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## COVID-19 EFFECT ON INDIAN ECONOMIC ACTIVITY – A BRIEF STUDY

<sup>1</sup> B.Amaravathi, <sup>2</sup> C.V.Rajagopal Reddy, <sup>3</sup> P.Kavitha, <sup>4</sup> Dr.C.Subbarayudu

<sup>1</sup> Lecturer in Commerce, <sup>2</sup> Principal, <sup>3</sup> Lecturer in Statistics, <sup>4</sup> Academic Advisor  
CSSR & SRRM Degree & PG College, Kamalapuram, YSR Dist, A.P-516289

Email: amarareddy.cv@gmail.com

### ABSTRACT

India declared a self-imposed quarantine on March 12 and went under a complete lockdown from midnight of March 24. The country is now at the beginning of the critical stage 3, the community transmission stage of Caronavirus, COVID-19. The virus, which is emanated from the city Wuhan in China in the month of December 2019, has spread entire globe including India threatening the lives of the people at large. The disease has spread afflicted millions of people worldwide devastating the global economy. India is no exception. All the activities are stopped and every establishment is stand still and lockdown has been clamped. State borders are closed, mobility is stopped, labour movement is curtailed and institutions are suspended across the country. Only essentials are open for limited hours and bank operations are minimized. People are restricted to their homes maintaining social distance. India has never experienced a pandemic of this nature in living memory and the economists have not faced such a sudden downturn or halt in economic activity. It is in this aspect, the paper is trying to attempt to study the effects of Caronavirus and its impact on Indian economic activity.

**KEYWORDS:** Covid-19, Quarantine, Lockdown, Social Distance, Pandemic, Global Economy, Industry.

### I. INTRODUCTION:

Caronavirus is a big shock to humanity and hard blow to the economy. Corona has brought economic activity in India a sudden halt. As the precautionary measures the Government of India declared a self-imposed quarantine on March 12 and went under a complete lockdown from midnight of March 24 to prevent and contain the Caronavirus, called COVID-19. It is crystal clear that the impact on economy is disruptive and the economic damage is seemingly mounting as 75 per cent of the economy is in lockdown mode. State borders are closed, labour movement is curtailed, agriculture activities affected and schools and training courses are suspended across the country. Companies in India have temporarily suspended or significantly reduced operations in a number of manufacturing facilities and some of them have put a stop to production until further notice. The Workforce in both the formal and informal sectors is affected a lot. In fact, the world has neither experienced such a horrible pandemic in living memory nor faced such severe or rapid downturn in economic activity. India has more than a sixth of the world's population and it is not so developed both medically and economically when it is compared with the developed countries. Hence, the need for the study of covid crisis. The prime aim of the paper is to study the possible effects and vulnerabilities of the COVID-19 and the prevention and containment of the Caronavirus besides the opportunities to improve and restore the economic activities in the country.

## II. COVID AND ECONOMY

The coronavirus in India is spreading slowly affecting tens of thousands of people. Special arrangements are being made for the affected and made the medical personnel ready to face any eventuality. Covid is causing the economy of the nation in doldrums. India is considered to be one among the 15 economies most impacted by the corona-related production slowdown at sectors. Almost all sectors are experiencing their own repercussions and few have been as hard hit.

## III. CRISIS MANAGEMENT

The Government of India has taken every step to prevent and contain coronavirus through crisis management with the cooperation and coordination of the state and union territory governments and the effective efforts are in full motion. The Government has deployed multiple public health interventions on a war footing and quarantines are arranged, increased the capacity of beds, medical supplies and trained workers. Perfect plans are being prepared suitable for situations and safety measures are also initiated particularly doctors, nurses, paramedical and other hospital employees. Perfect arrangements are made to meet demand in critical areas spanning food, household supplies, and important goods and services. Educational institutions are encouraged to go online to keep uninterrupted teaching and learning process as the physical class rooms shut. The authorities have given more emphasis on psychological effects and necessary instructions are issued to make students have stress free and playful time staying home as the situations like social distancing, lockdown, isolation, quarantine or shut down are quite strange for them. The State and the Central Governments took the measures to contain this menace, instill the confidence and arranged money and material reach the common people so that nobody will experience hunger.

Pandemic is the cause for the present economic situation. The pandemic has spread into a growing crisis for the economy and financial system. Unless the public health is restored, the economic activity cannot active. The sharp pullback in economic activity and initiatives to protect public health are the two strategies which are simultaneously need to go hand in hand for the economic and health well-being of citizens and institutions. The rapid succession of indefinite challenges hitting the industries is proving resistant to the efforts of the RBI and the Governments to improve and keep the economic and financial system healthy functioning. A pandemic in health crisis is turning the economy into a crisis as uncertainty about the size, duration and shape of the decline in GDP. The impact of virus suppression efforts by the Government may have considerable impact on the livelihoods of common people. The public and the economy are experiencing the health uncertainty and financial stress. The World Bank, in its 'South Asia Economic Update: Impact of COVID-19', mentions that the Coronavirus pandemic has severely disrupted the Indian economy, magnifying pre-existing risks to its outlook. It is also noted that the Indian economy is expected to decelerate to 5 per cent in 2020, and the projection is for a sharp growth deceleration in fiscal 2021 to 2.8 per cent in a baseline scenario. In fact, the COVID-19 outbreak came at a time when India's economy was already slowing, due to persistent financial sector weaknesses.

The continuous endeavor of the Government to prevent and contain the covid crisis and restore the economy will certainly bear the fruits. The actual out turn would depend upon the speed with which the pandemic is contained and economic activity returns to normalcy. Once the normalcy is restored, all the adversaries will be mitigated to spur economic activity.

## IV. SCARES

A report by the Centre for Disease Dynamics, Economics and Policy predicts that in the next two months, millions of people in India are likely to contact the COVID-19 infection, and these numbers are expected to soar by July. As the Prime Minister of India Shri Narendra Modi said in his address to the nation when he announced a 21-day lockdown, if this pandemic is not contained, it could set us back by decades. As the cases are increasing day by day, the situation has become so scary that the human cost of the coronavirus is going to be unimaginably high. The economic activity has become stand still. The continuation of lockdown has also become unpredictable. It is quite frightening that the Indian economy may be in a deep trouble and may take a year or two to get revived to the pre-crisis levels if the COVID is not prevented and contained as early as possible.

## V. MEASURES

The immediate measures available to deal with the present COVID-19 pandemic situation are to strategize to transform the pharmaceutical industry to consider reorienting their commercial models to fit the needs of the country and the world better which are beneficial both for health and economic activity. The government must undertake measures to contain the health and economic fallout, and the national central bank, the RBI, has to provide calibrated support in the suitable form of fiscal policy and regulatory forbearance to instil the confidence in business fraternity and all. For employees work from home has become common and being practiced by most of the sectors where ever possible. Agriculture sector is assured of its produce sale with protective measures. Large scale surveillance is well utilized to locate and restrict mass mobility.

## VI. SUGGESTIONS

The Government and the public, private, and social sectors need to make difficult decisions to balance economic and social sustainability and overcome covid challenges. Returning to normalcy is extremely challenging to operational health after a severe lockdown and shutdown. The business sector must reassess its entire business system and plan for contingent actions in order to return to effective production at past pace. Grabbing the opportunities and the adoption of sophisticated technology will accelerate economic and productive activities. The healthcare system needs to be improved further more with all the sophisticated medical facilities. The critical healthcare infrastructure, strategic reserves of key supplies and contingency production facilities for critical medical equipment are all needed to be developed. Expansion of testing facilities and surveillance capabilities, health-system capacity, and vaccine and treatment development must be further developed to deal with the intermittent covid surges.

Majority of the educational institutions are under prepared to overcome and compete with the present and future developments. Higher and technical education systems need to be strengthened and consider modernizing to integrate classroom and online learning.

## VII. INDIAN ECONOMY TODAY

Today India is in a relatively good position to withstanding the tempest about to strike economic crisis. Inflation is under control. Crash in oil prices is positive for the developing country like India. The current account deficit is very low and it is expected to go to zero because of the crash in oil prices. Our pharmaceutical industry is a big hope for the world.

## VIII. CONCLUSION

The health and economy should reinvent themselves to make the most of better insight and foresight to suit the sprouting demands of the crisis. The aftermath of the pandemic will certainly provide multiple opportunities to learn from a plethora of social innovations and experiments, ranging from working from home to large-scale surveillance. The permanent adoption of innovations and crisis management experiments may be helpful in halting or limiting the spread of the virus and provide substantial uplift to socio-economic development. It is needless to say that the business in the country needs to strive hard to help economy come back on rails, while the Governments are busy battling the covid outbreak. It is a concerted effort of the business and the government to restore the derailing economy and put them on right track and sustain the economic development.

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