

## Economic Epidemics in India and Its Negative Effects through the COVID-19

**Kanak Lata\***

Km. Mayawati Govt. Girls P.G. College, Badalpur, Noida  
Email Id: kanakviveka12@gmail.com

### Abstract

The world economy is going through an unprecedented global recession due to the outbreak and lockdown of the coronavirus epidemic in the corona period. It is feared that in the coming time the world may go into a worse state than the resolution of 1929. In this sequence, this economic epidemic in India is also causing a double crisis in the country. Due to this epidemic, the demand and supply chain in India has deteriorated badly. The decline in demand for food items and other essential items shows that the purchasing power of the common man of the country has decreased. Normally the cycle of economic activity starts with production and the producing people are paid in salary and with that money they buy goods from the market which promotes the economic activity of the market which leads to the sale of the product from which the sale Impressed entrepreneurs produce more as a result, there is an increase in employment and purchasing power.

The lockdown has caused a major loss to the supply chain in the country, the transportation shutdown has disrupted the movement of goods from production to the market, leading to an increase in black marketing and inflation so that the closure of freight, vegetables, fruits and other crops from the fields Are getting wasted The farmers are facing a big crisis if they do not get the right price for the crop.

The economic epidemic caused by Coronavirus where urban poverty, migrant labor crisis, declining employment of unorganized sector, closure of production cycle, pathetic condition of areas like hotels, tourism, airlines, real estate, The weakening stock market and finance sector and the increasing health challenges of the government etc. have created a long-term crisis before the Indian economy; On the other hand, India also provides an opportunity for proper management of its rural economy and self-reliance of young population benefits.

**Keywords:** global recession, coronavirus epidemic, economic epidemic, unorganized sector, production cycle, self-reliance.

\*Corresponding Author  
doi:10.46333/ijtc/9/1/3

### PAPER/ARTICLE INFO

RECEIVED ON: 11/02/2020  
ACCEPTED ON: 29/04/2020

Reference to this paper should be made as follows:

**Kanak Lata (2020),**  
"Economic Epidemics in India and Its Negative Effects Through The COVID-19",  
*Int. J. of Trade and Commerce-IJARTC*, Vol. 9, No. 1, pp. 21-26

## 1. INTRODUCTION

The world economy is going through an unprecedented global recession due to the outbreak and lockdown of the coronavirus epidemic in the corona period. It is feared that in the next time, the world may go into a worse state than the resolution of 1929. In this sequence, this economic epidemic in India is also causing a double crisis in the country. It may be noted that even before this epidemic, the coronavirus attack on the Indian economy was going through an economic slowdown, and the high unemployment rate has proved to be a double whammy.

A nationwide lockdown has been announced by the Government to prevent coronavirus infection. Due to this, the spread of the epidemic has reduced in a limited way. Still, on the other hand, economic activity has diminished across the country, and product demand and supply chain have been affected. Today, snatching employment has created a threat of livelihood in front of crores of people, so there is a danger of starving in front of a large population. Economic activities like farming, trade, commerce, industry, business, and Government's income and expenses were all reported to be drastic.

Although the economic activity is now relaxed with certain conditions in the lockdown, this exemption is insufficient. Therefore, the severe financial crisis has knocked into the country like an epidemic. Given these concerns further, we try to see what are the challenges facing the Indian economy today region-wise and what the Government is trying to overcome and what other significant steps or efforts need to be taken.

In the same sequence, we first try to understand what the statistics related to economic epidemics in the context of India said.

- Many rating institutions of the world have expressed the possibility of a massive decline in the growth rate of the Indian economy due to the epidemic.
- Estimates of India's G.D.P. growth rate for the financial year 2021 are expressed by the following entities as follows: -
- *Confederation of Indian Industry (CII)* = -0.9%
- *Fitch Rating Agency* = 0.8%
- *International Monetary Fund (IMF)* = 1.9%
- *World Bank* = 1.5% TO 2.8%

According to a report by the *International Labor Organization (I.L.O.)*, 40 crore workers working in the unorganized sector will be affected by unemployment and poverty due to this epidemic; Also, they are likely to go below the poverty line, especially in rural areas of India, this poverty is more likely to be killed. An estimate is also being expressed that this year 19.5 crore people of the world may lose their full-time job.

According to a recent study by researchers at United Nation University, 104 million people in India can fall World Bank-determined *below the poverty line* (3.2 \$ / DAY). At present, already 812 million people (60% of the total population) of India are living below the poverty line. In such a situation, this increase can lead India to starvation.

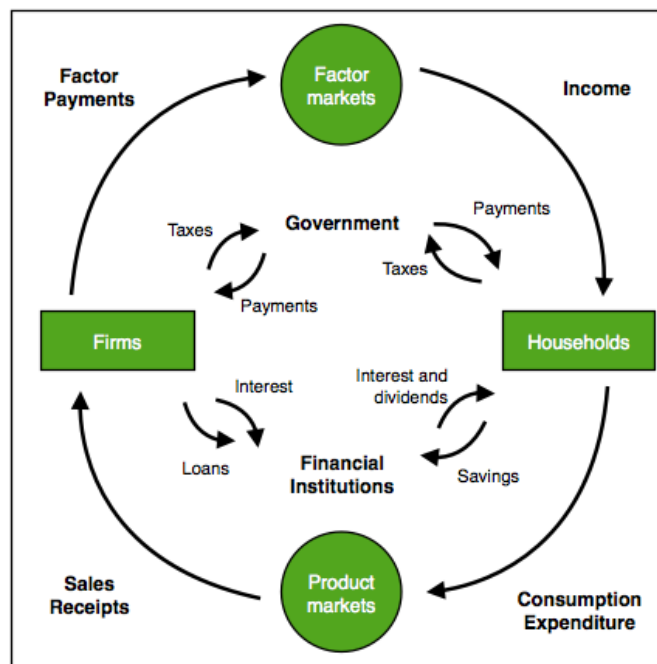
It is in this context that the United Nations World Food Program has warned that the number of people facing severe food security is expected to double in the world, due to which India is already at the of the *World Hunger Index* (103 POSITION)bottom. In such a situation, due to poverty, unemployment, health crisis, etc., the possibility of great hunger can be expressed.

According to the Food and Agriculture Organization(F.A.O.) report: *The state of food security and nutrition in the World-2018*, 195.9 million people in India suffer from starvation.

According to *The Economics Times 2018 report*, 333 million tonnes of food grains are required to be produced each year for the growing population in India. In contrast, currently, 284 million tonnes of food grains are produced.

Now the question is, which are the most affected sectors of the Indian economy:

Due to this epidemic, the demand and supply chain in India has deteriorated badly. The decline in demand for food items and other essential items shows that the purchasing power of the common man of the country has decreased. *Usually, the cycle of economic activity starts with production, and the producing people are paid in salary. With that money, they buy goods from the market, which promotes the economic activity of the market, which leads to the sale of the product from which the sale Impressed entrepreneurs produce more. As a result, there is an increase in employment and purchasing power. This production circle can be understood from the following diagram.*



But the production process has been interrupted due to the lockdown. Production is closed at this time; the worker is not getting a salary due to which economic activities are close. As a result, the demand in the market is almost zero. At the same time, the cuts in salaries of government and private salaried employees have irritated the hands of the people. Due to which people are spending less on essential commodities. A large part of the country's population is dependent on daily wages, whose condition is hazardous. More than 90% of the country's workers work in unorganized sectors; this has led to the employment of street vendors working in small jobs, which has reduced demand. Millions of workers are struggling with unemployment and poverty due to the closure of work in the manufacturing sector.

*The lockdown has caused a significant loss to the supply chain in the country; the transportation shutdown has disrupted the movement of goods from production to the market, leading to an increase in black marketing and inflation so that the closure of freight, vegetables, fruits and other crops from the fields Are getting wasted. The farmers are facing a big crisis if they do not get the right price for the plant.*

In the current era, employment in sectors like airline, travel, tourism, hotels, hospitality, and real estate has stopped. This is showing adverse effects on them. Also, the stock market and the financial sector have weakened. There are several restrictions on import and export which have affected the income of domestic producers and Government. During this time, the health of financial institutions is also likely to deteriorate, if a financial institution is submerged, then it will harm other companies, in such a situation, the banking sector already facing bad loans and N.P.A. may come under further pressure. On the other hand, due to less economic activity, there will be a massive decline in the amount received from G.S.T. and other taxes in the government exchequer; While on the other hand, the Government's expenses for dealing with the Covid-19 will increase.

## **2. THE GOVERNMENT TOOK SIGNIFICANT STEPS FOR THE PREVENTION OF ECONOMIC EPIDEMIC**

- The Government of India announced an economic package of 2000000 crores to deal with this financial epidemic. Under this, cash was provided as 1.7 lakh crore D.B.T. so that the poor and deprived section of the society can meet their minimum requirements during the lockdown and thereby increase the demand.
- For the promotion of M.S.M.E. industries by the Modi government, it has been targeted to provide loans of 300000 crores without any guarantees that the working capital of these industries can be increased and used for employment and production activities.
- The Reserve Bank of India has reduced its repo rate by 4.0% while changing its monetary policy to overcome the liquidity problem and provide cheaper credit facility and announced CRR RATE to 3%, bringing it to the lowest level ever has gone.
- In recent times, the Reserve Bank of India has provided financial assistance of Rs 50000 crore due to increase in cash demand of the mutual fund.
- Under the Prime Minister's public address, several economic concessions were provided to strengthen the local economy to establish a self-reliant India Mission.

## **3. NEW CHALLENGES BEFORE THE INDIAN ECONOMY ARISING DUE TO ECONOMIC EPIDEMIC**

- Immediate emergency relief to the poor, hungry, unemployed, and sick workers, under which maximum effort should be made to use Indian Railways to reach them to their home district and then to provide food security.
- The primary challenge is to provide the challenge of bringing migrant laborers back to the village with confidence in the labor markets due to the lockdown, as well as the problem of providing them employment locally.
- The rising unemployment due to the epidemic has made the condition of the rural economy worrying. Today, due to the increasing mass migration burden in the rural economy, manure security, employment and law, and order problems have arisen.
- Likewise, due to the coronavirus epidemic, big industries can compete with the economic crisis. Still, small and medium enterprises (M.S.M.E.) can overcome this great crisis, and if this industry can not get rid of this crisis, then its existence and the people employed in it. May be unemployed.
- Prolonged unemployment, poverty, disease, and starvation can lead to social unrest in India, which may lead to a law and order crisis.

- Today, the global recession is giving rise to economic protectionism, which is expected to increase the risk of employment in the overseas Indians and B.P.O. Industry, which may result in a considerable reduction in remittances.

#### 4. FUTURE POLICY STRATEGY FOR THE PREVENTION OF ECONOMIC EPIDEMIC

- The Government needs to make new policies by making necessary changes in the plans to get rid of the current economic crisis. Also, to increase liquidity demand, more economic relief packages need to be given for cash flow.
- The Indian economy today needs to be protected from *stagflation*; for this, a demand-driven economy will have to be promoted, as well as a strategic change in *fiscal policy*.
- There is a need to universalize the ration card and public distribution system (P.D.S.) in today's era for *food security* of the immense population of India.
- Schemes like D.B.T. under *Ujjwala*, *M.G.N.R.E.G.A.*, and P.D.S. should be provided by every state to help the migrant laborers.
- To control poverty and unemployment, building a self-reliant India will have to focus on *sustainable employment programs* at the local level and small and cottage industries.
- The Government needs to provide direct relief money for the promotion of employment in the unorganized sector; So that production dependency develops at the local level, and the *M.S.M.E. industry* remains the backbone of India's economy with the help of innovative technology.
- The Government needs to make serious efforts to restore employment in the *retail trade, hotel industry, and the construction sector*. Relief amount should be provided in the form of an interest-free loan to save working capital.
- The Government needs *fiscal stimulus* measures to re-regulate demand and supply. Policy steps should be taken to fix the same agriculture and allied sectors. At the same time, the Government must also cut its expenses.
- The Government should also arrange finance for needy banks, *N.B.F.C.*, and other financial institutions, given the poor condition of banking sectors.
- *India should increase the discount rate of DUTY DRAWBACK for export promotion, and foreign investment* will have to be boosted; this will increase domestic employment and production, due to which the use of the labor force is possible.

#### 5. CONCLUSION

Thus in the economic epidemic caused by Coronavirus where urban poverty, migrant labor crisis, declining employment of unorganized sector, closure of production cycle, the pathetic condition of areas like *hotels, tourism, airlines, real estate*, The weakening stock market and finance industry and the increasing health challenges of the Government, etc. have created a long-term crisis before the Indian economy; On the other hand, India also provides an opportunity for proper management of its rural economy and *self-reliance* of young population benefits.

In the same context, several steps have been taken by the Government to make India's rural system self-reliant like doubling farmers' income by 2022, *Mudra Health Card Scheme, Prime Minister Agricultural Irrigation Scheme, Prime Minister Crop Insurance Scheme, Kisan Sampada Yojana, E- N.A.M.*, increasing the number of *A.P.M.C. mandis* for improving agricultural marketing and growing *the M.S.P. by 50% in 2018-19*.

Therefore, to combat the economic epidemic, India needs to be self-sufficient with high investment in all sectors of agriculture, industry, and service for inclusive growth. On the other

hand, there is a need for *economic liberalization, export promotion, and increasing foreign investment*. Finally, where else can it be understood that the present Coronaera will also be buried in the pages of history like other negative epochs and the hope and faith will be born again; With which the Indian economy will regain its pinnacle as our culture tends to find opportunities in disaster.

#### REFERENCES

- [1]. **Date, Dr. R.K. and Lomte, G.J., (2018)**, International Economics, Nirali Publications, Mumbai, India.
- [2]. **Datt, Gaurav & Mahajan, Ashwani, (2016)**, Indian Economy, S. Chand Publication, Delhi, India.
- [3]. **Karuppiah, Sankarganesh (2015)**, Indian Economy Key Concepts, Kavin Mukhil Publications, India.
- [4]. **Kumar, Dhruv (2017)**, Economic & Social Issues In India, Ramesh Publishing House, India.
- [5]. **Lal, S.N., (2019)**, Indian Economic, Shivam Publisher, Prayagraj, India.
- [6]. **Myrdal, Gunnar, (2008)**, Asian Drama, Kalyani Publishers, Delhi, India.
- [7]. **Puri, V.K. and Mishra, S.K. (2019)** IndianEconomis, Himalaya Publishing House, Edition-37, Delhi, India.
- [8]. **Singh, Ramesh,(2018)**, Indian Economy, McGraw Hill Education Publication. Delhi, India.
- [9]. **Sinha, Dr. V.C., and Sinha, Dr. Pushpa, (2017-18)**, Bhartiya Arthavyavastha Ki Sanrachana Avm Samasyaye, S3PD Publications, Delhi, India.

#### News Paper

- [1]. The Hindu, New Delhi Edition, Editorials Page, Date:18/04/2020
- [2]. The Times of India, New Delhi Edition, Editorials Page, Date: 30/05/2020