

# Knowledge Zenith

## Department of Commerce and Management

### ST. BEDE'S COLLEGE, SHIMLA-171002 (H.P.)

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#### Impact of Covid-19 on Indian Economy

Covid-19 is an infectious disease caused by a novel corona virus now called severe acute respiratory syndrome. The spread of this disease began in Wuhan, China in 2019 and the spread of the disease has been so horrendous that it had to be declared as a pandemic which has affected millions of people globally. After reporting its first case in late January 2020 in the southern state of Kerala, India introduced rigorous airport screenings for the corona virus. The following weeks saw a quick succession of events leading to a suspension of all travel in and out of the country by March 22. After the 14 hour janata curfew, India witnessed a long lockdown in order to contain the spread of the virus. The declaration of the lockdown had brought a lot of chaos among the daily wage earners, immigrants and people who were left stranded and jobless overnight from their faraway homes and no mode of transport. Although a lot of aid was provided for such people by the individuals in the form of daily food, initiative by the central and state government to help them reach their homes and also by providing a relief package of 1.7 trillion rupees, it was clear that a large portion of the country's population was going to be scouring for livelihoods, it still can not cover up all the losses they had to bear.

Losses from organized sectors amounted to an estimated nine trillion rupees in late March, projected to increase with the prolonging of the lockdown. Unsurprisingly, the most affected industries included services and

manufacturing, specifically travel & tourism, financial services, mining and construction, with declining rates of up to 23 percent between April and June 2020.

The pandemic came with uncertainty and implications on all aspects of business across the world. Despite India being ahead of most countries in being able to implement work-from-home measures, specifically in white collar work, job and earning deficits, along with instability in prices was expected. The months of the lockdown resulted in the free fall of employment, which slowly stabilized after the economy reopened in late May in most parts of the country.

Almost all the sectors have been adversely affected as domestic demand and exports sharply plummeted with some notable exceptions where high growth was observed.

- Since **agriculture** is the backbone of the country and a part of the government announced essential category, the impact is likely to be low on both primary agricultural production and usage of agro-inputs. Several state governments have already allowed free movement of fruits, vegetables, milk etc. Online food grocery platforms are heavily impacted due to unclear restrictions on movements and stoppage of logistics vehicles.
- **Aviation and Tourism** were the first industries that were hit significantly by the pandemic. The common

consensus seems to be that COVID will hit these industries harder than 9/11 and the Financial Crisis of 2008. These two industries have been dealing with severe cash flow issues since the start of the pandemic and are staring at a potential 38 million lay-offs, which translates to 70 per cent of the total workforce. There has been a significant amount of changes in the telecom sector of India even before the COVID 19 due to brief price wars between the service providers. Most essential services and sectors have continued to run during the pandemic thanks to the implementation of the 'work from home' due to restrictions. As a policy recommendation, the government can aid the sector by relaxing the regulatory compliances and provide moratorium for spectrum dues, which can be used for network expansions by the companies.

- There has been a significant amount of changes in the **telecom sector** of India even before the COVID 19 due to brief price wars between the service providers. Most essential services and sectors have continued to run during the pandemic with the implementation of the 'work from home' due to restrictions. Demand has been increased by about 10%. However, they are bracing for a sharp drop in adding new subscribers.
- **The pharmaceutical industry** has been on the rise since the start of the Covid-19 pandemic, especially in India, the largest producer of generic drugs globally. With a market size of \$55 billion during the beginning of 2020, it has been surging in

India. There has been a recent rise in the prices of raw materials imported from China due to the pandemic. Generic drugs are the most impacted due to heavy reliance on imports, disrupted supply-chain, and labour unavailability in the industry, caused by social distancing. Simultaneously, the pharmaceutical industry is struggling because of the government-imposed bans on the export of critical drugs, equipment, and PPE kits to ensure sufficient quantities for the country.

- **The Indian Oil & Gas industry** is quite significant in the global context – it is the third-largest energy consumer only behind USA and China and contributes to 5.2% of the global oil demand. The complete lockdown across the country slowed down the demand of transport fuels as auto & industrial manufacturing declined and goods & passenger movement fell. Though the crude prices dipped in this period, the government increased the excise and special excise duty to make up for the revenue loss, additionally, road cess was raised too.

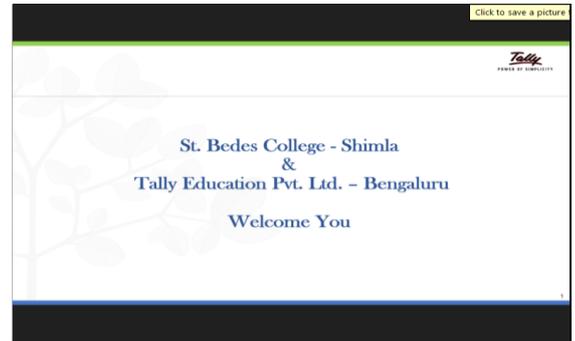
Although the government had initiated programmes such as 'Make in India', 'Vocal for Local' and 'Aatmanirbhar Bharat', it is still going to take time to revive the already deteriorated conditions of the economy, the pandemic has hit the GDP of the country, but the worst hit were the daily wage earners. The bigger names will somehow struggle and gain back what they lost but it'll be hard for the ones who lost the meagre income they had .

-AKSHITA SHARMA

(B.Com 3<sup>rd</sup> year)

## Departmental Activities

- Webinar on **Career opportunities in Tally** and benefits of Tally Certification was organised on September 11, 2020



- Webinar on **“Emotional Intelligence and Leadership Skills”** by Resource Person **Dr. Shama Hussain**, **Chairman, Muscat Head, National Institute of Skills Training**. Platform used was Google Meet



- Webinar on **“Career Awareness, Counselling and it’s making by NEST”** **Mr. Anupam Vohra** founder NEST (Nurturing their Skills, Talent and Education) for the students of B.Com and BBA. Platform used was Google Meet.

- The **Department of Commerce & Management in association/ Collaboration with Bombay Stock Exchange Brokers Forum** conducted a five days series of **online training program on financial markets** overview. The resource person was Dr. V. Aditya Srinivas, Chief Operating Officer and Chief Economist at

### Bombay Brokers Forum



## **OUT GOING STUDENTS**



**B.COM-3<sup>rd</sup> Year**



**M.Com – IV Semester**

**Patron: Sr. (Dr.) Molly Abraham(Principal)**

**St. Bede's College, Shimla**

**Staff Editor: Ms. Priyanka Mehta**

