

Social and Economic Disruption of Covid-19 on the Indian Economy

Mr. NITHEESH KUMAR P.K

Assistant Professor
SN College, Cherthala

Abstract: If we look at human history, we could see that India has been facing many epidemics throughout its history. The epidemics spread during the 19th, 20th, and 21st centuries are very dangerous. But the successive governments in India have been taking a suitable decision on time to prevent the spreading of these epidemics. These correct decisions at the correct time helped the nation to control the speeds into the community level. Despite our medical system was not developed like the developed countries, we could control this pandemic up to an extent. During the olden days, our medical systems are not much developed but still, the country utilized its medical facility at its best level. But the outbreak of COVID-19 during the 21st century is destroyed not only the Indian economy but also hit the world economy in a great manner. Many developed countries are still fighting against the COVID-19 and they are trying their best the convivial medicine to prevent this pandemic. But unfortunately, we cannot still develop medicine to prevent the speeding of COVID-19.

Keywords: Epidemics, Supply-side shocks, Globalisation, Migration, Public Distribution System (PDS).

Introduction

India has been growing as one of the leading economic power of the world. But the occurrence of the epidemics and pandemics in an unprecedented manner prevents the growth of the countries across the globe. India Council of Medical Research ICMR is trying to develop preventive medicine for Covid-19. The spreading of Covid-19 negatively affects the growth of the Indian economy and reduced its growth to 2%. Human and financial losses are increasing day by day, the lack of medicine and increasing death rates terrified the people across the country. Supply-side shocks and decreasing production intercept the employment rates of the country. Reduction of employment pungent the intensity of poverty in the country, which leads to many mental tensions among the people across the country.

The major diseases like Influenza, Cholera, Dengue, Smallpox, etc are largely hit the country during the 19th and 20th centuries. The major reason behind the spreading of these epidemics was due to the lack of sanitation and the absence of a public health system. Lack of ignorance about public health and personal hygiene increases the intensity of these diseases. But unlike the 19th century, our health care system is developed and medical facilities are better than the olden time but still, we cannot control the spreading of this pandemic yet. Humans are not bothered about themselves and society, if do so we cannot control the spreading of this pandemic in the coming future.

The spreading of the epidemic destroyed the country's economy at large. It negatively affected all the sectors of the economy deeply and it pulls back the economy to ten or twelve years back from its current position. The unexpected spread of Covid-19 destroyed the country's supply-side and hit the production, distribution, and service access of the country. The tribulation has been facing by the people across the country is very high. The endeavour to track the economy into its old position is not an easy task. The lower production negatively affected the producing states and it also increased the tensions of consumer states.

The economic relief package of 1.76 lakh crores announced by the finance minister of India will cure the pain and stress of the economy but it needs more financial relief from the central government to boost the economy. The supply of food items through the Public Distribution System (PDS), deplete the tension of the people. Online food supply during the lockdown helps the people up to an extent. The normal production of the industries before the lockdown creates inventories in the country. The closing of the state boundaries across the country intercept the movement of goods and services between states.

The economic survey of India says that India will attain a 6% to 6.5% growth rate in the next five years. But according to the leading rating agency Moody's says that India's economy will be slashed down to 2.5 % due to the spreading of coronavirus across the country. Compared with other developing and developed countries, the initiatives taken by India is very significant. So, the chairman of WTO has mentioned about the initiatives taken by the Indian government to prevent the spreading of Covid-19. The economic package announced by the finance minister and the reduction of the repo rate from 4.4% to 4% also strengthen the economy up to an extent. It awakens the productive sector of the economy and also helps to increase the financial liquidity in the financial system.

But the volatility occurred in the financial markets during the initial time of Covid-19 slashed the market. But the decisions taken by the RBI have to support the market increased the confidence of the investors across the world. Later the strategies adopted by the RBI helps to reduce the arbitrage between offshore and offshore markets.

The Covid-19 attack not only affects the people and economy but also will have been affected by the future of economic development. One of the leading sectors that hit the Covid-19 is tourism, during the first couple of months tourism revenue of the country has reached 3 billion USD. According to the World Travel and Tourism Council, India is one of the largest tourism promoters in the world. But the outbreak of Covid-19 will reduce the income and employment in the tourism sector in the country. Lack of tourists will negatively affect the other sectors like aviation trade and hospitality sectors of the country.

The global depression due to Covid-19 reduced the revenue of the country. It hit the export and decreased the foreign earnings of the country. The supply-side shocks largely affect the agriculture sectors of the country. The reduction of exports from

India increased the tensions among the manufactures of the country. The global slowdown compels the countries across the world to curtail their imports and encourage domestic production. The perishable agricultural products were suffering a lot due to the supply shock and restricted transportation within the country.

The other area worsens by the Covid-19 pandemic is the pharmaceutical industry, consumer durables, and automobiles, etc due to supply constraints. The majority of the middle-income people buy automobiles by loans from the banks, but the reduction of income and unemployment hit the automobile sector in the country as a whole.

The migration within the country and coming of NRI from abroad increased the risk of this pandemic. But the 21 days lockdown announced by the central government and various initiatives taken by the state governments help to prevent the spreading of Covid-19 up to an extent. From this, the people of the country and leaders should understand the consequences of these types of the pandemic. This is one of the most worsen situation of the country after economic liberalization; it may also lead to losing the gain we had achieved in the successive years. So, it is the responsibility of every person in the country to prevent the spreading of the Covid-19 pandemic.

MAJOR AREAS HIT BY COVID-19

1). Raw materials and spare parts.

As a development, India has been importing many finished and unfinished products. China is one of the leading importers of India, the recent dispute between India and China has created many problems with India and the rest of the world. The spreading of Covid-19 has a double side-impact one is it compels the countries to produce their importing products indigenously and it also helps them to reduce import from abroad.

2). Aviation and tourism.

Aviation and tourism are one of the leading sectors in India, the recent abrupt lockdown and reduction in employment opportunities have depleted the functioning of both sectors. Cut down of chartered flights and an airline has been creating many social and economic issues in the country. Due to this people are unable to move out of their homes for work. The Tourists from the home country and the foreign country have been facing so many problems due to this lockdown. According to the statistics about 8.75 crores, people are working in the different sections of the tourism industry. So, the deep-rooted fear and disaffection due to the pandemic panicky the employees and foreign travelers across the country.

3). Building and construction.

The majority of the migrating people are working in the building and construction sectors. Many of the workers are temporarily settled in different parts of the country for the job. Many of the workers are living with their families at their workplace. The southern states like Kerala largely depend upon migrated workers to develop this sector. Due to the lockdown, the contractors are unable to complete their promised work on time it creates some mental tension among them. According to the Confederation of Real Estate Developers Associations of India (CREDAI), about 20000 ongoing projects are pending due to the Covid-19 pandemic.

4). Textile industry

The Textile industry has been standing as one of the leading employers in the country. The unexpected lockdown abolished this sector. The non-availability of labours and nationwide lockdown due to covid19 leads to the reduction of export and increase unemployment in this sector. The shutdown of the industries largely affected the works in the industries especially the low-wage workers. Unemployment and low purchasing power of the people also intercept the functions of this sector.

5). Hotels and Restaurants

According to the Federation of Hotel and Restaurants Association of India (FHRAI), about 30% of hotels across the country have been closed due to the spreading of covid19. The National Restaurant Association of India (NRAI) is also pointed out that the majority of the restaurants are closing down since June and several hotels are closing again. The closing of hotels and restaurants not only affects their services but also negatively affects their online restaurant partners across the country. If the government gives relaxation to open the hotels and respondents it will help them to an extent.

6). Beauty Parlour and Beauty Shops

The majority of the people in the country have started this to maintain their lively hood, this field is also included in the category of self-employment. These types of self-employment practices should reduce the country's unemployment up to an extent. Many of the people working in this area have started their works by taking loans from banks and other financial sources. The outbreak of Covid-19 followed by the lockdown creates many problems among this community. People cannot repay their EMI correctly and also unable to repay the money borrowed from other financial sources. After the covid19 people have come to the shops only for their basic services. Lack of customers during this period also cuts the wage rates of the employees and sometimes they do not get their wages. The endeavour of the central and states governments to overcome this critical situation give confidence to the people across the country.

SECTORS WITH A POSSIBLE UPSWING

Passing through this complicated scenario some sectors of the country has some upswing. The major sectors that get advantages due to Covid-19 are digital and internet, drugs and pharmaceutical, online product selling, etc. In short, Covid-19 largely hit the economy of a country as a whole. The clueless spreads of Covid-19 across the country have crates some panic among the people. To overcome this situation and attain targeted growth in the successive years are the major challenges in front of the successive governments.

Measures are given by WHO to prevent Covid-19

The international agency like WTO relentlessly telling about the important preventive measure we have to follow during this time. But they can only tell about this and bring these measures into our life is our responsibility. Now some people do not care about their health and other health, we can see many people in a public place walking without wearing the mask. This will increase the spreading of Covid-19 and reduce the speed of government agencies' Covid-19 precautionary measures. So, as responsible citizens, we must follow the instructions given by the government authorities.

SL.No	Measures of WHO
I.	Keep alcohol-based hand sanitizer.
II.	Always avoid touching on eyes, nose, and mouth.
III	Don't touch the eyes, nose, and mouth after the use of sanitizer.
IV	Alcohol-based sanitizer is flammable so do not touch fire or other flammable items after immediately the use of sanitizer.
V	Do not drink and swallow the sanitizers it may lead to health problems.
VI	Soap and water are so effective to prevent viruses.
VII	Avoid going to crowded places.
VIII	All governments should encourage people to wear a mask.
IX	Stay at home if the persons are going through a cough and fever and immediately seek the medical attention.
X	Follow the up to date information only from trusted sources such as WHO or our national and local health authorities.

According to the UN Conference on Trade and Development, the world economy will be going to face a recession in the coming days due to Covid-19. It is estimated that the world economy will contract to 4.3% this year. The counteraction of domestic activities in countries like India will face many problems in its international trade. According to UNCTAD South Asia will contract 4.8% in 2020 and is expected to recover from its current situation in 2021. The Indian GDP is forecast to contract 5.9% in 2020 and hope to recover as 3.9% in the next year. UNCTAD expects that India could overrun this situation and increase its GDP in 2021.

According to the latest reports, about 90 million and 120 million people will be pushed into the extreme poverty situation. To overcome this, countries should apply both monetary and fiscal measures to bounce back its original position. To rebuild the world economy, it needs continuous and comprehensive actions. It should create employment opportunities and implement macro-economic expansion along with public investments that are necessary for the sustainable recovery of every nation.

FUTURE OUTLOOKS TO OVERCOME THE PANDEMIC

Many countries have been fighting against Coronavirus and actively implementing the remedial measures to overcome from the hands of Covid-19. In India Central and State governments endeavours to overcome the pandemic and the policies to overcome the spreading of Covid-19 to the community level is appreciable. But still, we are not free from the hands of the corona. The prevention of Covid-19 is not an easy task in a highly populated country like India. One side the country should develop medicine for its citizens on the other side should introduce macro-economic policies for the country. The Central and State governments should make available basic necessary items to the deprived sections to maintain the necessities of life.

Every state must identify the poor sections of society and arrange the basic medical care to them, then only they can overcome this pathetic situation. Strengthening of PDS will help the poor sections to overcome the starvation of poverty. It also strengthens its grass root community level awareness programme through the local governments. It will prevent the public from gathering up to an extent. The relaxation given by the Central and State governments will help the country to rejuvenate the economy and gradually unlock will help to strengthen and restore all segments of the economy. But at the same time, the increasing rate of Covid-19 is also a serious matter in the country. We can prevent this pandemic only by following the instructions given by the concerned authorities.

References

1. Ananth Eswar V.M, S. Gopalakrishnan, epidemics, and pandemics in India throughout history. A review article, Indian Journal of Public Health Research & Development, January. 2019.
- 2). Covid-19 impact, Indian economy forecast to contract 5.9 % in 2020 by UN, The Hindu: Dated 23/09/2020.
- 3.Covid Impact: poor response forces restaurants, hotels close again, 30% could shut permanently warns industry, CNBC TV18 June. 22.2020.
- 4.Covid-19 in India: strategies to combat from combination threat of life and livelihood, Journal of Micro Biology, Immunology and Infection, Volume 53, Issue 3, June 2020, Page 389-391.
- 5.Impact of Covid-19 on the India apparel & textile Industry by Retail 4Growth team April,17/2020.
- 6.Indian economy to contract 5.9% in 2020 due to covid19 disruptions, says UN report, Hindustan times Date:23/09/2020.
- 7.Protect yourself and others from Covid-19 by WHO, Date:22/09/2020.
8. Prasanna Mohanty, Business Today, 27/03/2020.
- 9.Press Release Reserve Bank of India, Department of Communication, Central Office,S.B.S. Marg Road Mumbai, March.27.2020
10. The Economic Times, Online Journal Dated: 27/03/2020.