

ECONOMIC CRISIS OF INDIA DURING COVID-19 PANDEMIC

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Abstract:

During Covid-19 pandemic many countries faced health crisis, financial crisis, and collapse in commodity prices, which interact in complex ways. While this is crucial for a strong recovery, there is considerable uncertainty about what the economic landscape will look like when we emerge from this lockdown. This makes the Great Lockdown the worst recession since the Great Depression, and far worse than the Global Financial Crisis. This is a truly global crisis as no country is spared. Countries reliant on tourism, travel, hospitality, and entertainment for their growth are experiencing particularly large disruptions. Emerging market and developing economies face additional challenges with unprecedented reversals in capital flows as global risk appetite wanes, and currency pressures, while coping with weaker health systems, and more limited fiscal space to provide support. Moreover, several economies entered this crisis in a vulnerable state with sluggish growth and high debt levels (Gopinath, G. 2020). In this article discussed about economic crisis of India during the period of covid-19 pandemic.

Key Words: COVID-19, Economic Crisis, India, Lockdown, Pandemic.

Introduction

COVID-19 pandemic affected the manufacturing and the services sector hospitality, tours and travels, healthcare, retail, banks, hotels, real estate, education, health, IT, recreation, media, oil mills and others. The economic stress has started and will grow rapidly. While lockdown and social distancing result in productivity loss on the one hand, they cause a sharp decline in demand for goods and services by the consumers in the market on the other, thus leading to a collapse in economic activity. However, lockdown and social distancing are the only cost-effective tools available to prevent the spread of COVID-19.

Governments are learning by doing, as it was in the case of success of containment strategy in India, the economic risks of closing the economy remain nonetheless. Similarly, flattening the caseload curve is critical for economy at large, but it comes with an economic cost. For example Oil is a liquid substance obtained by crushing certain agricultural seeds. Many kinds of oil are available for use. Some of them are edible and others are non-edible. Edible oils are sometimes used for non-edible purposes also, but not vice versa. Fat is an essential nutrient for man and its source is edible oils. Edible oil is one of the important constituents of Indian food. A majority of the

dishes is prepared by using oil in the process. Different oils are used in different states according to their availability and custom-oriented food habits. COVID also effected for edible oil mills also for producing oil in this lockdown time. They are also stopped to produce oil.

The Impact of Covid-19 on Indian Economy

As per the official data released by the ministry of statistics and program Implementation, the Indian economy contracted by 7.3% in the April June quarter of this fiscal year. This is the worst decline ever observed since the ministry had started compiling GDP stats quarterly in 1996. In 2020, an estimated 10 million migrant workers returned to their native places after the imposition of the lockdown. But what was surprising was the fact that neither the state government nor the central government had any data regarding the migrant workers who lost their jobs and their lives during the lockdown.

The COVID-19 pandemic outbreak has forced many businesses to close, leading to an unprecedented disruption of commerce in most industry sectors. Retailers and brands face many short-term challenges, such as those related to health and safety, the supply chain, the workforce, cash flow, consumer demand, sales, and marketing. However, successfully navigating these challenges will not guarantee a promising future or any future at all. This is because once we get through this pandemic; we will emerge in a very different world compared to the one before the outbreak. Many markets, especially in the fields of tourism and hospitality, and industry no longer exist. All organizational functions are intended to prioritize and optimize spending or postpone tasks that will not bring value in the current environment. Companies, especially start-ups, have implemented an indefinite hiring freeze. At the same time, online communication, online entertainment, and online shopping are seeing unprecedented growth.

Covid-19 and the Economy

On March 11, 2020, the World Health Organization (WHO) characterized COVID-19 as a pandemic, pointing to over 3 million cases and 207,973 deaths in 213 countries and territories The

infection has not only become a public health crisis but has also affected the global economy. Significant economic impact has already occurred across the globe due to reduced productivity, loss of life, business closures, trade disruption, and decimation of the tourism industry. COVID-19 may be a “wake-up” call for global leaders to intensify cooperation on epidemic preparedness and provide the necessary financing for international collective action. There has been ample information on the expected economic and health costs of infectious disease outbreaks but the world has failed to adequately invest in preventive and preparedness measures to mitigate the risks of large epidemics.

The spiralling and pervasive COVID-19 pandemic has distorted the world’s thriving economy in unpredictable and ambiguous terms. But it significantly indicated that the current downturn seems primarily different from recessions of the past which had jolted the country’s economic order. Whereas the nations, conglomerates, corporations and multinationals continue to understand the magnitude of the pandemic, it is undoubtedly the need of the hour to prepare for a future that is sustainable, structurally more viable for living and working.

While the unprecedented situation has caused great damage to the economy, especially during periods of lockdown, the nation will have to work its way through it, by introducing fiscal measures. As the national government envisions, protection of both lives and livelihood is required. The economic activity must begin gradually after screening of the labour force. Strict preventive measures should be implemented by the industry in order to safeguard the health of the workers. While policy and reforms should be doled out by the government adequately to salvage the economy, the industry, civil societies and communities have an equal role in maintaining the equilibrium. The norms of social distancing, avoiding or cancelling gatherings, and use of masks and sanitizers should be the way of life till we are able to eradicate the virus. During this time, the economy is juxtaposed with social behaviour of humankind, so the responsibility of bringing

back economic action is not of the government alone.

The risk of a global recession due to COVID-19 in 2020 and 2021 would be extremely high, as it has been observed globally that the shutdown of all economic activities production, consumption and trade to control the spread of COVID-19 is imminent. The nature of shutdown is unique in case of COVID-19 due to a supply shock, a demand shock and a market shock. The recovery in the economy depends on the timing and magnitude of government support as well as the level of corporate debt and how the companies and markets cope with lower demand. Government assistance to those most in need (largely constituted of unorganized sector, migrants and marginalized communities) is a critical measure to save many lives.

As the spread of the virus is likely to continue disrupting economic activity and negatively impact manufacturing and service industries, especially in developed countries, we expect that financial markets will continue to be volatile. There is still a question as to whether this unfolding crisis will have a lasting structural impact on the global economy or largely short-term financial and economic consequences. In either case, it is evident that communicable diseases such as COVID-19 have the potential to inflict severe economic and financial costs on regional and global economies. Because of high transportation connectivity, globalization, and economic interconnectedness, it has been extremely difficult and costly to contain the virus and mitigate the importation risks once the disease started to spread in multiple locations. This warrants international collective action and global investment in vaccine development and distribution, as well as preventive measures including capacity building in real-time surveillance and the development of contact tracing capabilities at the national and international levels. As outbreaks of novel infections are not likely to disappear in the near future, proactive international actions are required not only to save lives but also to protect economic prosperity.

Conclusion

This COVID-19 Pandemic affected all those sectors, not only one sector. So many things are lost and slow to development as well as growth. This paper should present an effect on the economy as well as the industry. In that time everything was lost and decreased production, manufacturing, marketing, as well buying. And edible oil price also decreased more than previous price. It affected customers very badly, and people also think not to buy this one. However, every crisis brings about a unique opportunity to rethink on the path undertaken for the development of a human being, community and society. The COVID-19 pandemic has a clear message for the Indian economy to adopt sustainable developmental models, which are based on self-reliance, inclusive frameworks and are environment friendly.

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