

9.

**COVID 19: SOCIO- ECONOMIC IMPACT**

Ashu\* and Naveen Kumar\*\*

\*Assistant Professor (Commerce), Government PG College, Naraingarh;

\*\*Airports Authority of India, New Delhi

**INTRODUCTION**

The world has witnessed a health pandemic originated from China which affected people of many countries especially USA, UK, Brazil, Italy and as on 07 July, 2020 WHO reported total of 1,15,00,302 cases and 5,35,759 number of deaths worldwide (WHO,2020). This disease spread across the globe mostly affecting elders of more than sixty years age, having breathing problems (Krishnakumar,B&Rana,S.2020). When number of cases started increasing across boundaries China informed about these cases to World Health Organisation and WHO declared it as Pandemic on 11March,2020 (Gautret et al.,2020). With the increase in transmission and continuous spread countries were struggling to control this disease. Even the developed countries faced problem to tackle the crisis (Paital et al., 2020) but trying their best to save the lives of their people. Governments are trying to find possible solutions to stop spread of this pandemic, creating awareness and issuing various necessary guidelines to be followed by everyone to protect himself. Countries are also trying to develop vaccine to control this worst situation. Lastly when no options available, government of affected countries imposed lockdown to avoid close contact of people with each other and implemented social distancing (Tomar,A & Gupta,N.2020). This sudden action of lockdown taken by the government definitely affected many lives but this was important to develop the necessary infrastructure and control the unpredictable result of this outbreak.

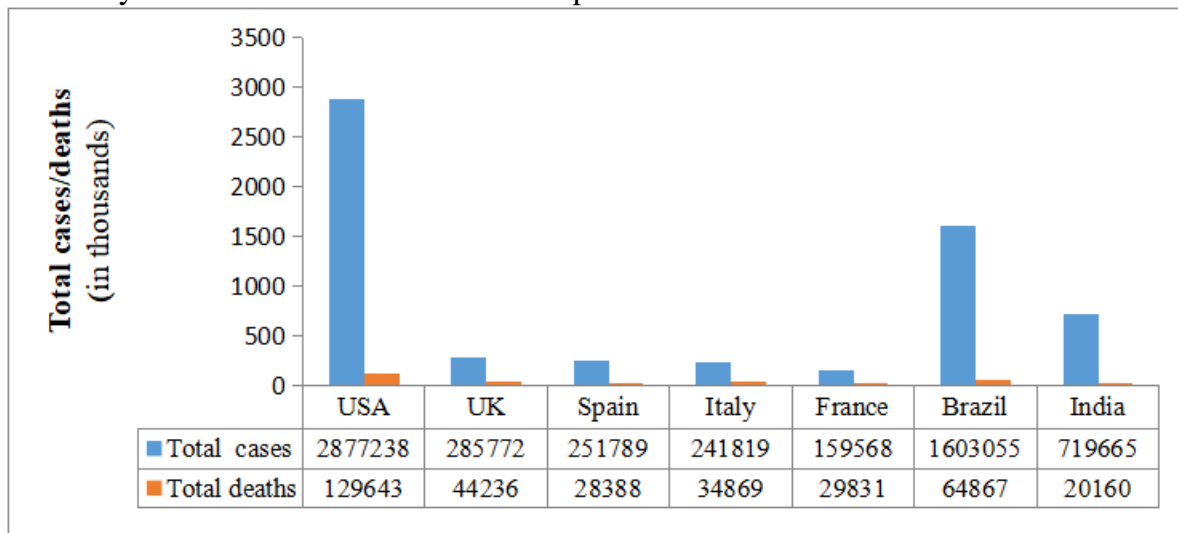


Fig. 1: Comparison of cases of various countries with India. (Source: WHO, Situation Report- 169, 2020. Accessed on 8 July, 2020)

Table 1: Analysis of Covid-19 cases in India from March to June

<b>A Five Month Trend of Covid-19 in India</b>				
<b>Cases in India</b>	23 March	23 April	23 May	23 June

<b>Total confirmed cases</b>	415	21393	125101	440215
<b>New cases</b>	132	1409	6654	14933
<b>Total confirmed death</b>	7	681	3720	14011
<b>New deaths</b>	3	41	137	312

### Source: World Health Organisation, Situation report No 63, 94,124 and 155

On 23<sup>rd</sup> March, 2020 with 415 total cases, India imposed lockdown on 25<sup>th</sup> march to curb the disease. With no other option in hand to control the spread, only lockdown seemed as viable option to maintain social distancing. From table it can be deduced that India was able to control the spread from March to May despite being second highest populated country. But after 31<sup>st</sup> May lockdown restrictions were reduced to bare minimum due to negative impact of lockdown on the economy and this unlock lead to sudden rise in case reaching 4,40,215 on 23<sup>rd</sup> June. The cases are rising day by day and have surged to 7,19,665 by 7<sup>th</sup> July,2020. The effect of this unlock is the increase of nearly 2.7 lakh cases in just 14 days.

### MPACT ON VARIOUS SECTORS DUE TO LOCKDOWN

COVID- 19 has become a big threat for the globe. Governments were taking lockdown as one of the precautive measures to combat this threat. Lockdown has affected all the sectors of economy badly. All economic activities were shut down, travelling restrictions resulted in rise in unemployment, poverty, low income. People are worried about their livelihood, how they will return to their homes, fear of layoffs resulted in stress and anxiety. This crisis affected mostly poor and migrant population. Government play an important role by arranging food, shelter, proper facilities in hospitals, and transport facilities for migrants. Central banks of affected countries have already provided relief packages to sustain the economy by changing the current monetary policies (Jackson, J.K.et.al, 2020). It is an important step taken by the countries to boost the various sectors which are affected by this pandemic. Also the funds have been transferred to the accounts of the poor to avail basic facilities. As COVID -19 pandemic has impacted various sectors of the economy, we are going to discuss few of them:

**Agriculture** - In many countries including India agriculture is labour-intensive sector. Most of the work like sowing, cutting, loading & unloading of crops done by the labour instead of machines. Due to lockdown the migrant workers left for their hometown leading to shortage of labour. This problem was a major bottleneck in harvesting activities (The Hindu,2020). Social distancing norms also affected the procurement by the government agencies as only a few farmers per day were allowed to come to grain market with their harvest. A global crash in the demand of hotels and restaurants has forced the farmers to sell their produce at very low prices. The agricultural produce which has a short shelf life got rotten due to restriction on transport vehicles affecting the supply chain. The scarcity of labour has also forced the farmers to shift from labour intensive paddy crop to other crops in Rabi season.

**Poultry** - As source of the coronavirus is bat (Lu, R., 2020). So, people start avoiding non- vegetarian food because of false news that they can be infected by coronavirus by eating non-veg which leads to reduction in demand of chicken (Kumar, S et al, 2020). The poultry sales have reduced by 80% due to these false claims (Gupte, 2020).

**Manufacturing and Construction** – These two sectors has been badly impacted due to lockdown and social distancing norms and lack of labour. In the initial phase of lockdown these two activities were completely banned which forced migrant labour to leave for their home in the lack of food and employment. When these sectors were allowed to operate then there was a not much labour left and if there was labour at some places even then these industries were unable to utilize all the labour due to social distancing norms. These industries which were working 24x7, lockdown forced them to work for one shift thereby huge fall in production and revenues. This slump in production has resulted in decline in Gross Domestic Product(GDP).The construction industry in India will contract by 7.5% in 2020 due to Covid-19 crisis (Lescohier,2020).Due to negative impact on economy Moody’s rating agency has downgraded the ratings of India to Baa3 level, lowest in last 22 years (Moody’s,2020)

**Aviation** – Passenger air traffic has been strongly impacted due to lockdown. Government has put restrictions on air travel to control the spread. All the aircraft were parked at airports as there was no passenger aircraft was allowed to fly. This lockdown has put a dent on the future of aviation and has raised concern on the sustainability of the sector. Even when lockdown was lifted the government restrictions and guidelines on travel has changed the passengers behaviour and they are suppressing their travel needs to maintain social distancing. The economic slowdown has reduced the income of all the sectors therefore even companies are avoiding the air travel by their employees and opting for virtual meeting from their workplace. It will take at least two years for the passenger traffic to reach the pre-covid level. As per International Civil Aviation Organisation (ICAO), the estimated loss of revenue in aviation would be around USD 316 to 390 billion.

**Healthcare** – COVID-19 has impacted the healthcare sector by putting pressure to provide medical facilities to a number of patients beyond the limits of the infrastructure available. Many countries including developed countries faced problems to develop sufficient healthcare facilities for treatment of virus infected patients. Shortage of equipments, beds, PPE Kits and other essential amenities made situation worse. During this period role of healthcare workers are pivotal. They are giving their best to save the life of every single person despite of many challenges they experiences every day. Governments are trying their best to develop makeshift hospitals speedily for coronavirus infected patients.

**Education** - Decision of lockdown taken by the government to restrict interaction resulted in closure of educational institutions which created panic situation among the students. As per UNESCO as on 12<sup>th</sup> July nearly 1000 million students have been affected due to closure of educational institutions and 61% of total enrolled learners have been affected due to country-wide closures of schools in 110 countries (UNESCO, 2020).This number includes learners only up to senior secondary level .The deferment of campus recruitment, entrance exams, semester exams has created stress, anxiety among students. Universities are taking every possible step so that the studies will not suffer. This opens the door for online mode of teaching. However, it was resisted by many in the beginning due to lack of infrastructure and even the parents were unprepared for home schooling but later everyone used this method for teaching. But still this mode of teaching is a challenge for parents with limited education and income resources to provide medium for accessing the lessons for their children. Notes and assignments are being shared by the teachers using whatsapp, PPTs, Google drive, Google meet, zoom app and other available online modes.

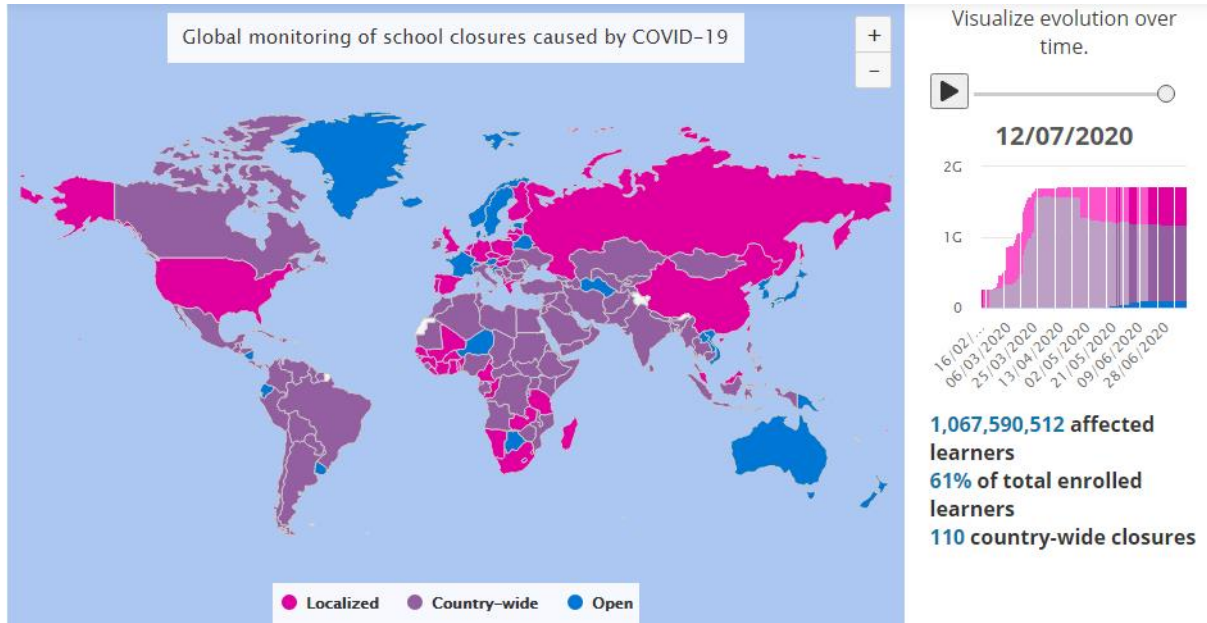


Fig 2: Closure of schools in various countries across the world

Source: <https://en.unesco.org/covid19/educationresponse>. Accessed on 12 July, 2020.

**Hospitality and tourism** –The restrictions imposed by lockdown resulted in less income, threat of losing jobs, insecurity of getting basic facilities. People because of fear of getting infected avoiding unnecessary travelling and locked themselves in their homes, this impacted hospitality and tourism sector. In India every year during summer holidays people used to go for vacations even to abroad but due to this crisis all the vacation plans have been cancelled and hotels have faced challenges to book even half of the rooms, thus leading to loss of jobs. United Nations World Tourism Organisation predicted that this crisis could lead to an annual decline between 60 to 80% as compared to 2019 data.

**Sports** – Sports and physical activities play an important role in social development of a person. COVID-19 outbreak cancelled or postponed many of the national and international games. The Olympics and Paralympics, Belgian cup have been postponed, Football tournaments also suspended for some time, Marathons to be held on between March to May 2020 are either cancelled or postponed. With cancellation of major tournament across the globe due to this health pandemic resulting in huge unexpected loss to sports industry as well as everyone who are associated with these games.

**Financial Market** – Increase in unemployment, poverty, low income and decline in stock market around the world shows the sign of recession during covid-19. Share prices of companies continuously declining in every financial market across the world (Sansa, N.A. 2020). Dow, S&P, Nikkei, Nifty, BSE, everyone is showing volatility in the stock prices which is now a reason of stress for investors.

**CONCLUSION**

Another health pandemic after SARS affected the world so badly that experts compared the current situation with financial crisis which took place in 2007-08 and called it Black swan event. Fear of economic crisis started because this pandemic affected almost all sectors of economy. The role of government is crucial during this ongoing crisis as they are struggling in

performing their twin responsibilities; firstly of saving life of people for which they took some decision which negatively impacted the economy. Secondly the central banks and government of affected countries already announced financial packages to boost the economy which can provide some relief to all stakeholders. Not only government people are also equally responsible for supporting their policymakers by following instructions issued by government and stay safe from getting infected. As this pandemic will take time to end but we can't stop our growth for which we have to look out for new ways of doing work. Governments have to promote work from home culture in all sectors where it is possible and make use of technology for contactless services and have to make revival plans sector-wise as per the requirement

### WORKS CITED

- Educational Disruption and Response. UNESCO; 2020.<https://en.unesco.org/themes/education-emergencies/coronavirus-school-closures>.
- Effects of Novel Coronavirus (COVID-19) on Civil Aviation: Economic Impact Analysis. ICAO,2020.[https://www.icao.int/sustainability/Documents/COVID-19/ICAO\\_Coronavirus\\_Econ\\_Impact.pdf](https://www.icao.int/sustainability/Documents/COVID-19/ICAO_Coronavirus_Econ_Impact.pdf)
- Gautret, P., Lagier, J.-C., Parola, P.,Hoang, V.T., Meddeb, L., Mailhe,M., Doudier, B., Courjon, J.,Giordanengo, V.,Vieira, V.E., Dupont, H.T., Honoré, S., Colson, P., Chabrière, E., La Scola, B., Rolain, J.-M., Brouqui, P., Raoult, D., 2020. Hydroxychloroquine and azithromycin as a treatment of COVID-19: results of an open-label non-randomized clinical trial. *Int.J. Antimicrob. Agents* 105949. <https://doi.org/10.1016/j.ijantimicag.2020.105949>.
- Gupte, Anita. (2020) Coronavirus rumours cost India's poultry dearly. *Poultry world*.<https://www.poultryworld.net/Meat/Articles/2020/6/Coronavirus-rumours-cost-Indias-poultry-dearly-600561E/>. Accessed on 12 July, 2020.
- J K Jackson, M A Weiss, A B Schwarzenberg, R M Nelson Global Economic Effects of COVID-19 Congressional Research Service (CRS) Report, p. 1 - 49.
- Krishnakumar, B., & Rana, S. (2020). COVID 19 in INDIA: Strategies to combat from combination threat of life and livelihood. *Journal of Microbiology, Immunology and Infection*.
- Kumar, S., Thombare, P., & Kale, P. (2020). Impact of corona virus (COVID-19) on Indian economy. *Agriculture & Food-e-Newsletter*.
- Lescohier,Jenny.(2020) Construction in India to contract 7.5%.<https://www.khl.com/international-construction/construction-in-india-to-contract-75-this-year/144984.article>. Accessed on 12 July, 2020.
- Lu, R.,Zhao, X., Li, J., Niu, P., Yang, B., Wu, H., ... & Bi, Y. (2020). Genomic characterisation and epidemiology of 2019 novel coronavirus: implications for virus origins and receptor binding. *The Lancet*, 395(10224), 565-574.
- Moody's downgrades India's ratings to Baa 3, maintains negative outlook.01 June 2020. [https://www.moodys.com/research/Moodys-downgrades-Indias-ratings-to-Baa3-maintains-negative-outlook--PR\\_424605](https://www.moodys.com/research/Moodys-downgrades-Indias-ratings-to-Baa3-maintains-negative-outlook--PR_424605).

- Paital, B., Das, K., & Parida, S. K. (2020). Inter nation social lockdown versus medical care against COVID-19, a mild environmental insight with special reference to India. *Science of The Total Environment*, 138914.
- Sansa, N. A. (2020). The Impact of the COVID-19 on the Financial Markets: Evidence from China and USA. *Electronic Research Journal of Social Sciences and Humanities*, 2.
- The Hindu. April 18, 2020. Farming under lockdown: Short on labourers, a long harvest. Accessed on 13 June, 2020.
- Tomar, A., & Gupta, N. (2020). Prediction for the spread of COVID-19 in India and effectiveness of preventive measures. *Science of the Total Environment*, 138762.
- UNWTO, 2020. International Tourist Numbers Could Fall 60-80% In 2020, UNWTO Reports. <https://www.unwto.org/news/covid-19-international-tourist-numbers-could-fall-60-80-in-2020>.
- WHO, 2020. Coronavirus disease 2019 (COVID-19) Situation Report – 63, 94,124,155,169. <https://www.who.int/emergencies/diseases/novel-coronavirus-2019/situation-reports>.