



Government of Karnataka
Department of Collegiate & Technical Education



**GOVERNMENT RAMNARAYAN CHELLARAM
COLLEGE OF COMMERCE & MANAGEMENT**

Re-accredited 'B' Grade by NAAC
Race Course Road, Bengaluru - 560 001

INTERNAL QUALITY ASSURANCE CELL

Developments, Effects and Challenges of Covid-19 in India

A Peer Reviewed Edited Book





Government of Karnataka
DEPARTMENT OF COLLEGIATE EDUCATION



**GOVERNMENT RAMNARAYAN CHELLARAM
COLLEGE OF COMMERCE & MANAGEMENT**

[NAAC Reaccredited Grade : B]
Race Course Road, Bengaluru - 560 001.

INTERNAL QUALITY ASSURANCE CELL

**DEVELOPMENTS, EFFECTS AND
CHALLENGES OF COVID-19 IN INDIA**

A Peer Reviewed Edited Book

DEVELOPMENTS, EFFECTS AND CHALLENGES OF COVID-19 IN INDIA :

Published by the Editorial Committee under the Chief Patronship of **Prof. Laxman A. Kulagod**, Principal, Government Ramnarayan Chellaram College of Commerce & Management, Race Course Road, Bengaluru - 560 001 in May 2020. (For Private Circulation Only). Pages : 206 + iv

Copies : 125

Copyright : © GRCCMB, Bengaluru

Editorial Board

Chief Patron

Prof. Laxman A. Kulagod, Principal

Patron

Dr. Syed Yousuff, Principal (Retd.)

Chief Editor

Dr. G. Prahlad Chowdri, Associate Professor of Commerce

Co-Editor

Dr. D. K. Nataraja, Associate Professor of Kannada

Dr. M. Prakash, Assistant Professor of Commerce

Prof. Syed Rahamathulla, Assistant Professor of Commerce

Members

Dr. Pramod Gonchkar, Associate Professor of Commerce

Dr. Narasimharaju K., Associate Professor of English

Dr. Jayalakshamma K., Assistant Professor of Commerce

Dr. K. Sreelakshmi, Assistant Professor of Management

Dr. M. S. Dhananjaya, Assistant Professor of Commerce

Dr. H. K. Sathisha, Assistant Professor of Commerce

Dr. Basavaraja B., Assistant Professor of English

Prof. Mary Amala Shanthi, Associate Professor of Commerce

Sri Krishnamurthy, Librarian

ISBN : 978-93-5407-176-8

Printed at:

M/s. Creative Graphics

Sultanpet Main Road, Bengaluru- 560 053.

Ph : 22370262, 98860 54808

E-mail : creativegraphics2005@gmail.com

NOTE: The authors of the papers are solely responsible for technical content of the papers and views with references cited therein

CONTENTS

1.	A STUDY ON THE IMPACT OF COVID-19 ON TOURISM AND AVIATION INDUSTRY IN INDIA	DOYELAICH	....	001
2.	IMPACT OF COVID-19 ON INDIAN BANKING INDUSTRY	DR. SOU. SHOBHA ARUN PAUDMAL	....	005
3.	IMPACT OF COVID-19 ON INDIAN MSMES AND STRATEGIES FOR COMPREHENSIVE ECONOMIC REVIVAL	TINA CHERRY	....	009
4.	A STUDY ON THE EFFECT OF COVID-19 PANDEMIC IN SOME SELECTED INDIAN INDUSTRIAL SECTOR	GOURAB DAS	....	013
5.	ಕೋವಿಡ್-19: ಕೃಷಿ ಕ್ಷೇತ್ರದಲ್ಲಿ ಉಂಟುಮಾಡಿರುವ ಬಿಕ್ಕಟ್ಟುಗಳು	ಅಶ್ವಿ ಕೆ.	....	017
6.	"REVERSE-MIGRATION OF POPULATION FROM URBAN TO RURAL INDIA POST COVID-19: OPPORTUNITY FOR RURAL TOURISM DEVELOPMENT"	CHANDAN V.	....	023
7.	IMPACT OF COVID-19 ON THE GLOBAL MANUFACTURING INDUSTRY, 2020	PROF. H. M. GUDIHINDIN & PROF. A. Y. SONYAGOL	....	027
8.	CHANGES, CHALLENGES AND WAY FORWARD TOWARDS DEVELOPED ATMA NIRBHAR BHARATH	DR. S. R NAGARAJA	....	032
9.	IMPACT OF COVID-19 ON INDIAN MEDICAL TOURISM SECTOR	SREE VIDHYA A.	....	039
10.	COVID-19 AND INDIAN STOCK MARKET	YASMEEN TAJ	....	043
11.	GROWTH AND CHALLENGES OF THE INDIAN INSURANCE SECTOR	MS. MONISHA DEVARAJAN & MS. SARANYA SASIDHARAN	....	045
12.	AN IMPACT STUDY OF THE COVID-19 ON THE INDIAN BANKING SYSTEM- A STUDY WITH REFERENCE TO BENGALURU	DR. WASEEHA FIRDOSE	....	051
13.	"ROLE OF INTELLECTUAL PROPERTY RIGHTS FOR TRANSFORMATION OF MSMES IN POST COVID-19 ERA"	DR. P. PARAMASHIVAIAH & SOWMYA D. N.	....	054
14.	"MEASURING MARKET VOLATILITY DURING COVID-19 PANDEMIC"	DR. VENKATESH C.K.	....	061
15.	EFFECTIVE FISCAL MEASURES IN LOCKING AND KNOCKING CITIZENS WITH CONTAGIOUS TRANSMISSION	DR. G. PRAHLAD CHOWDRI	....	066
16.	A STUDY ON IMPACT OF COVID-19 ON DIGITAL PAYMENTS IN INDIA	DR. PRAKASH M.	....	070
17.	IMPACT OF COVID-19 ON INDIAN AGRICULTURAL INDUSTRY: CHALLENGES AND OPPORTUNITIES WITH SOLUTION	BHAGYA H. R.	....	074
18.	TRADE AND INDUSTRY DEPRESSION IN INDIA DURING THE COVID-19 – AN EVALUATION	SUMA S	....	078
19.	ಕೋವಿಡ್ 19ರ ನಂತರದ ಬೆಳವಣಿಗೆ – ಒಂದು ಅವಲೋಕನ	- ಡಾ. ಡಿ. ಕೆ. ನಟರಾಜ	....	084
20.	UNEMPLOYMENT DIMENSIONS OF COVID-19 AND GOVERNMENT RESPONSE IN INDIA – AN ANALYTICAL STUDY	DR. G. L. PARVATHAMMA	....	088
21.	ROLE OF NON-GOVERNMENTAL ORGANIZATIONS DURING COVID-19 PANDEMIC IN KARNATAKA	DR. VEDA C. V. & DR. VENKATARAMANAPPA	....	093

A STUDY ON THE EFFECT OF COVID-19 PANDEMIC IN SOME SELECTED INDIAN INDUSTRIAL SECTOR

Gourab Das

Assistant Professor of Commerce

Vidyasagar College, South 24 Parganas, West Bengal, E-mail: 2009gourabdas@gmail.com

The outbreak of the Covid-19 pandemic is a shock to the Indian economy. The economy was already in a uncertainty state before Covid-19 struck. Only a few small countries are protected due to precautionary steps taken at the very first stage. Industrial and other sector has been badly affected by it. According to these IMF have forecasted global growth of 3.4%. But due to the spread of the pandemic Corona virus the whole scenario was a nightmare. With the prolonged country-wide lockdown, global economic downturn and associated disruption of demand and supply chains, the world economy is likely to face a serious period of battle with its existence. In this paper tried to describe the Covid-19 impact on Indian economy, evaluate the impact of the shock on various segments of the economy.

Keywords: Covid-19, pandemic, Negative, economic slowdown, supply chain, industry etc.

Introduction

In 2019 there was anxiety about the effect of US-China trade war, the US Presidential elections and Brexit on the world economy. According to these IMF have forecasted global growth of 3.4%. But due to the spread of the pandemic Corona virus the whole scenario was a nightmare. The WHO first declared this virus as a world health emergency in January 2020. Since this destructive virus was first diagnosed in Wuhan, China. Later on it was detected in 190 countries and also affected soon the World's biggest economy USA. In early March the core area of infections shifted from China to Europe especially Italy and later to the whole world. In late January 2020 China was the first nation to impose travel restrictions along with South Korea and Vietnam. The pandemic haven't left a single sector of the world's economy. Due to the fear and uncertainty the Global Stock market has lost US\$6 trillion in one week. The Standard and Poor index lost over US\$5 trillion in the same week. The International Air Transportation Association stated that air travel industry would lose US\$ 113 BILLION if the Covid-19 pandemic was not controlled.

The IMF in its report has predicted that the pandemic

will create a Global financial Crisis after 2007-8 crisis followed by a backup recovery in 2021. The function of Global supply chain was disrupted due to this. Most of the countries have stopped trade with one another. Among the fastest growing economic nations India has responded very earlier in reply to the pandemic. A long periodical lockdown was announced by the Prime Minister. But the nation like other nations has faced a lot after the immediate response.

Literature Review

Li, Wang et al. (2020) showed in their study, increase of stress anxiety etc. over the people of China. People are more concerned with health and hygiene of the family rather than any economic activity in the epidemic period.

Sumner, Hoy and Juarez (2020) suggested the potential short-term economic impact of COVID-19 on global monetary poverty.

Dev and Nengupta (2020) explained that Covid-19 created an unprecedented challenge for India especially of the sector like finance and industry. Lockdown, social distancing, difference concepts created a barrier in labour-centric industry which affects Indian economy at large.

The name of the virus is SARS-CoV-2 (Severe acute respiratory syndrome) corona virus, which causes the corona virus disease 2019 referred to as Covid-19. Accordingly in our paper we use Covid-19 to refer to the disease.

Objective of the study

The primary objectives of the study are:

1. To understand the growth of Covid-19.
2. To examine the effect of Covid-19 in different industry in India.

Research Methodology

The paper performs an extensive research on the basis of the data and information obtained from secondary sources. It involves the use of journal, research paper, and various

reports of WHO and authentic finance website and online resources etc. for the collection of secondary data needed in the analysis.

Impact of Global Lockdown on the Economy

1. The greatest impact of the containment restrictions will be on retail and wholesale trade and in professional and real estate services.
2. Business closures could reduce economic output in advanced and major emerging economies by 15% or more other emerging economies could experience a decline in output of 25%.
3. Countries dependent on tourism could be affected more severely while countries with large agricultural and mining sectors could experience less severe effects.
4. Economic effects likely will vary across countries reflecting differences in the timing and degree of containment measures.

Effect on tourism Industry sector

Tourism Industry is a major source of revenue for India. Covid-19 pandemic affected this sector. As per Federation of Association in Indian tourism and Hospitality, Covid-19 pandemic may swallow the job of around 38 million people engaged in tourism and hospitality sector. The tourist began to cancel their tickets and postponed their journey for their future. This caused a great loss to aviation as well as hotel industry. Hotels occupancy rates have been declined by 65% in compare to the same period of March 2019. Indian Government declared nationwide complete lockdown. All future domestic as well as international flight bookings has been cancelled. Tour operators in India also suffered a great loss. There may be a loss of Rs. 85 billion to the hotel, aviation and travel sector together if travel restrictions imposed to the foreign tourists continues was estimated by Indian Tour Operators Association. It is first time that India is witnessing its all time low record in inbound and outbound travel. Indian Restaurant Industry has witnessed almost negligible revenue during lockdown. Low revenue is expected by Indian Restaurant Industry after lockdown period.

Impact of Covid-19 on Indian Tea Industry sector:

Assam contributes to half of India's 1300 plus million kg of production, while another 25 percent production comes from west Bengal. The economy of Upper Assam and North Bengal are almost dependent on tea. Covid-19 pandemic has affected the popularity of the Darjeeling Tea Industry.

There are about 3.5 Lakh permanent and temporary workers are engaged in 353 tea gardens of Darjeeling, terai and dooars areas. They are daily getting Rs. 176 as wages and weekly provisions (ration) for their work. They are greatly disturbed from this lockdown. First flush (March) and Second Flush (May) are the biggest profit churning periods for any plantation. The disruption in plucking (and processing) will allow leaves to grow older and become unsuitable for consumption. The southern Tea Industry is expecting an output decline in the first six months of 2020 due to Covid 19 impact. Maximum tea growers of Tamil Nadu and Kerala are not doing their operational work during the lockdown from March 24, 2020. Some of the tea estates of Nilgiri and Coimbatore are carrying out partial operations with the special permission of district administration. Indian Tea Industry is badly impacted from current lockdown. Central government has given permission to Tea Estate Owners to continue their activities with 50% workers but some State governments were agreed with 15%. The conflict between both the governments for implementing their guidelines should be resolved.

Effect on Ecommerce sector:

The Covid - 19 pandemic has put an adverse impact on the retail sector across the country, with consumers retail witnessing a big drop in sales by 46 - 55 percent due to the fall in the number of customers per store. From March 17 to 25, India's retail sector, consisting of 70 million small, medium and big traders with 450 million people, generates a monthly business of around US\$70 billion. However, due to the pandemic, the retail trade has reportedly lost a huge US\$30 billion in the last fortnight alone. E-commerce sector in India lost US\$400 million in a week due to Covid-19.

Effect on Manufacturing Industry

The ongoing lockdown has put a lot of strain on the manufacturing industry, which contributes almost 20% of the GDP. Of this, 50% is contributed by the auto industry. Even prior to the lockdown, the auto industry was not in a great shape, with sales down by more than 15% and production cuts of the order of 5 to 10% or more. Manufacturing industry has been hit in many ways due to the Corona effect. This indicates that manufacturing in India has stopped, except for the rice milling sector where production has reportedly dropped by half. In several sectors

including automotive components, MSMEs were already experiencing a pre-lockdown decline in business, due to a stagnating economy and market demand and the disruption of international supply chains due to the lockdown in China. India Manufacturing Purchasing Managers' Index (PMI) fell to 27.4 in April, from 51.8 in March, reflecting the sharpest deterioration in business conditions across the sector.

Effect on Transport sector:

Transportation sector has been one of the primary victims of COVID-19. From rickshaw pullers to airlines, all have been affected economically by the pandemic. India's overall energy demand fell by 11% in March 2020. Due to lockdown in many countries, the demand for passenger transport has been adversely hit. The freight segment has had a mixed short-term effect in terms of transportation demand. There is a surge in demand for truck drivers in transportation of essential goods. For instance, there is 40% to 60% increase of product being moved into grocery stores and warehouses in US since COVID spread started². However, the supply chain disruption and slowdown caused by COVID is expected to pull down freight demand in the medium-term. Urban freight segments in India have also had a mixed short-term effect in terms of transportation demand. Since February, the online food orders have dropped by 20% whereas online grocery orders are overflowing³. It is to yet to be seen whether these acquired habits of online grocery shopping will sustain after the pandemic passes.

Effect on retail sector

The lockdown implemented by the Government to prevent the spread of COVID-19 in the country has greatly affected the retail business. Most stores, except stores selling Essential Food & Grocery, have been shut across the country.

Garments, Saris, Electronics, Mobile Phones, Furniture, Hardware, etc. almost all stores are closed. Non-Grocery/Food Retailers are reporting 80% to 100% reduction in sales. Even retailers of essential items are facing losses as they aren't allowed to sell non-essential items, which would bring them higher margins.

85% of the retail costs are fixed costs, which is putting several financial pressures on retailers. The industry is experiencing severe liquidity challenges, which can lead to large scale unemployment. The cash inflow of the industry has come to a standstill, while the fixed operating costs remain intact, as per the survey conducted by Retailers

Association of India (RAI) which was filled by 768 respondents across India.

Overall Impact of Covid - 19 on Indian Economy

Analysts and Economists stated that lockdown situation had badly impacted the countries worldwide some of the major observations are cited below:

1. There is a situation of worse Unemployment in the nation .
2. Expecting biggest stock market crash .i.e Nifty will fall below 5000-7500 points
3. No job security among all sectors , companies are laying off their employees
4. Daily wage workers and skilled labourers faced a lot
5. It is supposed to create a huge depression alike the Great Depression of 1929.
6. Education of school going students has come to a standstill.
7. Indian exports and imports are impacted a lot due to non availability of transport and labour .
8. Peoples normal lifestyle has been impacted too .
9. Indian companies selling their shares to foreign B players.
10. Pandemic impact on Agricultural ,MSME, travel and tourism etc are effected.
11. International rating agency Fitch slashed GDP For 2020-21 to 0.8%.
12. Cotton prices have been reduced by 3% In the nation

Conclusion

The situation of Covid -19 is alarming and it disturbs all over the world economy. Topmost economy of the world like UK, US, France etc has gone through the crucial situation. Stock market of all over the world crashed and oil prices decreased day by day. Unemployment increases in a hurricane speed. Different industrial sector are badly affected for this pandemic while organic food industry have a good opportunity to flourish them due to this situation . Government focus to improve contact centre for adopting new ways of working to maintain supply chain management wider operating communities for maintaining the required flow of products and services in the midst of COVID-19. In this crucial condition we can't draw the actual conclusion but continue working together with all sectors Indian economy will achieve deep implementation in all industries.

Bibliography

1. Sijia Li, et. All. (2020) "The Impact of COVID-19 Epidemic Declaration on Psychological Consequences: A Study on Active Weibo Users" International Journal of Environmental Research and Public Health page 1-9 Vol2
2. Sumner, et.all (2020), Estimates of the impact of COVID-19 on global poverty, WIDER Working Paper 2020/43, Vol Apr 2020
3. Dev and Sengupta, "Covid-19: Impact on the Indian Economy" Indira Gandhi Institute of Development Research, 2020.
4. <https://www.thehindubusinessline.com/economy/trade-impact-of-coronavirus-for-india-estimated-at-348-mn-unreport/article30988253.ece#>
5. https://covid19.who.int/?gclid=EAIaIQobChMIr4vn9ubn6QIV2ARyCh0-2QGbEAAYASAAEglqbvD_BwE
6. https://www.who.int/docs/default-source/coronaviruse/situation-reports/20200308-sitrep-48-covid-19.pdf?sfvrsn=16f7ccef_4
7. https://www.wto.org/english/news_e/pres20_e/pr855_e.htm