

**A DESCRIPTIVE STUDY ON EXPOSURES OF COVID-19 ON INDIAN ECONOMY**

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**ABSTRACT**

COVID-19 has caused immense suffering throughout the globe. On March 11, 2020, the new corona virus (COVID-19) was designated a worldwide pandemic by the World Health Organization (WHO). Several nations throughout the globe began declaring lockdowns as a preventative precaution against the unknown and unstoppable threat. The spread of the disease cannot be allowed in a nation with 130,000,000 people and an inadequate health and medical infrastructure. India's textile, commerce, transport, tourism, hospitality, aviation, and M&S enterprises (to name a few) stand to lose an estimated INR7-8 trillion as a result of the epidemic. Also suffering from low demand is the real estate market, as well as non-bank financial companies and microfinance institutions. Government will feel significant strain as a result of declining revenues from taxes, fees, and cess, which will have a significant impact on the widening of the budget imbalance. Despite widespread optimism about a V-shaped rebound after the corona epidemic, the pace of recovery will ultimately be determined by how long COVID-19 lasts and what steps the Indian government takes to stimulate the economy. This study is an effort to analyze the present state of the Indian economy and provide viable options for a speedy recovery.

**Keywords:**Covid-19, Indian economy, recession

**1.INTRODUCTION**

India in the middle of the road in combating with Covid-19 pandemic, it gives two types of distress on nations: a health distress and an economic distress. The nature of the disease is very contagious, the options to control the extend include various new customs such as social distancing, voluntary isolation at home , closure of public facilities, restrictions on mobility in total locking down entire nation with restrictions. All these preventive steps lead to unpredictable economic losses for economies around the globe On April 9,2020 the head of International Monetary Fund, Kristalina Georgieva said that the year 2020 could lead to the

most horrible global economic loss since the Great Depression of 1930s, more than 170 countries likely to make negative per capita GDP due to the effect of pandemic. Our country recorded the first case of COVID-19 on January 30, 2020. Since then the number of cases have been increasing progressively. India has recorded lower number of cases (90,927 total confirmed cases and 2,872 deaths as on 17<sup>th</sup> may 2020). The spread of the pandemic in India is comparatively better to other countries

Our country is facing greatest ever economic emergency since Independence. The global financial crisis in 2008-09 was a massive shock to the world, but we recovered soon because large informal economy, sound financial system made us to get rid of the crisis. But this time the effect is seamless every sector affected badly. Hence, the first priority is to contain the spread of the Covid-19. The lockdown decision shows preparedness of the government the next task is to develop plans to implement post lockdown.

### **1.1 Significance of the study**

Every research tries to explore, evaluate and enlighten about a particular issue which must able to provide positive reinforcement for the betterment of the society and nation as a whole. The current global situation is alarming due to COVID-19 pandemic- coming to India- having a label as world's 2<sup>nd</sup> largest populous country with numerous vulnerabilities have been hit hard by pandemic in terms of economic loss. Statistics are looking better for our country in terms of number of cases, mortality when compared to other countries. Hence, in this tricky time there is a need to study the impact of COVID-19 on India's economy and need to identify the possibilities to rejuvenate our economy.

### **1.2 Scope of the study**

This paper focuses on the ongoing developments in India's economy after the sudden attack of COVID-19, by reviewing the various reports of regulatory bodies supported by some standard economic phenomenon- to identify the changes, challenges, corrective actions required in this hard times.

### **1.3 Review of literature**

**Sunilkumar (2020)**, in his paper, Impact of coronavirus (COVID-19) on Indian economy - Globally coronavirus has produce an unstable environment for people. This has spread all over the world and called as a pandemic by World Health organization. This is stopped many of economic activities due to contagious disease and has no cured till date to fight with corona. It has produced economic impact on globe and India. It may produce recession in many part of the world. In every sector in India most of the products are imported from China, especially in medicine and manufacturing industry.

**S. Mahendra Dev and Rajeswari Sengupta (2020)**, “Working Paper: Covid-19: Impact on the Indian Economy”, the outbreak of the Covid-19 pandemic is an unprecedented shock to the Indian economy. The economy was already in a parlous state before Covid-19 struck. With the prolonged country-wide lockdown, global economic downturn and associated disruption of demand and supply chains, the economy is likely to face a protracted period of slowdown. The magnitude of the economic impact will depend upon the duration and severity of the health crisis, the duration of the lockdown and the manner in which the situation unfolds once the lockdown is lifted. In this paper we describe the state of the Indian economy in the pre-Covid-19 period, assess the potential impact of the shock on various segments of the economy, analyze the policies that have been announced so far by the central government and the Reserve Bank of India to ameliorate the economic shock and put forward a set of policy recommendations for specific sectors.

**A study by Narayanan (2020)** in his paper, that farmers are stuck with harvest as APMC (agricultural product market committee) mandis are closed in several states thereby disrupting food supply disruption from the production to the consumption centres. The above study indicates that the government should focus on postharvest activities, wholesale and retail marketing and initiate procurement operations. Some state governments have already taken initiatives

### **1.4 Objectives of the study**

1. To know changes in Indian economy after COVID-19,
2. To know key challenges are facing by Indian economy due to covid-19
3. To find corrective action to refuel economy

### **1.5 Research methodology**

Two types of data collection:

**Primary data:** It is entirely based on observation of current situation

**Secondary data:** Secondary data is collected from various sources - newspapers, government reports, research articles

### **1.6 Limitations**

- a) The study is based on secondary data
- b) Analysis is based on limited data due to time constraint
- c) Analysis is based on data available till first week of May 2020

## **2. CORONA LOCKDOWN CUSTOMS- RESULTANT CHANGES**

### **2.1 Corona customs**

1. Ban on people from stepping out of their homes
2. All services and shops closed except pharmacies, hospitals, banks, grocery shops and other essential services
3. Closure of commercial and private establishments (only work-from-home allowed)
4. Suspension of all educational, training, research institutions
5. Closure of all places of worship
6. Suspension of all non-essential public and private transport
7. Prohibition of all social, political, sports, entertainment, academic, cultural, religious activities

### **2.2 Change in governments' behavior**

Many countries responded very quickly to contract the pandemic due to high mortality, overburdened infectious patients in hospitals. Market economies like US,UK switch their government intervention from light to heavy. Governments announced fiscal relief packages, increased medical readiness across the world. Consequently the numbers of cases are contained to some extent. But in economic perspective all countries collapsed miserably. Now countries are realized that a pandemic without vaccine will remain for more time hence they started chanting new phrase "learn to live with corona"

### **2.3 Change in individual behaviour**

The pandemic changed Individual behaviour to avoid becoming sick. The world's biggest awareness campaign has been happening about corona with the support of world health Organization (WHO), international, national and local media. Now most the people are aware of the symptoms of covid-19. In addition to awareness posing stringent social rules such as wearing masks, not spitting in public, not allowing kids aged less than ten- able to contain the spread of the virus In fact, physical distancing is difficult in population dense urban clusters. According to the 2011 Census, out of 30 per cent households in India who have at least one person above 60 years of age. In contrast to this we could able to slow down the spread with preventive actions.

## **3. COVID-19: INDIAN ECONOMY'S COLLAPSE**

### **3.1 Economic impact of corona virus**

The Asian Development Bank has predicted that the global economic loss due to pandemic is stunning \$2 to \$4 trillion. The number goes up to an mind-boggling loss of \$6.5 trillion as per some international legal firms. Our country's economy is being tattered due to lockdown. Under full length lockdown, approximately we may lose to over Rs 32,000 crore (\$4.5 billion) every day.

### **3.2 Human cost**

While the impact of novel corona virus on businesses has been devastating worldwide, the human cost has also been staggering. In our country people with savings, shelter and access to essentials could able to manage with difficulty. But the the highly vulnerable is more than 40 million migrant workers. The extension of lockdown collapsed the migrant workers livelihood. However, government aid in terms of food grains and cash, they could able to manage to cope with the corona lockdown.

## **4. CORRECTIVE ACTION – A SIX POINT FORMULA**

There is always a light at the end of the tunnel. The greatest challenge in front of our country is handling the effects of Covid-19. The following six point- action plan may be taken to refuel our economy

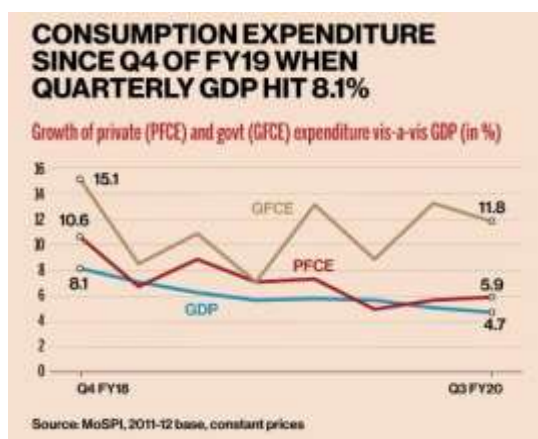
### **I) Strengthening the healthcare sector**

Healthcare professionals across the country need to take e-training on Covid-19 provided by the international medical institutions in support of WHO. Government should increase the

number of tests along with containment. Numbers of dedicated Covid-19 hospitals are needed to increase, which in turn enable people across the country will can access to medical facility. Government should widely promote about telemedicine system to public to make them equip to access it. Telemedicine or teleconsultation can make patients to consult with their doctors, without moving to the hospital.

## **II) Food supply and cash transfers to vulnerable**

“Right to a dignified life” is a constitutional obligation. The lockdown shown high effect on a huge majority of marginal farmers, the landless, migrant workers, barbers, laundries, tailors etc. constituting about 93% of the total workforce of India engaged in the informal economy. Apart from loss of earnings, their savings will be depleted due to lockdown. Government should make them to get cash in their hands for survival. They need money to spend for dependents, buy food for infants, medicines to elderly, house rents and other essentials.



Fortunately, food grains availability is not a concern now (FCI had 58.5 million tons of wheat-rice in March 2020 and rabi could add further cushion to food). Government’s duty is to create demand for non-food industries by transferring cash to vulnerable groups.

If the demand for non-food items grows then only the industries and services will restore their operations. Infact the launch of PM-JAY or Aysuhman Bharat scheme in 2018, bottom 40% of India's population is covered with a medical cover

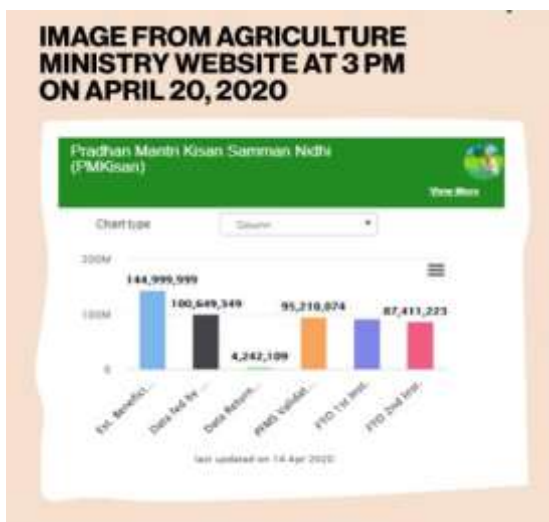
## **III) Central government support to state governments to face the Covid19’s hard hit**

In federal system the role of state governments is pivotal to achieve the overall objectives of nation. In this alarming times central government should nurture state governments with the following actions: a) central government should release the Goods and Services Tax (GST)

dues to states b) Allowing corporate to CM Relief Funds which should be treated as CSR spending c)Relaxing FRBM norms to facilitate state governments to borrow to spend on various emergencies

#### **IV) Government of india has to release Pending PM-KISAN arrears**

PM-KISAN provides Rs 6,000 of annual financial support to all farmers of the country. This is the high time where government should support for the welfare of people. Continuous financial support to the lower income strata is essential in the present situation. Full payment i.e. Rs 68,487 crore to beneficiaries will benefit a lot.



Source:pmkisan.gov.in

#### **V) Financial boost to various sectors**

The Micro, Small and Medium Enterprises (MSMEs) sector, which contributes to 30% to GDP, which is one among the most significant sector. After corona lockdown, almost all MSMEs are out of work, they are facing lot of hardships like unable to make wage or salary payments to personnel, nonpayment of EMI dues, operational expenditure bills due to lack of liquidity. MSME sectors' revival is crucial to set our economy in order and also to provide economic opportunities especially in rural areas. Other sectors of economy include aviation, automobile, real estate and tourism also need urgent stimulus to revitalize our economy Low interest rate loans to start-ups will also give a boost to economy further rural migrant workers will get ample opportunities. The government should foster investments in infrastructure to meet industry 4.0 – this is one of the most effective step to create employment.

#### **VI) Skill building among young India**

The Economic Survey 2019 calls for new jobs to cope up with the estimated annual increase in working age group. India needs a workforce appropriately skilled as well as highly educated. UNICEF 2019 report says that 47% of India's youth are not equipped with skills necessary for employment in 2030. This fact says that India's demographic dividend will be turned into demographic liability. Hence government should make a comprehensive plan by using new technologies quality human capital should be built. Awareness about the use of virtual classrooms, massive open online courses (MOOCS) is need of the hour. Government need to device plans to our young population to be prepared for next-generation jobs.

## **CONCLUSION**

There is much to do. The government should take the help of experts who handled crisis situations in the past like the global financial crisis. The members of the opposition parties who had the expertise must be included to design contingent plans to streamline the economy. Fortunately our hot temperatures and humidity is weakening the spread of the virus to some extent. The economic situation in india was weak even before coronavirus. It is need of the hour that government needs to quickly sort out the prevailing adversity with a holistic plan to rebuild a sustainable economy.

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