



IMPACT OF COVID-19 IN INDIAN ECONOMY

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ABSTRACT

Coronavirus (COVID-19) is an infectious disease caused by a newly discovered coronavirus. A coronavirus is a kind of common virus that causes an infection in our nose, sinuses or upper throat. The outbreak of coronavirus disease 2019 has created a global health crisis that had a deep impact on the way we perceive our world and our everyday lives. Covid-19 has infected over 11 million people worldwide and claimed more than 5,00,000 lives. The outbreak of pandemic Covid-19 all over the world has distracted the political, social, economic, religious and financial structures of the whole world. The Covid-19 pandemic is a human crisis which is threatening the food security and nutrition of millions of people around the world. The proposed research paper explores the impact made by Covid-19 all over the world and focus on global trends and Indian situation during Covid period. This paper also provides guidance for facing a financial collision.

Keywords: Covid-19, pandemic, sectors, supply chain, fiscal policy, monetary policy,

INTRODUCTION

Covid-19 is presented as disaster to human society. The entire world is in the clutch of coronavirus. Everyone is in a panic, even for those in developed nation. The number of people who succumb to the effects of the covid-19 virus is increasing day by day. Today's vision is that western nations which have made all health care facilities profitable and market-oriented, are stunned by the epidemic and shrink their responsibilities and shift their entire burden to the people. The impact of coronavirus pandemic on India has been largely disruptive in terms of economic activity as well as a loss of human lives. The corporate-dominated healthcare sector is becoming a place where people are robbed and profited from. In Imperialist countries, including the United States, the number of people who don't even receive first aid is increasing. Millions have died here. Medical advances and scientific advances have not been able to control the virus. There are reports that research is progressing, yet the world is at the peak of its terror. Most parts of the world have been paralyzed. Systems are moving towards the Great Depression. The recession have stunted progress and growth in all sector. Economists warn that the world is in the grip of a devastating financial crisis worse than that of 1930s, which is considered to be the worst recession in the history of world. We can overcome this only through new economic planning.

GLOBAL TRENDS

Covid-19 is changing the course of the world just as the global recession of the 1930s and Second World War. Market wealth structure and globalization are changing. Health, Education, and employment are changing and the world is moving towards the digital era. Job loss is the most severe immediate impact of Covid-19 crisis while lower economic growth and rise in inequality would be the long-term effects, according to a survey by the Indian society of Labour Economics (ISLE). Corporate Capitalisation is taking on new forms all over the world. Workers and the oppressed are subjected to oppression and exploitation. We can observe a change in international relations, including the emergence of China, as a superpower, which has overtaken the western countries.

Compared to the previous epidemics and world wars, it is clear that the death toll in Covid-19 is relatively low. But it is important to note that the economic crisis, covid-19 has created is indescribable and has shaken even the very foundations of the world economy. The recession has stunted progress and growth in all sectors. Globalized manufacturing sectors, trade, transportation, travel and entertainment all slowed down. Unemployment and economic downturn are among the worst. Bretton woods institutions estimates that global growth rates will be minus. According to the US Congressional Budget Office, Covid will cost the country \$15.47 trillion by 2020-30 and the European Commission estimates that EU growth will be minus 7.7 percent. According to ILO's estimation, due to Covid 150 crore people will be out of the labour market and the number of people who will not be able to eat even one meal will reach 100 crore, of which 40% will be in India. UNICEF estimates that in the next 6 month, more than 6000 children a day will die from the disease and starvation caused by Covid. But it is estimated that the wealth of Billionaires is still rising.

INDIAN SITUATION

The first report of COVID-19 in India was received on January 30,2020 and the first outbreak of the disease was reported among students returning to Thrissur, Kerala from China. Due to the lack of proper medicines, the government has put the entire country on lockdown from March 2020 in four phases. With this, all sectors came to a standstill. The changes that made by this pandemic is sharp rise in unemployment, stress on supply chains, decrease in government income, collapse of the tourism industry, collapse of the hospitality industry, reduced consumer activity, etc. But to overcome the crisis, the central and state government has announced a number of financial packages. About 10% of GDP i.e., Rs 20.97 lakh crore, has been announced by the central government so far. Most of these aids are monetary policy and fiscal policy packages. Countries such as the United States, Britain, France, China and Italy have announced economic packages of 10 percent to 20 percent of GDP. But to overcome the current economic crises, atleast 20 percent (40 lakh core) of GDP must be allocated as an economic package.

The entry of Covid-19 comes at a time when India's GDP growth rate is declining. Since 2015, most sectors of the country has been stagnant. The reasons are many. Unemployment, the collapse of the small business sector, the agrarian crises, the ban on notes, the GST-related problems, the depreciation of the rupee, the bad debts of banks and the trade deficit etc. The economic factors mentioned here have made India's growth far behind. Covid-19 virus outbreak came as the country struggled to cope with the financial crises.

The economic impact of the 2020 coronavirus pandemic in India has been largely disruptive. India's growth in the fourth quarter of the fiscal year 2020 went down to 3.1% according to the Ministry of Statistics. The country is facing an extra ordinary challenging time in this financial year. India has to urgently find a way to cushion the demand side shocks induced by potential lockdowns and other ongoing containment measure. Developing countries like India has more fragile economic and social fabric and the present situation will create more suffering for the unorganized sectors and migrant labour. Borrowing the words of former RBI governor C Rangarajan "Government of India must provide lifelines to businesses-

extend loans and tax waivers to small businesses and the self-employed to retain staff-give direct support to severely affected industries and provide more funds to the states, tax waivers to households.”

In the January-March quarter of 2019-20, output in various sectors is expected to fall by 10 percent to 70 percent under the new circumstances. There is no doubt that the sectors, which account for 70 percent of India's GDP, will also decline during Covid period. GDP experts predict that the growth rate will fall below zero. According to CII (Confederation of Indian Industries), some sectors of the country are likely to see a decline of upto 75 percent during the Covid period.

Below is the item wise CII overview:

Agriculture sector	Minus 15 percent
I T sector	Minus 10-15 percent
Chemicals	Minus 10-15 percent
Consumer Market (FMCG)	Minus 20-25 percent
Oil, gas, Mining, Energy	Minus 35-40 percent
Textiles	Minus 40-80 percent
Manufacturing, Real Estate	Minus 50 percent
Automobiles	Minus 50-65 percent
Airlines & Hospitality	Minus 70-75 percent
Pharmaceuticals	Minus 10-15 percent
Telecom	Minus 0-15 percent

Source :- As per CII (Confederation of Indian Industries) Report 2019-2020

It will take a long time for the worst- hit sectors to recover, and it will take atleast two years for the economy to emerge.

GUIDANCE FOR FACING A FINANCIAL COLLISION

It has been pointed out that the economic impact of Covid-19 is unpredictable. Although the crisis is severe in the country, it can only be overcome through continuous multifaceted action. The first thing to do is to identify the crisis areas and begin the restoration work. The highest priority should be given to the agricultural sector (including fisheries, animal husbandry and dairy). The agricultural sector has declined by 15% to 20%. Production and distribution are out of sync In the north-western states labourers is not available at harvest time. The traffic came to a complete standstill. Sanctions between states. Agri retail markets closed and supply disrupted. The lack of fodder for birds and animals, the lack of availability of seeds and the return of inter-state migrant workers all need to be addressed.

The next focus is on food security. This is because two- thirds of the Indian population struggles to make ends meet. So even a small fall in planning can lead people to poverty and starvation. Food grains stored in FCI godowns should be distributed in free quantities without distinction between poorest of the poor (AAY beneficiaries), poor (BPL) and above poverty line (APL) incase the life of the common man becomes unbearable even after the lockdown. The next financial package of the central government should be to establish production, supply and distribution networks across the country in collaboration with the state governments to enable producers and consumers to buy and sell at fair prices. As the globalization system continuous, we will be able to produce at the lowest possible cost and with the highest efficiency.

The employment sector is another area to focus on. Covid period will be a very tough month for our country because majority of the workforce has no jobs or job security to speak of. There are reports that one billion people will lose their jobs in our country these days. In addition, the number of expatriates losing their jobs and returning from abroad is increasing day by day. All of them need to find employment. Purchasing power of the people can be increased only by creating jobs, which will create a balance of demand and supply and then strengthen the economy, where the government can intervene significantly.

The government must spent effectively to increase demand and restore broken supply chain networks. Each state is financially devastated and doesn't have enough money to cover daily expenses, so the central government must be able to provide the states with the resources they need. For this, a restructuring of the central and state budgets is required.

This is a time when comprehensive attention is needed in the areas of food and health. We have been able to prevent the spread of the disease to some extent. The role played by the health sector is invaluable. The work of those who serve with dedication is commendable. The infrastructure of the health sector needs to be greatly enhanced. We currently spend only 1.3 percent of GDP on health, with an international allocation of upto 5 percent. Atleast 3% of our GDP should be given to this sector.

CONCLUSION

The condition of the country is very complicated. The Indian economy, which has reached an unprecedented level of recession, is heading for a further crisis with the advent of Covid-19. We need to recognize that a sudden change in the situation is not possible. This crisis can only be overcome with a lot of study and careful planning. It is also important to understand that it takes time and a lot of work is needed to lift the country out of the catastrophe of Covid-19. For this, let us unite and avoid caste, religion, class and political sectarianism. Let us transform ourselves into a well-disciplined, vigilant and responsible civil society.

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