International Journal of Education, Modern Management, Applied Science & Social Science (IJEMMASSS)
ISSN : 2581-9925, Impact Factor: 6.340, Volume 03, No. 01, January - March, 2021, pp.55-60

SUSTAINABILITY OF INDIAN ECONOMY POST LOCKDOWN (CORONA PANDEMIC)

CS Roshni Sharma*

ABSTRACT

No one likes an encounter in any way with the crisis while enjoying the advantages of comfort, but crisis also has some attributes and primary out of them is that it exposes our position in each sphere and teaches the way how to handle it, now it depends on us whether we learn or just have fun. The emergence of an uncalled virus was handled by announcing lockdowns in almost all the parts of world on account of its very nature of spreading by contact. India also dealt in same manner and locked down the 2nd largest populous country in the world. It was a right and a well-timed decision as we have no other option till date to fight the pandemic. The Decision though will have a huge impact on the economic condition of India.

Keywords: *Pandemic, Global Turmoil, Volatility, Economic Crisis*.

Introduction

After the pandemic is over, there are big measures that must be taken by the government in order to turn our country back on track. Worldwide expected economic effects of the virus will cost around $4 trillion. This was long before the world had learned of COVID-19. (Corona Pandemic). It is projected that India's GDP will slow down in 2020-21 to 2.8%. Lower class members have been hit particularly hard because their salaries have vanished. According to the latest report, 400 million people are at risk of going into deeper poverty in India.

Impact of Lockdown on Indian Economic Ecosystem

The World Health Organization (WHO) on 12th March announced the recent outbreak of the novel corona virus disease (COVID-19) a pandemic, crumbling away Rs. 11.4 trillion of shareholders wealth. India's economy has already been suffering from slowdown in the recent past. Moody's has downgraded India's growth to 5.3% in 2020 due to downside risks of Covid-19, the slowest in 11 years. 'The supply side contagion effect' has impacted manufacturing, agriculture, and the pharmaceutical industry. Corona virus has brought various segments to stand still.

Sectors like tourism, aviation, hospitality, and trade have faced the first set of challenges; other sectors too have faced the cyclic effect. As per reports, there has been 20% reduction in domestic travel and about 75% reduction in international travel bookings. Hotel booking rates have also declined from 70% to 20%. There has been a down of 30-35% in restaurant business. Sales of poultry sector have also come down by 80% losing a business of approximately Rs 1,500 - 2000 crores daily. The virus outbreak has become one of the biggest threats to the global economy and financial markets. Being part of global village India is not immune to the virus. While the Government of India as well as State governments are treating and monitoring the situation closely to control the corona virus pandemic.

India's ongoing GDP loses are likely to be approx. $5-10 billion (0.15 - 0.35 percent of GDP), as per data. With more than 20% cut in benchmark indices; the Indian equity market has entered the bear market territory. New corona virus has also driven investors to bid up bond prices, resulting in yields in major economies to inch lower. Making things worse is the crude oil war between Saudi Arabia and Russia, which has injected volatility into other assets. Sectors like paints, specialty chemicals, hair oil, cement, PVC pipes, etc will benefit due to fall in crude prices. The domestic consumption slowdown triggered by the failure of large financial institutions has led to another situation in the form of Yes Bank crisis. While other commodities are down, gold has gone up because of the demand for a haven in uncertainty(Singh & Nagmoti, 2020).

---

[6] Company Secretary & Former Visiting Faculty, MDS University, Ajmer, Rajasthan, India.

COVID-19 has a deep impact on every aspect of our lives in India and the world. It has emptied roads, offices, schools, and metro stations etc. and a fear of 'who and what next'. Most of the segments are trying to make up for the loss through "work from home" practices and other manufacturing, logistics, rest of the real economy as well as the services sector involving movements, are completely shut down almost everywhere. The unprecedented nationwide lockdown that shut businesses, suspended flights, and stopped all modes of transport will cost the Indian economy almost USD 4.64 billion every day and a GDP loss of almost USD 98 billion(Sarkar, 2012).

Economies across the world plunged into deep contractions in the April-June quarter of 2020. For India, the fall in real GDP (Gross Domestic Product) in the quarter was the record lowest at 23.9 percent, with the Reserve Bank of India (RBI) calling it "historic technical recession". The contraction continued in the second quarter at -7.5 percent and if this "technical" recession persists in the third quarter of this fiscal year, it could turn into a full-fledged recession(Manish Dadhich et al., 2019). The risks of prolonged disruption in economic activities exist depending on the intensity of the outbreak. In such a lockdown scenario, the sectors that are most severely impacted are transport, hotel, restaurant, and real estate activities.

Manufacturing Output Loss and reduction in GDP, Hit to Exports & Investments by 35% Financial risks to companies in terms of revenue disruption, Cash flow issues(Rao, 2017). Post lockdown, difficult for businesses to predict the level of demand. MSME and start-ups are the worst hits. Seamless operation of physical supply chain in advent of exponential growth required. Lockdown will have to be lifted in stages and the movement of people will have to be very restricted in the beginning as it could enable a second wave of Covid-19.

Review of Literature

Agrawal Shruti et al., 2020 explored the effects of the ongoing Covid-19 Pandemic on the Indian Economy vis-a-vis the supply chains across the country. While dealing with the international impact, the authors have examined how the pandemic has catalysed the effects of the supply chain barriers which have played a critical role in severely affecting the demand-supply system thereby slowing down the pace of the economy to an all-time low.

Agarwal Shubhi & Singh Archna, 2020 examined the after-effects on the economy of India in the light of the Covid-19 crisis. The paper throws light on the need of a wholesome and sustainable policy framework that should be brought in place by the government to revive the already debilitating economic ecosystem of the country. It also suggests how all the functionaries of the economic system must work hand in hand in bringing about a major shift in the economy while keeping in mind the major challenges that are being faced by the industries and other stakeholders.

Kumar Das, Kishore & Patnaik Shalini statistically assessed the impact of the ongoing Corona Virus Crisis on the various sectors of the Indian Economy. Besides discussing the short- and long-term impact of the Pandemic, the paper recommended various short- and long-term measures for respective sectors that could be undertaken to bring about a paradigm shift in the sustainable functioning of the economy considering the prevailing pandemic conditions.

Chaudhary Monika, et al., 2020 analysed the shockwave sent by the Sars-CoV-2 (Covid-19) across the financial ecosystem of the Indian Subcontinent and assessed the damage caused to the various sectors of the economy. Because of the integrated supply chain system and capital market across the length and breadth of the world, the economic structure of India also suffered a major setback in terms of depreciating GDP rate, loss of employment and strained the cash flow in the market causing depreciation of domestic currency. While the country works towards salvaging the economy, the need of the hour is to restructure the fiscal as well as the social policy measures so that there could be a sustainable and efficient use of resources.

F. Siddiqui, Azizah, Manuel Wiederkehr et al., December 2020 scrutinised the socio-political and the economic impact of Covid-19 in the Indian backdrop. With Covid-19 being declared a national calamity, the financial and economic progress in India almost came to a stand-still and the aftershocks are still being felt. The mitigating measures like lockdown further jeopardized the country's economic growth. The paper suggests that if a proper emergency and preparedness response plan is put in place, it will not only save the health of the people but will also by and large save India's already plummeting economy.

Patnaik & Sengupta, September 2020 discussed the fiscal and revenue aftermath of the Covid- 19 catastrophe and a critical analysis of the economic measures that have been undertaken by the Government and the RBI. An in-depth analysis of the fiscal and financial measures goes on to show that the government must review its economic policies and must look for a self-sustainable paradigm that could help in reviving the budget deficit that was a result of fall in tax collection.

Recommendations to Maintain Sustainable and Resilient Economy

- **Invest in Sustainable Infrastructure**

Infrastructure investments are an effective way to boost economic activity and create jobs. But what kind of infrastructure should be built? Data from the 2008-09 financial crisis shows that South Korea, which directed nearly 70% of its stimulus towards green measures, rebounded faster than other economies in the Organisation for Economic Co-operation and Development (OECD). In the United States' 2009 Great Recession recovery package, investments in clean energy and public transport created more jobs than traditional investments.

India too should take this opportunity to increase support for renewable energy, particularly rooftop solar, through appropriate policies and business models. Decentralized solar power can help spread critical services in remote regions if the upfront capital constraints can be addressed. It should revisit the potential import duties on solar panels, since this may not increase domestic production, but may raise the cost of solar power(Sahoo & Mishra, 2012).

Similarly, scaling up the electrification and adoption of public transport will be critically important to reduce traffic congestion and air pollution. This should involve closer coordination with the electricity sector and a greater focus on vehicle charging infrastructure(Manish Dadhich, 2017). Continued investment in cold storage facilities and supply chains will ensure the preservation and timely delivery of agricultural produce and reduce losses to farmers.

- **Build the Resilience for the most Vulnerable**

About 90% of India's workforce is informally employed, which includes gig economy workers. This population is extremely vulnerable to economic shocks and needs greater access to formal credit and social safety nets such as insurance and pension schemes(Muthuprasad et al., 2021).

Beyond employment guarantees, a universal basic income – broader than current schemes that are conditional upon occupation and land ownership – can help provide vital resources for subsistence, or for investing in education and health. Greater access to bank accounts for the 20% of adults without one, per 2017 data, would help efficiently deliver this income to households.Lastly, it is critically important to expand access to clean water, clean air and primary health care. These will improve life expectancy and increase economic and physical resilience(Naciri et al., 2020).

- **Use Fiscal Mechanisms for Recovery and Resilience**

Fiscal mechanisms can help support recovery and resilience efforts, while promoting low-carbon development. The Indian government has announced an economic stimulus of INR 1.7 trillion ($24 billion), and is exploring another bailout of INR 750 billion for Micro, Small and Medium Enterprises (MSME), among other steps(Manish Dadhich, 2018). Though MSMEs need immediate financing to deal with their wage bills, the government can also infuse capital for them to undertake needed industrial energy efficiency upgrades(Belhadi et al., 2020).

Several sectors, like the aviation and auto industries, will need support in order to recover. This will require consideration of the fiscal situation, and it presents an opportunity to encourage greater sustainability by making this support conditional on cleaner technologies and fuel efficiency.

Meanwhile, the government can increase taxes on luxury sectors with high environmental impacts. It can also use this opportunity to rationalize fertilizer subsidy and increase taxes on fossil fuels, with the savings and proceeds returning to target populations through cash transfers or social safety nets.

- **Encourage long-term Change in Behaviour**

The current crisis has changed patterns of consumption. Electricity usage patterns have shifted as people are working from home on more flexible schedules. Non-essential purchases have temporarily ceased. All these offer an opportunity for implementing demand-side solutions to drive long-term behavior changes for more sustainable development(Birda, 2019).

For instance, encouraging conservation in energy – through nudges and tariff reforms – can drive down consumption. Promoting reuses, recycling and repair models for consumption can contribute to a circular economy and reduce the waste generated by current business models. Supporting the continuation of work-from-home policies can drive down road traffic congestion and air pollution (Kaswan & Rathi, 2020).

While encouraging the continuation of these new trends, the government should also foster new behaviours. For example, with nearly 80% of the population expected to be in the middle-income bracket by 2030, it is extremely important to attract them to public transport options(M. Dadhich et al., 2018). The government could achieve this through expanding connectivity to business districts, improving and streamlining the network and discouraging the use of cars through measures such as road congestion pricing, paid street parking and higher taxes on luxury vehicles.

- **Regulate Enabling Technologies**

Finally, it is useful to consider that the future may see greater employment in the gig economy and e-commerce sectors, as well as in new technologies that can help support future response and resilience mechanisms. While supporting the development of such sectors, it is important to put the right regulations in place to ensure data privacy and consumer protection(M. Dadhich et al., 2018).

The decisions taken today can provide immediate relief, but also secure a lasting economic recovery, increase community resilience, and ensure a long-term pathway to sustainable development.

The World Bank in its Global Economic Prospectus Report has expected growth of 4% in world economy and growth of 5.4% in Indian economy. This data may be taken as a motivating factor by the government side as it has vital role to play in world economic game. Broad and short both perspectives simultaneously be considered as speedy revival will require gross action on ground while policy making for future will help in building the primary services such as health, sanitation, and education in a stronger way. By offering creative solutions such as minimizing transport time, production cycle time, strategic and operational factors, etc., several researchers have concentrated on improving the performance of Indian SMEs(Sharma & Dadhich, 2014).

Conclusion

As the global economic prospectus report states that the effective management of Covid19 spread despite the onset of festive season combined and sustained improvement in high frequency indicators and V shape recovery along with restriction distinguish in an economy as one riding against the Covidwave. It is to be understood that India's approach to this pandemic was very calibrated and well thought out. Placing lockdown then packages to public, food facility and liquidity facility to MSME sector are examples of not wasting time and taking actions to redress public grievances. Step by step unlocking also helped in the idea of segmented reform process. The actual overall growth out-turn will depend on the duration of the epidemic, and a part of these losses are likely to be recovered in the latter part of FY2021 - if there is normalisation of economic activity and curbs are removed carefully. Also, timely and continuing government interventions (monetary, fiscal, and administrative), if done effectively, will help cushion the hit. However, if the situation gets unwieldy, or is mishandled, there will be a far bigger price to pay.

The hastily imposed lockdown resulted in the loss of millions of jobs and triggered a mass exodus of internal migrants from urban centres to rural areas. As far as job losses are concerned, the Covid-19 pandemic has no parallel in the post-independent India. The Consumer Pyramids Household Surveys carried out by the Centre for Monitoring Indian Economy show a sharp rise in unemployment rates in the range of 8.35% to 23.52% during April-August 2020. As many micro and small enterprises have started shutting their businesses, the biggest worry is that millions of jobs could be lost permanently, which in turn, will dampen consumption and will have a knock-on effect on the whole economy.

Out of work and facing an uncertain future, an estimated 10 million migrant workers returned to their native places after the imposition of lockdown. What is shocking is that neither the Central government nor state governments have data of migrant workers who lost their jobs or lives during the lockdown. Apart from setting up a Centralised database of internal migrants, the government should extend financial support to migrants who returned to their native places. Social protection programmes (including cash transfers and subsidised food) can assist them to deal with the economic shock of Covid-19.To support the livelihoods of the rural poor, the government must strengthen the rural employment scheme — the Mahatma Gandhi National Rural Employment

Generation Scheme (MGNREGS) — by allocating more funds and increasing workdays guaranteed under the scheme. After the outbreak of corona virus, the demand for MGNREGS works has increased due to disruptions in the agricultural supply-chains and the return of migrant workers to their native villages. As a result, the funds allocated for the scheme have dried up.Along the lines of MGNREGS, India desperately needs a nationwide urban employment scheme for poor people living in urban India. Close to 90 million people in urban areas live below the poverty line. By guaranteeing hundred days of wage employment in a financial year to an urban household, such a scheme could provide livelihood security to those who are struggling to find re-employment quickly in the post-lockdown period. Another major benefit is the improvement in urban infrastructure. In a nutshell if India is to revive and move towards 4^{th} industrial revolution the makers and executers had to take this task on war foot because challenge is twofold; first is recovery and other is growth, therefore India as a much wider economy must plan for a R.E.S.E.T. which it seems to have been started.

References

~ Belhadi, A., Kamble, S. S., Zkik, K., Cherrafi, A., & Touriki, F. E. (2020). The integrated effect of Big Data Analytics, Lean Six Sigma and Green Manufacturing on the environmental performance of manufacturing companies: The case of North Africa. *Journal of Cleaner Production*, *252*(10), 1–14. https://doi.org/10.1016/j.jclepro.2019.119903

~ Birda, R. K. (2019). Study of Ict and E-Governance Facilities in Tribal District of Rajasthan. *Kamal*, *9*(7), 39–49.

~ Dadhich, M., Pahwa, M. S., & Rao, S. S. (2018). Factor Influencing to Users Acceptance of Digital Payment System. *International Journal of Computer Sciences and Engineering*, *06*(09), 46–50. https://doi.org/10.26438/ijcse/v6si9.4650

~ Dadhich, Manish. (2017). *An Analysis of Volatility of Macro Economic Variables on Gold Price*. *9*(12), 21–25.

~ Dadhich, Manish. (2018). *A Study of Financial Feasibility of Solar Photovoltaic System (SPV): An Investment Analysis Approach*. *2018*(July), 57–63.

~ Dadhich, Manish, Chouhan, V., & Adholiya, A. (2019). Stochastic pattern of major indices of bombay stock exchange. *International Journal of Recent Technology and Engineering*, *8*(3), 6774–6779. https://doi.org/10.35940/ijrte.C6068.098319

~ Kaswan, M. S., & Rathi, R. (2020). Green Lean Six Sigma for sustainable development: Integration and framework. *Environmental Impact Assessment Review*, *83*(November 2019), 106396. https://doi.org/10.1016/j.eiar.2020.106396

~ Muthuprasad, T., Aiswarya, S., Aditya, K. S., & Jha, G. K. (2021). Students' perception and preference for online education in India during COVID -19 pandemic. *Social Sciences & Humanities Open*, *3*(1), 100101. https://doi.org/10.1016/j.ssaho.2020.100101

~ Naciri, A., Baba, M. A., Achbani, A., & Kharbach, A. (2020). Mobile Learning in Higher Education: Unavoidable Alternative during COVID-19. *Aquademia*, *4*(1), ep20016. https://doi.org/10.29333/aquademia/8227

~ Rao, S. S. (2017). *Impact of Foreign Direct Investment in Indian Capital Market*. *7*(6), 172–178.

~ Sahoo, D., & Mishra, P. (2012). Operational Diversification and Stability of Financial Performance in Indian Banking Sector : A Panel Data Investigation. *Research Journal of Finance and Accounting*, *3*(3), 70–88.

~ Sarkar, A. N. (2012). Green Supply Chain Management: A Potent Tool for Sustainable Green Marketing. *Asia-Pacific Journal of Management Research and Innovation*, *8*(4), 491–507. https://doi.org/10.1177/2319510x13481911

~ Sharma, N., & Dadhich, M. (2014). Predictive Business Analytics: The Way Ahead. *Journal of Commerce and Management Thought*, *5*(4), 652. https://doi.org/10.5958/0976-478x.2014.00012.3

~ Singh, S. P., & Nagmoti, J. M. (2020). Strengthening clinical microbiology skill acquisition; a nationwide survey of faculty perceptions & practices on teaching & assessment of practical skills to undergraduate students. *Indian Journal of Medical Microbiology*, *xxxx*. https://doi.org/10.1016/j.ijmmb.2020.11.003

~ Agrawal, S., Jamwal, A., & Gupta, S. (2020). Effect of COVID-19 on the Indian Economy and Supply Chain.

~ Agarwal. S., & Singh. A. (2020). Covid 19 and It's Impact on Indian Economy. International Journal of Trade and Commerce-IIARTC, 72-79.

~ Kumar Das, D., & Patnaik, S. (2020). The Impact of COVID-19 in Indian Economy–An Empirical Study. *International Journal of Electrical Engineering and Technology*, *11*(3).

~ Chaudhary, M., Sodani, P. R., & Das, S. (2020). Effect of COVID-19 on Economy in India: Some Reflections for Policy and Programme. *Journal of Health Management*, *22*(2), 169-180.

~ Siddiqui, A. F., Wiederkehr, M., Rozanova, L., &Flahault, A. (2020). Situation of India in the COVID-19 pandemic: India's initial pandemic experience. *International journal of environmental research and public health*, *17*(23), 8994.

~ Patnaik, I., & Sengupta, R. (2020). *Impact of Covid-19 on Indian economy: An Analysis of fiscal scenarios* (No. 2020-026). Indira Gandhi Institute of Development Research, Mumbai, India.

~ https://www.wri.org/blog/2020/04/after-covid-19-5-ways-india-can-pursue-sustainable- and-resilient-recovery

~ https://www.worldbank.org/en/news/press-release/2020/10/08/india-needs-to-sustain-reforms-to-stem-economic-slowdown

~ https://rstv.nic.in/tag/indian-economy

~ https://niti.gov.in/

~ https://finmin.nic.in/

~ https://www.rbi.org.in/

~ Debasish Mallick; COVID-19 and the likely economic impact.

❖◆❖