

COVID-19 PANDEMIC: IMPACT ON VARIOUS SOCIO-ECONOMIC FACTORS OF INDIAN ECONOMY

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ABSTRACT

Corona virus disease is an infectious disease caused by a newly discovered corona virus. The WHO will declare a pandemic when a disease has shown many more cases than the previous day. A current example of case of pneumonia of unknown cause, in the city of Wuhan, was reported to the WHO. This was subsequently identified as a new virus in January 2020 and over the time the number of cases continued to rise but this time the virus was not only in China. It was spread worldwide. Due to rapid growth in cases, this time it was declared as a pandemic on 11th march. At that time this virus started to affect the world in badly ways which result in slow down the economy. To defeat the COVID-19, Indian government announced complete lockdown in the country starting on March 24, 2020 and the same was extended to May 3, 2020 in the second phase. COVID-19 affects various industries and economics worldwide. In this paper, we discuss various socio-economic factors such as education, businesses, NBFCs, Tourism and Travel, Banks, Insurance and Manufacturing industries, cyber crimes etc. This article is an attempt to assess the impact of COVID-19 on above mentioned factors and also tried to give some suggestions to mitigate the situation so that economy can continue with less impact of COVID-19.

Introduction

As we know global COVID-19 pandemic inflicting two kinds of shocks on countries: one is health shock and another is economic shock. This disease is highly transmissible, the ways to stop the spread of disease include some actions taken by government such as self isolation at home, impositions of restrictions on public and family functions, always covered face with mask, sanitize everything before using, wash hands frequently, maintain social distancing, restrictions on mobility and even lock down of entire country. All these actions result to stop normal functioning of economy. This has triggered fears of a deep and prolonged global recession.

“On April 9, the chief of International Monetary Fund, Kristalina Georgien said that the year 2020 could see the worst global economic fallout since the great depression in the 1930s with over 170 countries likely to experience negative per capita GDP growth due to the raging corona virus pandemic.”

In order to curb the spread of the virus, the government of India has announced a nationwide lockdown on March 25, 2020. All non essential services and businesses, education institutions, religious places stay closed during this lockdown period. People has started to purchase grocery and non grocery items in huge amount and stored at their houses. Migrant workers, tourists and students return to their native places. It was really tough for migrant workers to return their home due as states borders has sealed and no transportations in lockdown. Most of the migrant workers have started to return their places on foot. The government of India has arranged many containment zones due to expontial growth of corona virus patients. Some states like Delhi, Gujrat, Maharashtra, Tamilnaidu, Bengal etc. has reported higher cases. Subsequently from end May early June onwards the lock down was gradually relaxed but with the continued growth in cases the nationwide lockdown was extended till July 31, 2020. This lock down has had a significant adverse affect on economy. Millions of people were jobless, more than 50millions migrant workers either returned to their native places or shifted to camps inside the cities and villages because of state bordered were sealed. Transportations of raw materials and finished goods across states were also constrained. All these are severely disrupting supply mechanisms and distribution chains in almost all sectors. Most of the women were lost their jobs due to this pandemic.

Research Methodology

As stated previously the present paper is aimed to assess the impact of Covid-19 and Lockdown on various socio-economic factors such as education, businesses, NBFCs, Tourism and Travel, Banks, Insurance and Manufacturing industries, cyber crimes etc. To achieve this objective some extracts have been drawn from the existing literature

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available on various sites of internet in the form of highlights of interviews of renowned economists, economic and financial advisors, Chambers of commerce and industry, authorities of international institutions like world Bank and IMF and so on. Secondary sources of information are used to collect the required information.

COVID-19 and Impact on various Factors

COVID-19 and Children and adults

COVID-19 is a universal crisis and for some children and adults, the impact will be lifelong. However, the effect of covid-19 will not be distributed equally. They are expected most damaged in poorest countries and for those who were in already vulnerable situation. As family loses their source of income due to lockdown, more household are falling into monetary poverty. These families are not able to fulfill their basic needs which influence their mental and physical health. Approximately 150 million additional children are living in multidimensional poverty-without access to essential services. Due to COVID-19, world wide countries announced closure of schools, affecting more than 1.6 billion children and youth. Many of schools took initiatives to provide education through online mode but many children and adults are from poorer household don't have access to internet. Approximate 80 million children under the age of 1 in at least 68 countries may miss out on receiving life saving vaccines. The risk of violence, exploitation and abuse has increased due to the stress of the parents who lost their jobs .The tendency of argue, addiction of internet, self harming activities and even suicidal cases were increased due to lockdown.

COVID-19 and Manufacturing Industries

The COVID-19 outbreak that began in Wuhan, China has continued spread, shutting down extensive number of sectors, including manufacturing, services, retail and tourism. Supply of disruption occurred as severe states in India has stopped, except for rice industry. Some activities like communication, sales, administrative activities etc. are being undertaken from home. Industry had to face a lot labor problem as semi skilled and unskilled workers returned to their hometowns. Manufacturing MSMEs almost supply material to other industries, which already stopped operating, resulting reduction in demand and cancellation of orders except essential industries. More employees stop coming for work due to government directions resulting in reduction of operational activities with consequent effect on quality, cost and quantity. This also leads to adverse affect on sales volume. Due to COVID-19, transporters not only face the problem to place vehicles for uploading but also under pressure to adjust their quotes for carrying goods. Shortage of workforce also a big problem for logistics. The slower rate of banking operations, shortage of working hours and overloaded communications resulted delay in monetary transactions.

COVID-19 and Tourism and Travel

Tourism product is a perishable nature of product which cannot be stored and sold later, this feature push tourism industries in to heavy loss. Tourism is a backbone of economy of many countries of the world. Tourism is a sector which contributes to GDP in big proportion. Tourism is a big source of generating revenue. Tourism and hospitality business are profoundly affected by COVID-19 that has declared pandemic on 12th March, 2020(WHO, 2020). Due to COVID-19 pandemic, the travel and tourism industry's employment loss is predicted to be 100.08 million worldwide (Statista, 2020). As the number of infected cases increasing and by implementing measure such as maintaining social distance, stay home, work from home, lockdown, containment zone, public gathering etc. adversary affect this industry. World travel and Tourism Council (WTTC) revealed punishing impact of COVID-19 as well as local and global travel restrictions on the travel and tourism industries. WTTC said if the current restrictions on international travel continue through the end of 2020,resulting in a limited recovery; the impact will be devastating with as many as 174 million jobs lost globally (WTTC,2020).According to industry chamber CII, this is the one of the worst crisis ever to hit tourism industry. This crises impacting all geographical segments (Inbound, Outbound and Domestic) as well as tourism verticals (Leisure, adventure,heritage,MICE,Cruise,niche segment).Being a foreign exchange source, Tourism industry not able to generate any revenue as foreign visitors can't travel due to pandemic.

COVID-19 and Banks and NBFC

Banks plays an important role in smooth functioning of economy and provide funding to individuals and corporate. The COVID-19 impact on banking will be severe fall in demand, lower incomes and production shutdown will adversely affect the business of banks. Businesses and borrowers face job losses, shortage of manpower, slowed sales and decline profits as the viruses spread worldwide. Banking services like deposits, withdrawals, clearing of cheques and other services had to be executed by maintaining social distance at least a meter and using face mask. Banks employees

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handle the cheques and other papers with sanitize them with steam iron. The COVID-19 pandemic offers operational and technical challenge for both customer and employees. Most of the banks (both public and private banks) focus on digitization so that banks can work without disruption. Specially small and medium enterprises had to face problem in business loan during lockdown. The RBI gives some measures to credit institutions in form of liquidity, regulations, supervisions and financial markets. As a result of social distancing, most of the consumers are using online mode to manage their financial needs. In last but not the least this pandemic creates a big problem for uneducated peoples and villagers because they are not comfortable in online transactions. Most of the fraud took place this covid period due to unaware about not to share card details, account numbers and pin numbers. The Covid-19 pandemic has increased the woes of Non-Banking Financial Companies. This pandemic slowdown the economy which result decline in credit of NBFC. Some segment have affected more severely than others. The RBI has allowed lenders to extend holding on loans up to August, 31 so that the pressure of borrowers can be reduced.

COVID-19 and Insurance industry

The insurance industry works for the seek of people, business, live stock and assets. A large proportion of this industry is dependent on industries and businesses like automobile, hotel, travel and infrastructure. COVID-19 creates challenge for all these sectors. Earlier days, the insurance industry has been employees centric but now a day's digitization take place in this industry. The COVID-19 crisis has given rise to both immediate and potential challenge for the insurance industry. As The COVID-19 outbreak, an increasing number of people have become more aware about insurance. Only insurance industries one of the industry which has positive impact. The corona virus pandemic has forced many companies to change their working style what they operate. With the corona virus spread, there has been substantial rise in online shopping and also leads to rise in insurance as well. Online insurance means policy holders made payment online and upload documents from the safety and comfort of their own homes. Due to digitization, claims can be raised faster and policy holder can simply upload documents as per requirement. Before pandemic in India, only 10% of people were interested in buying insurance to cover health and emergencies but now 71% people buying health insurance to fight unforeseen pandemics like COVID-19(The Indian Express, 2020).

COVID-19 and Businesses

India imports maximum consumer durable goods from china so due to COVID-19, there is shortage of consumer goods resulting in price increase. It adversely affects consumer sentiments. Due to COVID-19, Indian Government has directed to pharmaceutical industries to stop export to prevent shortage of medicines and monitoring the stock of medicines on regular basis. India export 30% of sea food. Out of 30%, 22% share of china for sea food. As corona diseases spread the industry has moved towards lower damaged resulting surplus of stock. This pandemic also affect on technology industry. Most of the parts of technical products have import from china. As China is one of the biggest exporters of many raw materials. Shutting down of various factories has damaged supply chain leads drastic surge in prices of raw materials. Many products has seen rise in the prices such as gold, smart phones, medicines, sanitizers, masks and consumer durables.

COVID-19 and Cyber Crime

As Covid 19 spread worldwide, governments has imposed curfews and rules on maintaining social distance and avoids gatherings resulting employers has allowed their employees work from home where more and more private IT devices are being used for officials business. These IT devices are less protected than IT devices used at work place. Conferences, calls. Video conferences, social media, digital information channels are being used more than ever. During lockdown usage of e-wallet transactions has increased result of this cyber attack also increased. This is an alarming situation for service providers to improve of security of e-wallet so that people did not get deceived. Otherwise will be a sharp decline in e-wallet users as the COVID-19 pandemics over. The people who are working from home and using e-wallet are required awareness and knowledge of phishing scam, the fastest growing type of cyber crime. Most of phishing attacks play on emotions and concerns. As the phishing emails usually want you to click on something, for example to update your payment details, to offer attractive schemes or access the latest information on corona.

Suggestions

- People must be careful before login to any website and also check the authenticity of it. Most of the websites are malicious and engaged in phishing. Always avoid opening emails from unknown parties or untrusted sites. Use secure password and keep changing after some times.

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- Focus on domestic tourism industry, clear policy on building eco-friendly hotels in coastal regions and Wildlife Park.
- As customers become more aware so insurance industry should try to offer tailor made policies to meet expectation of customers. Due to extreme use of digitisation, there is a need to enhance claim settlement mechanism as well.
- The disruption due to Covid-19 is likely to offer new models of working and at the same time, opportunities to build capabilities and explore new international market. India should have to focus on mix of conventional manufacturing facilities.
- Businesses have suffered huge loss and people have lost their jobs due to massive economic slump caused by Covid-19. So that we have to become more aware, decisive, proactive and think of business that can be started from home i.e. manufacturing of face mask, made hand sanitizers, online delivery business as people avoid to visit grocery stores, malls and shopping complex, online tuition and coaching classes for students, online fitness classes, online dance classes etc. Even people have started earning from YouTube as it is totally focused on one funda that is more subscribers, more income.
- Intervention programmes to serve children and caregivers in this time should be drawn and implemented by local govt. Agencies, programs must be focus on improving parenting skill, understanding children, problem solving, understanding children etc. Parents should spend some quality time with their children, regularize their schedule, do fun activities; encourage them to do physical activities.
- Banks should be offer secure digital customer care services to handle their queries. Banks should have to create a healthy and convenient working environment for the improvement of employees' skill. Continuous measures should be taken to enable the smooth functioning of banks and nbfc's. RBI must take all initiative to overcome the affect of Covid-19.

Conclusion

No one in this world knows how long the Covid-19 virus is likely to remain in this universe. As covid-19 affect various factors in a huge way so that it will take time to come on track. We all together can reduce the affect of this pandemic. This paper is an attempt to assess the impact of COVID-19 on above mentioned factors and also tried to give some suggestions to mitigate the situation so that economy can continue with less impact of COVID-19. The Indian government (central and state level) is working intensely to minimize the number of cases and is taking all necessary steps to combat the challenges and threat posed by this growing invisible pandemic war. Earnest efforts of all the frontline workers especially medical doctors, nurses, healthcare staff, sanitation workers, police personnel, volunteers, and active support and obedience of people of India has been the only possible reason owing to the control and treatment of pandemic. Additionally, to treat/stop this COVID-19 infection there is a pressing need to handle this battle at a scientifically advanced level. Also, without proper vaccination, containing COVID-19 cases is a real challenge.

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