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Corona Outbreak: Impact on Indian Economy

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Abstract

The whole world is suffering the havoc of the Corona virus. So many people have been infected with Corona and so many people have lost their lives. The number of infected people in the world is increasing continuously. In India too, this figure is continuously increasing, it is believed that this problem is in the second phase in India and the next two-three weeks are important. A general investigation by the Indian Council of Medical Research (ICMR) proved that the corona infection has not yet come from community contact, which is a matter of great satisfaction. But it cannot be turned away from the fear that in the future if the infected people of Corona come in social contact, then this infection can also spread. This is being learned from the experience of countries like China, America, Italy, Iran etc.

The spread of this virus started from the city of Wuhan in China. Chinese authorities were informed about the infection of the virus in December 2019. Many American experts have also hinted at this apprehension. Some scientist believes that the virus has been transferred from animals to the human body. The virus belongs to the SAARS family and it is more likely that it came from a bat or from an animal that has been infected with bat. Whether the virus came naturally from an animal or from a laboratory there is almost unanimity that the virus has come from China.

Keywords: Corona Outbreak, Virus, Epidemic, Economy.

Although the emergency of this virus is decreasing in China and soon the condition will become normal, but the question is playing to the whole world that if the conspiracy to spread this virus is ignored or even the strangeness of the food of the Chinese people if seen, even after knowing about this infection in December 2019, what role did China play in preventing

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the virus from spreading? Did the Chinese government warn the world about this? Based on the information received, it is found that no one other then Chinese government can be held responsible for this incident.

For a long time China has been capturing the world's markets by adopting dumping export subsidies and a variety of methods. Not only India, manufacturing has been destroyed in large developed countries like America and Europe and many countries are facing payment crisis, unemployment increased there today when due to the lockdown in maximum countries in world, the import of goods from there is not possible due to which the industry is going on in the whole world. There is also difficulty in running. The havoc of Corona on the one hand and the economic crisis on the other hand are forcing the countries of the world to think whether China can remain the center of globalization in the world. The government of China has also started trying to minimize its infamy. The world will have to consider what will be nature of further economic activities.

Bankers battling with Corona

Corona has been considered a major threat to human existence. Due to which the measure to avoid it are very rare at the moment. It is slowly engulfing the country which adopts corrective and preventive measure late. In the hour of this calamity, health workers are busy with their lives. Apart from them, many warriors are trying to keep our routine simple and normal. The banker section is also one of them, but neither the governments are discussing the contribution of the bankers, nor in the common man epidemic, today the need is to encourage everyone involved in this fight.

Hundreds of customers are coming to the bank every day, even in the face of increasing risk of infection. Many bank branches in towns and rural areas are gathering crowds of customers like normal days. Apart from updating passbook, cash transaction, they are meeting their financial needs. A sanitizer has been arranged in bank branches to ensure that no customer is infected with Corona. Cleanliness is also being taken care of in bank branches. Customers are also being asked to keep distance from each other.

Bankers are going to the bank even after lock down in cities. While they know that are at high risk of getting infected, usually the cashier and single window operators deal in currency. Single window operators are also working to update the passbook and transfer money. There is a fear of getting infected by the Corona in doing all these tasks. The most

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important in the case is that the banker is not a doctor; he does not know how to escape from Corona. He knows what his means are in TV, newspaper, poster, hoarding etc. truth is told, and the bankers have not received the praise for their work. It should be understood that the work related to finance is very important. The concept of transferring money directly to the accounts of the beneficiaries of government schemes has been realized by the bank personnel itself. Due to which corruption has come down and crores of farmers, workers and laborers have benefited.

Fighting the Corona virus is not easy. In the next few days, some predictions of the future can be made. The news coming from many countries of the world has also increased fears. In this context, the process of investigating suspicious cases needs to be expanded and should be expedited so that somehow an infected person does not make others unknowingly victimized by the virus, there is still a need for awareness about corona. Many people, including educated people, do not understand the seriousness of this. It is necessary that we tell people living in towns, villages and remote areas about this disaster and make them aware. Only by taking precautions can be blunt the edge of this. Since there is a severe lack of basic health facilities in the country even today, caution is also a better option. There is neither sufficient hospital nor medical equipment in the country according to the population.

Today, bank workers are providing services despite knowing the risk of corona virus. Therefore, there is a need to increase their morale. At the same time, we should also thank health workers, sanitation workers, police personnel, electricity and water supply workers etc. those who are willing to put their lives at risk and take special care of their safety needed.

Trying to give financial relief

Of course, the central government has taken a strategic step to provide economic relief to the country's industry, businesses and affected people in the midst of the Corona crisis. Companies have been given the option that they can spend corporate social responsibility (CSR) on the welfare of the corona affected people. Prime Minister Narendra Modi has set down with industry to discuss financial assistance to the affected industries and employee. The government has also announced a relief package for some people, including the pharmacy; several organizations including the World Health Organization have praised India's efforts in the Corona war. But many initiatives are still needed. The Prime Minister said in his March 19th address that this crisis poses a challenge to the Indian economy. To

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deal with this, the task force constituted under the leadership of the Finance Minister will take appropriate steps related to the economy. The outbreak looks even more frightening for the country and the world's economy than the 2008 global recession. It is estimated that the effects of the Great Depression of the 1930's can have an impact on the country's economy. Credit rating agency Moody's has said that Corona is at risk of global recession. The global growth rate is estimated at 2.4%, China's growth rate is 5.2 and India's growth rate is 5.3%, earlier India's growth rate was estimated to be 6.6%. Corona virus has also taken the form of an economic epidemic. At present, China is the second largest trading partner of India. Many industries of the countries are dependent on imported raw materials and goods from there. Now imports of many commodities have also come down. In this, the business of medicine, industry, steel, toy, electronic, electrical, chemical, diamond etc are facing difficulties. The aviation sector has been the most affected by the virus. The tourism industry is in crisis. The food industry and the textile industry are also vulnerable to Corona. Similarly, hotel business has also fallen sharply. Due to very low sales of consumer goods, the business of this sector has come down; cinema and shopping mall are closed in lockdown. It is but natural for investors to panic. Cash pressure on India companies has increased. Markets are also in trouble due to selling by foreign institutional investors. Stock markets are in a historical down turn. At present, Indian economy is very sluggish due to Corona outbreak. Therefore, all classes of people are being affected by this, in such a situation, all people have to be careful on their own in the midst of economic and the Reserve Bank will also have to discharge a special role where the government will have to keep strict control over hoarding and essential commodities must ensure the supply of. At the same time people also have to avoid unnecessary shopping while following the national religion. In fact, this time the government and the RBI will have to pay attention to the announcement of fiscal as well as monetary measures to help the economy in view of the double problem of decrease in production and price rise due to the epidemic. At present, economic experts of the country and the world are of the opinion that when the Corona crisis is adversely affecting the business of Indian's industry, then there is a need to provide relief package to the business of the country along with unemployment allowance to the affected.

India may also take the opportunity of increasing production and export of many commodities amid Corona outbreak with a strategy to provide appropriate impetus to industry and business. Crude oil prices could be beneficial for India due to Corona outbreak. We hope that the government will make the highest efforts in disaster management at all levels for the

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increasing life-related challenges. We hope that the government will support the industries to provide relief to the people affected by the employment challenges of economic slowdown so that jobs can be saved, will fill vacancies in government departments and create new employment opportunities in export units, living due to poverty. Attention will have to be paid to the employment of people doing work.

Foreign corporate companies have to be directed to adopt a home work policy. Businesses and consumers should be relieved by appropriate reduction in petrol and diesel prices. We hope that the manner in which the rescue measures have been beneficial in the midst of the challenges of the Corona crisis by the government. In the same way, the government will proceed successfully in the next phase. We hope that the government as well as the industry will take a strategic step forward so that the impending recession will be avoided and the people will also get economic and social relief.

According to the latest United Nations trade report, the global economy will go into recession this year due to the Corona virus epidemic. According to the report, there will be a loss of trillions of dollars during this time and a major crisis will be created for the developing countries. The United Nations has said that due to the Corona crisis, about two-thirds of the world's people living in developing countries are facing unprecedented economic crisis and also recommended a relief package of two and a half thousand billion dollars to help this countries. A recent report from the Trade and Development Conference states that two-thirds of the world's population will be affected and that foreign investment between $2000 billion to $3000 billion could be affected in developing countries during next two years.

The biggest casualties of these adverse conditions have been on the livelihood and economy of the people. After recovering from the severe financial crisis of 2008, the economy of Britain and Europe was slowly moving towards growth. But the production, investment, business have again fallen into a recession. The center for Economic and Commercial Research says that UK economy is expected to decline by 15% in the next quarter. Apart from Germany, the rest of the countries in Europe were not able to fully recover from the financial crisis. That is why Germany's state finance minister, Ton Scheffer, committed suicide by getting fed up with the deepening economic crisis. To get out of the recession and curb unemployment, the government has announced spending of many of its GDP on relief, breaking all the restraints of the budget. Central banks have lowered interest rates, offering loans in easy installment and almost low interest rates. By the way, there is frustration all

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around, it is not like that. It has also awakened the sleeping consciousness of the society under these adverse circumstances. People are following the restrictions imposed by governments, except for some exceptions, accustomed to personal freedom people are taking precaution. The government has appealed for health workers engaged in patient care to volunteer. In response, many people have come forward to help. People are helping to provide ration, water to the elderly. The whole world has been engulfed by a coronation called corona. Millions of people have been killed and thousands of people have died worldwide and this has shaken the roots of the world's economy. The worst effect has been on the poor and laborers. The corona attack has also exposed our socio economic system along with health concerns. The group of workers returning from metros to their village towns is showing an economic crisis. Raise the bundle on the head, it covers innocent children on its side, the throng of hungry thirsty people walking is heart-wrenching. Traffic services have been shut down due to the lockdown.

Relief Packages reached to the needy

The United States has passed the resolution of the largest ever relief package to support it's the largest ever relief package to support its economy. This package is 2.2 million crores dollars. This includes sending direct cash assistance to the account of all adjust except some very rich. Tax rebates and loan incentives were also provided to companies not to lay off workers and keep paying them wages. Even after this, one trillion dollars of assistance is proposed. Together these two packages are equal to 15% of the US GDP. On the other hand, the relief package announced by the Indian Finance Minister last week is only equal to 0.8% of its GDP. The announcement also included some items for which budget provisions had already been made. As such they cannot be considered part of these new relief expenses.

A fifth of the American labour force is sitting at home due to the lockdown. In the last week, the number of applicants for unemployment insurance has reached 30 lakhs, which is the highest in the history and 15 times more than the normal condition. Both parties are unanimous about the need for relief measure there. Similarly, it should be clear in India that more relief is needed from what has been given so far.

Countrywide lockdown has stalled two-thirds of the economy here. Therefore, immediate relief is very important. Those who can work a safety cycle for daily workers whose income has suddenly stopped, who can continue their income while working from home. The

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proportions of such people are very low here. Sitting home for 90% of our workforce mean losing our income.

Such a discontinuation of production, work and income eventually creates a downward chain. Whose path passes through the following roads, firstly small and big businesses and factories were closed and then imports stopped because of the supply chain being cut off. A large portion of the work force was stunted as production stalled. Consumers then start cutting their expenses while protecting their savings. Due to which there will be a reduction in demand due to future uncertainty. This leads to shortage in stock of produced stock, failure of business, insolvency, bad debts, bank's crisis, causing production to go down further. This leads to a sharp fall in GDP and income and rising unemployment as well as a rise in price and inflation. This is why the biggest incentive needed immediately. The way the fiscal package has been announced, after the Reserve Bank gave monetary stimulus, it has given great relief towards increasing liquidity with repayment of debt but there are some discrepancies here as well. For example three months deferment has been received by companies taking bank loans. But whose companies that has borrowed from the capital market. They have not been given any relief. This is probably because there are two separate regulators for banks and capital markets. This is the point where there is a need for coordination between government departments, ministers, regulators and the state government. The governments is constantly taking feedback from industries and wondering who should be kept free from lockdown and traffic restrictions. The governments says that by giving discounts in this way, the purpose of lockdown will fail only, therefore, such a related policy will have to be developed and continue against how much more exemption can be given. Fiscal funds will come from the very top. Therefore, from 3 to 5% of GDP from current and future sources, the need to raise fiscal funds will have to be eliminated from the large stock of food grains in the present situation. For which it can also be sold in private markets the excise duty on petrol and diesel can be increased to a limit.

Suggestions

The Corona virus outbreak has caused great damage to the Indian economy. A large chunk of global wealth was lost due to shutdowns, restrictions and investor concerns. The impact of this outbreak on our economy, the fact is unknown at this time but it can be said that it will be serious. How long it will take to recover, how much GDP will be lost and how much can be

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handled after taking restrictive measures, nothing can be said at this time; a lot depends on the future. Everyone's eyes are on the rise due to increase in infection.

1. **Organizing medical resources:** To fight this epidemic, the first priority of the government should be to organize medical resources. For this, the government will have to focus on buying ventilators, masks and raising protective equipment for doctors and nurses so that they can do their work smoothly as and where it is most needed. The government will have to take all measures to get the resources available in international markets.
2. **The poor will have to provide money:** It is very important to ensure that money comes in the hands of the poor. This step is necessary to ensure that the temporary shock does not become more permanent. If we do not have a slow flow of cash, no revenue and no money will be available to the workers then there will be a big loss which will be caused by the closure of the companies, economic measures will slow down when the measures are withdrawn. It is necessary to take measures to provide funds to the poor sections so that we also need to keep the firms alive but the firms which have to bear the brunt, should be closed because we have limited resources.
3. **Give loan to enterprise by bank:** To ensure that banks continue to lend to small and medium business enterprise and big businesses, the government will have to give partial guarantee. But we also have to be careful, because we have limited fiscal measures. Therefore banks will also have to provide some incentive to take credit risk. RBI needs to learn from the central banks of other countries which are helping to solve this problem by increasing the flow of funds. The flow of money i.e. liquidity should not be interrupted, so RBI should help in lending and also be careful while disbursing loans so that the burden of NPA on banks does not increase further.
4. **Will have to communicate with public:** The government must clearly state that this is a national emergency. People should know that all are being affected by this pandemic and those who are not affected may also be affected tomorrow. Apart from this, the government will have to reduce accurate and detailed statistics of the infection across the country so that it can be treated in time.
5. **Warn the youth:** The problem of all countries of the world is that the youth are not taking this epidemic seriously. They are assuming that they do not have a crisis but they can be carriers of this. India has to ensure that the young population is careful and aware

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of the possible transmission of the disease. Everyone has to be encouraged to follow hygiene to check the spread of infection.

6. **An opportunity to make the village self-sufficient:** The return or rural youth from the city due to the Corona epidemic is not good. But it should be seen as a possibility. Undoubtedly, it is a challenge for our government to return people from the cities to the villages, but if we all try, it can be changed in one occasion. There are many examples of reverse migration in the world but it serves as a challenge and if no plans are made then many problems will arise. They can become self reliant by proper management of the natural resources available in their village. Along with agriculture, the livestock sector should also be promoted.

It is to be remembered that there are probably 10 crore such poor people in our country, they do not have ration cards, and we should reach them. All payments to the government should also be banned while reducing the tax burden of GST. The immediate fiscal stimulus is only the first step, after the lockdown, we also have to prepare the economy to move towards faster growth again. To reach the beam quickly, we will need a large amount of fiscal fuel for the engine of the economy.