



## COVID PANDEMIC AND INDIAN ECONOMY; A STUDY ON TOURISM AND PHARMACEUTICAL INDUSTRY

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### Abstract

This study aims to assess the impact of the covid-19 pandemic on the Indian economy by analysing its effects on tourism and the pharmaceutical industry. The effects of covid pandemic across the sectors and in various situations of partial and complete lockdown. The paper relies on the secondary source of data related to various sectors during pandemics and explains the profit and loss of these sectors in the pandemic. The economy of India may barely figure out to have 0.5% positive growth in an optimistic like situation for the FY 2020, but also faces a negative growth rate of 3 to 7%. The manufacturing sector shrinks to 20% from 5.5%. The effects of covid-19 are severe tourism, but the pharmaceutical industry has exponentially and positively grown up.

**Keywords :** *Covid-19, pharmaceutical, growth rate, optimistic.*

### Introduction

The covid disease has influenced all the nations across the globe. All nations have observed the spillovers of the covid at different levels. China, the United States, Italy, Spain, and Greece have been influenced the worst in the recent past. All nations have tried their best to contain the effects of covid-19 by taking different measures like countrywide lockdown, permitting corporations partially with a restricted number of employees and obeying the social distancing norms. Covid-19 is an infective disease and it spreads very rapidly and it influences the life of persons to a great extent. The first case of the coronavirus has been identified in the Wuhan city of China. Taking this reference, the USA blames China for this pandemic which caused demise to millions of the population. The global economy is worst hit by this pandemic much more than during the 2008–2009 fiscal crisis (IMF, 2020). As the Indian economy is impacted by covid-19 from every angle which leads to the vicious circle of poverty. The vicious circle leads to monetary depression, lesser consumption, job cuts, lower spending, lower consumption, reduced demand, falling prices, supply cuts etc

### The objective of the Study

1. To identify the impact of COVID-19 on tourism and the pharmaceutical industry.

### Review of Literature

The pandemic covid-19 is causing unparalleled troubles to economic activities across nations, and India is no exception. The covid pandemic has harshly affected and disrupted global value chains (GVCs), trade, services, domestic production networks and MSMEs thereby affecting overall welfare and growth. The pandemic is working its way through a highly globalised world with unified production networks and financial markets. The complete lockdown and partial lockdowns have both supply-side and demand-side effects on the economy of India. On the supply side, the limits on the movement of goods, services and personnel disturb the production networks. The drop in economic movements and overall output growth leads to a loss of employment. The supply shocks will further create demand-side influences by decreasing the disposable income of the economy, and savings and giving rise to undesirable uncertainty. Therefore, the economic impact of

pandemic-19 is predictable in every sphere including growth, unemployment, income, international trade, financial markets, poverty and many more variables. The influence of the virus is projected to lead to an enormous loss as international trade is harshly affected. The Indian growth model rests on export-led growth and hence can experience a huge impact on growth due to lockdown. On the global trade front, it is expected to drop in a range of 32-13 % under pessimistic and optimistic scenarios, respectively (WTO, 2020). Ozili and Arun (2020) noted the externalities of pandemic-19 and revealed that the social distancing measure of deadly virus control leads to the closure of financial markets, corporate offices, events and businesses which in turn may have a favourable impact on economic growth. According to the International Labour Organization (ILO) approximation, the total value added by industrial enterprises in China reduced by 13.5% in the first two months of 2020 [National Bureau of Statistics of China, 2020]. There are numerous forecasts and approximations by organisations and scholars on the economic fallout of pandemic-19. Though there are differences in magnitude and degree of the fallout, now there is a sensible amount of consciousness that the economic influence would be severe on the economy of the world and also on the economic growth of India, much more than the global financial crisis (GFC) of 2008. The IMF in its newest evaluation in June 2020 predicted that the international economy may shrink by 4.9%, almost 3 times more than GFC, and the Indian economy is expected to witness 4.5% negative growth in 2020. Concerning the influence on employment and income ILO (2020), projected that the worldwide unemployment can range between 5.3 million and 24.7 million from a base level of 188 million in 2019 asserted these people towards BPL. Most of the prevailing studies have concentrated on global growth, unemployment and trade, some are country-specific, particularly in India. In this background, the present study intends to assess the impact of the Coronavirus pandemic on the pharmaceutical and tourism industries.

#### Methodology

This paper wholly relies on the secondary source of data collected from newspapers, journals and magazines. This paper explains the estimated loss and profit of the business organizations during pandemics and lockdowns

#### Impact Assessment on Tourism and Pharmaceuticals

##### Tourism Sector:

The hospitality sector is linked with tourism sector. The sector that hires slots of Indians started bouncing again after the first wave of covid, but the second wave was back for the destruction. The tourism sector contributes nearly 7% to India's annual Gross domestic product employs 8% of the population. World Travel and Tourism Council (WTTC, 2020) forecasts 100.8 million loss of jobs in this sector due to Covid-19, which is 31 per cent of the total jobs in the sector.

It comprises homestays, hotels, motels etc. The limits due to the second wave of coronavirus have halted this sector, which was previously struggling to improve from the initial loss suffered by the industries in 2020. Due to Covid-19 pandemic, tourism is such a highly impacted sector and may remain impacted in the future. henceforth, in this situation, it is essential to measure the losses due to the coronavirus, so that policies can be reshaped to manage tourism activities. There is a reduction in the foreign tourist arrival rate by 68 per cent from Feb. 2020 to March 2020 and hence a fall in foreign exchange earnings (FEE) by 66.32 per cent, which has a favourable impact on the economy (Statista, 2020).



The above graph shows that FEE have exponentially increased every year, but due to the emergence of covid-19, the foreign exchange earnings have decreased tremendously. The economy is much more relied on the FEE, but as the graph shows there is a huge loss of FEE from 2019 due to the pandemic-19. The tourism industry has shown negative growth in all quarters from 2019 to 2020, so there is a depression phase of business in the tourism sector which ultimately hits the Indian economy.

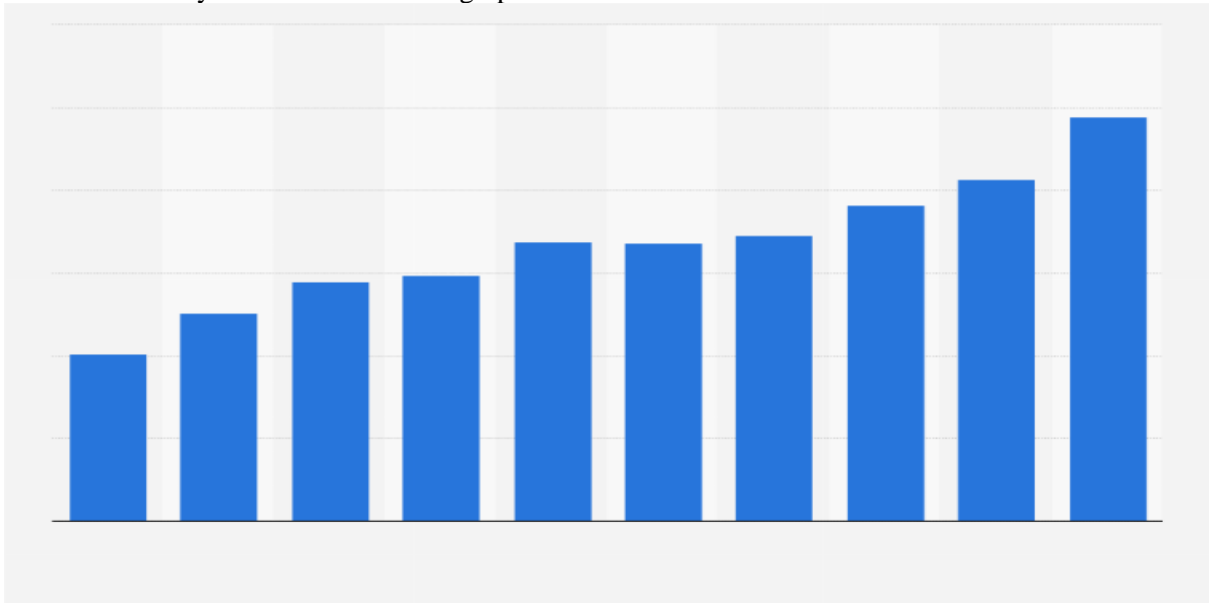
### Pharmaceutical industry

The pharmaceutical industry has grown exponentially during the pandemic covid-19 and some drugs are in extreme demand. Medicinal companies are investing a lot in the research and development to produce drugs to avoid the bad effects of a pandemic. The demand for masks and sanitisers has increased tremendously. Chemical sectors have also seen a high demand for their products due to the growing demand for medicines and disinfection.



The pharmaceutical industry has shown an upward trend since the advent of the Coronavirus, particularly in India (the largest producer of generic drugs globally). With a market size of 55 billion dollars during the start of 2020, it has been rolling in India, exporting Hydroxychloroquine chemicals to the whole world, especially to the UK, Canada, UK and the Middle East. Indian pharmaceutical industry occupies the third position in the whole world and India is a leading

provider of low-priced medicines all over the world and is truly known as the 'Pharmacy of the World'. 50% of the US generic medicine needs are met by India. The Indian pharmaceutical industry seeks to become the largest supplier of drugs in the world by 2030. The growth of the pharmaceutical industry can be shown in the graph below.



#### INDIA: PHARMACEUTICAL EXPORTS VALUE 2012-2021 | STATISTA

The above graph is self-explanatory which displays that the exports of the Indian pharmaceutical industry have shown a good performance, but as the covid-19 pandemic emerges the exports started increasing exponentially.

The Indian pharmaceutical industry has revealed a double-digit growth of almost 15 per cent due to the growth of Covid products in 2021 as against the growth of 3 per cent shown in the last year, as per the Indian pharmaceutical market research company Pharma Softech AWACS Pvt.Ltd. COVID therapy drugs grow up 6.3 per cent Year on Year in Nov. 2021 supporting total Indian Pharmaceutical Market (IPM) growth at 6.6 per cent. The Indian Pharmaceutical Market growth stood at 6.6 per cent YoY in Nov. 2021 v/s 5 per cent YoY in October 2021 as compared to the Indian Pharmaceutical Market growth of 1 per cent YoY in Nov. 2020, as per financial services firm Motilal Oswal Financial Services.

#### CONCLUSION

After assessing different reports, it is concluded that the economy of India has not been impacted as acutely as the other economies of the world. Though, some industries have been affected critically and hit the fiscal performance of companies seriously. On the other hand, some industries have performed excellent and are expected to perform better in the coming future.

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