

# A Review on the Impact of COVID-19 on Distinctive Sectors of the Indian Economy

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## Abstract

*The whole world is within the clutches of COVID-19. The dispersal of the infection is so colossal that it compelled the World Health Organization (WHO) to declare it widespread. The episode of the infection has unprecedented implications for the worldwide economy. Extreme economic burden and grave results need to be borne by Indian businesses against this background of declining economic situation due to COVID-19. Therefore, this article is aiming to review the several studies of the impact of COVID-19 on distinctive sectors of the Indian economy, such as the primary sector, secondary sector, tertiary sector, informal sector, and socio-economic factor. Considering this is a review article, to examine the impact, the methodology of the rigorous review approach has been carried out by selecting the appropriate published works among several collected articles based on the economic sectors. The result reveals that COVID-19 has an influence on all sectors, with the informal sector being the most severely affected. Therefore, this study will provide significant views of the impact on the economic sectors for the policymakers to make their policies to overcome this intense circumstance, and also with the help of this article, researchers may focus on incorporating global perspectives with the Indian economic policies in their research for better outcomes in the future.*

**Keywords:** Economic Impact, Sectoral Analysis, Pandemic Economy, Indian Economic Sectors, Economic Policies.

## Background

The outbreak of the novel Corona virus (COVID-19) disease is a grave danger to the entire world, affecting millions of people. Other than hindering human wellbeing, it also has negative repercussions on worldwide commerce, roiling the whole financial framework and upending trade and commerce. The upheaval of the illnesses was first identified in Wuhan, China, in December 2019. The WHO has been thoroughly monitoring and surveying its worldwide risks, thus declaring it an open health crisis of international concern on January 30, 2020. The virus started disseminating at an uncommon rate in different countries around the globe, compelling the WHO to proclaim it widespread on March 11, 2020. Presently, the entire world is hooking up with this unseeable, vindictive foe. Most of the nations are under lockdown, and everything, including typical life, social, and financial conditions, seem to be grinding to a halt.

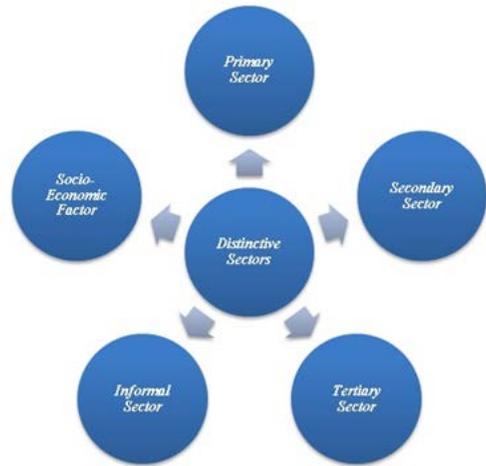
In India, the primary case of Corona virus disease was detailed in Kerala on January 30, 2020. Multiple cases were then detailed in numerous cities in India. Hence, the Government of India took fundamental action by announcing lockdown in each corner of the nation on March 24, 2020. The cities of Delhi, Mumbai, Ahmadabad, Kolkata, and Chennai are thickly populated, which has given rise to a spurt in cases of COVID-19, and these cities are the motors for development and the development of the Indian economy. Then, COVID-19 spread throughout the country. This widespreadness has hindered the development of the entire economic environment and caused socioeconomic disturbances. Hence, in this article, a review of various studies is made to recognise the potential impacts of the Corona virus widespread spread on distinctive sectors of the Indian economy and to overcome this situation.

### Research Methodology

Researchers have researched the impact of COVID-19 on various economies as it spreads. However, there is a research gap because most studies are limited to focusing on specific sectors of the economy and do not cover all sectors of the Indian economy in the same work. In order to present a comprehensive perspective in this article, the study intends to review the distinctive sectors from a variety of published research works based on the Indian economy. The primary objective of this article is to review the impact of COVID-19 on distinctive sectors of the Indian economy. Considering this is a review article, the rigorous review approach has been carried out for examining its effect. Publications of Pandemic timeline were collected from the Scopus, Web of Science, Springer Link, and Elsevier Science Direct databases using the search terms “COVID-19,” “economic impact,” “distinctive sectors,” “sectoral analysis,” and “Indian economy.” Significant peer-reviewed journal articles are chosen: empirical or conceptual focus on COVID-19 and economic impact. Initially, more than fifty published research works have been collected based on the above process. Then, the selected papers have been chosen out from among the collected papers by the careful consideration in view of distinctive sectors of the Indian economy for reviewing.

### Impact of COVID-19 on Distinctive Sectors of the Indian Economy

The distinctive sectors of an economy were defining the production process, which leads to developmental stages and economic growth. The significant distinctive sectors of Indian economy observed from the several studies are provided in Figure 1.



Source: The Authors Observed from the Several Studies

**Figure 1. Distinctive Sectors of Indian Economy**

#### Primary Sector

In this impact of COVID-19 on the distinctive sectors of the Indian economy, initially (Arumugam et al., 2020) studied the agriculture sector affected by COVID-19, where the farming community got a dip in their returns because the supply chain of the agriculture commodities to the consumers was hampered due to the lockdown restrictions, and also because the harvested perishable agricultural commodities were wasted in the farmlands themselves due to the shortage of labour force, even though agriculture and its allied businesses are excluded from lockdown restrictions. This also affects the significant halt in the arranging and placing of crops in the coming agrarian seasons. With this, (Ramakumar & Kanitkar, 2021) analysed that the pandemic has adversely affected animal husbandry, such as a fall in demand for milk by 20–25 percent due to the closure of milk dairies, a fall in exports and sales of meat and meat products,

and a shrinking market for the poultry industry. The horticulture or floriculture sector is severely affected by COVID-19 (Singh et al., 2020). In supporting this, (Rakshit & Paul, 2020) also investigated that primary sectors like agricultural industries experienced a drop in production due to the travel restrictions of agricultural workers in the lockdown, and mining industries curtailed the overall demand for metals and minerals, reducing their prices.

### **Secondary Sector**

Secondary sectors like manufacturing industries have been terminated for a short period, which drastically reduced production and also burdened the warehouse cost; automobile industries also suffered due to the lockdown; production was stopped, imports were sealed, and sales also came down; textile industries; and construction and engineering industries, where the physical presence of a massive labour force is essential and is restrained during lockdown, and construction activities are also halted (Rakshit & Paul, 2020). Then, (Kumar et al., 2020) studied the rise and impact of COVID-19 in India, where the outbreak is inextricably linked to the economy of the nation as it has dramatically impeded industrial sectors because people worldwide are currently cautious about engaging in business in the affected regions. Similarly, (Debata et al., 2020) also stated that the industrial sectors—tourism, aviation, agriculture, construction, retail, hotels, textiles, gems and jewellery, fast-moving consumer goods (FMCG), manufacturing, and start-ups—are temporarily closed, leading to a significant revenue loss. Consequently, the existence of many sectors and the employability of a sizable number of employees are at stake.

### **Sugar Industry**

India is one of the largest sugar exporting countries in the world, so (Solomon et al., 2020) found that the Indian sugar industry, a significant player in the national economy, has faced many challenges in the course of its journey. The threat posed by the pandemic COVID-19 has been the most recent one, and it is impacting stakeholders in the sugar industry and its integrated industries, not only in India but all over the world. The entire value chain

of the Indian sugar industry, viz., sugarcane, sugar, molasses, ethanol, and their subsequent marketing and export, has been adversely affected by the spillover impacts.

### **Crude Oil Industry**

In the context of crude oil, which influences oil prices in India, (Barbate et al., 2021) investigated the silver lining for the Indian economy as a rapid decrease in crude oil prices from around \$70 per barrel to a record 18-year low of \$22 per barrel. This unanticipated revenue may be utilised to offset some of the substantial expenses caused by the COVID-19 epidemic. While competing aspirations such as a \$5 trillion economy feel quite a ways away.

### **Tertiary Sector**

The service sectors, like tourism and transportation, are the foremost industries to be severely affected amid COVID-19 and under massive financial strain, while the healthcare segment has risen to the occasion by providing the government with all the needs it requires. In the view of (Gunaseelan & Kesavan, 2020) the business and economic recession of the world economy and the Indian economy before, during, and after COVID-19 includes: an economic recession that can be rebuilt during 2021–22; the impact of COVID-19 on international trade; the inconsistency of the gold market during COVID-19; the stock market during COVID-19; industrial progress during COVID-19; the service sector of the economy and its impact on business recession during COVID-19; agricultural products; and the role of social quarantine. The social distancing and quarantine of people and the efforts of departments like police, health, telecom, and other service-oriented departments are helping to overcome the stringent situations. With this, (Sandeep Kumar et al., 2020) reveal that from the writing examination and genuine world observations, it is concluded that the IoT, sensors, wearable gadgets, and computational innovations play a major part in preserving the economy of the nation by anticipating the spread of COVID-19.

## Logistics Industry

Logistics is a significant component for determining the index of consumer prices, so (Dhinakaran & Kesavan, 2020) discussed that in India, the COVID-19 will change the pursuit to raise the consumer price index (CPI) owing to this widespread trend, even though the predetermined hovering is between 3.5 percent and 4.2 percent. The development of regional logistics businesses' capacity to respond to changes in demand in a short period of time is essential. When world oil prices are good, India should stockpile. When supporting Indian exports, the government should take industrial production and growth into account.

## Tourism Industry

The tourism sector is a significant source for increasing the FOREX value of India, so (Jaipuria et al., 2021) investigated and revealed that there has been a substantial decline in the arrivals of overseas tourists in India in 2020 due to this COVID-19 widespread and decreased Foreign Exchange Earnings (FEE). Also, (Agrawal, 2020) found that apart from massive losses attributed to suspended operations, the industry foresees a grim recession ahead. Restrictive movements, weak tourism, curtailed income, compressed commercial activities, and fear psychosis are expected to compress passenger demand by 30 to 60 percent, endangering the commercial viability of airlines operations. Fragile to withstand the cyclic momentary shocks of oil price fluctuation, demand flux, and declining currency, airlines in India warrant robust structural changes in their operating strategies, business models, revenue strategies, and pricing strategies to survive the long-lasting consequences of the COVID-19 pandemic.

## Informal Sector

The informal sector in India constitutes close to 90 percent of its working population, which contributes more than 45 percent to its GDP. These informal workers also constitute a major share in the non-farm sectors (Mahendra Dev & Sengupta, 2020). These informal workers, including migrants, were severely affected by the COVID-19 outbreak. The migrant workers are important for the continuous

growth in the various sectors of the large economy, so (Khanna, 2020) found that the effects of pandemics such as COVID-19 on the migrant population are particularly problematic for low-income households, which are less adequately equipped for handling wage losses during a recession, have no alternative earnings, and have no social security available. The majority of these people receive nothing more than subsistence earnings and have no other way of securing their earnings if they lose their jobs. Migrant workers make up a sizable share of this vulnerable demographic. Millions of migrant workers are expected to be unemployed in India as a result of the shutdown and the consequent threat of a recession. Many migrant labourers have returned to their villages, while many more are waiting the lifting of the lockdown. Individuals working in unorganised areas, without writer contracts, or whose contracts are about expiring are particularly vulnerable. Contract workers in a range of industries are anticipated to be among the initial groups to be impacted by the shutdown and subsequent recession. Lockdowns and social distancing measures have drained down jobs and revenues on the one hand, while they are likely to damage agricultural output, transportation infrastructure, and supply chains on the other. This presents the problem of guaranteeing food security while also reducing already pervasive malnutrition, particularly among children, which is likely to result in increasing infant and child mortality. National migration policy must be reconsidered in order to ensure the support and protection of migrants arriving from or facing the prospect of returning to places afflicted by health crises. Furthermore, robust food systems are needed to prevent food insecurity and to ease the burden on migrants to return to their roots.

## Socio-Economic Factor

Socio-economic is an important factor for a country's economic growth, so (Ceylan et al., 2020) analysed the effects on economics and socio-politics by reviewing scientific literature. In addition to the vast literature and observations on the ongoing process, this assessment assessed the potential impacts of COVID-19 and potential ways to overcome these impacts. In addition to this, (Sandeep Kumar et al.,

2020) investigated the social and economic impact of the COVID-19 outbreak in India. A comprehensive social-economic improvement methodology that comprises sector-by-division plans and a foundation that supports commerce to guarantee the victory of those with reliable and economical commerce models is fundamental. The most urgent socio-economic measures needed to combat the negative effects of a contagious disease are related to unemployment, its income effects, and the security of all sectors.

Thus, the reviews on the impact of COVID-19 on the distinctive sectors of the Indian economy were obtained from the significant studies.

### Suggestions

To prevent persistent unemployment, the service, retail, and even industrial sectors need to be supported. The special credits with lower interest rates could be provided to all sectors based on their needs. The Food Corporation of India (FCI) shall intensify its procurement, which may aid farmers and also simultaneously strengthen the Public Distribution System (PDS) for ensuring the food security of the migrant labours and informal sector population. Schemes such as MGNREGA, Garib Kalyan Rojgar Abhiyaan (GKRA), DAY-NRLM, and State-Led Employment Guarantee schemes shall be intensified, and shock-absorbing economic policies shall be framed to support the socio-economic condition of the poor, rural, and migrant populations to overcome this scenario.

### Conclusion

The outbreak of COVID-19 has enslaved the entire globe. The widespread incident triggered a global health crisis as well as a social and financial crisis, resulting in an unprecedented collapse of economic and trading activities. It has serious ramifications for global trade. Although the lockdown may have aided prevent the spread of the disease, it has had a devastating impact on the country, upsetting the entire value chains of the most essential businesses. It is reporting on the COVID-19 epidemic's impact on numerous sectors of industry. COVID-19 has a terrible economic impact (Nayak et al., 2021). Therefore, this study has put forward the potential impacts of COVID-19 on the various

divisions of the Indian economy, such as the primary sector, secondary sector, tertiary sector, informal sector, and socio-economic factor. Thus, this article reviewed several studies and highlighted the impact of COVID-19 on the distinctive sectors of the Indian economy so that policymakers can look at the dips and develop policies to overcome this situation. In future, researchers may concentrate on incorporating global perspectives with the Indian economic policies for better outcomes.

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