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The global pandemic: A critical study on the impact of Covid-19 on Indian economy

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Abstract
As the COVID-19 pandemic keeps to inflate, businesses/manufacturers will possibly face severe challenges. Therefore, they should make strategies and closely co-ordinate with the govt. to overcome the problem. As a result the economy could contract in the first quarter of 2021. The lockdown put in place for the movement of goods and people after that. The livelihoods of 80 lakhs workers could be affected and their ability to afford basic necessities. The effect is so strong the nearly each of us is at lockdown and so their impact can be observed on businesses. This studies paper will critically examine the global monetary state of affairs but specially targeted to the effect of pandemic on the Indian financial system.

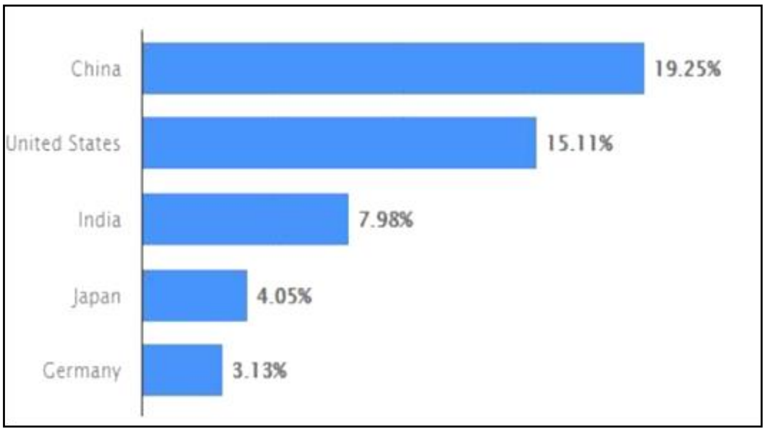
This paper will examine the impact of selective sectors how Indian industries are reacting to this case and taking measures to decrease the loss or chance critical state of affairs. The paper will also put forward a hard and fast of policy tips for the revival of the Indian economy.

Keywords: Global, manufactures, Indian financial system, pandemic, challenges workers

Introduction

Overview

The outbreak of COVID-19, first recognized in Wuhan and became the biggest ever international concern. India is widely stricken by this epidemic. Taking into consideration its huge penetration, the govt., should take preventive measure on war footing level. Currently the economic system is on its knees, impacting level of consumption and investment worldwide. This has provoked several rating institutions to revise downward their monetary year 2020 and GDP increase estimate for India within the array of 2.1 to 4 percent.



Source: IMF's World Economic Outlook Database, October 2019

Fig 1: GDP based on Purchasing Power Parity for the FY 2019

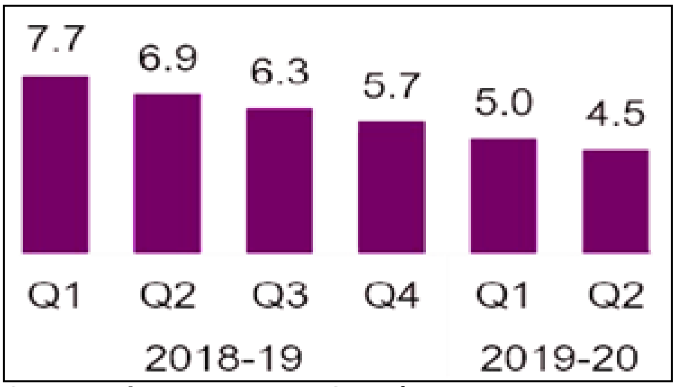
The impact of Corona contamination is severely felt and seen on this planet especially in developed countries like United States of America, Britain and so forth. Genuinely, India will absolutely be influenced and has presented fresh challenges, in terms of demand and supply elements.

The domestic situation remains fluid could be significant. Resultantly, the cost for economy due to this lockdown is too quickly to be assessed.

An UN record assessed a change effect of greater than USD 350 million on India because of this episode. At some stage in a similar time, Asian improvement financial institution evaluated the misfortune to Indian financial system due to this flare-up to USD 29.9 billion.

Facts Related To Revision of India's Growth

Moody's buyers service reconsidered its gauge of India's GDP improvement for 2020 from five. 3% to 2%. Fitch rankings amended its gauge for India's improvement to 2 percent. 'India rankings and studies' likewise downgraded the economic year 2021 estimate to 3.6%. The most profound measurements India has mentioned in 3 many years given that India's financial development during the technology of 90s.



Source: Tradingeconomics.com, Centre for Monitoring

Fig 2: Statistics related to GDP quarterly estimation Indian Economy

A global bank document specializing in South Asia said that India's economy is anticipated to grow 1.5% to 2.8% for monetary year 2021. The worldwide financial Fund projection for India for the economic 12 months 2021 of 1.9% GDP boom became still the highest among G-20 international locations. Confederation of Indian enterprise envisioned that India's GDP for monetary year 2021 might be between 0.9% and 1.5 percent.

Bernstein	-7.0	India Ratings	-2.1 to 1
SBI Research	-6.8	CII	-0.9 to 1
Godman Sachs	-5.0	Moody's Investors Service	-4.0
Nomura (for 2020)	-5.0	World Bank	-3.2
Fitch Ratings	-5.0	IMF	1.9
ICRA	-5.0	Asian Development Bank	4.0
CRISIL	-5.0		

Source: Tradingeconomics.com, Centre for Monitoring Indian Economy

Fig 3: GDP growth rate forecasts in % for 2020-21 (unless mentioned)

State Bank of India research predicts a contraction of over 40% in the GDP in Q1 Financial Year 2021. For the states, the total loss due to COVID-19 is estimated at 13.5% of the total Gross state domestic product. Moody's downgraded India's sovereign ratings to its lowest grade. Moody's rating is now the same as ratings given by S&P Global Ratings and Fitch Ratings, which also rate India with the lowest investment grade.

Research Objectives

- To critically examine the pre covid-19 scenario of India economy
- To analyse the impact of pandemic on Indian economy
- To suggest /recommend corrective measures for the revival of Indian economy

Research Methodology

Research Methodology is the specific strategies or methods used to recognize, select, process and analyze information about a research problem. The strategy portion, in a research paper, allows the researcher to fundamentally study the general authenticity and reliability of the research study. The above research project is based on the secondary data collected from various sources, for instance, news journals, web and assessment papers, etc.

Analysis of Impact-Sector –wise

A critical review of the Indian economy sector wise is presented below:

Apparel & Textile: Will get hit adversely due to disruption in labour supply, raw material unavailability, working capital constraints etc.

Auto sector: Will continue to face challenges on account of lack of demand, global recession and falling income levels. Loss of production every day is causing the industry a loss of over Rs. 2, 300 crores in revenue on average, aggregating to over Rs.48, 700 cr.

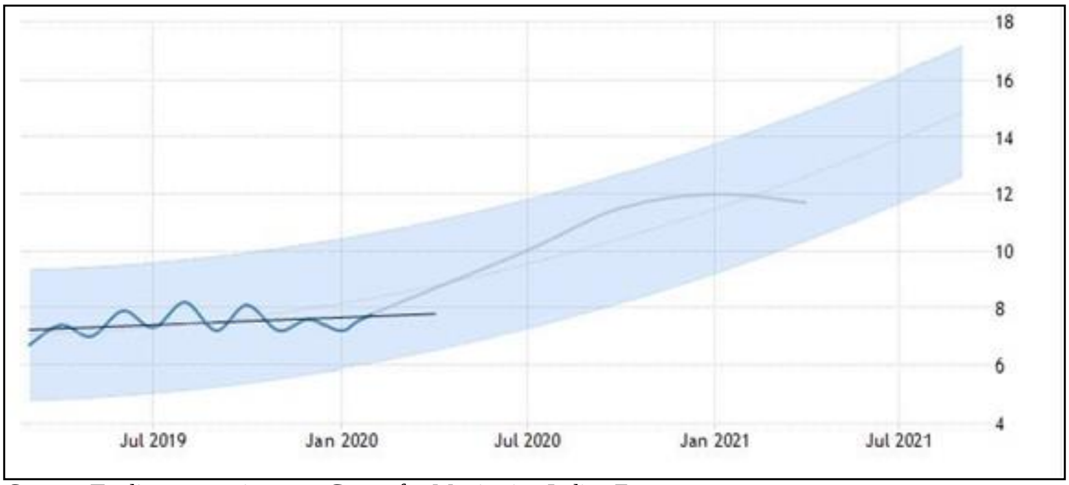
Event and Entertainment Management: Association has mentioned for help to in the wake of deferment or abrogation of all significant national occasions because of the pandemic. The business has a gigantic segment labourers, whose occupation is in danger because of the across the nation lockdown. Every single significant discharge and shooting of movies have been required to be postponed. The Indian film industry will probably confront lost Rs. 200 to 250 crores.

The spread of the pandemic comprehensively had a whiplash impact over the gracefully chain. Car makers in India rely profoundly upon auto segments imported from COVID-19-influenced nations, for example, China, Germany and South Korea. This factor also will unfavourably affect creation.

Low resource use rate in co-ordinations: And ports because of development of individuals/travellers confined in the midst of the lockdown, incomes have endured a shot in the railroads, transport, aircraft, and taxi fragments of the transportation division.

Rail cargo: Has been influenced as the interest and flexibly of high volume mass payload things, for example, imported coal or iron mineral sent out by means of rail to different ports in India for steel processes in China are curbed.

Aviation and Tourism: Is one division which has the most noteworthy likelihood of going under without direct government intercession. It's profoundly impossible individuals will go for relaxation separated from basic travel. The movement and the travel industry was one of the principal parts to be influenced by the flare-up, and no doubt will likewise be the hardest hit. Crossing out of tickets, discounts and low usage pace of aircrafts have exacerbated the situation for the effectively upset flight industry amidst a money crunch.



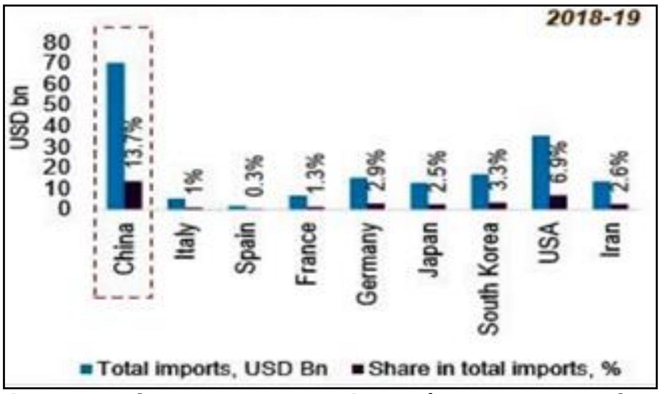
***Source*:** Tradingeconomics.com, Centre for Monitoring Indian Economy

Fig 4: Indian Employment Scenario Post COVID-19

Transportation and Non-Food Retail: Non-food retail chains and worldwide delivery organizations will locate this year time span testing.

Street cargo: According to IFTRT, 50% of the 50 Lakh trucks are off the street because of the inaccessibility of drivers who dread being abandoned as street side administrations have been injured.

FMCG and retailers: Are managing difficulties principally around three profoundly interconnected issues: flood sought after and exhaustion of stock, decrease in workforce, and gracefully chain disturbance. D-Mart, Big Bazaar and Nature's Basket in the end lessening working hours, set caps for the acquisition of fundamental things E-trade activities of significant block and mortar retailers just as Amazon and Flipkart were not saved either. As retailers battle to convey orders, creative conveyance models are developing. A few models are Big Basket and Flipkart tying up with Uber and Swiggy for last-mile conveyance of fundamental things.



***Source*:** Tradingeconomics.com, Centre for Monitoring Indian Economy

Fig 5: Data related to India's Import (20218-19)

The Roadmap ahead for India

The pandemic has paralyzed economies, compelling businesses to re-compare their strategies. Businesses will need to shape their monetary health and it is expected to completely turnaround the business landscape. For this reason, the priority for organizations need to be to draft a complete action and restoration plan to mitigate the risks and cope with the principle challenges.

This disaster is complete of uncertainty and therefore planning a, stabilization package would benefit and influence the pace of recovery. Many global economies are also facing these issues and having to put in place their own stabilization packages, with similar intent. Greater challenges always give up with a robust human endeavour. It may take longer to govern the situation, but if industrial and political choices are taken at accurate time, things can also get higher early.

Recommendations

- CSR spending through firms need to be directed closer to a reaction fund dedicated for the control of the pandemic.
- To improve liquidity and enhance customer consumption, the government of India must offer a pay roll tax holiday for a quarter to help demand in these disturbing instances. Disbursed renewable electricity sources consisting of solar pumps and rooftop solar provide big possibilities for boom and could channel some of the financial savings that might accrue from negative oil prices.
- In an effort to absorb variable and intermittent injections of renewable power energy grids ought to be modernised throughout Indian states.
- Job losses caused by the lockdown could be offset by way of aggressively providing job oriented training to the youths.
- RBI should also finance a part of incremental government spending.

Conclusion

The outbreak of the Covid-19 pandemic is shock to the Indian economy and GOI has introduced a variety of measures to address the state of affairs, from providing foods to the needy, healthcare facilities etc. By providing tax relief the impact of COVID-19 on the Indian economy might be reduced to some effect.

The govt. policymakers should device a significant and broader monetary stimulus to normalize the economic situation. Moreover, manufacturers will likely face challenges should look beyond their own financial feasibility. India should explore ways to return from the lockdown in order to secure the sanctity of human life.

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