



MACROECONOMIC ELUCIDATION OF COVID-19 ON INDIAN ECONOMY: AN OVERVIEW

Aafreen Naz¹, Taranpreet Kaur², Ginny Kapoor³, Ganya Sethi⁴ and

Kawaljeet Kaur⁵

ABSTRACT

The outbreak of Covid-19 brought social and economic life to a standstill. The Government of India has announced a variety of measures to tackle the situation, from food security and extra funds for healthcare to sector related to incentives and tax deadline extensions. With the country-wide lockdown, global economic downturn and disruption in demand and supply chains, the economy is likely to protracted period of slowdown. This research paper focuses on the impact of the outbreak of pandemic covid-19 on Indian economy. Covid-19 makes adverse impact on many sectors of Indian economy such as agriculture, manufacturing sector, inflation and stock markets et cetera. This paper depicts the impact of covid-19 on different sectors of Indian economy and furnishes the policy framework of the government in this regard.

Key words: Covid-19, Indian Economy, Economic Downturn, Corona Pandemic, Supply Chain.

1. INTRODUCTION

The Covid-19 disease originated from the Wuhan, Middle China. It is a highly transmittable and pathogenic viral infection that is declared pandemic by World Health Organisation (WHO) on 11 March 2020 as a global pandemic. The severe epidemic is that much dreadful because it caused the acute failure of respiratory system which may results in the death of an infected person. According to some reports “COVID-19 is mainly spread through respiratory droplets expelled by someone who is coughing or has other symptoms such as fever or tiredness. Many people with COVID-19 experience only mild symptoms. This is particularly true in the early stages of the disease. It is possible to catch COVID-19 from someone who has just a mild cough and does not feel ill. Some reports have indicated that people with no symptoms can transmit the virus. It is not yet known how often it happen.” (WHO 17 April 2020 | Q&A). This global pandemic has affected the world economy and some of the countries including India slumped into the hard core recession. An Indian credit agency CRISIL has declared that this recession is the first execrable downturn in the India since Independence. Thus, the gravity of this pandemic is affecting not only the developed but also the developing countries. The spread of covid-19 has created an imaginary condition in

¹ Assistant Professor, Mata Sundri College for Women, University of Delhi, Delhi, India.

Contact No. : +919457953081, Email : aafreennazamu@gmail.com.

^{2, 3, 4, and 5} Undergraduate Students, Mata Sundri College for Women, University of Delhi, New Delhi, India.

the whole world which disrupted the lives of 7.8 billion people by contriving a 'New Normal'. It has broken down the functioning of institutions, schools, colleges, museum, weekly and daily markets, sports complexes, business and every sort of entity that can initiate the transmission of the disease. A nation level lockdown was imposed in order to break the chain of contamination. The growth of Indian economy always remains as the apple of the eye of Government of India (GOI) since independence. The intensity of the loss due to this outbreak depends on the magnitude and the longevity of the virus. Lower consumption, reduced demand, falling prices, supply -cut, mass level unemployment, lower spending, and lower consumption are experienced because of this pandemic. The analysts and experts worldwide are in a race to project bigger and bigger economic troubles for the global economy. While lockdown and social distancing result in economic loss on the one hand, they cause a sharp decline in demand of goods and services by the consumers in the market on the other, thus leading collapse in economic activity. However, lockdown and social distancing are the only cost-effective tools available to prevent the spread of covid-19. It may take a long time for the economy to recover from this shock even if the lockdown is lifted fully. The recovery will depend upon the policy responses of the government and Reserve Bank of India (RBI). Similarly, flattening the caseload curve is critical for economy at large, but it comes with an economic cost. In this paper, we have tried to cast some light on economic status of India in the time of COVID-19 and what all is going on the economic fronts in the country.

2. Review of Literature

Padan, Elran, Levy and Halad (2020) overviewed the reports of World Health Organisation that declared spread of novel corona virus a pandemic. The primary thrust, prevention, protection, and containment, must be complemented by a strategy to promote societal resilience as the secondary effort. The situation demands adoption of integrated strategy for functional continuity at civil and national level. Israel is facing a challenge from an invisible enemy that is pandemic of Covid-19. They also mentioned that government has no approved budget and deficit is larger than planned. They explained that drop in productivity due to decline in demand and fall in financial market will halt large parts of the economy. Centralised "top down" approach taken by the prime minister accompanied by health and defence minister could involve other ministries in managing the emergency and in the decision making process. It is recommended that firstly, Israel government should start increasing the budget by increasing the deficit to considerable extent to allocate towards business and household sector, while incur the ways to increase aggregate demand as recommended by Meir Elran. A balance between the amount of information broadcasted and sense of control over that knowledge can be found by providing guidelines from a respected source. Certain measures should be adopted to create a change towards more decentralised approach so as to synergise all the various elements of system including local authorities to comprehend the needs of population. Lastly, Involving military in the national effort, for direct and indirect assistance deployed in the civil domain is vital. Thus, Implementation the recommendations, alongside the systematic organisational structure will improve the chances of controlling the spread of COVID-19 and facilitate the way to bounce back and rapid national recovery.

Tobias Gehrke (2020) analysed the corona crisis that has led the world into the state of havoc. The economic implication of the pandemic in the global scenario for European Union has been exemplified. The current unprecedented event has persuaded countries to analyse the interdependencies among countries established due to globalisation. An interdependent global economy can expose states to vulnerabilities if there are interruptions in supply chain. Dependency on other countries for essential medical supply became a reason for threat to national security at the present period of time. The prevailing global struggle can be minimised if one of the countries with power, USA or China, takes up the leadership role and other one compromise. For them the pandemic is not just a health or economic crisis but another platform for geopolitical jousting.

Kumar, Thombare and Kale (2020) highlight the impact of covid-19 in Indian economy. The covid-19 pandemic has resulted in over millions of confirmed cases and deaths globally. The crisis is effects vicinity of problems on countries regarding trade. The world is also facing the severe economic slowdown right now international trade has been hit hard; the World Health Organisation has predicted that the fall of global trade is going in chemical industry, auto industry, electronic industry and foreign trades sectors. Globally, there is a requirement of more human labour but half of the globe is under lockdown for an indefinite period of time which is going to impact on economy and trade tremendously.

Agarwal and Singh (2020) focus on impact of the outbreak of pandemic covid-19 on Indian economy. Due to the lockdown effect, there is a decline in the level of income of daily wage earners engaged in constructions, transport, retails and entertainment. Financial markets leads to wealth erosion and huge crashes due to uncertain conditions regarding future predictions and results of Covid-19. Exports of India have affected due to slowdown in manufacturing activity in china and other markets. Digital and internet economy plays an important role everywhere because all things are online like online education, conferences, groceries, etc. Firms selling chemicals longed for big jump due to increase consumer demand for sanitizers, medicines. This research paper focuses on the impact of covid-19 on Indian economy. Various sectors like tourism and aviation, telecom, auto sector, transportation are facing negative repercussion. It is also affecting the education of students by providing them online material which completely unfair for students with less facility specially the poor individuals but at the same time some positive points like technical performance and online payment sectors are causing a change in the consumer behaviour.

Bashir, Farhan and Shahzad (2020) in the paper specify that in order to defeat the covid-19 pandemic, Indian government announced complete lockdown in the country. Government and WHO have organized many precaution like use of hand sanitizers , gloves , masks and also say for social distancing Because without social distancing COVID-19 spread very fast Due to coughs , sneezes or talk with people. In this time Internet Play a very important role in everybody life with the help of internet children take online class and most of the people work from home and those people whose are uneducated or not get internet facilities are unemployed and many economics survey have been shut down to save human lives. Transportation & travel industries have zero revenue due to lockdown. The Indian economy growth is very slow in 2020.

Rakshit And Paul (2020) assessed the pandemic outbreak that affects the peoples life and liberty with a severe effect on business strategies. There is a huge impact on different sectors of economy that consist primary, secondary and service sector. India has better reliable resources as compared to China. After pandemic there are different business strategies that smooth the business like swot analysis, pestal analysis. Digital Technology also worked as a boon during pandemic

Hussain and Borah (2020) focused on covid period of Indian economy. Covid has effecting on economic activity as well harming human lives. It has been multi-sector those impacts by the virus in nation Economy. This crisis adversely impacted on tour and travels, healthcare, Banking, education, health system, primary, secondary or territory system and hospitality. Social distance collapse all the production or export and import system for foreign trades. This crisis adversely impacts tourism, equality, freedom, mental health and wealth of the people.

Agarwal, Jamwal and Gupta (2020) assessed the effect of covid-19 on Indian economy and supply chains in India. During Covid-19 manufacturing industries are shutting down, there is a lack of labour force and high demand of pharmaceutical products. Supply chain is disturbed across the country. There is a huge reduction in GDP as it has reached the negative scale in the end of last quarter of 2020. Indian government and private sectors such as tourism, hospitality, retail sectors and aviation are the major

sectors which experienced a heavy fall put.. On the other side nifty and sensex crashed. Many of global industries are depend on China for manufacturing units but it is shut down for next two months..

Khurana (2020) analysed covid period as government has declared a complete lockdown. This crisis has darkly outlined with severe economic phenomenon like unemployment, inflation, lack of medical services and structural outbreak in supply chain. Education system was connected with online schedules. Primary, secondary and tertiary sectors were adversely affected. The exports and imports got disrupted and hence staggering continuously till date.

Kumra (2020) studied about the impact of coronavirus on various macroeconomics factors of the Indian economy. During this pandemic, supply shortages are expected to affect various sectors. The gross domestic product falls and the unemployment rate increases in the country because of the job losses. The government made changes in policies and businesses. The on-going crisis has negative impact on economic activities. The government increased the scale of direct benefits to social welfare programmes like MSMES, PDS and MNREGA etc. Indian economy firstly affected by demonetization and then this covid-19 pandemic. So, it is regarded as it double hit the Indian economy.

Sahoo(2020) witnessed the study of increasing number of coronavirus cases. The government announced nationwide lock down considering transport services , all public and private offices , factories ,sea ports and airports. They have banned the import and export activities. China is the major distributor of the raw materials which affect the manufacturing activities across the world due to lockdowns and import source of goods that are required for their intermediate and final goods are on pause due to delay in supply of good. Some targeted industries in the supply side go for the shutdown that is the largest firms. Due to the lockdown and global pandemic production cycle affected the overall investment. That is about 55 % of electronics are imported from china are on pause now.

Statement of Problem

As the world bitterly experiencing the corona period from the social and economic perspective, there is a need to study its impact on the Indian economy. The most significant and mind-boggling statistics related to corona is going to herald the overall functioning at social and economic level. The present study assesses the requirement to study the reliable effect of corona and the policies initiated by government to fight with this economic and medical disaster.

Objective of the Study

- To assess the situation of covid-19 in the global and national level
- To examine the effect of covid-19 on GDP of India.
- To reflect the need for policy intervention by the government.

Hypothesis of the Study

The major hypotheses of the present study are as follows:

- (H01)- There is no significant effect of COVID-19 on Indian economy.
- (H α 1)- There is significant effect of COVID-19 on Indian economy.
- (H02)- The COVID cases are not growing in India.
- (H α 2)- The COVID cases are growing in India.

Data and Methodology

The present study is considering the time period from December 2019 to till date as per the availability of data. For the purpose of analysis, secondary/ published data collected from World Health Organisation dash board(Global), Ministry of Health and Family Welfare, India, magazines, research articles and newspaper specially The Hindu is used to asses , collect and interpret the data.

Global Scenario

This pandemic has shaken the world at the individual as well as at an aggregate level. While considering the health hazards, the economic hazards cannot be ignored. World market has suffered on the supply side with a hike in the demand of the essential commodities and services which created favourable environment for the depression and prolonged recession. In the table 1 it seems that all the countries have experienced the wave of corona. Considering the contagious nature of the disease there was crisis on the demand and supply chain as the labour, raw material. Many countries suffered because of this virus. The Impact of coronavirus on stock markets since the start of outbreak. The last 6-month crude oil price per barrel (in USD) has shown a steep fall. The rate of claims by the jobless in US was hovering around 0. But after few days; it shot up to 4000 and was slated to be double. And also other countries are suffering from same reasons like GDP growth, unemployment, reduced demand, supply cut etc. But the countries such as USA, Italy and Spain are suffering the most since their death toll is very high. The only major economy to grow in 2020 was china.

TABLE 1 : Number of Total Cumulative Cases(TCC) of Covid-19 in various countries till 17 April 2021

Country	TCC	Country	TCC	Country	TCC	Country	TCC	Country	TCC
U S A	30888765	Israel	836072	Kuwait	248729	China	103136	D.R.Congo	28542
India	13689453	Portugal	827494	Republic of Moldova	241217	Norway	101959	Madagascar	28063
Brazil	13482023	Pakistan	725602	Ireland	240945	Kosovo	97953	Maldives	25701
France	4980133	Hungary	725241	Denmark	237792	Sri Lanka	95394	Angola	23457
Russian Federation	4649710	Bangladesh	691957	Paraguay	235292	Montenegro	94267	Rwanda	23426
The United Kingdom	4369779	Jordan	669300	Ethiopia	228996	Ghana	91260	Guinea	20949
Turkey	3849011	Serbia	642208	Lithuania	226783	Kyrgyzstan	90372	Gabon	20636
Italy	3769814	Switzerland	614718	Slovenia	226499	Zambia	90029	Syrian Arab Republic	20331
Spain	3336637	Austria	573944	Costa Rica	223917	Cuba	87385	Mayotte	19643
Germany	3011513	Japan	508802	Egypt	211307	Uzbekistan	85114	Cabo Verde	19005
Poland	2586647	Morocco	502277	Armenia	203327	Finland	82053	French Polynesia	18666
Colombia	2536198	Lebanon	497854	Guatemala	203309	Mozambique	68758	Mauritania	18022
Argentina	2532562	United Arab Emirates	485675	Honduras	195780	El Salvador	66489	French Guiana	17549

Mexico	2280213	Saudi Arabia	399277	Qatar	190998	Luxembourg	63650	Réunion	17508
Iran	2093452	Bulgaria	371993	Bosnia and Herzegovina	184254	Singapore	60678	Eswatini	17376
Ukraine	1861105	Slovakia	371062	Venezuela	174887	Afghanistan	57364	Mongolia	15718
Peru	1647694	Malaysia	362173	Oman	173029	Cameroon	57337	Tajikistan	13714
Czechia	1581184	Panama	358611	Libya	168676	Cyprus	51505	Burkina Faso	12956
Indonesia	1571824	Ecuador	347070	Nigeria	163793	Namibia	45527	Haiti	12855
South Africa	1558458	Belarus	336038	Bahrain	157729	Côte d'Ivoire	45206	Somalia	12566
Netherlands	1350665	Kazakhstan	323208	Kenya	145670	Jamaica	42763	Andorra	12545
Chile	1082920	*Palestine	299636	Uruguay	144642	Botswana	42674	Belize	12487
Canada	1060157	Greece	295480	Myanmar	142596	Uganda	41140	Guadeloupe	12304
Romania	1006167	Croatia	292938	North Macedonia	141844	Senegal	39431	Togo	12006
Iraq	932899	Georgia	288755	Albania	128393	Zimbabwe	37288	Mali	11844
Belgium	925476	Azerbaijan	285993	Algeria	118516	Thailand	34575	Curaçao	11355
Philippines	876225	Bolivia	282095	Puerto Rico	115299	Malawi	33827	Guyana	11149
Sweden	857401	Nepal	280524	Estonia	114443	Sudan	31833	Lesotho	10707
Aruba	10050	Tunisia	272940	Republic of Korea	110688	Malta	29614	South Sudan	10372
Djibouti	9975	Dominican Republic	258039	Latvia	107608	Australia	29419	Congo	10084
Bahamas	9439	Benin	7515	Central African Republic	5465	San Marino	4956	Saint Lucia	4348
Suriname	9302	Equatorial Guinea	7219	Yemen	5450	Cambodia	4696	Gibraltar	4277
Martinique	8887	Iceland	6258	Nicaragua	5366	Chad	4636	Sierra Leone	4005
Papua New Guinea	8821	Gambia	5602	Niger	5074	Seychelles	4528	Comoros	3859
Trinidad and Tobago	8404	Guinea-Bissau	3680	Jersey	3230	United States Virgin Islands	2988	Viet Nam	2707
Guam	7631	Eritrea	3447	Burundi	3154	Liechtenstein	2825	Monaco	2375
Turks and Caicos Islands	2357	Antigua and Barbuda	1198	United Republic of Tanzania	509	Lao People's Democratic Republic	52	Marshall Islands	4
Sao Tome and Principe	2266	Mauritius	1176	Wallis and Futuna	446	Saint Kitts and Nevis	44	Samoa	4
New Zealand	2231	Timor-Leste	1074	Brunei Darussalam	219	Greenland	31	Vanuatu	3
Sint Maarten	2185	Saint Barthélemy	928	British Virgin Islands	178	Anguilla	29	American Samoa	0
Liberia	2066	Bhutan	921	Dominica	165	Holy See	26	Cook Islands	0

Bermuda	1891	Guernsey	821	Northern Mariana Islands (Commonwealth of the)	160	Saint Pierre and Miquelon	25	Democratic People's Republic of Korea	0
Saint Vincent and the Grenadines	1806	Other	745	Grenada	158	Montserrat	20	Kiribati	0
Saint Martin	1703	Faroe Islands	661	New Caledonia	121	Sint Eustatius	20	Micronesia (Federated States of)	0
Isle of Man	1575	Cayman Islands	516	Fiji	68	Solomon Islands	19	Nauru	0
Bonaire	1493	United Republic of Tanzania	509	Falkland Islands (Malvinas)	60	Saba	6	Niue	0
Tokelau	0	Turkmenistan	0	Tonga	0	Tuvalu	0		
GLOBAL TOTAL CUMULATIVE CASES				13,61,15,434					

Source: WHO dashboard on date 17/04/2021.

*Occupied Palestinian territory, including east Jerusalem

*Figures are subject to change as time passes on.

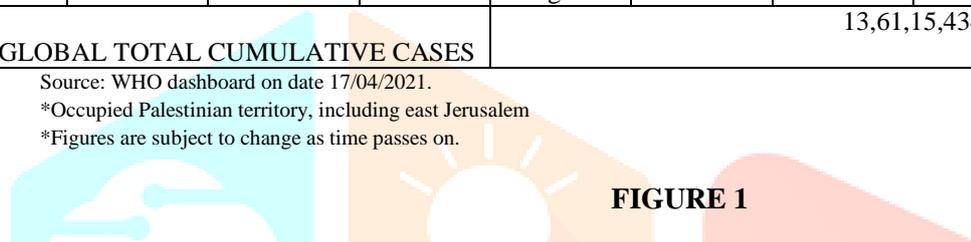
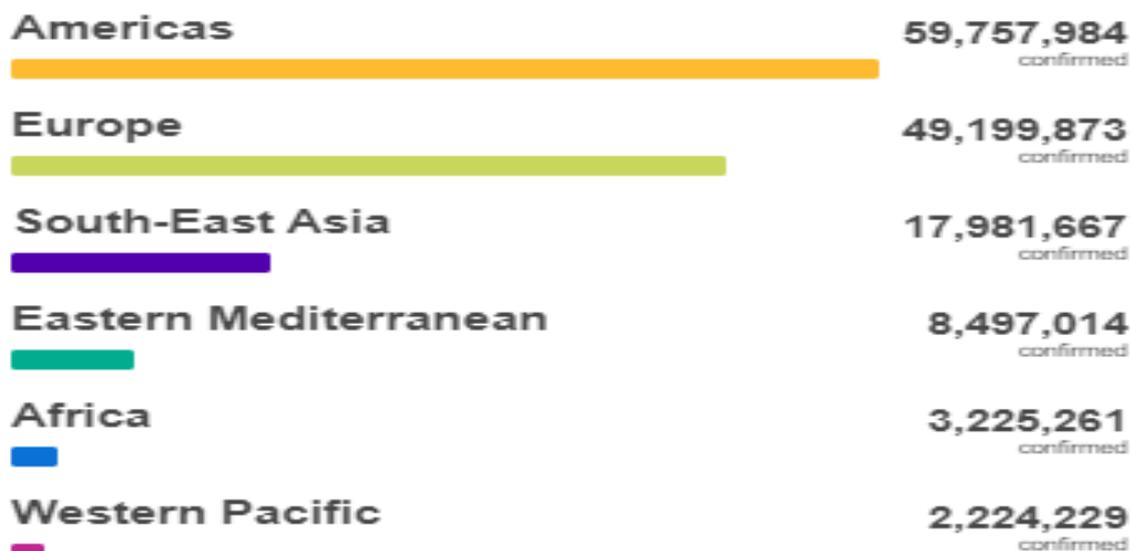


FIGURE 1

Situation by WHO Region



Source: World Health Organization

Data may be incomplete for the current day or week.

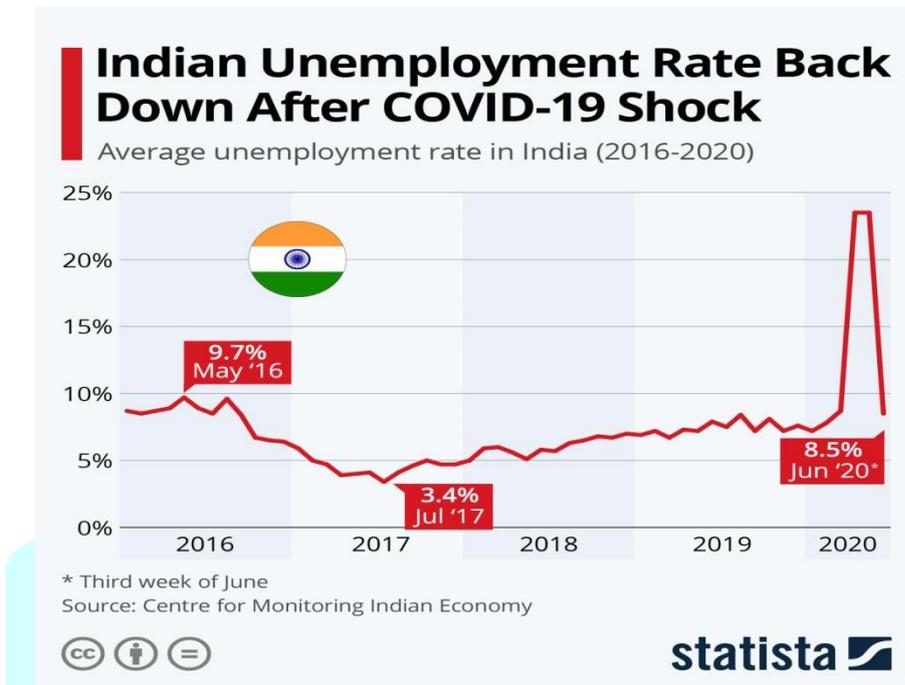
*Figures are subject to change on daily basis.

Effects of Covid 19 on Indian Economy

In the midst of the pandemic chores and severe health crisis Indian economy has hit at the thrashing scale in 2019, 2020 and even in 2021. More or less 18 million people got infected since the outbreak of the

covid -19. At present there are 2978709 active cases, 14817371 discharged and 201187 death cases on 28 April 2021. The rate of active case at the national level is 16.55%, discharge rate 82.33% and death rate 1.12%. However, the crisis are at its peak level in the current year because India is facing the second corona wave amidst the catastrophic fall of markets, growth, unemployment, pharmaceuticals, agriculture, manufacturing, services, exports and imports, inflation and business cycle.

FIGURE 2



Monetary Policy and Fiscal Policy

The effect of covid-19 on monetary policy was crushed. There seem a negative and downward sloping impact on interest rate and penalty rate. The crises create a huge gap between land bank, industrial information and on agricultural sector. Pandemic has changed real monetary policy because the rate of monetary policy in 2016 to 2018 was 8 percent. Now India focussed on the maintenance of the structure of nominal GDP and medium growth. On May 12 2020, Government announced the Aatma Nirbhar Bharat Package (ANBP), a special economic and comprehensive package of Rs 20 lakh crores - equivalent to 10 per cent of India's GDP with an aim to encourage business, attract investments and strengthen the resolve for 'Make in India'. Under the ANBP, the Government has implemented several measures, which, inter-alia, include:

(i) Relief measures for households such as in-kind (food; cooking gas) and cash transfers to senior citizens, widows, disabled, women Jan Dhan Account holders, farmers; insurance coverage for workers in the healthcare sector; and wage increase for MGNREGA workers and support for building and construction workers, collateral free loans to self-help groups, reduction in EPF contributions, employment provision for migrant workers (Pradhan Mantri Garib Kalyan Rojgar Abhiyaan).

(ii) Relief measures for MSMEs such as collateral-free lending programme with 100 per cent credit guarantee, subordinate debt for stressed MSMEs with partial guarantee, partial credit guarantee scheme for public sector banks on borrowings of non-bank financial companies, housing finance companies (HFCs), and micro finance institutions, Fund of Funds for equity infusion in MSMEs, additional support to farmers via concessional credit, as well as a credit facility for street vendors (PM SVANidhi), amongst others.

(iii) Regulatory and compliance measures: postponing tax-filing and other compliance deadlines, reduction in penalty interest rate for overdue GST filings, change in government procurement rules, faster clearing of MSME dues, IBC related relaxations for MSMEs, amongst others.

(iv) Structural reforms announced as part of the ANBP which, inter alia, include deregulation of the agricultural sector, change in definition of MSMEs, new PSU policy, commercialization of coal mining, higher FDI limits in defence and space sector, development of Industrial Land/ Land Bank and Industrial Information System, revamp of Viability Gap Funding scheme for social infrastructure, new power tariff policy and incentivising States to undertake sector reforms.

(v) The Minister stated that on the monetary front, the Reserve Bank of India (RBI) responded with a mix of conventional and unconventional monetary and liquidity measures to mitigate the negative economic fallout of COVID19. The policy rates have been significantly reduced and around Rs. 9.57 lakh crore or 4.7 per cent of GDP have been injected since February 2020 to enhance the credit flow in the economy. (PIB Delhi,09/2020). Fiscal policy is a term of government sector or activities like expenditure taxes, saving borrowing, government has a large amount authorities like education system, public sector, expenditure and interest rate in banks. The borrowing rate was increasing day by day in covid period, improvement in credit of money by the banks, the demand of borrowing money through banks was increase in 2018 the level of borrowing money is 3 per cent but now the situation of borrowing money is going to 5% in data of RBI. Government has also provided source of helping amount to every citizens or unemployment person and farmers, by government in their bank accounts, as transfer. These all kind of source under Jan Dhan Account holders, support system, covered by Pradhan Mantri Garib Kalyan Rojgar Abhiyan. Shri Thakur said that RBI has taken several developmental and regulatory policy measures to enhance liquidity support for financial markets and other stakeholders, ease financial stress caused by COVID-19 disruptions while strengthening credit discipline, improve the flow of credit, deepen digital payment systems and facilitate innovations across the financial sector by leveraging on technology. The implementation of the package is reviewed and monitored regularly. Some of the salient achievements include:

- Pradhan Mantri Garib Kalyan Package (PMGKP), under which around 42 crore poor people have received financial assistance of Rs 68,820 crore as on 7th September, 2020.
- Rs 3 lakh crore Collateral-free Automatic Loans for Businesses, including MSMEs and Rs 45,000 crore Partial Credit Guarantee Scheme 2.0 for NBFCs are being provided.
- Rs 30,000 crore Special Liquidity Scheme for NBFCs/HFCs/MFIs has been sanctioned.
- Rs 30,000 crore Additional Emergency Working Capital Funding for farmers through NABARD is being provided. (v) Borrowing limits of State Governments have been increased from 3 per cent to 5 per cent for 2020-21.
- Rs 50,000 crore liquidity through TDS/TCS rate reduction has been effected. The phased relaxation of the lockdown, supported by the enabling policies of the Government, has resulted in much higher level of activity in the months of July, August and September. This is evident in growth of high frequency indicators like PMI Manufacturing, index of eight core industries, E-way bills, Kharif sowing, power consumption, railway freight, cargo traffic and passenger vehicle sales (Ministry of Finance PIB Delhi,09/2020).

Agriculture and Manufacturing

The agriculture sector is critical as large number of workers are dependent on this sector because without food there is no life. The adverse impact of covid-19 on agriculture has been much less as compared to manufacturing and services sector. Some of the ways that covid-19 has affected the agricultural industry

1) Unemployment- Farmers, suppliers and even staff members have all been affected depend on how a particular business has decided to adapt to the pandemic. The negative effects of this pandemic regarding unemployment, one can explore the channels that tackle agriculture recruiting and to explore options for workers who want to return to industry.

2) Restricted product access- Borders being closed because of lockdown in many countries it is difficult for the agriculture industry to perform trading. Another effect forced to search for other available options. Restricted product access also means that business may shift to different strategies to fulfil supply demands. A shift in strategy can lead to loss of clients due to quantity and quality of the products.

3) Lack of production- Stay at home order means that there is no crop production. So when the production is in lower rates then shortage of products. So agriculturalists have to adapt new methods of production during these times.

4) Loss of income- When there is no production, there is no income. This means that workers need to find alternative ways to have income in order to provide needs for their difficult times. This is tough because of lockdown.

5) Wastage- The sudden dynamic changes such as lockdown, client loss, resulted in a lot of products going to waste. Wastage results to loss of income and revenue for business which is difficult to minimize the on-going pandemic.

6) Uncertainty- This pandemic makes the future uncertain. Agriculturalists never know when the borders will be reopened for trading. And, when the borders open they can only hope for the clients to support their business. This kind of uncertainty means agriculture workers plan for the best and worst scenarios.

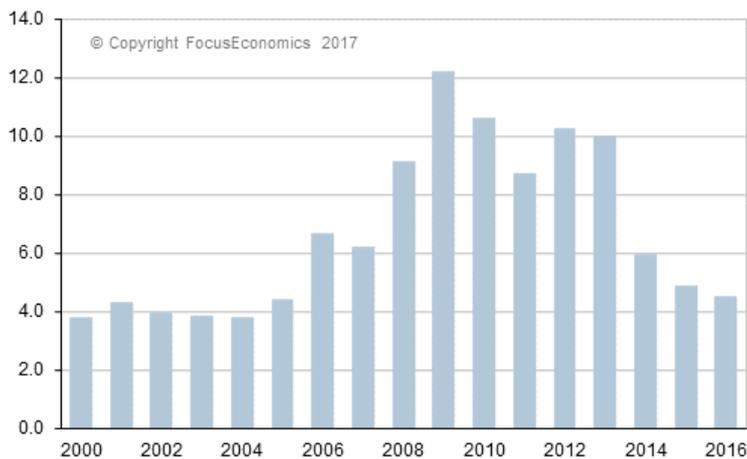
Impact on business cycle

This led to recession or depression in many countries. It is the worst global economic crisis. The crisis began due to the covid-19 lockdown and other precautions taken during the covid-19 pandemic. And lockdown cause sharp rise in unemployment, collapse of the tourism industry, collapse in price of petrol, increase in government debt, shutdown in consumer activity The recession has seen unusually high and rapid increases in unemployment in many countries. The Stock market crash resulted in a decline in value in stock market indices of 20 to 30%.and this leads to depression.

INFLATION

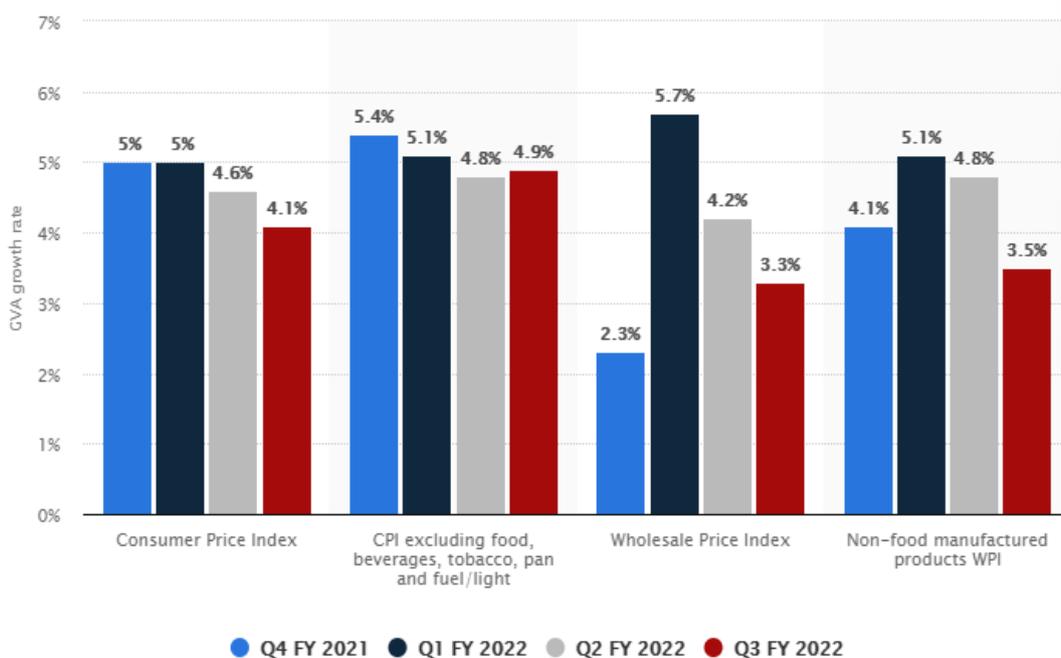
The immediate effect on consumer price indices across developed economics from the coronavirus crisis is likely to be negative overall. During the lockdown phase, the epidemic and associated lockdown measures can affect the supply and demand of certain products, their prices. An obvious example is food and medical goods. Short-term price inflation of such goods can be driven by a number of factors. A second factor is dependence on migrant workers in the production process. Prices of certain products (for example, agricultural goods) can increase if supply is disrupted because of labor shortages resulting from a decline in the number of migrant workers. Due to a severe recession is likely to be disinflationary. Consumer inflation in India reached 5.5% from 5% in March, while annual average inflation trend remains unchanged at 6.2%.The wholesale price index (WPI) inflation raised to 7.39% in March, which is second highest since October 2012, comparing to 4.17% in February. Increase in prices of crude oil, petroleum products and basic metal coupled with low base effect pushed the wholesale inflation. The higher wholesale inflation is expected to cause rise in retail inflation which stood at 5.52%, 4 month highest, in March. Food inflation accelerated to 4.94%, cost of pulses jumping 13.25% and cost of vegetables falling at a slower 4.83%, clothing and footwear rose at 4.41% from 4.21%, housing at 3.5% but overall eased for pan, tobacco and intoxicants from 10.7% to 9.81% (Economic Times) .With some cities and states under strict lockdown and maybe more facing the same risk, panic-buying like a year ago might again set in pressure inflation in the coming months. With the surge in cases RBI would keep the repo rates, interest rates on hold this year to help in the nascent recovery.

FIGURE 3



In figure 3 , the rate of inflation are presented on Y axis and years on X axis. It depicts that rate of inflation was around 3.8% in the year 2000 which gradually increased as 4 %,3.8% , 6.2 % and 4.2 % in years 2002, 2004, 2006 and 2016 respectively. Rate of inflation at the Consumer Price Index(CPI) and Wholesale Price Index (WPI) are representing in the following figure:

FIGURE 4



UNEMPLOYMENT

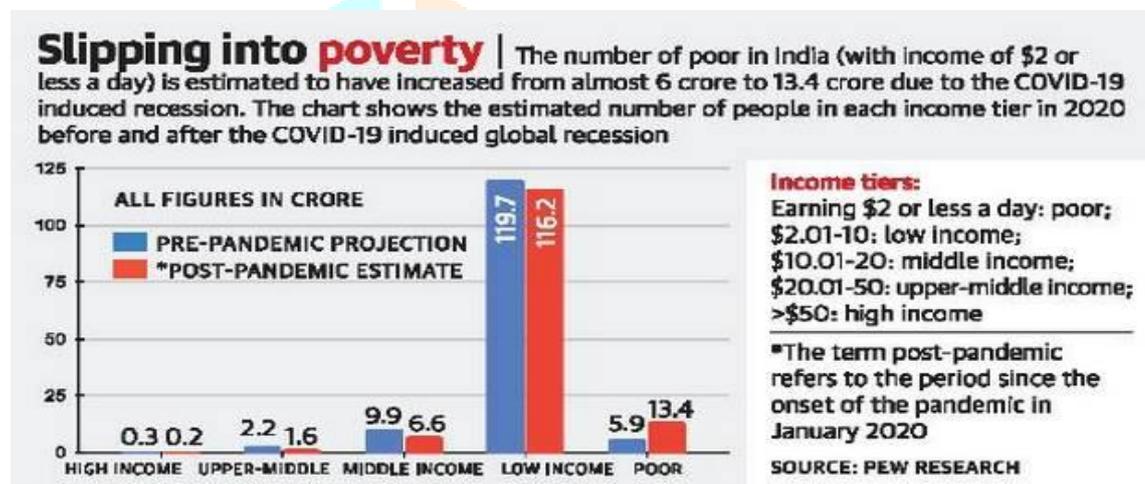
The employment rate is down to 37.6% against to 39.4% last year and the unemployment rate is at the still high of 6.5% though lower than 7.6% of 2019-20. With approximately 57% of India’s total population forced to remain indoors during the second wave of devastating Covid-19, CMIE reported 120 million or more in job losses which is 30% of the total population employed across all the sectors in India (*The Leaflet, Gyan Pathak*). In first two weeks of 2021, unemployment rate rose to over 8% with a 40% fall in the labour participation rate. Overall fall in salaried jobs in both urban, rural India constitutes a large threat looming, resulting from migration from urban area already indicating increased burden on agricultural sector. 37 million salaried employees were lost in last year and is going to continue amidst new restrictions. Overall 8% shift of all newly unemployed towards agricultural sector indicates the much bigger casualty undertaking while foreshadowing the bleak growth by only 2-3%, hiding the real loss.

Table 2 : Unemployment Rate in Rural and Urban India at different months

Month	Unemployment Rate (%)		
India	Urban	Rural	total
Mar-21	6.52	7.24	6.19
Feb-21	6.9	6.99	6.86
Jan-21	6.53	8.08	5.83
Dec-20	9.06	8.84	9.15
Nov-20	6.5	7.07	6.24
Oct-20	7.02	7.18	6.95
Sep-20	6.68	8.45	5.88
Aug-20	8.35	9.83	7.65
Jul-20	7.4	9.37	6.51
Jun-20	10.18	11.68	9.49
May-20	21.73	23.14	21.11
Apr-20	23.52	24.95	22.89

Source: CMIE &: THE HINDU

FIGURE 3



Source: The Hindu

Business Cycle

When the overall output of goods and services increases from one quarter to another, it is an expansionary phase but when it contracts from one quarter to another it is called Recessionary. Together both the phases create a business cycle which is widely measured by GDP of the country. Since the second wave intensified in March, India's GDP rate for April-June quarter will likely be close to zero or marginally negative. Lower consumption, reduced demand, falling price, job cuts, supply cuts, lower Spending, distractions in Supply Chain Management, strict lockdowns are many reasons continuing to hinder the recovering economy of India (*The Indian Express, Udit Mishra*). The length of a typical business cycle in India is 13 quarters and while down cycles takes a 9 quarters. India has been facing 'Stagflation' conditions of weak economic growth in combination with surging prices ultimately signalling a technical recession where even GDP starts growing after a while but unemployment levels do not fall adequately.

FIGURE 4

CONTRACTION IN INDIA. ELSEWHERE

Quarterly Real GDP growth rate (in %)

	October to December 2019	January to March 2020	April to June 2020	July to September 2020
India	4.1	3.1	-23.9	-8.6*
US	2.3	0.3	-9	-2.9
UK	1	-2.1	-21.5	-9.6
China	6	-6.8	3.2	4.9
Brazil	1.7	-0.3	-11.4	NA
Indonesia	5	3	-5.3	-3.5
South Africa	-0.5	0.1	-17.1	NA

* RBI estimates : Source: Trading Economics

Conclusion/Suggestions

While microeconomics deals with the direct consequences of choices made by rational human, macroeconomics studies the performance, structure and behaviour of aggregate economy. Macroeconomics goals of any country constitutes of economic growth, price stability and employment level. On 11th march 2021, world health organisation declared spread of covid-19 as a global pandemic. This affected the world economy including that of India's, declaring recession by many credit agency. Social distancing being the only way of containing the spread of virus resulted in nationwide lockdown by Government of India. This measure lead in disruption of the supply chain management, reduction in aggregate demand and supply, pressurising healthcare and essential commodity sector, lessen employment, plummeting investment. India already being in economic slump faced enormous repercussions with overall decline in gross domestic product.

Since the consumers are not willing to buy aggregate demand fell consistently, affecting all the 18 sectors of the economy. manufacturing sector shrank by 3.7% in February 2021, inflation rose to 5.2% in march 2021 and GDP is estimated to stand at 10.2% in 2021 but the chances of that being reality are bleak when India fights through the second wave of novel virus. Technical recession is the term being used to describe the state of the economy because of consistently negative gdp in two quarters.

Looking at the total no of total cumulative covid cases around the world, as on 17th April 2021, USA stands at 30888765, Italy at 3769814, china with 103136, United Kingdom with 4369776 cases while India observed 13689453 covid cases till the mentioned date. There is no denying that this pandemic has made several countries, families and people suffer whether by loss of loved ones or having left with no money. World leaders and nationwide leaders will need to regenerate and strategize the intertwined working of major world economies in the global environment that had been structured over the years. Import and export amongst the countries indicate world dependencies where each country depends on other country to fulfil their requirements. One of the objectives of this study was to access the situation Covid-19 in global and national level, it can that all the countries need to find a balance and prepare to become independently sustained nation.

While in India there is an enormous need of medical supplies for the people to survive in the sub-continent, many deaths and cases have been culminated overs the year. Level of daily wage income has declined, wealth erosion in financial market is evident, sectors like aviation, telecom, automobile,

transportation are facing negative repercussions and all this accumulatively in an indirect way increased discrimination, crime and unemployment in the country.

Next step for Reserve Bank of India and Govt of India would be to focus revamping the manufacturing sector by boosting innovation led development. Undertaking robust policies to channelise resource reallocation, investments in financial market, increasing demand, government spending in health care and education sector should be utmost importance for the permanent enhancement of country's condition. Given that policy space and resource is limited, policies have helped manage the short run crisis and yield significant long run benefits should receive serious considerations.

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