



Impact of COVID-19 on Indian economy

Description

Theme:

- Covid-19 pandemic impacted the economies of all the countries including India.

Impact of COVID-19 on the Indian economy:

- When the Covid-19 virus spread throughout the world, several countries imposed lockdowns to prevent further spread. As a result, several businesses faced losses and hence many people lost their jobs. And those who still have jobs were paid less. India too went through this phase and that hit the economy badly. Because of this, even when there is a second wave of Covid-19 in India at present, a countrywide lockdown was not imposed. Instead, 'micro-containment zones' will be locked to prevent further spread. So, it is expected that this time economy will not be affected severely.
- Due to increased unemployment and low salaries, many people did not have much money. There was decreased spending on non-essential items. So, consumption fell, and as a result, an economic slowdown occurred.
- Global supply chains got disrupted due to restrictions on imports and exports in the initial months of the Covid-19 pandemic. This affected India too as we are dependent on other countries for many goods such as pharmaceutical ingredients, electronic components etc. Due to the dearth of raw materials, Indian manufacturing companies had to halt production. Now, India is diversifying its imports and is reducing its reliance on China for raw materials.
- When the lockdown was imposed in India in the initial months of the Covid-19 pandemic, migrant workers went back to their hometown. Migrant workers' crisis affected their lives and the economy badly. At present, as India is facing a second wave of Covid, several migrant workers went to their hometowns again. But the Indian government gave assurance that there will be no lockdown this time.
- Almost all the sectors were negatively affected due to the covid-19 pandemic, especially the tourism sector, aviation sector & MSME (Micro, Small and Medium Enterprises) sector were hit badly.

- As per the data released by the 'Centre for Monitoring Indian Economy', the Unemployment rate crossed 8% in April 2021. In December 2020, the unemployment rate was 9.1%, in February 2020, it became 6.9%. Just as the unemployment rate was falling, the second wave of Covid-19 is reversing the recovery.
- 'International Monetary Fund' (IMF) revised India's growth projection for FY22 from 12.5% to 11.5%. But as India is fighting with Covid second wave, the growth forecast may be downgraded.
- In the year 2020, the Indian government brought 'Atma nirbhar bharat abhiyan' (self-reliant India) with a 20 lakh crore rupees package to revive the economy.
- The gig economy improved during the Covid pandemic because several companies adopted gig work. Moreover, due to the loss of jobs, many people opted for gig work.
- Some sectors such as hand sanitiser manufacturing companies, pharmaceutical companies saw positive growth.

Way forward:

- Vaccination drive should move at a fast pace to vaccinate all to prevent further loss of lives and to revive the economy.

Conclusion:

The covid pandemic hit the world economies badly. As India's economy is recovering from the pandemic effect, the covid second wave is affecting the economy negatively. The Indian government is trying hard to prevent the further negative impact on the economy by not imposing the lockdown and increasing the pace of vaccination.

Your Turn...

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References:

- [Unemployment rate rises as Covid-19 returns to haunt Indian economy.](#)
- [Second wave of covid-19 may weaken India's economic recovery: Moody's.](#)

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