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COVID 19: Impact and Response

Volume IX

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IMPACT OF COVID 19 PANDEMIC ON INDIAN ECONOMY

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Introduction:

COVID-19 is a disease caused by a new strain of Coronavirus. The first confirmed case in India was on January 30, 2020. India witnessed an explosion of COVID-19 or SARS-CoV-2 in late January 2020. Since then, there has been a consistent rise in the number of cases within the country. Corona virus outbreaks across the country are affecting India on a large scale in terms of economic activity as well as human casualties. There are some notable exceptions to domestic demand and exports which have seen high growth, adversely affecting almost all sectors.

Considering the extent of the disruption caused by the epidemic, it appears that the current recession is fundamentally different from the recession. Demand and rising unemployment are set to change the business landscape. It is a demand of time to adopt new principles such as diversion to localization; cash conservation; supply chain flexibility and innovation which will help businesses take a new path in this uncertain environment.

COVID19 has engulfed the Indian economy. The corona virus-induced lockdown has hurt the country's GDP growth, causing significant disruptions in multiple sectors. Highly automated manufacturing can save infrastructure resources and increase quality while reducing production costs. The resulting reduction in human working hours will benefit us and enable companies to continue uninterrupted in the event of another crisis.

Consumer behaviour is also drastically changing from traditional methods due to increasing confidence in technology, technical efficiency and online payment areas. This forces us to adapt to emerging developments such as work from home, video-conferencing technology, and other relevant aspects.

Impact of COVID 19 on various sectors of economy:

1. Food and Agriculture

As agriculture is the backbone of the country and a part of the government has declared it an essential category. Food and agriculture have always been in a competitive advantage due to the free movement of fruits, vegetables, milk, etc. as compared to other sectors. Many agricultural workers are unable to lift themselves out of poverty and food insecurity. During this pandemic, the continuous work of food supply chains is important to prevent food crisis and reduce the negative impact on the global economy. The policy response from government is very essential to support agribusiness and working conditions of agriculture workers.

2. Trade and Industries

Sudden closures of majority production units have damaged the supply chain and it resulted in a heavy increase in raw material prices. In some sectors, there are price increases which are gold, masks, sanitizers, smart phones, medicines, consumer durables, and so on. The aviation and automobile industries have been affected very badly. The aviation and transport industries have come to a halt due to the lack of aero plane landings and take-offs around the world, as well as prohibition on travelling.

3. Transportation Sector

In COVID 19, Government has provided several guidelines, including physical separation and the wearing of masks. Along with this, Government proposed several guidelines for transportation sector also, such as, people movement in public transportation in official and commercial complexes, including physical separation inside public transportation, transit service curtailment, and metro service halting. This norms includes the physical separation norms that limit the number of passengers per train, and other public transport. During the COVID-19 period, people's perceptions of public transportation safety varied greatly. In transportation sector, all the stakeholders employers, workers and the government become supportive at their levels.

4. Tourism and Hospitality Sector

Tourism is a main sector of jobs and growth of economy. In the COVID 19 pandemic, this industry has been suffering from a slowdown from the outbreak of this virus. Not only the hotels and restaurants but also the tourism industry are affecting due to this pandemic. In the next one or two years, social distancing protocol, constraints, and people's anxiety will leave this sector untouched. There is precarious impact of COVID 19 on tourism enterprises and workers. For overcoming this situation timely, large-scale and coordinated policy efforts are required at international and national levels.

5. Electronics and Automobile

Due to COVID 19, the electronics and automobile sector has been facing great difficulties and this sector is under a great deal of stress. Some major obstacles are factory closures, supply chain disruption, and a collapse in demand. India depends on foreign countries for raw material. India imports 70-80 % of intermediate goods from China (Wuhan), with the automotive sector accounting for 40-50 % of the total. India imports electronic component parts from all over the world. Due to this pandemic, there is a lack of raw material, so production would be more expensive. Small and medium companies are affected by job losses of the workers working in this sector.

6. Stock Market

Due to the outbreak of pandemic, the stock market has taken a dive. In less than a month, the Sensex has plunged nearly 8,000 points. Investors in the stock market had lost their Rs. 33 lakh crore in the month of March, 2020. This could be the beginning of a recession in the Indian market. Investment in such a collapsed market is a wise decision for the new entrants in stock market. Some good sectors for investment in stock market are the pharmaceuticals, healthcare and fast-moving consumer goods market.

7. Health Sector

The COVID-19 crisis had affected adversely on health sector. It has created many challenges in all over the world like challenges of recruiting, deploying, retaining and protecting adequately trained, supportive and motivated health workers. It focuses on the need for sustainable investment in the healthcare system. There is a high time to give facilities and support to health workers and provide strong work conditions, training and equipment, personal protective equipment and occupational safety. Social interaction is essential to building a protective health system, and therefore both have an important role to play in responding to crises and shaping the future created for health emergencies.

8. Education Sector

Due to outbreak of COVID 19, all teaching fraternity has turned towards online teaching compulsorily as all the educational institutions like schools and colleges have closed. Many teachers and their organizations in India have accepted these challenges and overcome it successfully though there are various difficulties in online teaching. Government has framed the policies for schools and colleges for handling this situation successfully.

9. Construction Sector

Covid-19 pandemic has affected the construction sector which is sensitive to the economic sector. Construction has the potential to stimulate recovery of economy by creating jobs in economy. Construction sector helps for transforming the territories towards sustainability and digitization. There is requirement cooperation and social dialogue with international labour standards to promote human-centered recovery of the construction sector from this pandemic.

10. Textile, Clothing, Leather and Footwear Industries

The global supply chain of the textile, clothing, leather and footwear industries are jammed because these industries are closed and workers are staying at home. The cancellation of the order has affected thousands of companies and millions of workers. There is an urgent need of supportive action for improving the supply chains of industries. The ILO is committed to safeguarding the health and economic interests of workers and subsidiaries in the textile, textile, leather and footwear industries.

Opportunities for Indian economy:

The pandemic has been worsening the situation across the country. The foreign companies working in China are thinking to move out of China as various nations have blamed China for the COVID 19. Japanese companies operating in China have been ordered by the Japanese government to cancel operations in China. Most of the other companies like Apple are also planning to close their ventures from China.

So, this is a great opportunity for India. India can attract those companies to come and start their business ventures in India which will be beneficial for India as the companies will bring investment, jobs as well as technology transfer. The country was in an economic downturn, and the epidemic could get worse. If India uses this opportunity, it will help end the recession. India will come out from these crises within short period.

Challenges:

There are multiple remedies that the government can do from overcoming this disaster for the people and the country with the economic and health crisis. Government should make payments to farmerson priority basis which will help them in performing operations in rural areas. For the improvements in the agriculture sector, Government must allow e-commerce to work with high precautions.

The government could also set alternate days for trade and use a debt restructuring plans that the government should launch to get the loan extended during this critical period. There is the need of urgent measures for empowering the micro, small and medium enterprises.

The investment and self-reliance schemes launched by the government should re-strengthen the capital base of the companies, which will only promote the products manufactured in India and facilitate the dissemination of money for our country.

The idea of sustainable development can be considered for long-term gains and also for the most vulnerable sections of the society on the daily wage of those who have lost their jobs. Better facilities will give them a better life and an economy that reflects crisis situations.

Therefore, long-term decisions have been made by the government due to the budget allocated for health emergencies that have caused substantial damage and loss to the economy. A strong society must be built for a strong economy in the future.

Conclusion:

COVID 19 pandemic created slowdown in economy. This slowdown in domestic demand and job losses resulted in a decline in domestic and international trade. This research paper focuses on impact of the outbreak of pandemic Covid-19 on Indian Economy. Covid-19 makes adverse impact on many sectors of Indian Economy. This paper depicts the impact of Covid-19 on different sectors of Indian Economy. This paper also furnishes the policy framework of government in this regard.

COVID 19 pandemic created a worldwide crisis. This closed trade between economic development and people's lives. It has been changing the various sectors of economy; the priorities of each country are changing. Citizens of the country changed their usage, savings and investment preferences. This change affects the structure of the Indian economy.

There is need to strong long term planning for the development of economy and the substance of human society. Fear of a new recession and economic collapse requires flexible and strong leadership in health, business, government and society at large. Aid measures need to be implemented immediately and adjustments need to be made immediately so that they can be disrupted. Medium and long term planning is needed to figure out how to balance the economy and regain energy after this crisis.

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