

# "Covid-19 Lockdown Impact on Indian Economy"

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**ABSTRACT:-** This paper discussed the Economic impact of the 2020 Corona Virus Pandemic in India has been largely disruptive. India growth in the Fourth Quarter of the fiscal year 2020 went down to 3.1% according to the ministry of statistics. Impact on affected sectors, such as aviation, tourism, retail, capital market, mobility is restricted. Agriculture, Industry, Service etc.

**Keywords:-** Covid-19, Economic Impact, GDP Growth rate, Sectorial impact.

## I. INTRODUCTION:-

India's economy has already been suffering from slow down in the recent past downgraded. India's growth 5.3 in 2020 due to downside risks of Covid-19 the slowest in 11 years. According to an economist "The supply side contagion and the Pharmaceutical Industry Corona virus has brought various segments to stay still".

According to Nomura India Business Resumption India economic activity fell from 82.9 on 22 March to 44.7 on 26 April, by 13 September, 2020 economic activity was nearly back to Pre Lockdown.

- ❖ Unemployment rise from 6.7% on 15 March to 26.1 on 19 April and then back down to Pre Lockdown levels by mid June.
- ❖ During lockdown an estimated 14 crore (140 million) people lost employment salary while salaries cut for many others. The Indian economy was expected to lose over 32,000 crore (US \$ 4.5 billion) every day during the first 21 day to of complete lockdown.

- ❖ Supply chains have been put under stress with the lockdown restrictions in place. Initially there was a lack of clarity in streamlining what an essential is and is what is not.
- ❖ Those in the informal sectors and daily wage groups have been at the most risk.
- ❖ Largest GDP contraction ever in contraction is April-June F.Y. 2020-21 at 24%
- ❖ Sharp rise in unemployment.
- ❖ Stress on supply chain
- ❖ Decrease in Government Income
- ❖ Collapse of the tourism Industry.
- ❖ Reduced Consumer activity.

The World Bank and rating agencies had initially revised India growth for F.Y. 2011 with the lowest figures. India has seen in three decades since India's economic liberalization in the 1990. After the announcement of the economic package in mid-may, India's GDP estimates were downgraded even more too negative figures.

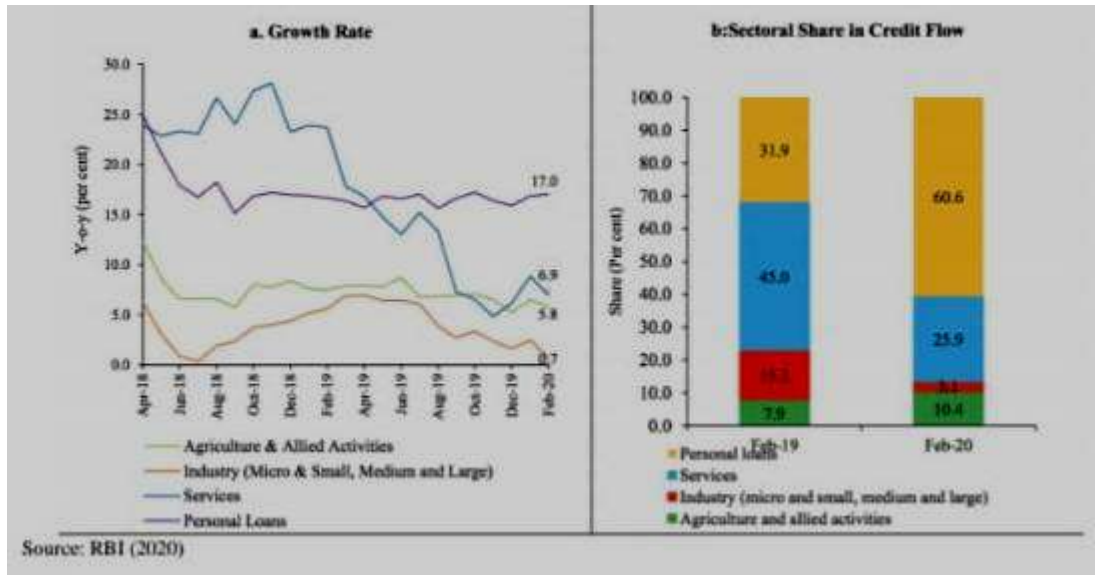
Objectives:-

1. To study the impact of GDP Growth rate.
2. To study the impact of different sector of Indian Economy.
3. To study the impact of Fiscal Indicators.

## Research Methodology:-

This Research paper data collection source is secondary data using data from Government website. Here is an analysis for data from impact of GDP Growth rate different sector of Indian Economy.

**GDP Growth Rate & Sectoral Share in Credit Flow:-**



While part of the fall in commercial credit growth may have been due to lack of demand given the balance sheet crisis in the private corporate sector, anecdotal evidence suggests that reluctance in banks to extend credit has also been a big factor. As admitted by the RBI Governor himself in recent times. The consequences of heightened risk aversion in the banking system have begun hurting

the debt markets a situated where bank credit growth has been a multi- decade low, debt market especially the short term debt market plays a vital role in financing firms. The GDP growth rate very slow down present year last 30 years and agriculture industry and service sector share in very low in 2020.

**Table 1: Key Fiscal Indicators – Central Government Finances**

Indicator	Per cent to GDP		
	2019-20 (BE)	2019-20 (RE)	2020-21 (BE)
Revenue Receipts	9.3	9.1	9.0
a. Tax Revenue (Net)	7.8	7.4	7.3
b. Non-Tax Revenue	1.5	1.7	1.7
Non-Debt Capital Receipts	0.6	0.4	1.0
Revenue Expenditure	11.6	11.5	11.7
Capital Expenditure	1.6	1.7	1.8
Total Expenditure	13.2	13.2	13.5
Gross Fiscal Deficit	3.3	3.8	3.5
Revenue Deficit	2.3	2.4	2.7
Primary Deficit	0.2	0.7	0.4

Source: RBI Report (2020)

Monetary policy has its limitations too which had become apparent in the run-up to this crisis, in response the growth rate slow down Reserve Bank of India embarked on a path of monetary expansion October, 2018 and December, 2019, it freed up around Rs. 4 trillion of liquidity

through open market operation reduce the repo rate. Monetary policy transmission in India has been weak owing to structural deficiencies such as illiquidity market, large sections of the population left out of the formal financial system etc. In addition an banking system and lacklustre

investment demand from the private corporate sector will future hamper the mission of a policy rate cut to aggregate demand and hence growth.

Indian Economy at the time the tools to deal with the crisis mostly ineffective, namely fiscal, monetary and financial.

<b>As quarterly growth drops...</b>		
	<b>2019-20</b>	<b>2018-19</b>
Agriculture	2.1	4.9
Industry	0.5	6.7
Services	6.8	7.3
<b>GDP</b>	<b>4.5</b>	<b>7.0</b>

Source: Ministry of statistics and Programme Implementation.

This table describe agriculture industry and service sector year 2018-19 to compare 2019-20 low growth rate in GDP.

### India GDP at a glance

<b>% y-o-y</b>	<b>Q1FY20</b>	<b>Q1FY21</b>
Real GDP (market prices)	3.1	-23.9
Private consumption	2.7	-26.7
Government spending	13.6	16.4
Fixed Investment	-6.5	-47.1
Valuables	3.1	-91.0
Exports	-8.5	-19.8
Imports	-7.0	-40.4
Real GVA (basic prices)	3.0	-22.8
Agriculture	5.9	3.4

Source: CEIC and Nomura Global Economics

This table describe 2020-21 compare to GDP market price Private consumption, Government spending, Fixed Investment, Valuables, Exports, Imports, Real GVA & Agriculture lowest in 2020.

### II. CONCLUSION:-

The spiraling and pervasive covid-19 Pandemic has destroyed. Indian Economy in unpredictable and ambiguous terms. The risk of global recession due to Covid-19 in 2020 and 2021

would be extremely high as it has. Future that is sustainable structurally more viable for living and working.

It is time to create a robust state-sponsored social security net for every citizen of the country. The Covid-19 Pandemic has clear message for the Indian Economy to adopt sustainable development models, which are based on self-reliance inclusive frameworks and environment friendly.

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