

Covid-19 And Its Aftermath on The Economy

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ABSTRACT

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The COVID-19 pandemic is having a “severe” footprint on the economy of the world. In the study the heed is on gauging the impact on different areas such as hospitality, auto, real estate, aviation & tourism, Gross domestic product (GDP), unemployment, different shapes of recoveries in the economy and also explained some measures for stabilizing the economy. The economic effect of COVID-19 has been considerable and broad based. The GDP goes down dramatically in 2020 Q1 (-23.9% annually) due to the unprecedented lockdown to control the spread of COVID-19. Thus, in the informal sectors and daily wage people have been at the most risk .Approximately, 25 million jobs could be lost throughout the world due to corona virus pandemic, but an internationally coordinated policy reaction can help underneath the impact on global unemployment, as happened in the global financial crisis of 2008-2009, according to UN agency. This is an opportunity for our country to become a part of global supply chain for the enhancement of GDP. On the basis of some measures, we overcome these unpropitious situations.

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I. INTRODUCTION

The COVID-19 is initiating polling the Indian economy. The corona virus is thrusting the world into a recession and India cannot be immune to it. The explosion of Covid-19 has impacted nations in a various way, chiefly the nationwide lockdown which have brought social and economic life to stalement. The Reserve Bank of India (RBI) governor said the Covid-19 flare up seem to be wide-ranging than the SARS (Severe Acute Respiratory Syndrome) breakout in 2003. It is unquestionably an issue which needs to be keeps a close eye by policymakers, whether in India or any remaining country. Even when world

economies backtrack to where they were, a good deal would have transformed. Although, people can link with each other due to computerized technology & government, people, are picking a more interior view and far themselves from universal. While the whole world was in lockdown due to the COVID-19 pandemic, businesses have adjusted (with different levels of success) to work-from-home (WFH) policies. The finance minister has declared a package (Atamnirbhar Bharat Abhiyaan) of policy initiatives targeted at a low income household and micro, small and medium enterprises (MSME) which are probably to be most endangering in the wide- ranging economic slowdown. The total amount of the package

has been reported to be Rs20trillion (or approximate a 10%GDP). The associated economic slowdown will notable worsen the circumstances.

II. RESEARCH METHODOLOGY

The method used for this research to have a part of secondary data such as internet, newspapers, articles .To study the collected data, to various methods have been applied for acquiring a result

The nature of research is fully descriptive. It is a conceptual research which is based on review of lastly done researches in this area.

III. OBJECTIVES OF THIS STUDY

1. To analyze the impact of corona virus on various sectors.
2. To spotlight the GDP.
3. To analyze the impact of corona lockdown on urban and rural economy.
4. To highlight the affected unemployment rate in economy due to corona virus.
5. To examine the different shapes of "RECOVERIES" in the market.
6. To study the measure taken by government for stability of economy.

IV.IMPACT OF COVID-19 ON DIFFERENT SECTOR

According to UN report, the country now figures among top fifteen economies most affected by the manufacturing slowdown in china. Following are the analysis of different sector such as:

1. AUTO SECTOR : April noted a first ever dud month in the history of Indian automotive site when zero sales were reported by each vehicle group with lurch ramp up in the production beginning this month the first half of the year will be challenging,

says expert. Even if the pandemic is cut down, the consumer point of view are look forward to be unfavorable and demand is anticipated to remain muffled during H1FY21 led by volatile economic situation. Following are the sales of Domestic Passenger Vehicle (DPV) in different financial year such as:

Year	FY2016	FY2019	FY2020
DPV (in millions)	2.78	3.37	2.77

According to a report in ET Auto, the Indian automobile is awaited to observe witness revenue loss of over Rs13 thousand to Rs15 thousand due to the corona virus break. The automotive industry also participated around 7.5% to India's overall GDP .The challenges faced by auto sector due to lack of demand, global recession and pay cuts because of stoppage of production and sales.

2. AVIATION AND TOURISM SECTOR: IATA reports that passenger demand in Indian aviation will reduced 49% in 2020 as compared to last year. It says Indian carriers will see revenues below by \$11.61 billion in 2020 as compared to last year. CRISIL adds; a revival to pre-pandemic levels appears unlikely even in the next fiscal. It is undefined how the virus will develop, but whether we see the foot print contained to a few markets, a loss bear in few markets is \$63billion, or a wider impact leading to a \$113 billion loss of revenue, this is a crisis. As governments look to stimulus measures, the airline industry will need consideration for relief on taxes, charges and slot allocation. These are extra ordinary times, said Alexander de juniac, IATA's Director General and CEO.

3. REAL ESTATE SECTOR: ANAROCK group in a report last month said housing sales will decline by

25-35%, while office absorption will fall in the range of 13-30% on a yearly basis

4. HOSPITALITY SECTOR: The beginning of COVID-19 and the latter travel restriction and nationwide lockdown, however: has had an unaccustomed impact on the sector, a report by HVS India and ANAROCK said. CNBC-N18 the COVID-19 severe impact on the hospitality sector – i.e. organized, semi organized and unorganized. The table show the revenue loss in different class in 2020 such as:

CLASSIFICATION	ORGANISED	UNORGANISED	SEMI-ORGANISED	TOTAL
Revenue Loss (in crore)	40309	41126	8379	89814

Up to May 2020, 4 to 5 crore people lost their jobs in the Indian Tourism and Hospitality sector, said by KMPG Report. Mostly reports pointed out that the Hospitality sectors will be severe affected because of COVID-19 pandemic.

1. EDUCATION SECTOR: Due to COVID-19, school and university shut down will not just have a short term impact on the bearing of learning for more than 285 million young pupils in India, as well as gives rise to broad economic and societal consequences. More than 91% of the world's pupil had out of school, because of school shutdown in atleast 188 countries during lockdown.

GROSS DOMESTIC PRODUCT (GDP)

According to S&P (Global Rating Agency Standard & Poor) GDP of India growth to be clocked at 8.5% in FY 2022, GDP is likely to return to pre-pandemic levels in early 2022. The table shows the different rates of Real GDP in two quarter and Real GDP rates

estimated for next quarter in FY 2020-2021, according to RBI; such as:

RBI governor clues worst may be on the top of experts says pre COVID level of activity improbably till June. RBI said GDP will decline by 9.5% in FY 2020-2021. The table shows the percentage of GDP growth in different financial year;

RBI governor, SHAKTIKANTA DAS said “if The current momentum of upturn gains ground, a faster and stronger rebound eminently feasible. Barring the incidence of a second wave, India stands poised to shrug off the deadly grip of the virus and renew its tryst with its pre-covid growth trajectory.”

V. IMPACT OF COVID-19 ON URBAN AND RURAL PEOPLE IN THE ECONOMY

While rural India is poorer than its urban parallel in the COVID-19 crisis, it is the urban poor who are kept away more vulnerable with social and government support. There are following reasons of affected urban and rural families such as;

In Urban areas have a larger economic activity (i.e. more than 2/3 of India's GDP) than rural economy, affected in wider term due to lockdown.

- ✓ In Rural area, the shutdown has no impact of covid-19 on their work & wages in cash and other form for both farm laborers and farmers. Because of Harvesting season during lockdown in rural areas have 55% working men and 73% of working women are farmers and farm laborers.
- ✓ In Urban areas, all business operations, building & construction, factories, market etc. had closed. The estimated numbers of unemployed people are shown in table given below i.e.

Classification of employees	Self - Employed	Casual Worker	Salaried Employees	Total employees
Number of unemployed people	41 Million	16 Million	50 Million	107 Million

- ✓ The self employed lost money and casual worker had no place for work during lockdown. Although, salaried employees had faced risk of job loss.
- ✓ Many expenditure (i.e. necessity for life) cannot be avoided, whereas in urban and rural areas. But its major impact of income goes down due to lockdown in urban households, traders, daily wage workers and other poor families. Also affected by everyday disruption in food transport until mandis are shut down.
- ✓ India's social safety net program focuses largely on rural areas. This is superior decision because poorer people live in rural area. On 25 March, the Finance Minister of India declared an Rs.1.7Lakh in special scheme i.e. The Pradhan Mantri Garib Kalyan Yozana (PMGKY) to help poor families and business doing covid-19 related economic crisis.

At lastly, because of covid-19 more than 80% of urban families suffered income losses and become poor at least temporarily.

IMPACT OF COVID-19 ON UNEMPLOYMENT RATE IN INDIA

On crucial way in which the crisis is getting reflected is in the unemployment figures. Although, in 2017-2018, an official said India is relatively high unemployment rate is 6.1% from 2.2% in 2011-2012. India could have 50million unemployment present. Around 100million people pushed towards extreme poverty due to pandemic; says World Bank chief.

Just About, every state government department, central ministry, fire station, police station, court, public sector, public bank and university is presently short staffed. By the government's own data, nearly 71lakh unfilled vacancies in central government departments and ministries as of March 2018. In whole country, lakhs of teaching jobs remains vacant. Haryana and Uttar Pradesh had 3100 and 1.4lakh vacancies as on March and April. Multiple reports have also said; the dearth of doctors and trained nurses to treat COVID-19 in rural India. So, filling up lakh of vacancies would be a good beginning to ensure timely and efficient confinement of public services, while also providing more livelihood opportunities.

DIFFERENT RECOVERY SHAPE IN THE ECONOMY

1. V-SHAPE RECOVERY: This is more realistic layout immediate aftermaths of lockdown because of economic output falls unforeseen and mounts to its old way quickly. It is due to the closure of factory and shops etc. A clutch of indicators including, GST collection, railway freight traffic, petrol consumption, huge power demand, electronic toll collection etc. These are sign of recovery and after that it slows down and economy takes a long time to back to its old momentum.

2. U-SHAPE RECOVERY: U-shape is alike to V-shape recovery. But it also suggested the labor supply and productivity. It takes a longer time, the economic loss and size of pit is much bigger.

3. K-SHAPE RECOVERY: This recovery increase the inequality in society with the revival of growth, its more benefit will goes to the people at the top large part of people becoming poorer I the past COVID-19 world's bad news for the long term growth of the economy.

4. **W-SHAPE RECOVERY:** It is called as a double dip recession. This situation would cause colossal economic loss and it could be rise during COVID-19 If the growth following the unlock measures is truss by a surge in infections. It could take a long time to get back on the road. This shaped experience by U.S. in 1980 after 2nd crisis.

5. **L-SHAPE RECOVERY:** In this stage the economy is permanently damaged and its growth rate never back on the old path. Most experts do not think; it will happen.

MEASURES

Various expert groups in the government are working on specific fiscal incentive and policy reform that are expected to take effect from the third quarter (i.e. October to December of the current financial year to generate growth;

1. The government offering up to 3lakh in incentive spread over six years to generate world supply chain in few sectors, tariff protection to key industries and relaxation in foreign investment rule and scheme for urban unemployment.

2. On 12 may, the Prime Minister announced an overall economic package worth Rs20lakh which is 10% of India's GDP. Its aim to become an India a self reliant nation

3. The important expenditure measures are; in kind(food cooking gas) and cash transfer to poor households, insurance coverage for workers in the health care sector and wage support to low wage worker Apart from this, 150billionrupees(about 0.1% o GDP) will be devoted to health infrastructure.

4. To reduce the tax compliance burden across a range of sectors have also been announced that is reduction

in the penalty interest rate for overdue GST filling and postponing some tax filling.

5. The government provides credit support to various sectors which is part of GDP. The following table show the percentage of GDP such as;

Various Sectors	Business	Poor Household, migrants and specially fairness	Distressed Electricity Distribution Companies	Agricultural Sectors	Miscellaneous sectors
% GDP	1.9%	1.6%	0.4%	0.7%	0.3%

6. In March 2020, the RBI reduced the various rates for stabilized the liquidity position in market i.e.

Different Rate	Current Year	Previous Year
Repo Rate	3.35%	4%
Cash Reserve Ratio	3%	3%
Marginal Standing Facility	4%	4.65%
Statutory Liquidity Ratio	18.50%	21.50%
Bank Rate	4.65%	4.65%
Reverse Repo Rate	3.35%	3.35%

7. On 16 March, RBI increased the limit for FPI (Foreign Portfolio Investment) in corporate bond up to 15% of outstanding stock for FY 2020-2021.

8. The union cabinet approved a 30%reduction in salary and allowances of "MP" for one year.

VI. CONCLUSION

The corona virus has demolished economy across the world. This has many results such as change in the mentality of people, hitting the industry, and shake up the world economic order. Mostly companies allowing their employees to work from home and coping up with the pandemic. The government also took some measures to fight against slow down economy and maintaining the stability in the economy. During this time, the economy is

collocating with social behavior of humanity, so the responsibility of brought it all back economic action is not of government alone. However, this crisis gives us opportunity to rethink on the path sworn for the evolution of a humanity, community and society. It gave clear cut information; will becoming a self-sufficient and independent economy. The Indian economy may have some growth spurts that look like a fast recovery but it would take until the September quarter of 2023 for the country and the world to be back to pre COVID-19 levels, said Kevin Sneaker.:

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