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## Effect of COVID-19 on Indian Economy and People – A Brief Study

Mrs. N. Padmavathi, ([nitalapadma@gmail.com](mailto:nitalapadma@gmail.com))

Lecturer in Commerce, St. Ann's Degree & PG College for Women, Mallapur, Hyderabad,

Dr. N.S.R. Murthy ([nsrmurthy1948@gmail.com](mailto:nsrmurthy1948@gmail.com))

Professor of English, Nava Bharat College of PG studies, Secunderabad, India

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### Abstract

CARONAVIRUS – popularly called as COVID-19 which emanated in the city Wuhan in China in the month of December 2019, has spread to various countries including India while welcoming the New Year 2020. Total failure to contain this local virus by Chinese Government, this harmful virus has now occupied the entire globe threatening the lives of the people at large. The impact of this virus has not only fallen on the people, but also on the Indian Economy, Industry. Stock Market, Enterprises, Educational Institutions, Sports and Games, Clubs, Pubs, Hotels, Tourism and all other kinds of transport modes such as Air, Water and Road. Crores of commuters to various destinations local and abroad had to cancel their trips for fear of widely spread virus and on the advice of the government to lock down in their houses until April, 14, 2020. This is also called as quarantine period or self imposed isolation. Relaxation for movement outside from 6 AM to 6 PM is allowed only to buy most essential commodities like provisions, medicines, etc. Bank operations are also minimized from 10 AM to 2 PM. This has resulted in huge financial loss to the Indian Economy and exports and imports were largely stopped or restricted and thereby industry was affected for want of raw materials and some finished goods which are being imported mostly from China and other countries. China developed this Corona virus in its P4 lab as part of its covert biological warfare programme to use this virus to destroy other countries. But the virus leaked out of its Wuhan P4 lab and started killing Chinese citizens giving China a taste of its own medicine. A book by name “The Eyes of Darkness” published in 1981 which reads as “The name of Corona virus named as Wuhan 400 is a perfect weapon. It afflicts only on human beings. This virus was very secretly developed to kill poorest of the poor people in China only to become super power”.

**Keywords:** Effect of Covid-19, PM's Clarion Call, Effect on Travels, Global Economy, Industry

## Introduction

Heads of the nations are taking all precautionary measures to contain the virus by thoroughly investigating the travelers arriving from other countries at airports and conducting the tests and if reported positive, they are immediately admitted in the hospitals and are being exclusively kept in separate rooms and quarantine requirements are also provided. Earlier, swine flu, dengue, chicken guinea aids, etc., had caused serious concern and these contagious diseases had also badly damaged the health of the people as well as economy, industry, tourism etc., to a greater extent. But Governments never imposed serious restrictions for a closure of various institutions like that of today's Chinese virus. In the present scenario many industries whose major source of materials are to be received from other countries, have been either closed temporarily or reduced their production targets as workforce are mostly remaining at quarantine periods forcefully. Though whether totally related to the virus or not, Non-Performing Assets (NPAs) have further gone very high and Banks and NBFCs are also facing financial stringency due to less or no returns of loans. Film industry's crores of rupees business in every production project had also grossly suffered on account of closure of theatres and postponement of film shootings. Lakhs of industries have incurred huge losses as stock market plunged into bearish to the tune of Rs. 15 lakh crores and this figure may further escalate according to speculations by economists. One more virus called HANTA is stated to be on its way from China and its consequences are expected to be still more dangerous than Corona virus as per news. In the event of its savage human loss would mount to be unimaginable.

## PM's Clarion Call

Prime Minister of India, Sri Narendra Modi has called upon all the SAARC (South Asian Association of Regional Cooperation) nation's viz., Nepal, Afghanistan, Bangladesh, Bhutan, Maldives, Sri Lanka and also Pakistan to come closer to put out the COVID-19 evil. All the countries have extended their cooperation but Pakistan did not respond to PM's clarion call. As an initial step, India has declared ten million dollars financial assistance for taking all measures to drive out the virus menace from the region by providing all infrastructures. This effort can be labeled as medico-economic-commercial case. This alarming global virus phenomenon can

be stated as Second Wuhan virus or Chinese virus or what is now named as CARONAVIRUS or COVID-19. This virus has many versions viz., epidemic, pandemic, contagious. Tracking severe Acute Respiratory Infection (SARI) or Severe Acute Respiratory Syndrome (SARS) has been done very meticulously in all nominated hospitals throughout the country to eliminate this poisonous virus. Also Prime Minister has advised people to impose self restriction by remaining in the houses {lock down} treating it as self imposition of curfew (Janata curfew). PM has opined that the COVID-19 has become more dangerous than the damage done in the First and Second World Wars.

### **Institutional Efforts**

Reserve Bank of India tells banks to assess impact of COVID-19. The banking regulator said that banks and financial institutions will have to devise strategy and monitoring mechanisms concerning the spread of the disease within the organization and should make timely interventions for preventing further spread in case of detection of infected employees, including travel plans and quarantine requirements as well as avoiding spread of panic among bank staff. The bank has asked financial institutions to assess the impact on their asset quality, liquidity and other parameters due to spread of the virus. And also RBI said “supervised entities should also assess the impact on their balance sheet, asset quality, liquidity etc., arising out of potential scenarios such as further spread of the virus in India and its effect on the economy, contagion from wider disruption in the global economy and the global financial system, etc. (The Hindu, dated 17-03-2020). All banks which are coming under essential services are advised to operate only from 10 am to 2 pm.

### **Effect on travels**

*Airlines:* Most airlines may fly into bankruptcy on account of spreading virus. Government. Industry must act in tandem to avoid catastrophe. Airlines will go bankrupt by the end of May 2020 due to restrictions being put in place to prevent the spread of virus, said Centre for Aviation, a leading consulting group in a report. All fleets are grounded, cash reserves are running down quickly. The Aviation sector in Hyderabad Boeing executives had

given rough estimates indicating that there had been a fifty percent reduction in daily flight count in the Asia-Pacific region.

*Railways:* South Central Railway cancelled all the trains as most of the passengers have cancelled their tickets. Government also further advised not to book tickets until further orders. All the ticket holders cancelling the tickets due to cancellation of trains will get hundred percent refund. Therefore, there is financial loss to the railways to the tune of crores of rupees. This has also affected on the economic front to the country.

*Textile exports;* supply chain disrupted, yarn exports fall ten percent in January/February 2020. NASSCOM (National Association of Software and Service Companies) said that there is no immediate impact. The industry is also putting in place of contingency measures and leveraging technology to ensure business continuity for customers and employees.

### Effect on Global Economy

An expert on economics had clearly explained in The Hindu News Paper on the global economy. He says the global economy may tip into a recession unless the virus turns out to be seasonal. Robobank has been cited in the media as saying that a global recession now is all but certain. It has predicted global GDP (Gross Domestic Product) growth 1.6% for 2020, a figure that was 2.9% the last year, as per IMF (International Monetary Fund) estimates.

Economists from Nomura have warned that a global recession might be inevitable. In early March this year (2020) the Institute for International Finance has said that global economic growth could turn out to be as low as one percent and this was even before the OPEC (Organization for Petroleum Exporting Countries) club and Russia fell out on production agreements to maintain stable oil prices. Oil prices have had a free fall, sending stock markets into a tizzy. The United Nations Conference on Trade and Development (UNCTAD) said the virus outbreak could cost the global economy up to two trillion dollars this year and that the pandemic could cause a recession in some countries causing

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global economic growth to clock in below 2.5%. This is a clear cut expression on the down fall of global economy.

### **Effect on Industry**

The columnist of the above topic has touched another vital point on Indian industry. He says – there is no industry that has experienced the impact when China with the disease epicenter in Wuhan was brought to the knees, the Indian Pharmaceutical, Automobile and Mobile Industries wobbled. India depends on China for supplies of components for products that these sectors make.

The above observations are much related to Trade and Commerce on which many Enterprises in India are serving to its valid customers. The virus has unbearably hit the commercial and Trading Establishments to a large extent.

### **Silver lining**

Sales of medical supplies, soaps, hand sanitizers and essentials to be stocked up at home will evidently rise. After severe Acute Respiratory Syndrome (SARS), buying materials on line has increased in multiple to avoid heavy gatherings at shops and malls and thereby get away from the risk of inviting virus. Trade and Commerce has gained a good boost in spite of high prevalence of virus. E-commerce has no virus affect. With the relaxation that government has given to move out of the houses from 6 am to 6 pm., is only to purchase house hold items.

### **Conclusion**

It is opined by many elite group that China has intentionally spread this virus as a course of waging a biological war with the world nations with a malafide dream of becoming world leader. Economic scenarios fluctuate its shapes, bullish or bearish trends in stock markets, straining or increasing export and import relations, and all other economy related issues and bilateral and multilateral relations used to be dependent on change of governments, type of governments, persons holding the heads of the governments, but never ever changed global

economy when the countries were affected by any type of diseases such as Swine flu, Dengue, Chikungunya, Plague, etc. These viruses were also affected other countries. But most astonishingly, the so called CORONAVIRUS which is a critical Chinese creation has enveloped almost the entire globe creating fear of death. The mortality rate has almost touched more than fifteen thousand all over the world and it is expected to escalate if the present second stage is switched over to third stage or to next higher stages.. Cough, cold, headache, fever and sneezing are quite common to humans in all seasons. But the same symptoms are now attributed to COVID-19 and all doubtful cases are required to be under quarantined. Not only the virus affected, but all the people are advised by the Governments to remain in houses till the dangerous; potential virus is suppressed. Indian economy, Indian Industry, Indian Trade and Commerce are all in quarantine period, of course for a transient time. The financial recession and health deterioration is attributable to Chinese Government for its indolent and carelessness in rooting out the virus from its region. Hence China has to compensate to all the affected nations financially. ***In this direction all the virus affected countries are required to demand for compensation through United Nations Organization and World Health Organization.*** In this crucial situation, traders are making unholy, unethical business by selling medicines, sensitizers, masks, vegetables at exorbitant rates despite serious warnings by the government to arrest such vendors under Preventive Detention Act. One commercial establishment owner revealed that all essential commodities also are being hoarded to sell them at a double, treble and multiple rates above the market price. This kind of attitude was seen when there were floods, famine and during world war times. It is time State and Central Governments took measures to contain this menace in order to reach the material to the common people within their purchasing capacity.

In the event of down trend of virus is not possible due negligence of people and stringent health measures, it may lead to proclamation of Financial Emergency in order to stabilise the Indian Economic corridor. Already Government of India has alerted the people, hospitals, environmentalists, scientists, pharmaceutical companies not to lose any stone unturned to extinguish the Coronavirus inferno from India in particular by adhering to strict measures as guided until the savaged virus is completely rooted out.

The Effect of Coronavirus on Indian Economy, Industry, Trade and Commerce and other business areas has become a vast subject for discussion today and to put a limitation on the issues concerning is not possible and hence a few related matters are touched very briefly without touching statistical data. However, by end of March 2020, Stock Market loss is Around 15 lakh crores, Country's economic loss is around 10 lakh crores, Air lines loss is around 30 thousand crores. These figures may go to dizzy heights if the country is not returned to normalcy in all spheres within a short period.

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## About Authors

Mrs. N. Padmavathi, M.Com. M.B.A., B.Ed.

Lecturer in Commerce, St. Ann's Degree & PG College for Women,  
Mallapur, Hyderabad, India.

Dr. N.S.R. Murthy, Professor (retd.)

Nava Bharat College of PG studies, Secunderabad, India