Impact of COVID-19 on Indian Economy: Challenges and a Road Ahead

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Abstract

COVID-19 a pandemic has emerged from a single nation China in November’ 19 and has unfolded the whole world into itself by the end of March’ 20. It has reached India in beginning of February’20 and now lies in thousands of individuals in the nation. This has led to the complete shutdown of the services contributing to the economy of the country. This study underlines the existing and the probable impacts that this virus will impose on the people and the country as a whole. It has been pronounced that various sectors and services will experience downfall as a result of this lockdown which will eventually subside the GDP leading to the monstrous collapse of the economy. However, this just has not posed a negative but also a positive impact in the form of environmental upgradation, improved social behaviour, family equations etc. It is impeccable to say that this pandemic is continuously affecting health and lives of the people globally. It is not even predictable at present that at what quantum this virus will impact the whole world. It has been recommended to emphasize on MNCs of one’s nation, creating employment opportunities, providing agricultural education and techniques for better production, diverting CSR expenditure, changing job pattern, adhering to cashless transactions and working towards the upward mobility of local vendors and marginal traders.

Keywords

COVID-19, Pandemic, Lockdown, Quarantine, GDP, Shutdown, Social Distancing

Introduction

As indicated by the World Health Organization (WHO), viral ailments proceed to develop and speak to a major issue to general wellbeing. Over the most recent twenty years, a few viral scourges, for example, the extreme intense respiratory disorder coronavirus (SARS-CoV) in 2002 to 2003, and H1N1 flu in 2009, have been recorded.
In a course of events that arrives at the current day, Wuhan, the biggest metropolitan region in China's Hubei area, has first addressed to the WHO Country Office in China, on December 31, 2019 regarding an outbreak of cases with unexplained low respiratory diseases. As they couldn't recognize the source of such epidemic, the first cases were named "pneumonia of unknown etiology." The etiology of this sickness is currently credited to a novel virus having a place with the coronavirus (CoV) family.

On February 11, 2020, the WHO Director-General, Dr. Tedros Adhanom Ghebreyesus, declared that the sickness brought about by this new CoV was a "COVID-19," which is the abbreviation of "coronavirus disease 2019". This new infection is by all accounts infectious and has immediately spread at a global level.

The CoVs have become the significant pathogens of rising respiratory sickness outburst. For reasons yet to be clarified, these infections can cross species obstructions and can cause, in people, sickness stretching from the normal cold to increasingly serious illnesses, for example, MERS and SARS. Curiously, these last infections have presumably begun from bats and afterward moving into other mammalian hosts before hopping to people. It was inferred that the infection could likewise be transmitted from human-to-human, and symptomatic individuals are the most incessant wellspring of COVID-19 spread. In addition, there are proposals that people who stay asymptomatic could transmit the infection. This information proposes that isolating oneself is the most ideal approach to curb this scourge.

There is no particular antiviral treatment prescribed for COVID-19, and no antibody is as of now accessible. The treatment is symptomatic, and oxygen treatment speaks to the significant treatment intercession for patients with extreme contamination.

On January 30, the first case of COVID-19 has been reported in Kerala, which has been increased to three cases of the students returned from Wuhan, China by February 3. However, no significant rise in cases has been noticed in remaining days of February. On 4 March, 22 new cases emerged which has included 14 infected members of Italian tourist groups. The spread took a speed during March, after reporting of several cases all over the country, consisting maximum of people having travel history of affected nations. On 22 March 2020, Prime Minister Narendra Modi has requested India to observe a 14-hour voluntary public curfew from 7 AM to 9 PM. But, due to the rising cases and to break the chain of this virus, the government announced the lockdown on 24 March for
21 days, affecting the entire 1.3 billion population of India. As a result of this breakdown, all the individuals and the services except the services comes into the scope of the essential services act would seize to operate in a normal course of business for a specified period of lockdown.

**Research Methodology**

The study is conceptual and descriptive in nature. The facts and the information in the study has been derived from the various secondary sources published in newspapers, blogs, write-ups and an observation that has been experienced by looking up in surroundings. The inferences have been delivered on the grounds of the information gone through and personal observations by having a word with the people affected by it.

**Analysis and Discussion**

COVID-19 is not just a health emergency but a financial crisis too. The lockdown has started from 25th March for 21 days, but we still don’t know how long it will be extended. Once the lockdown gets over, country would need to fight economic crisis too.

Whenever any situation occurs, it always creates two impacts, viz., positive and negative. As this COVID-19 has stricken, it has influenced the various industries, sectors and individuals massively. Nearly 162 countries steadily went into lockdown, and businesses across the globe are working in dread of an approaching breakdown of global financial markets. For a period of 21 days, every service of India except the essential services has come to halt and employees of various sectors are working from their home itself.

This pandemic has been compared to the 3rd World War that has been pioneered by China without a using a single weapon, in a form of chemical war. The nation is going through a vicious circle of recession. However, this pandemic has started a preachment of social distancing but it has been led to virtual connectivity of people through social networking. Hence, emergence and prevalence of this virus has posed various impacts on the economy which are:

- **Emergence of Work from Home Culture:** Many organizations have switched to ‘work from home’ drill in order to ensure their business continuity. However, this remote working has its limitations as it cannot be adopted by various sectors like retail, manufacturing, hospitality etc. which leaves them no room to operate and face business disturbance.
Falling GDP: As many services and businesses have come to pause, this will drastically lead to the falling GDP of the nation. The average daily GDP value for FY2021, before COVID-19, was estimated at $8 billion. If the lockdown continues for 30 days, the losses would be $240 billion.

Decline in Demand of Various Goods: 75% of country’s workforce is either self-employed or casual workers which would be affected in the worst way. As there would be very small or no earnings at all for this fraction, the demand for various goods would also decrease.

Effect on Business of Non-Essential Items: The sale of essential goods is affected nominally, but all other type of goods has been greatly affected resulting in their huge losses and dead stocks.

Long-term losses of some businesses: Services account for about 50% of consumption demand and with an elongated shutdown for places like cinema halls, restaurants, shopping malls, etc., some places may see a permanent loss.

Delayed Purchase: Purchase of durables such as clothing and footwear, furnishings, vehicles and durables for recreation, etc. may be postponed.

Demand Destruction in many Sectors: demand destruction can be expected in items such as transport services, recreation and culture etc., in the immediate quarters if lockdown is not lifted.

Reduced Productivity: Complete shutdown of industries and factories will lead to zero manufacturing. This will highly affect country’s economy as lack of productivity will also lead to lack of export.

Falling Equity Prices: Corporates could get hit through falling equity prices due to instability of the market and the curtailed production and services of the companies.

Huge toll on Tourism: As India is a hub for tourism and culture for foreign visitors, this area will experience the loss of crores due to shutdown of tourist attractions and suspension of visas at a huge level. Also, it is likely to take an immense strike which may cripple the industry in upcoming future.

While, there are many negative repercussions that this virus will pose on the nation, there are a few positive things that had happened due to this outbreak of coronavirus leading to the lockdown of country. Those are:
• **Cleaner Environment:** The reduction in the number of vehicles on the road has led to the cleaner air, giving space and life to breathe to other living creatures of the earth. The structure of flora and fauna has improved across the world due to the minimized intervention of the human elements.

• **Improved Water-bodies:** Even the rivers are experiencing negligible dumping of wastes into them leading them to be more clean and hygienic.

• **Flourished Family Values:** As social distancing has locked people into their homes with their family, there has been an improvement in their interaction has been emerged which would otherwise have been snatched by the technology and busy lives.

• **Imparting Responsibility to People:** The individuals who are quarantined alone, away from their family are learning the art of household management and doing everything on their own, which will eventually make them more patient and responsible. These qualities will result in the improvement of their mindsets and that will help them at their workplace and the organization as a whole.

**Suggestions**

• **Evaluating Losses Regularly:** In order to evaluate the impact of COVID-19 on Indian economy in an easy way, we should calculate day-to-day losses during lockdown.

• **Self-Reliance:** There is a need to emphasize on developing the Indian MNCs rather than incorporating MNCs of other nations into our nation. Additionally, This virus has led to the closure of all international boundaries, which has again sparked the need to adhere to ‘Make in India’ regime so that the dependency on the imports for the basics can be reduced to a great extent.

• **Enhanced Employment Opportunities:** The government should develop novel plans to enhance employment opportunities as this pandemic has shown how a great fraction of people working on day wages get affected and fall short for basic amenities like food and shelter.

• **Tax Benefits and Rebates:** There has been a need for providing tax benefits to the section of the society which got affected aggressively due to their business interruptions.

• **More Technological and Educational Incentives for Agriculture:** As in this time of crisis, it was agricultural production that felt like a sigh of relief for survival, it is important
to sow a seed of agricultural education in the people and launch fresh techniques to improve its production.

- **Sustaining Environment:** As we experienced, this pandemic has resulted in a cleaner environment across the globe, it is significant to maintain this to ensure sustainability, hence the proper measures are required to be taken so that the environment which came back to life would not pave way for destruction again.

- **More Emphasis on Growth of Local vendors:** Since, in this time of crisis it has been observed that online websites for shopping have been completely shut while local vendors have been the savior. Hence, it is important to uplift these local and marginal traders and should not sideline them completely.

- **Alteration in Education System:** There is a need to shift the education and pattern of job from manual operation to remote operation to ensure the smooth existence through online activities.

- **Shift in CSR Expenditure by Companies:** The pattern of CSR expenditure by the companies is required to be diverted from the existing activities to the activities significant for dealing with the current situation. As an instance, now the amount contributed towards environmental sustainability can take a shift and can be contributed towards various government funds etc.

**Conclusion**

COVID-19 has emerged from one country and has expanded to the whole world in a blink of an eye affecting many health, lives and the world. This proves that mere carelessness and lack of proper health can not only affect you as an individual but also the people associated with you and the whole nation you belong to. Thus, it is required to work upon your immunity to serve yourself and your country in its best interest. Moreover, the proactivity in the functional approach should be recognized and look into to deal with such kind of contingent situations. Who knew, that the whole world will come to pause one day like this, but the result of this pause will be borne by every individual into this. The worst-case scenario is impossible to arrive at and is thus ‘unquantifiable. As there are a huge number of uncertainties and scenarios that exist, no one is aware of how intense will the COVID-19’s direct impact be on health and lives; how long will it endure; what policy measures are taken to mitigate the impact, etc. The key to deal with this
situation is to maintain social distancing and try to work for the benefit of the economy in any manner one can.

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