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# STRUGGLING LIVES AND LIVELIHOOD DURING COVID19 PANDEMIC

[1]Dr Meghna Aggarwal

[1] Assistant Professor, Department of Commerce and Business Management, ASSM College (A University College of GNDU, Amritsar), Dist SBS Nagar.

## Introduction

India's coronavirus tally has crossed the 5 lakh mark. India now has the world's fourth-largest number of Covid-19 cases. (Times of India).The pandemic is one of the main reason India's growths that have gone out of gear. Such economic pressures help in explaining why the Modi government lifted India's stringent lockdown even though the spread of Covid-19 clearly hadn't been controlled. Even the country may be partly protected from a tide of deaths by having greater number of younger population, there is need to have more lockdowns in order to reduce undue pressure on its inadequate health infrastructure. Even many states are again following the practice of lockdown in order to protect the valuable lives of people. There is need for the strategies in order to reduce the complications of predictions for the medium term and will further makes the task of reviving the economy that much harder.

Amid the coronavirus pandemic, several countries across the world resorted to lockdowns to "flatten the curve" of the infection. These lockdowns meant confining millions of citizens to their homes, shutting down businesses and ceasing almost all economic activity. According to the International Monetary Fund (IMF), the global economy is expected to shrink by over 3 per cent in 2020 – the steepest slowdown since the Great Depression of the 1930s. In the US, Covid-19-related disruptions have led to millions filing for unemployment benefits. In April 2020, the figures were at 20.5 million and are expected to rise as the impact of the pandemic on the US labour market worsens. As per a Reuters report, since March 21, more than 36 million have filed for unemployment benefits, which is almost a quarter of the working-age population.

## Present Scenario of World Economies

IMF reveals that the manufacturing output in many countries has gone done, which reflects a fall in external demand and growing expectations of a fall in domestic demand. The IMF's estimate of the global economy growing at -3 per cent in 2020 is an outcome which will be far worse than the 2009 global financial crises. Economies such as the US, Japan, the UK, Germany, France, Italy and Spain are expected to contract this year by 5.9, 5.2, 6.5, 7, 7.2, 9.1 and 8 per cent respectively. Advanced economies have also hit hard and together they are expected to grow by 6 per cent in 2020. Emerging markets and developing economies are expected to contract by 1 per cent. If China is excluded from this pool of countries, the growth rate for 2020 is expected to be 2.2 per cent. China's GDP dropped by 36.6 per cent in the first quarter of 2020, while South Korea's output fell by 5.5 per cent, since the country didn't impose a lockdown but followed a strategy of aggressive testing, contact tracing and quarantining. In Europe, the GDPs of France, Spain and Italy fell by 21.3, 19.2 and 17.5 per cent respectively.

**Oil and natural gas**

As per IMF, with the fall in travel, global industrial activity has been affected. Oil prices fell further in March as the transportation section, which accounts for 60 per cent of the oil demand, was hit due to several countries imposing lockdowns. Not only oil, early this year in China, due to Covid-19-related containment measures, the demand for natural gas fell, as a result of which many Chinese LNG buyers halted their imports as storage tanks filled.

**Industrial Metals**

Due to lockdowns in China, followed by in the US and Europe, the demand for industrial metals reduced as factories shut down. As per IMF, China accounts for roughly half of the global demand for industrial metals.

**Food and beverages**

IMF projects a decrease in food prices by 2.6 per cent in 2020, caused by supply chain disruptions, border delays, food security concerns in regions affected by Covid-19 and export restrictions.

In the lockdown period, while the price of cereals, oranges, seafood and arabica coffee has increased, prices of tea, meat, wool and cotton have declined. Further, the decline in oil prices has put a downward pressure on the prices for palm oil, soy oil, sugar and corn.

**Current Situation of Indian Economy**

Indian economy had already been weakened by years of mismanagement before this crisis struck. Even before the pandemic properly hit India, the Indian economy has been losing growth momentum for three consecutive years beginning 2017-18. GDP growth was 8.3% in 2016-17. It fell to 7% in 2017-18, 6.1% in 2018-19 and 4.2% in 2019-20. The economy has never lost growth momentum for three consecutive years since 1991-92. And it has happened only twice before. Between 1989-90 and 1991-92, and before that from 1970-71 to 1972-73. The year 1990-91 saw massive disruptions due to the first Gulf War. And 1971 was the year of the Bangladesh war. These are extraordinary shocks. (The Hindustan Time). According to World Bank data, GDP grew about 10% in 2018-19 and the main reason for slowing down of Indian economy is a lack of investment. Investment shrank by almost 3% over the year.

According to the International Monetary Fund, India will be the large economy worst hit by the Covid-19 pandemic. The Fund now says that Indian GDP in the ongoing financial year, which began in March 2020, will contract by 4.5% which it earlier predicted 2% growth for the year.

The IMF's projection is by and large in line with estimates from investment banks and other international organizations. India's economy has not contracted to such an extent since 1979. For this government has to be taken measures to control further decline in growth rate of economy.

This shrinkage began well before the pandemic.

The investment crisis and India's large debt pile is a major factor of concern. The government's confidence is inexplicable. It has not done enough to reinvigorate the economy. Government that thinks its own spending is what will fuel economic growth. Government spending was similarly higher than the other components of GDP in the previous year as well. Government spending increased by 12% last year which more than twice the growth rate of private consumption. Before the pandemic properly hit, the government's last year again had a fiscal deficit 4.6% higher than the one it inherited six years ago. The government's finances are already strained. Tax revenues are set to crash and India's debt-to-GDP ratio may spike up toward 90 % (Bloomberg). Its big weapon for spending proved to be failed and there is little left in its armory. Recovery needs reform. That's why India has postponed competitiveness-enhancing measures long enough.

Investment demand follows capacity utilisation levels. Firms will only invest if they can utilise the existing capacity. The trend in the last few years shows that businesses did try to invest even when capacity utilisation levels were low. Such investments have proved to be unwise. Demand

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did not grow and capacity utilization levels plummeted further. The fact that core (non-food, non-fuel) inflation has been slowing during this period, suggests that even with falling capacity utilisation, there is no scarcity of goods in the market.

A slowdown of this magnitude will have enormous human consequences. The loss of millions of jobs will leave nearly half of the country's population mired in poverty. It is reversing all the gains made since the economy was liberalized in the early 1990s.

The Indian economy is already struggling with shortage of resources which will be leaving little for the welfare measures that will be essential in coming months. In India, the virus struck an economy with pre-existing conditions. In spite of this fact which is quite embarrassing, the government has long claimed that its stewardship had provided macroeconomic stability following the turbulent last years of its predecessor. In a crisis of this magnitude, there are no excuses left.

**Measures followed by the World Economies**

According to an assessment by the World Economic Forum (WEF), many advanced economies in the world have rolled out support packages. While India's economic stimulus package is 10 per cent of its GDP, Japan's is 21.1 per cent, followed by the US (13 per cent), Sweden (12 per cent), Germany (10.7 per cent), France (9.3 per cent), Spain (7.3 per cent) and Italy (5.7 per cent). In Asia, countries including India, China, Indonesia, Japan, Singapore and South Korea account for about 85 per cent of all the Covid-19 cases on the continent. South Korea stands out, since business and economic activities were not completely stopped and therefore, their economy was not severely affected. China recently lifted its lockdown and has since then been gradually reopening its economy without an aggressive second wave of infections so far. Further, even as economic activity resumes gradually, the situation will take time to normalize, as consumer behaviors change as a result of continued social distancing and uncertainty about how the pandemic will evolve.

World Economic Outlook 2020 reported that the IMF mentions that firms may start hiring more people and expanding their payroll only slowly as they may not be clear about the demand for their output. The WEF put concern over the various issues regarding the size of packages may prove insufficient for the duration of the crisis. Further the disbursement may be slower than is needed. It may also happen that not all firms in need would be targeted and that such programmes may be overly reliant on debt financing. Supporting SMEs and larger businesses is crucial for maintaining employment and financial stability.

Thus, there is need for the clear and effective communication of broad monetary and fiscal stimuli. There is need of coordination on an international scale for maximum impact. It will be the most effective to boost spending in the recovery phase

**Recommendations for Indian Government and for other World Economies**

In this high time where the world confronts a severe recession and humanitarian catastrophe, the whole world is realizing that it is irrevocably connected and interdependent. Inspite of some nations think that they are superior than the others , it is the hard fact that no country can win on its own. All the nations have to work together in order to protect their own people. National governments must collaborate to develop solutions that benefit all people . The only way to minimise the pandemic's fallout is with solidarity. . The strategic step is to remove protectionist tariffs and other trade barriers. It will thereby ensure that critical goods specially medical supplies and equipment, food and other essentials are to be delivered wherever they are needed.

During the pandemic, nobody is safe until everybody is safe. Solidarity also means protecting jobs, incomes, and livelihoods everywhere.

Among other things, this demands practical measures to keep afloat. In order to confront the situation of major job loss, the Govt should give the priority to small and medium-size enterprises. As the growth of SMEs account for a significant share of jobs in most major economies and also to provide many of the goods and services which are used daily. To ensure that a general slowdown does not cause lasting structural damage, these firms must be protected.

During the Covid-19 crisis, the aim should be to create a better future, shaped not by competition, with countries weapons themselves with the trade and other ties that underpin shared prosperity, but by mutually beneficial cooperation. As there is need to revitalize multilateralism, it should be reshape it in a way that recognizes and reflects the many dimensions of global interdependency. This means, first and foremost, ensuring open and sustainable global trade, which is a proven means of enabling all countries—large and small, rich and poor—to achieve economic growth and alleviate poverty. Trade also underpins global peace and stability, by giving everyone a stake in the same world system.

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Establishing such a system requires more than removing the tariffs, administrative impediments, and behind the borde measures that encumber the movement of basic consumer products, industrial goods, and especially technology. That means drastically improving access to trade finance, especially in the emerging economies, where there is a funding gap of over $1 trillion. Insufficient trade and investment finance hits SMEs especially hard, hampering their ability to expand or innovate in good times, and to survive in bad times. The banks are required to boost bridge funding to companies to mitigate the worst effects of the Covid-19 crisis and allow companies to continue to trade through a financial shortfall.

**Conclusion**

To ensure a sustained recovery from the pandemic crisis and the development of a more resilient and inclusive global economy in the longer term, trade finance must occupy a permanent place on the global agenda. Reviving multilateralism and ensuring open trade are entirely achievable objectives. They require no new laws or additional resources, only commitment and solidarity. The payoff equitable and sustainable development should be massive goal. Above all, humanitarian aid has long proved critical in times of crisis. Now, in the midst of a crisis gripping the entire world, there is a need to recognize the importance of humanitarian trade.

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