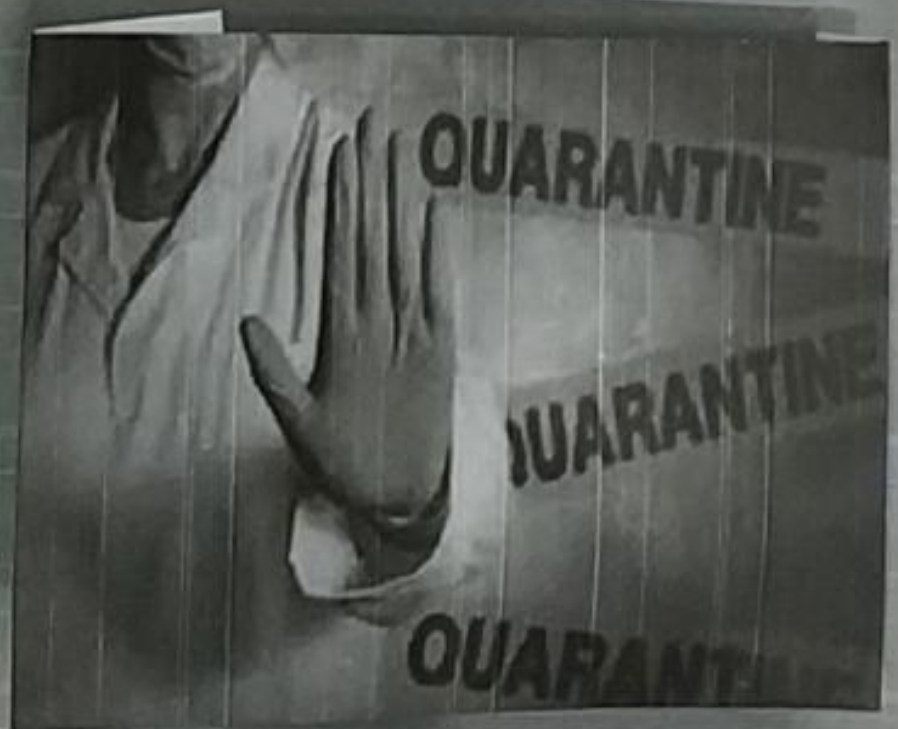


UNEMPLOYMENT
LEVELS TO REACH **15.63%**
OF TOTAL LABOUR FORCE
COMPARED TO 5.395% IN 2019



CURRENT ACCOUNT
BALANCE TO REACH **-0.592%**
OF GDP COMPARED TO
1.125% OF GDP IN 2019

IMPACT OF COVID-19 ON INDIAN ECONOMY



IMPACT ON INDIAN ECONOMY DUE TO COVID - 19

9 **INTRODUCTION** The world has witness several epidemics such as the spanish flu of 1918, outbreak of HIV/AIDS, SARS, MERS and Ebola. In the past. India has had to deal with diseases. such as small pox, plague and polio.

India recorded the first case of the disease on January 30, 2020. Since then the cases have increase steadily to around 33610 total confirmed cases and around 1075 deaths (as on 30 April 2020)

The outbreak of covid-19 first in china and now an having being confirmed in more than 190 countries, has emerged as a key risk to human as well as global growth outlook through numerous channels like trade, production and supply chain disruptions, decline in demand

Impact on Demand Side :- Tourism, Hospitality and Aviation are among the most affected sectors that are facing the maximum brunt of the present crisis. Closing of cinema theatres and declining footfall in shopping complexes has affected the retail sector by impacted consumptions of both essential items.

Coronaviruses are a large family of viruses that are known to cause illness ranging from the common cold to more severe diseases such as Middle East Respiratory Syndrome (MERS) and SARS.

A novel coronavirus (COVID-19) was identified in 2019 in Wuhan, China.

* Impact on financial market.

* Impact on International Trade.

* Also impact on supply side.

MAJOR SECTOR OF INDIAN ECONOMY

Government
Measures :

Informal
Sector

Tourism, Hospitals
and medical
Value Travel

Agriculture
and
Rural
activities

Financial markets
and Institutions

According to UBS, the Indian economy would be severely hit by covid-19 and could even enter into a contraction, depending upon the severity of the pandemic but the recession would be the shortest on record.

At this early stage it is difficult to fully comprehend the extent of the damage that the Indian economy may incur once the epidemic wanes.

The Economic impact of COVID-19 can be seen on following major sectors of Indian economy:

⑥ GDP Growth

The international monetary fund (IMF) Slashed indian growth estimate for FY 21 to 1.9% from 5.8% estimated in January warning that the "worst recession since the Great Depression" will dwarf the economic damage caused by the global financial crises of decade back.

⑦ Agricultural and Rural activities.

The agriculture sector is critical as large number of workers and the entire country's population is dependent on this sector. With the outbreak of COVID-19 the situation in rural India is likely to worsen significantly.

The lockdown and associated disruptions will affect agricultural activities and the necessary supply chain through several channels, Input distribution, harvesting, marketing and processing.

① Informal Sector

India has very high share of informal sector employment in total employment. The share which include agricultural workers, has declined marginally.

from 94% in 2004-05 to 91% in 2017-18.

Out of the total of 465 millions workers 422 millions were informal workers in 2017-18. Even in non-farm sector (manufacturing and services), the share of informal sector workers was around 84% in the same year.

② Micro, small and medium Enterprises (MSMEs)

The micro small and medium enterprises as a whole form a major chunk of manufacturing in India and play an important role in providing large scale employment and also in the country's exports.

Recent annual reports on MSMEs indicate that the sector contribute around 30% of India's GDP, and based on conservative estimates, employs around 50% of industrial workers.

COVID-19 Economic Task Response Force

The formation of the COVID-19 Economic Response Task force was announced by Prime Minister Narendra Modi on 19 March 2020 during his live address to the nation. The Task force is led by the finance minister,

Nirmala Sitharaman

- On 21, March U.P. govt. decided to give direct money transfer of ₹1000 to daily wage labourers.
- On 23, March it was announced that Haryana labourers etc. will provide an assistance of ₹1000 per week.
- On 25, March the U.P. govt. banned the manufacture and sale of pan masala. Spitting pan masala can help in spreading COVID-19.

THE PMGIKY contains the following :-

- * Free additional 5kg wheat or rice
- * 1kg free pulses per household for 3 months
- * Free LPG for Ujjwala beneficiaries for 3 months
- * Rs 2000 to 87 millions farmers under PM Kisan-Yojana in 10 days
- * Increase in MGNREGA wages to Rs 202 from Rs 182
- * Rs 500 per month to 200 millions female Jan Dhan account holders for next 3 months
- * Rs 20 lakh collateral-free loans to woman self help groups.
- * Govt to contribute EPF to companies with less than 100 workers.
- * States to use district mineral fund for medical activities.

CONCLUSION

Covid-19 has posed an unprecedented challenge for India. Given the large scale of the population, the precarious situation of the economy, especially of the financial sector in the pre covid-19 period. and the economy dependence on informal labour, lockdown and other social distancing measures are turning out to be hugely disruptive.

- policy makers need to be prepared to scale up the response as the events unfold so as to minimise the impact of the shock on both the formal and informal sectors.

- At the same time they must ensure that the responses remain anchored in a rules-based framework and limit of discretion in order to avoid long term damage to the economy.