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Cover Photo (Front)
Buddha & Vajrapani Gandhara,
Berlin Museum

Cover Photo (Back)
Pictorial Representation of Sidhha Cakra Yantra
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AN EFFECT OF COVID 19 ON INDIAN ECONOMY

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Abstract
According to Nomura India Business Resumption Index 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 levels.[1] Unemployment rose from 6.7% on 15 March to 26% on 19 April and then back down to pre-lockdown levels by mid-June. During the lockdown, an estimated 14 crores (140 million) people lost employment while salaries were cut for many others. More than 45% of households across the nation have reported an income drop as compared to the previous year. The Indian economy was expected to lose over ₹32,000 crores (US$4.5 billion) every day during the first 21-days of complete lockdown, which was declared following the corona virus outbreak. Under complete lockdown, less than a quarter of India's $2.8 trillion economic movement was functional. Up to 53% of businesses in the country were projected to be significantly affected. 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 what is not. Those in the informal sectors and daily wage groups have been at the most risk. A large number of farmers around the country who grow perishables also faced uncertainty.
Keywords: COVID 19, Indian Economy, Balance

Introduction
The monetary effect of the 2020 corona virus pandemic in India has been generally troublesome. India's development in the final quarter of the monetary year 2020 went down to 3.1% as per the Ministry of Statistics. The Chief Economic Adviser to the Government of India said that this drop is mostly due to the corona virus pandemic impact on the Indian economy. Prominently India had additionally been seeing a pre-pandemic log jam, and as per the World Bank, the current pandemic has "amplified previous dangers to India's financial viewpoint". The World Bank and rating offices had at first overhauled India's development for FY2021 with the most reduced figures India has found in three decades since India's financial advancement during the 1990s. In any case, after the declaration of the financial bundle in mid-May, India's GDP gauges were downsized considerably more to negative figures, flagging a profound downturn. (The evaluations of more than 30 nations have been downsized during this period.) On 26 May, CRISIL declared that this will maybe be India's most exceedingly awful downturn since autonomy. State Bank of India research evaluates a compression of over 40% in the GDP in Q1 FY21. The withdrawal won't be uniform, rather it will contrast as indicated by different boundaries, for example, state and segment.

Change in FDI policy
On 18 April 2020, India changed its foreign direct investment (FDI) policy to curb "'opportunistic takeovers/acquisitions' of Indian companies due to the current pandemic", according to the Department for Promotion of Industry and Internal Trade. With the fall in global share prices, there is concern that China could take advantage of the situation, leading to hostile takeovers. While the new FDI policy does not restrict markets, the policy ensures that all FDI from countries that share a land border with India will now be under scrutiny of the Ministry of Commerce and Industry.

Economic situation
By 24 April the unemployment rate had increased nearly 19% within a month, reaching 26% unemployment across India, according to the 'Centre for Monitoring Indian Economy'. Around 140,000,000 (14 crores) Indians lost employment during the lockdown. More than 45% households across the nation reported an income drop as compared to the previous year. Various businesses such as hotels and airlines cut salaries and laid off employees. Revenue of transport companies such as Ola Cabs went down nearly 95% in March–April resulting in 1400 layoffs. It was estimated that the loss to the tourism industry will be ₹15,000 crores (US$2.1 billion) for March and April alone. CII, ASSOCHAM and FAITH estimate that a huge chunk of the workforce involved with tourism in the country faces unemployment. Live events industry saw an estimated loss of ₹3,000 crores (US$420 million).
A number of young startups have been impacted as funding has fallen. A Data Labs report shows a 45% decrease in the total growth-stage funding (Series A round) as compared to Q4 2019. According to a KPMG report venture capital in Indian startups has fallen over 50% in Q1 2020 from Q4 2019.
Government revenue has been severely affected with tax collection going down, and as a result the government has been trying to find ways of reducing its own costs. On 10 May 2020, Union Minister Nitin Gadkari said that some states didn't have enough money to pay salaries in the near future. In April, former Reserve Bank of India chief Raghuram Rajan said that the corona virus pandemic in India may just be the "greatest emergency since Independence", while the former Chief Economic Advisor to the Government of India said in April that India should prepare for a negative growth rate in FY21.

Sector wise Impact

Restaurants

This will impact operations of thousands of dine-in restaurants, pubs, bars and cafes. By extension, food delivery platforms such as Swingy and Zomato that are by itself functioning have also taken a big hit. Orders on Swingy and Zomato have dropped 60 per cent amid the pandemic.

Food and Agriculture

The food and agriculture sector contributes the highest in GDP i.e. 16.5% and 43% to the employment sector. The major portion of the food processing sector deals with dairy (29%), edible oil (32%), and cereals (10%).

The supply of the food and Agri - the product will be affected in the coming seasons due to low sowing of the upcoming seasonal crops which will affect the mandi operations as said by the Ministry of Agriculture. The companies which deal with Agro-chemical depend on export for finished goods and import of raw materials. The food retail with the Central government and State governments allowing free movement of fruits and vegetables the Bricks and Mortar grocery retail chains are operating normally but with the shortage of staff is impacting operation.

Sectors which depends on import such as electronics, pharma, consumer durables etc are facing a downfall causing a huge rapture across the value chain. As a splash of relief came the RBI announcement of a three-month moratorium on repayments of loan and reduction in the repo rate as most of the MSMEs depends on the loan funding from the government.

Manufacturing

Tata Motors and Thermax temporarily suspended or significantly reduced operations in a number of manufacturing facilities and factories across the country. iPhone producing companies in India also suspended a majority of operations. Nearly all two-wheeler and four-wheeler companies put a stop to production till further notice. Many companies have decided to remain closed till at least 31 March such as Cummins which has temporarily shut its offices across Maharashtra. Hindustan Unilever, ITC and Dabur India shut manufacturing facilities except for factories producing essentials.

Stock markets

SENSEX fell 4000 points (13.15%) and NSE NIFTY fell 1150 points (12.98%). However, on 25 March, one day after a complete 21-day lock-down was announced by the Prime Minister, SENSEX posted its biggest gains in 11 years, adding a value of ₹4.7 lakh crores for investors. On 8 April, following positive indication from the Wall Street that the pandemic may have reached its peak in the US, the stock markets in India rose steeply once again.

Defence

The Department of Military Affairs led by the Chief of Defence Staff postponed all capital acquisitions until the corona virus pandemic recedes. No new major defense deals would be made in the beginning of the financial year 2020–21. While the delivery of S-400 missile systems won't be affected, the delivery of Rafale fighter jets was reported to maybe being affected.

Supply chains and logistics

Following the lockdown, certain essential supply chains broke down. Britannia Industries, supporting the lockdown, urged the government to ensure inter-state movement of the raw material for the food processing industry was not hampered. The Managing director of Britannia stated that "if even one link in the supply chain is broken, the country could run out of stocks of packaged food in the next 7-10 days." Although inter-state travel has been banned, it doesn't apply to essentials, and in places like Maharashtra the state police are yet to streamline the process, disrupting supply chains.

Migrant workers and labor force

Soon after a central government directive in late March, state governments set up 21,000 camps to house over 660,000 migrants and stop the exodus. Over 500 hunger relief centers were set up by the Delhi government by the last week of March. By 5 April 75 lakh people were being provided food across the country in food camps run by the government and NGOs.[281] As of 12 April, 37,978 relief camps and 26,225 food camps had been set up. Migrants in such camps in Kerala were provided with medical essentials such as masks, sanitizers, and medicines. Soon after the nationwide lockdown was announced in late March, FM Sitharaman announced a ₹1.7 lakh crores (US$24 billion) spending plan for the poor. This consisted of cash transfers and steps to ensure food security. To help provide jobs and wages to workers, the average daily wages under the MGNREGA were increased to ₹202 from the earlier ₹182 (US$2.60), as of 1 April. On 14 May, FM Sitharaman further announced free food grains for the migrant workers, targeting 80 million migrant workers by spending ₹35 billion.

Economic recovery

In the beginning of May, Duvvuri Subbarao, a former RBI governor, said that India could look forward to a V-shaped recovery. A V-shaped recovery is the best outcome. Arthur D. Little, an international consulting firm, has suggested that India will most probably see a W-shaped recovery. Mythili Bhusnurmath writes in The Economic Times that U- shaped recovery is the most likely

followed by an L-shaped recovery. CRISIL chief economist says if things go well, that if the virus is contained, we can expect a V- recovery, otherwise it will end up as a U-recovery. In the second week of May, companies started preparations for restarting operations. Some companies opened offices with the maximum permitted strength of 33% while others took a more cautious approach of as low as five per cent. The beginning of June saw companies further reopens and making plans to reopen.
A study by Elara Securities Inc. found that five Indian states, Kerala, Punjab, Tamil Nadu, Haryana and Karnataka, are contributing 27% to India's GDP as India emerges from a total lockdown. By mid-June, unemployment levels were back to pre-lockdown levels. Online sales reached pre-covid level sales by June end. Hindustan Unilever registered pre-covid levels in sales in late June. On 2 July 2020, The Times of India reported that a number of economic indicators such as the manufacturers purchasing managers' index, goods movement, GST collections, electricity usage and rail freight transport showed significant improvement as compared to previous months.

Conclusion

The Government of India reported an assortment of measures to handle the circumstance, from food security and additional assets for medicinal services and for the states, to area related motivating forces and expense cutoff time expansions. On 26 March various financial help measures for the poor were reported totaling over ₹170,000 crores (US$24 billion). The following day the Reserve Bank of India additionally declared various estimates which would make accessible ₹374,000 crores (US$52 billion) to the nation's monetary framework. The World Bank and Asian Development Bank affirmed backing to India to handle the corona virus pandemic.
As we have already acknowledged that India is a developing economy, it is stated as an economy passing through demand depression and high unemployment, with 21-day lockdown announced by Prime Minister Narendra Modi on March 23, 2020, it would slowdown the supply-side, accelerating the slowdown further and jeopardizing the economic wellbeing of millions.
With an increasing number of corona virus cases, the government has locked down transport services, closed all public and private offices, factories and restricted mobilization. Based on recent studies, some economists have said that there is a job loss of 40 million people (MRD report) in the country, mostly in the unorganized sectors.
In this scenario, they are predicting that India would go into recession affecting the unorganized sector and semi-skilled jobholders losing their employment. It may also likely surface that at this time of eroding trust within and between countries – with national leadership under pressure from growing societal unrest and economic confrontations between major powers if we refer to the times of Ebola crisis in Africa.

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