A STUDY ON COVID-19: IMPACT, RESULTS AND NEED OF POLICY INTERVENTION

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Abstract

According to the survey, COVID-19 is having a 'deep impact' on Indian businesses, over the coming month's jobs are at high risk because firms are looking for some reduction in manpower. Further, it is added that already COVID-19 crisis has caused an unprecedented collapse in economic activities over the last few weeks. The present situation is having a "high to very high" level impact on the Ficci said in a statement, "The survey clearly highlights that unless a substantive economic package is announced by the government immediately, we could see a permanent impairment of a large section of the industry, which may lose the opportunity to come back to life again." The present paper therefore deals with effects of novel corona virus on Indian economy, major survey results, its implications on the different workplaces and also calls an attention towards policy intervention.

INTRODUCTION:

CARONAVIRUS - popularly called as COVID-19 which emanated in the city Wuhan in China in the month of December 2019, has spread to various countries including India while welcoming the New Year 2020. Total failure to contain this local virus by Chinese Government, this harmful virus has now occupied the entire globe threatening the lives of the people at large. The impact of this virus has not only fallen on the people, but also on the Indian Economy, Industry. Stock Market, Enterprises, Educational Institutions, Sports and Games, Clubs, Pubs, Hotels, Tourism and all other kinds of transport modes such as Air, Water and Road. Crores of commuters to various destinations local and abroad had to cancel their trips for fear of widely spread virus and on the advice of the government to lock down in their houses until April, 14, 2020. This is also called as quarantine period or self-imposed isolation. Relaxation for movement outside from 6 AM to 6 PM is allowed only to buy most essential commodities like provisions, medicines, etc. Bank operations are also minimized from 10 AM to 2 PM. This has resulted in huge financial loss to the Indian Economy and exports and imports were largely stopped or restricted and thereby industry was affected for want of raw materials and some finished goods which are being imported mostly biological warfare programme to use this virus to destroy other countries. But the virus leaked out of its Wuhan P4 lab and started killing Chinese citizens giving China a taste of its own medicine. A book by name “The Eyes of Darkness” published in 1981 which reads as “The name of Corona virus named as Wuhan 400 is a perfect weapon. It afflicts only on human beings. This virus was very secretly developed to kill poorest of the poor people in China only to become super power”. Heads of the nations are taking all precautionary measures to contain the virus by thoroughly investigating the travelers arriving from other countries at airports and conducting the tests and if reported positive, they are immediately admitted in the hospitals and are being exclusively kept in separate rooms and quarantine requirements are also provided. Earlier, swine flu, dengue, chicken guinea aids, etc., had caused serious concern and these contagious diseases had also badly damaged the health of the people as well as economy, industry, tourism etc., to a greater extent. But Governments never imposed serious restrictions for a closure of various institutions like that of today's Chinese virus. In the present scenario many industries whose major source of materials are to be received from other countries, have been either closed temporarily or reduced their production targets as workforce are mostly remaining at quarantine periods forcefully. Though whether totally related to the virus or not, Non-Performing Assets (NPAs) have further gone very high and Banks and NBFCs are also facing financial stringency due to less or no returns of loans. Film industry's crores of rupees business in every production project had also grossly suffered on account of closure of theatres and postponement of film shootings. Lakhs of industries have incurred huge losses as stock market plunged into bearish to the tune of Rs. 15 lakh crores and this figure may further escalate according to speculations by economists. One more virus called HANTA is stated to be on its way from China and its consequences are expected to be still more dangerous than Corona virus as per news. In the event of its savage human loss would mount to be unimaginable. An expert on economics had clearly explained in The Hindu News Paper on the global economy. He says the global economy may tip into a recession unless the virus turns out to be seasonal. Robobank has been cited in
the media as saying that a global recession now is all but certain. It has predicted global GDP (Gross Domestic Product) growth 1.6% for 2020, a figure that was 2.9% the last year, as per IMF (International Monetary Fund) estimates. Economists from Nomura have warned that a global recession might be inevitable. In early March this year (2020) the Institute for International Finance has said that global economic growth could turn out to be as low as one percent and this was even before the OPEC (Organization for Petroleum Exporting Countries) club and Russia fell out on production agreements to maintain stable oil prices. Oil prices have had a free fall, sending stock markets into a tizzy. The United Nations Conference on Trade and Development (UNCTAD) said the virus outbreak could cost the global economy up to two trillion dollars this year and that the pandemic could cause a recession in some countries causing global economic growth to clock in below 2.5%. This is a clear cut expression on the downfall of global economy.

HYPOTHESIS:

1. On account of pandemic Covid-19, the Indian economy is going through a major slowdown. Therefore, it can be said that Covid-19 has presented new roadblocks for the Indian workforce and especially for the daily wage and contractual workers.
2. Job losses and salary cuts are likely in the high-risk services sector, including airlines, hotels, malls, multiplexes, restaurants, and retailers, which have seen a sharp fall in demand due to lockdowns across the country. Therefore, it can be said that if the current global and domestic economic slowdown persists, it will impact demand and realization.
3. There is an urgent need of policy intervention which not only contain the prevention of spread of the virus, but also to address the key pain areas of the industry which can help in minimizing the impact of the outbreak on the Indian economy and businesses.

OBJECTIVES:

1. To study and analyze the impact of Novel Corona Virus on Indian Economy.
2. To study the major survey results.
3. To study its implications on different workforce.
4. To urge on policy intervention.
5. To conclude with proper recommendations.

RESEARCH METHODOLOGY:

The researcher has adopted doctrinal method for the purpose of collection of data. It includes online books, articles, various law journals, newspapers and internet. The material was collected and arranged in systematic order.

EFFECTS OF NOVEL CORONA VIRUS ON INDIAN ECONOMY:

On account of pandemic Covid-19, the Indian economy is going through a major slowdown, which was evident over the recent quarters even before the crisis struck. In the third quarter of the current financial year, the economy grew at a six-year low rate of 4.7%. With all these problems hitting the world of work from multiple directions, companies are finding it difficult to sustain in this environment. They are forced to take tough decisions such as cutting down the salaries, giving pink slips to employees and opting for other cost-cutting measures. The outbreak has presented new roadblocks for the Indian workforce and especially for the daily wage and contractual workers.

- Slowdown in demand & supply
Coronavirus has disrupted the demand and supply chain across the country and with this disruption, it can be seen that the tourism, hospitality, and aviation sectors are among the worst affected sectors that are facing the maximum impact of the current crisis. Closing of cinema theatres and declining footfall in shopping complexes has affected the retail sector by impacting the consumption of both essential and discretionary items. As the consumption of any product or services goes down, it leads to an impact on the workforce. In the current scenario, with all the retailers closing down their services, the jobs of the employees are at a huge risk.

The financial market has experienced uncertainty about the future course and repercussions of COVID-19. An estimated Rs 10 lakh crore of market cap was reportedly wiped off due to the fall of sensex in the second week of March 2020. The fall has continued till date as investors resorted to relentless selling amid rising cases of coronavirus.

The supply-side impact of shutting down of factories resulted in a delay in supply of goods from China which has affected a huge number of manufacturing sectors which source their intermediate and final product
requirements from China. Some sectors like automobiles, pharmaceuticals, electronics, chemical products etc were impacted big time.

The United Nations Conference on Trade and Development (UNCTAD), has suggested that India’s trade impact due to the COVID-19 outbreak could be around US$ 348 million. India is among the top 15 countries that have been affected most as a result of manufacturing slowdown in China that is disrupting world trade. For India, the overall trade impact is estimated to be the most for the chemicals sector at 129 million dollars, textiles and apparel at 64 million dollars, the automotive sector at 34 million dollars, electrical machinery at 12 million dollars, leather products at 13 million dollars, metals and metal products at 27 million dollars and wood products and furniture at 15 million dollars. As per UNCTAD estimates, exports across global value chains could decrease by US$ 50 billion during the year in case there is a 2% reduction in China’s exports of intermediate inputs.

According to a survey by the Federation of Indian Chambers of Commerce & Industry (FICCI), the immediate impact of COVID-19 reveals that besides the direct impact on demand and supply of goods and services, businesses are also facing reduced cash flows due to slowing economic activity which in turn is having an impact on all payments including to those for employees, interest, loan repayments and taxes.

**MAJOR SURVEY RESULTS:**

- A significant 53 per cent of Indian businesses indicate the marked impact of the COVID-19 pandemic on business operations even at early stages.
- The pandemic has significantly impacted the cash flow at organizations with almost 80 percent reporting a decrease in cash flow.
- The pandemic has had a major impact on the supply chains as more than 60 per cent respondents indicate that their supply chains were affected. The companies also highlighted that they are closely monitoring the situation and expect the impact of the pandemic on the supply chain to worsen further.
- Organizations have brought in a renewed focus on hygiene aspects concerning the pandemic. Almost 40 per cent have put in place stringent checks on people entering their offices and disinfection. Nearly 30 per cent organizations have already put in place Work-from-Home policies for their employees.
- Nearly 42 per cent of the respondents feel that it could take up to 3 months for normalcy to return.

For some of the sectors, the work-from-home proposition is posing implementation challenges as it has a direct bearing on the business operations. This is particularly true for manufacturing units where workers are required to be physically present at the production sites, and services sectors like banking and IT where a lot of confidential data is used and remote working can enhance security threats. Hence, companies operating in these sectors are finding it difficult to implement work-from-home facilities without compromising on their day to day operations.

The industry members have also shared suggestions on possible actions that the government and RBI can take to contain the spread of coronavirus in India and mitigate the immediate concerns of the Indian companies.

**IMPLICATIONS ON THE WORKFORCE:**

Job losses and salary cuts are likely in the high-risk services sector, including airlines, hotels, malls, multiplexes, restaurants, and retailers, which have seen a sharp fall in demand due to lockdowns across the country. If the current global and domestic economic slowdown persists, it will impact demand and realization.

Undoubtedly, with this crisis impacting the business around the country, it will create very challenging situations for the workforce. Companies are not meeting the revenue targets hence, forcing employers to cut down their workforce. The World Travel & Tourism Council has predicted 50 million tourism jobs getting eliminated because of the pandemic. Not only the employees of multinational companies, but daily wage workers have been impacted the most during this crisis.

The International Labor Organization has called for urgent, large-scale and coordinated measures across three pillars - protecting workers in the workplace, stimulating the economy and employment, and supporting jobs and incomes.

According to a preliminary assessment report, nearly 25 million jobs could be lost worldwide due to the coronavirus pandemic, but an internationally coordinated policy response can help lower the impact on global unemployment.

While on one hand, Indian employees are losing their jobs and receiving a salary cut, there is also an assumption that the majority of expats have gone back from India and they will take time to return. Different sectors such as automobile, banking and manufacturing employ a large number of expats. Indian companies need expats for several industry verticals and job functions such as after-sales services, business development and market audits.
There is an urgent need to take instant steps to not only contain the prevention of spread of the virus, but also to address the key pain areas of the industry which can help in minimizing the impact of the outbreak on the Indian economy and businesses. The Indian Government & RBI need to support the Indian industry and economy at this juncture in different ways:

- Maintain liquidity at surplus levels and provide special liquidity support for any companies / NBFCs / banks that come under strain due to intensifying risk aversion in financial markets or due to large demand shock.
- Increase credit limits for all regular banking accounts by 25 percent across the board. Also, Increase overdraft facility to state governments from the RBI. Pay the pending GST compensation immediately.
- IBC to be suspended for a short period for the aviation and hospitality sectors as they are the worst affected.

It can be concluded that some of the Studies have shown that China has intentionally spread this virus as a course of waging a biological war with the world nations with a malafide intention of becoming world leader. Economic scenarios fluctuate its shapes, bullish or bearish trends in stock markets, straining or increasing export and import relations, and all other economy related issues and bilateral and multilateral relations used to be dependent on change of governments, type of governments, persons holding the heads of the governments, but never ever changed global economy when the countries were affected by any type of diseases such as Swine flu, Dengue, Chikungunya, Plague, etc. These viruses were also affected other countries. But most astonishingly, the so called CORONAVIRUS which is a critical Chinese creation has enveloped almost the entire globe creating fear of death. WHO Director-General Dr Tedros Adhanom Ghebreyesus stated, on March 3rd in media briefing on Covid-19, that- “Globally, about 3.4% of reported COVID-19 cases have died” and it is expected to escalate if the present second stage is switched over to third stage or to next higher stages. Cough, cold, headache, fever and sneezing are quite common to humans in all seasons. But the same symptoms are now attributed to COVID-19 and all doubtful cases are required to be under quarantined. Not only the virus affected, but all the people are advised by the Governments to remain in houses till the dangerous; potential virus is suppressed. Indian economy, Indian Industry, Indian Trade and Commerce are all in quarantine period, of course for a transient time. It can also be said that all such affected countries shall demand for exemplary compensation through International Court of Justice and shall also impose strict economic sanctions against China so that it shall never ever be thought by China again in future and shall also act a deterrent to all other countries with similar design in future.

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