

2. The Impact of Covid-19 on Indian Financial System

Dr. Gangineni Dhananjhay

Dean-MBA,
Narayana Engineering College,
Nellore, Andhra Pradesh, India.

Dr. Mahaboob Basha

HOD-MBA,
Narayana Engineering College,
Gudur, Andhra Pradesh, India.

Abstract:

The covid-19 created economic disaster almost in all countries. It created un-employment to the millions all around the world. Due to low income in pandemic days, low employment opportunities the financial institutions of the country affected a lot. The banking economic costs have increased a lot due to insufficient banking customers in the pandemic days. Now it is the time to come up with the new economic strategic plan to safeguard the banking customers in the pandemic days. Even it affected a lot to the banking employees not having feasibility to come to the banks and to perform their regular duties. In fact, the bankers plays a crucial role for the accelerating the economy in all directions which creates huge employment opportunities. In fact, RBI Repo rate deciding also depends the growth of banking system and the amount which they are granting to the public in the forms of various loans. Therefore, there is a need to study the impact of COVID-19 on Indian financial sector and steps to be taken to bridge the gap between and to accelerate the financial system of the country.

2.1 Introduction:

The thousands of the people died due to the pandemic of corona virus. The most migrated people from one place to another place for employment opportunities lost their jobs in the pandemic days. Every day there are thousands of the cases are coming into the picture but there is no specific vaccine in pandemic days [1]. Many countries are deeply involved in

R&D work to introduce vaccine and remedial measures for the influenza. Almost all sectors like: manufacturing, trading and service sector affected a lot due to pandemic days. Especially, the IT sector and projects impacted mostly by the contemporary issue [2].

As the Moody's Group of rating agency explained that, India can turn economic phase from negative to positive phase very soon. Due to the pandemic the economy and its progress will gradually decrease which creates huge employment opportunities [3].

It is also evident that, the rise in the essential commodities and its prices and down trend of employment opportunities and cost cutting strategies followed by low income creating lot of problems to individuals.

The government monetary and fiscal policies are essential to safeguard the Indian financial system [4]. The Reserve Bank of India, has taken strategic steps to give some sort of relief to the financial institutions, liquidity and liberalized rules and regulations and financial markets.

People huge portfolio investments in the countries like: USA and UK have impacted a lot in first wave of pandemic days [5].

2.2 Literature Review:

This has already been dubbed a "Black Swan" event for the world economy by many experts. On January 30, 2020, India reported the first instance of the disease^[6]. Stress among non-bank financiers will limit their ability to lend, hampering India's already sluggish economic growth before the covid-19 epidemic^[7].

Dean-MBA, Narayana Engineering College, Nellore (AP) 5240042. HOD-MBA, Narayana Engineering College, Gudur (AP):

The COVID-19 situation can be viewed as a chance to make a significant cost reduction^[8]. A few years ago, the Indian banking sector began its digital transformation path. While the intended goal may have been to compete with tech-savvy, new-age competitors, the COVID-19 situation could be a game changer, forcing banks to adopt digital technologies.

2.3 Data Analysis and Interpretation:

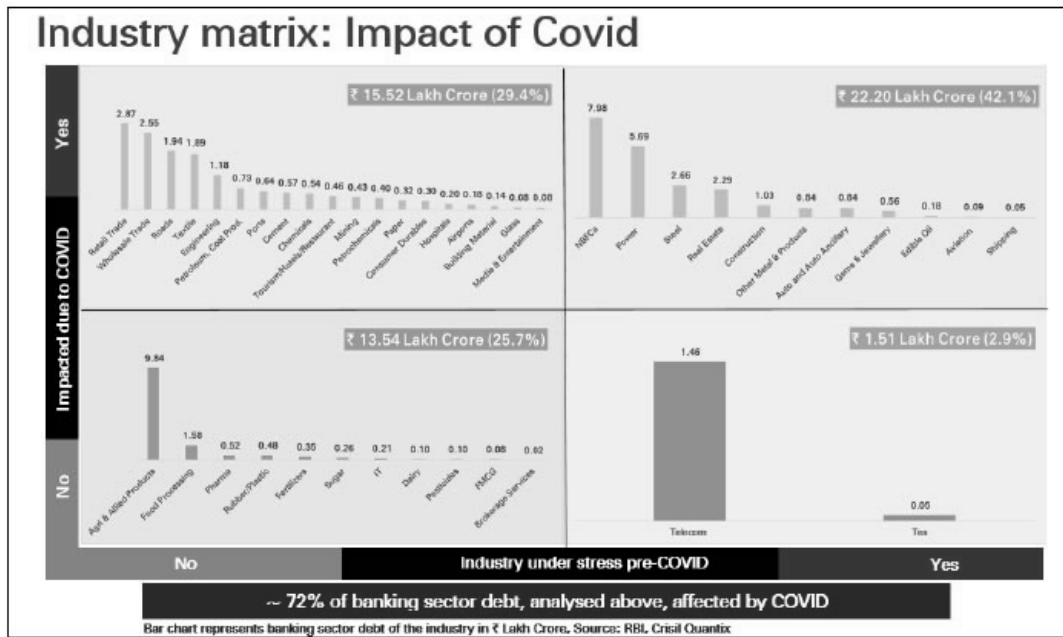
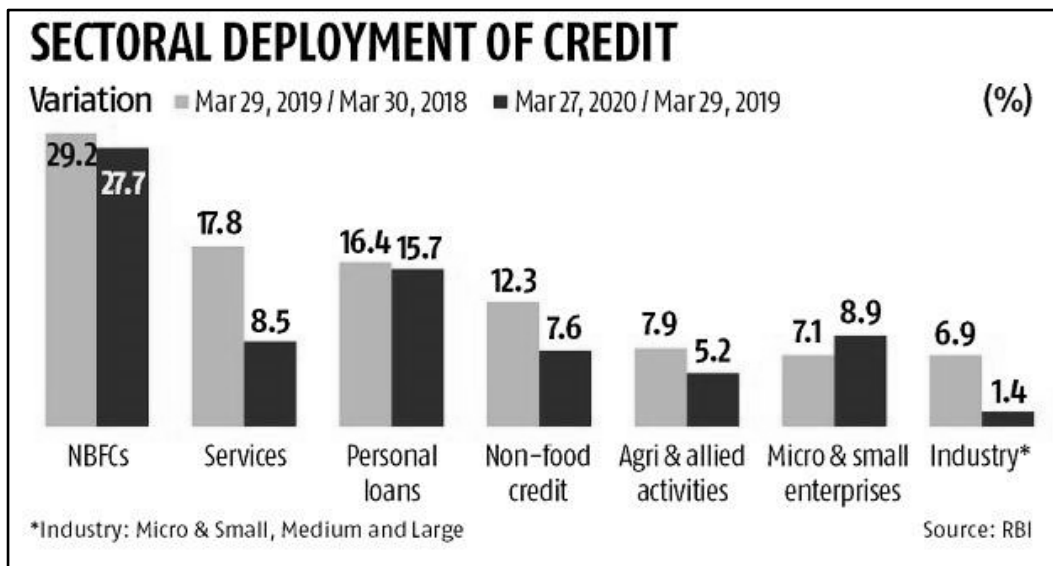


Figure 2.1: Industry Matrix: The Impact of Covid-19 on Indian Financial Sector



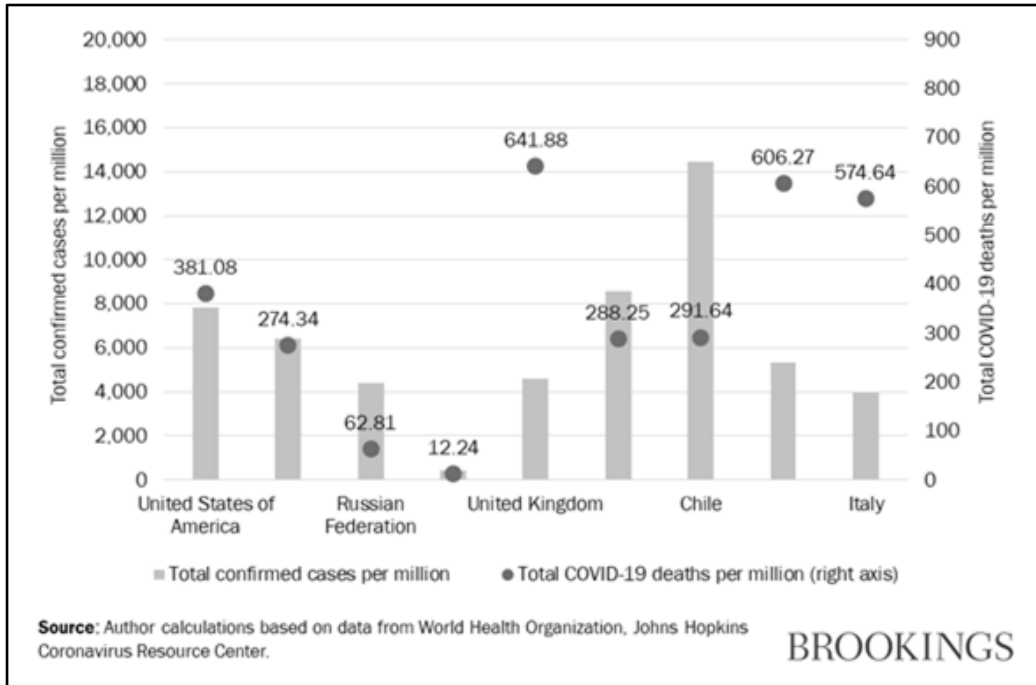
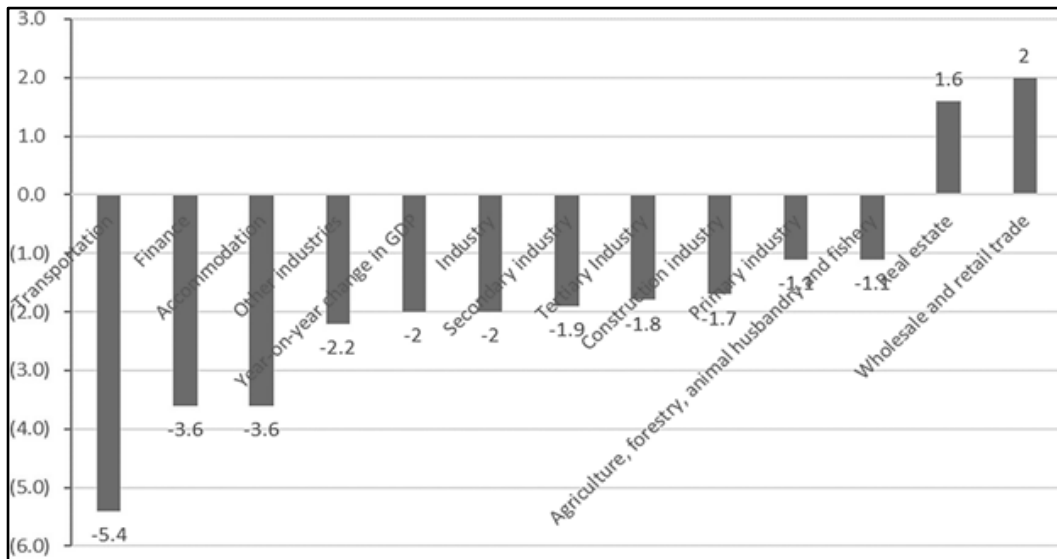
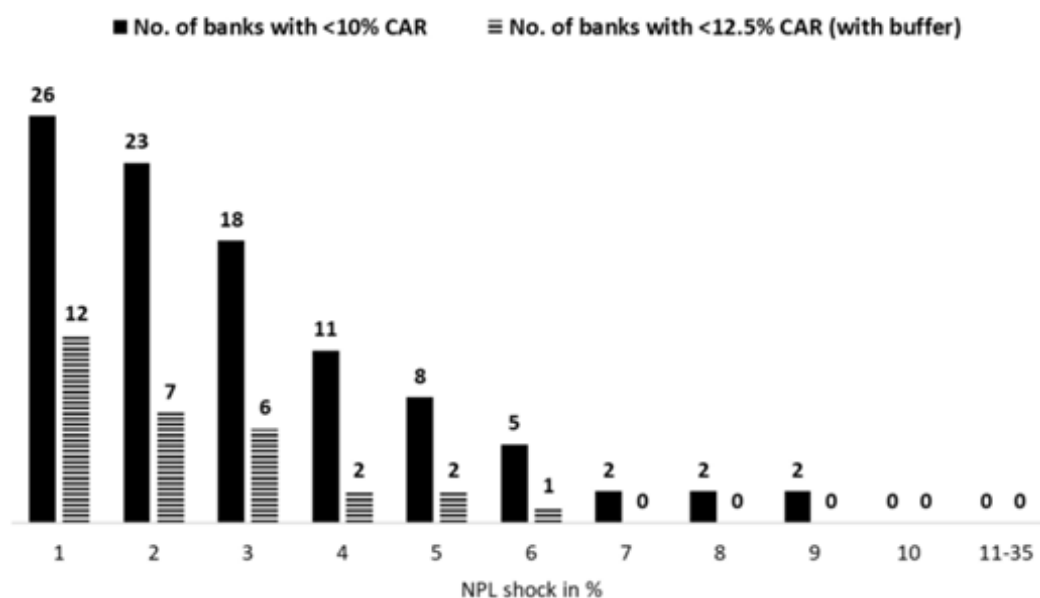


Figure 2.2: International Comparison of Total Cases and Deaths per Million as of June 30, 2020





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