

“A Study of impact of Covid 19-corona virus on Indian Economy and possible remedies.”

Dr. Prakash E. Humbad,

Department of Commerce

Mamasaheb Mohol College, Paud Road, Pune-38

“ABSTRACT”

“All the transactions in the world economy are stopped due to corona virus. The boarders of all the countries are closed down. It is a situation like a world war. But in the world war, the borders are not sealed or closed. But today situation is very different. The India is also suffering from this epidemic corona virus. All the border of the country is also sealed. The whole transactions are closed down. Production, trading, building, construction, financial, travelling, tourism, transport, agricultural, services and small and medium enterprises are all stopped. One cannot imagine like this situation in the country. The Mumbai, people say never stopped, is also stopped in this situation. The only one solution for this situation is stay at home. But staying at home cannot solve the financial and other needs of the human being. Therefore, under this paper, the researcher finds out the impact of covid 19 virus on economy and possible remedies.”

Introduction-

The whole world is suffering from corona virus. All the transactions in the world economy are stopped. The boarders of all the countries are closed down. It is a situation like a world war. But in the world war, the borders are not sealed or closed. But today situation is very different. The India is also suffering from this epidemic corona virus. All the border of the country is also sealed. The whole transactions are closed down. Production, trading, building, construction, financial, travelling, tourism, transport, agricultural, services and small and medium enterprises are all stopped. One cannot imagine like this situation in the country. The Mumbai, people say never stopped, is also stopped in this situation. The only one solution for this situation is stay at home. But staying at home cannot solve the financial and other needs of the human being. According to **Du and Bradstreet**, Covid 19 no doubt disrupted human lives and global supply chain but the pandemic is a severe demand shock which has offset the green shoots of recovery of the Indian economy, that was visible towards the end of 2019 and early 2020. The revised Gross domestic product (GDP) estimates for India downwards by 0.2 percentage points for the fiscal year 2020 to 4.8. Per cent and by 0.5. Per cent for the fiscal year 2021 to 6 per cent. Further, it is stated that the extent of the actual impact will depends upon the severity and duration of the outbreak.

According to **KPMG**, the lockdown in India will have a sizable impact on the economy mainly on consumption which is the biggest component of GDP. There fore it is very essential to study the impact of the corona virus on various sectors of the economy.

Objectives-

- a) To study the impact of the virus on various sector of the economy.
- b) To know the impact on live human being in India.
- c) To find some solutions to overcome the impact.

Impact on various sectors of economy-

1) Manufacturing sector-

Manufacturing companies are suffering from this impact. As all the industries are lockdown, no production, it will impact on profitability of the company as well as the salary paid to the workers. No Production, no sale and no demand situation in the country as well as outside country.

2) Trading sector-

There are many companies who are selling the goods in the country. There are no purchaser in the market it means no demand, even though there are supply in the country. All trading operations have been stopped. The companies are running on small profit margin. So survival of these small and medium sized companies will be very difficult.

3) Building and Construction industry-

Another very important sector in country is building and construction. These industries will also suffer from this corona virus. All the activities of the sector have been stopped. There will be delay in completion of the construction project. Even major problems will be in future to collect the labour, who already gone to their villages due to lockdown.

4) Financial and banking sector-

Banking and finance is another major sector in the country. Even though banks are running on minimum staff and time, it is very difficult to them to collect customers for various types of loans and advances. Opening of new accounts are totally stopped. It will also impact on profitability of the banks and financial institutions. There are more than 60 to 70 % reductions in day to day banking transactions of these institutions.

5) Travelling industry-

Travelling sector will also suffer from the corona virus. In India, more than 60% of the people are travelling from one place to another place for some work. As per m lockdown up to this date. So other travelling agencies are not included in this survey. So there are huge losses also in this sector.

6) Tourism industry-

All the tourism places are closed down. There are no tourist and foreign traveller. This situation will also continue in future. How many days or months required to recover, nobody knows. So in this situation, it is very difficult for survival of these businesses.

7) Transport Business-

In India, more than 70 % goods and materials are handled by these businesses. there are no movements of goods . So all the transport transactions are stopped. Mostly heavy vehicles are purchased by bank finance. It will be very difficult to them to pay there instalments in near future.

8) Service sector –

Most of business in the world is closed down. India is also providing various services in other countries in the world. So these services are stopped. Total stoppage of these services will impact on reduction in staff by Indian Companies.

9) Agricultural Sector –

This is another major sector suffering from Corona Virus in India .The rural area population mostly depends upon agriculture sector. India is having more than 70 % population depends upon agriculture sector. It includes agricultural labour, produce etc activities.

Possible Remedies on the impact of the corona virus-

The Prime Minister Shri.NarendraModiji assessed the corona virus impact on Indian economy and suggested some packages to boost all the sector of the economy. Various reports on this epidemic situation and 40 days lockdown will impact on Indian economy very hardly.

1) Lack of Capital-

The government should provide capital to the small and medium sized companies and business. Because of the closer of the business, working capital are totally blocked. In addition to this, business expenses like interest on loan, rent, salary and other expenses will have to be paid during the lockdown period. It will also be impact on financial planing of the business.

2) Relief to Workers –

There are more chances of lack of work during the lockdown and afterwards. it will create major problems in job market. The revenue collection of the Government is also less so there will be no chance in Government job. In private sector also, jobs available will be very less. So The government should provide some relief to the workers in the form of stipend or scholarship.

3) Relief to farmers-

In this situation the farmers are also more sufferers. The government should provide immediate help in the form of money as well as waiver of their bank loan or interest on them.

4) Restrictions on Government Expenses-

The Government spent collected revenue on capital and revenue expenses which wasalready budgeted in the National Budget of the country. It will be very critical and tedious task of the Government.

5) Increase in taxes –

It is also not possible to the Government immediately to increase the direct and indirect taxes. Taxes play a very important part from the both point of view.

6) Attraction of foreign Investment.-

The impact of the corona virus is global, India is having some golden opportunities as the whole world is in trouble and the united state and western countries are expressing their displeasure with china for not providing the accurate information of Corona virus. Therefore majority of the countries in the world are thinking to reduce the major dependence on china which shows that they have started giving opportunities to the democratic country like India. Out of all other countries , Indian geographical area, availability of man power and reliability creates more confidence in the minds of the investor. Therefore theGovernment should provide basic as well as advance facilities to the new start up and new foreign investment companies , so they can invest capital and technology in our country.

Conclusions'

On the basis of above research, we can conclude that the impact of the corona virus is very serious on all the sector of the Indian economy. But we can also consider it as an opportunity for self-development and reliant. If we reduce our dependence on the others, automatically the impact of anything will be lower.

References:

1. <https://www.voanews.com/science-health/coronavirus-outbreak/india-locks-down-75-districts-contains-covid-19>
2. <https://zeenews.india.com/india/live-updates/india-coronavirus-covid-19-live-updates-may-24-live-3041-new-cases-take-maharashtras-total-to-50231-death-count-at-1635-2285759>
3. <https://www.bbc.com/news/world-asia-india-52435463>
4. <https://www.newindianexpress.com/nation/2020/apr/10/ins-appeals-for-stimulus-package-for-print-media-amid-covid-19-lockdown-2128154.html>
5. <https://www.thepharmaletter.com/article/us-indian-collaboration-on-vaccine-against-covid-19>
6. <https://www.deccanherald.com/international/indian-american-key-member-of-us-covid-19-task-force-810071.html>
7. <https://www.wionews.com/india-news/indian-covid-19-cases-shoot-up-to-7447-with-239-deaths-reported-so-far-291920>
8. <https://www.bbc.com/news/world-asia-india-52306225>
9. <https://www.firstpost.com/health/coronavirus-outbreak-live-updates-covid-19-india-today-death-count-cases-lockdown-economic-crisis-maharashtra-delhi-gujarat-madhya-pradesh-latest-news-8318301.html>