

An Assessment of Socio-Economic Impact on Different Sectors During COVID 19 in India

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Abstract- *The global pandemic of the Corona virus (COVID19) has resulted in extraordinary losses and disruptions. No country has been spared the brunt of it, from developed to developing. We have examined the impact of COVID19 on India's economy and society so far in this study. On the basis of available literature, an effect assessment is made on all three sectors—primary, secondary, and service—as well as the influence on migrants, health, poverty, job losses, the informal sector, the environment, and so on. Every sector of the economy has been disproportionately impacted, and even within each sector, there has been a disproportionate loss. Job losses, mental illness, increased domestic violence, and other societal consequences are all severe. Some significant benefits can be seen in terms of enhanced air quality, water quality, and wildlife, but the long-term viability of such effects is dependent on post-COVID and people's habits, as well as future environmental regulations.*

Indexed Terms- *Unemployment, corona-virus, Indian Economy, socio-economic, sectors.*

I. INTRODUCTION

The worldwide spread of the novel coronavirus disease (COVID-19) is severely affecting the global economy, and almost one-third to half of the global population was under some form of a lockdown by July 2020 (Kaplan et al 2020). This threatened an economic bloodbath, wherein all economic activities around the world witnessed a closure. The International Labour Organization's initial prediction was that nearly 25 million jobs would be lost worldwide due to the pandemic and would mean income losses for workers between \$860 billion and \$3.4 trillion by the end of 2020. But by the end of

2020, the organisation reported a loss of 81 million jobs in the Asia Pacific region. This would translate into a fall in consumption of goods and services and disruptions in backward and forward linkages in supply chains impacting businesses and in turn viciously affecting national economies.

As on June 24, 2020, there are around 9,129,146 cases globally out of which 4,73,797 lost their lives. India is on the fourth place in the number of confirmed cases and first in Asia. Total confirmed cases in India are 4,56,183 out of which 14,476 lost their lives mainly in the states Maharashtra and Delhi (Ministry of Health and Family Welfare, GOI). Most of the countries including even developed nations like United States, Italy, and United Kingdom are not prepared enough to deal with this pandemic. Presently, the worry is not for just human well-being besides for the worldwide economy which is most noticeably awful hit in each viewpoint. Economic disturbances are probably going to be more extreme and extended in developing and emerging countries with bigger domestic outbreaks and the more fragile and weak healthcare system; with larger exposure to international spillovers through various channels like trade, tourism, and commodity and financial markets; weaker macroeconomic frameworks; and more pervasive informality and poverty (Global Economic Prospects, World Bank, 2020). It is not just a health crisis; it is the economic and humanitarian crisis and called a black swan by many economists. As a result of its infectious nature, almost all nations favored lockdown to limit its spread. Following this, India initially proclaimed a one-day "Janata Curfew" on March 22, 2020. From there on, a total lockdown was reported in India at first for 21 days which was extended to an additional 19 days, and thereafter it got broadened further with minor relaxations. After June 1, many relaxations are given to proceed with the economic activities but borders of

some states are sealed even now depending on the severity of the health crisis in a particular state. All the economic activities however now been provided some relaxations after a complete halt on them but an unprecedented loss has already occurred and the economy is shaken badly.

Almost all the countries due to COVID-19 are affected similarly in terms of demand–supply shocks and disruptions but in India, there was already a downturn in the economy. In Pre-COVID era India was encountering with major macroeconomic issues such as nearly recession with the sluggish GDP growth rate of 4.7% in 2019 which is lowest since 2013 (as indicated by the official statistics), high unemployment rate, decline in industrial output of core sectors—the worst in 14 years, stagnancy in private sector investment, decline in consumption expenditure for the first time in several decades (Dev & Sengupta, 2020). Also, the informal sector of India which is the largest in the world employs nearly 90% of the total working population and contributes significantly in overall GDP (more than 45%) has been hit by two major shocks (or reforms) already due to demonetization in 2016 and GST in 2017. In this article, an attempt is made to investigate the socioeconomic implications of the draconian coronavirus pandemic (COVID-19) in India. The motivation behind this is to provide an overview of the loss that occurred to different sectors of the Indian economy and society to have a better understanding of the issues to the government. In this article, we have reviewed many latest articles, authentic newspaper articles, discussions, and interviews of experts from different fields, and so forth.

II. OBJECTIVE

- To study the impact of covid-19 on primary, secondary and tertiary sectors.
- To study how these sectors managed during covid-19 in India.
- How government plays an important role during pandemic in India.
- To study adversely affected factors such as unemployment, poverty, reverse migration, service sector, societal issues.

- The paper focuses on the adversely affected sectors and its recovery.

III. IMPACT ON DIFFERENT SECTORS DURING COVID-19 IN INDIA

• PRIMARY SECTOR:

To prevent the spread of COVID19, India enacted a complete lockdown in March, which coincided with the peak of the Rabi crop harvesting season in India, primarily in the northwestern states, causing huge losses to farmers. Although the agriculture industry was given some flexibility during the lockdown, farmers generally faced transportation limits, mobility restrictions, and a labour shortage due to reverse migration of workers to their homelands. Agriculture and related activities are not a homogeneous group of activities; rather, they constitute an umbrella of several activities, each with its own set of dynamics.

As a result, the influence of COVID19 on this sector varies according on the activities involved, such as crops, cattle, fisheries, and so on. Horticulture and foodgrain production are both crops that are affected in distinct ways. Horticulture is more likely to bear the brunt of the impact due to perishability, whereas food grains are nonperishable and, aside from harvesting issues and labour shortages, are mostly unaffected. Rabi harvesting has gone smoothly, and an MSP increase for Kharif crops has been announced, ensuring farmers a 50–83 percent return on their investment. Similarly, floriculture has been impacted by lower demand as a result of religious buildings being closed, marriages being postponed, and so on. Milk is the biggest contributor to livestock (milk, meat, eggs) that has been harmed and, thankfully, has remained stable during the lockdown.

• SECONDARY SECTOR:

The manufacturing sector is the major contributor of GDP and employment in the secondary sector and has been recognized as an engine for vibrant growth and creator of the nation's wealth (Rele, 2020). The manufacturing sector is significant because it has strong forward and backward links with other sectors, implying that any impact on this sector would have an influence on other sectors as well. Demand–supply disruptions and the global value supply chain will have

a significant impact on the manufacturing industry. The automobiles sector, which contributes 50% to the manufacturing sector, was also struggling before to COVID19 due to poor consumer demand, insufficient credit facilities, and additional issues caused by the NBFC crisis.

Due to COVID19, there is a lot of strain on the health of the Indian auto sector due to demand–supply disruptions. According to SIAM's most recent assessment of COVID19's impact, the automobile sector is predicted to drop by 22 percent to 35 percent in various industry segments in FY21, assuming GDP growth of 0–1%. SIAM President Rajan Wadhwa stated. China has been the core of manufacturing for decades, accounting for one-third of global manufacturing output. However, following the breakout of COVID19, many countries are intending to move their attention away from China and toward countries like China that offer inexpensive labour. As a result, India has a golden opportunity to take "Made in India" global. India has enormous potential; if suitable measures are adopted to develop the industrial sector, India will surpass China as a new manufacturing hub.

- **TERTIARY SECTOR:**

In India, the financial industry, which has a critical role to play in times of crisis, has been afflicted by issues such as the Twin Balance Sheet (TBS), high levels of nonperforming assets (NPAs), and an undercapitalized banking system. Firms are also financially weak and overleveraged in the private sector.2019 (Sengupta & Vardhan). More issues include the IL&FS crisis, a 90 percent drop in commercial lending in the first half of FY2020, and the near-demise of a well-known and reputable private bank—Yes Bank, among others. The banking industry is unaffected, but because banks are at the centre of public attention, the indirect impact of various other pandemic-affected industries is likely to be felt by banks and other financial institutions. Banks are the primary source of assistance during times of crisis, therefore when all other sectors are struck hard, banks will bear the brunt of the damage. Due to this extreme crisis, the financial sector's already existing troubles are projected to worsen. Due to the shutdown and collapse of different business activity, the stock market had its worst month in March 2020.

According to Subramanian and Felman (2020), over a third of industrial and service enterprises have requested for bank loan moratoria. Even if only a quarter of these deferred loans default, the total of nonperforming assets (NPAs) might rise by Rs. 5 lakh crore. And keep in mind that this is a conservative estimate. According to reports, senior bank officials estimate that the stock of nonperforming assets (NPAs) could rise by as much as Rs 9 lakh crore. In this situation, we're talking about NPAs of Rs 18 lakh crore, or around 18 percent of total loans outstanding. It's worth thinking about who will pay for such losses if they occur for planning considerations.

IV. IMPACT OF COVID19 IN OTHER SECTORS

- **REVERSE MIGRATION:**

There are significant differences in the rate of increase in unemployment across regions when the nationwide lockdown was imposed without discrimination. The reasons for such differences are investigated, with migration being identified as a significant issue. Hunger and an adverse impact on livelihood were seen in states with higher rates of migration and urbanisation, increased reliance on casual wage jobs, and non-agricultural employment. According to the 2011 Census of India, the most extreme number of migrants came from the states of Uttar Pradesh, Bihar, Rajasthan, Odisha, Assam, Punjab, West Bengal, and Madhya Pradesh, with the majority coming from UP, Bihar, Rajasthan, Odisha, Assam, Punjab, West Bengal, and Madhya Pradesh. Currently, Maharashtra has the largest number of COVID19 cases, followed by Delhi (Govt. of India, Ministry of Health and Family Welfare). COVID19 has resulted in mass reverse migration as a result of restricted employment possibilities, fear of more destruction as a result of future crises, financial crises, health crises, and so on. The magnitude of this reverse migration was such that government policies could not keep up with the situation (Mukhra, Krishan, & Kanchan, 2020). Singh (2020) studied the impact of the coronavirus pandemic on the rural economy of India mainly about the plight of migrant workers and the short run-long run implications of COVID-19 on the rural economy. He stated that COVID-19 is going to affect the rural economy in both the short run and long run with reverse migration exerting excess pressure on the

agriculture and rural economy that will significantly affect the poverty and will put a greater number of people into absolute poverty.

• **POVERTY AND UNEMPLOYMENT:**

According to a World Bank report from 2016, every fifth Indian is poor, with around 80% of the people living in rural areas. As a direct result of the pandemic's destruction, at least 49 million people are predicted to fall into "extreme poverty" around the world, with India's 12 million residents expected to be among them, according to the World Bank (Bloomberg, 2020).

According to the National Statistical Office's latest report on the employment–unemployment situation (Periodic Labour Force Survey (PLFS), 2017–18), the unemployment rate at the all-India level is projected to be 6.1 percent using the normal status criterion.

This demonstrates that the country's unemployment rate is not only increasing, but also at an all-time high. In both rural and urban areas, it has been at its highest

level since 1977–78 among males and since 1983 among females. Furthermore, between the sexes, urban females have a greater jobless rate of 10.8% than their male counterparts, who have a rate of 7.1 percent. In the rural areas, the male unemployment rate, estimated at 5.8%, exceeded the female rate at 3.8%. The unemployment rate, being the highest among urban females, does not come as a surprise because many of them are educated and can afford to wait for long till a job of a desirable status becomes available as they may not be the principal earners.

The economic shutdown after March 2020 led to a major rise in unemployment. Here, we use monthly data from the nation-wide employment surveys of the CMIE. First, seekers of employment exited the labour force in large numbers in March and April 2020. The size of the labour force shrank in March and April 2020. There was some recovery from May 2020, but the total size of the labour force in October 2020 was still lower than in February 2020 by 13.2 million persons.

Selected indicators of labour force and employment, India, February to October 2020 (million and percentages)

| Variable | February 2020 | March 2020 | April 2020 | May 2020 | June 2020 | July 2020 | August 2020 | September 2020 | October 2020 |
|--|---------------|------------|------------|----------|-----------|-----------|-------------|----------------|--------------|
| Labour force (million) | 440.1 | 433.8 | 369.0 | 396.5 | 420.0 | 424.3 | 428.3 | 426.0 | 426.9 |
| Labour participation rate (%) | 42.6 | 41.9 | 35.6 | 38.2 | 40.3 | 40.7 | 40.9 | 40.6 | 40.6 |
| Employed persons (million) | 406.0 | 395.8 | 282.2 | 303.4 | 373.8 | 392.7 | 392.5 | 397.6 | 397.1 |
| Unemployed persons actively looking for employment (million) | 34.2 | 37.9 | 86.8 | 93.1 | 46.2 | 31.5 | 35.7 | 28.3 | 29.8 |
| Unemployed persons not actively looking for employment (million) | 10.4 | 16.3 | 88.6 | 50.0 | 31.8 | 15.5 | 13.0 | 11.9 | 22.6 |
| Unemployment rate (%) | 7.8 | 8.8 | 23.5 | 23.5 | 10.9 | 7.4 | 8.4 | 6.7 | 7.0 |
| Unemployment rate for Scheduled Caste groups (%) | 7.2 | 9.4 | 32.0 | 30.6 | 14.6 | 8.8 | 8.5 | 6.7 | 7.7 |
| Unemployment rate for Scheduled Tribe groups (%) | 6.4 | 4.4 | 18.7 | 23.2 | 7.8 | 3.3 | 4.5 | 5.1 | 4.7 |

Source: CMIE. Available at: <<https://www.cmie.com/>>.

Secondly, the total number of employed persons shrank at a faster rate than the labour force. There was

a fall of employed persons by 2.5% in March 2020 and 29% in April 2020. Despite recovery after May 2020,

the number of employed persons were less by 8.9 million in October 2020 compared to February 2020. Thirdly, there appears to be a strong “discouraged worker effect” among the labour force. The number of unemployed persons not looking for employment rose eight times between February 2020 and April 2020. It fell back to 13 million by August 2020 but rose again to 22.6 million by October 2020 (or 11 million more than in February 2020).

Fourthly, unemployment rose significantly. The monthly unemployment rate, which hovered around 7.8% in February 2020, rose to 23.5% in April and May 2020 before falling back to 7% by October 2020. However, this is no reflection of the reality, as large number of workers exited, and still remained out of the labour force in October 2020. The impact of unemployment was most severe on the historically disadvantaged and oppressed sections of India’s society: Scheduled Caste (SC) and Scheduled Tribe (ST) persons.

Fifthly, the impact on employment was not limited to the informal sector, but also the formal sector. The total number of salaried jobs in India was 86.1 million in 2019-2020 (Vyas, 2020a). In April 2020, this number fell to 68.4 million. By August 2020, it had risen to 73.8 million, but was still 12.7 million less than in February 2020.

Finally, young job seekers, particularly between 15 and 39 years, were the most acutely hit (Vyas, 2020b). Persons in the age group of 20-24 years constituted only 9% of the total employment but accounted for 35% of the total employment losses. Persons in the age group of 25-29 years were only 11% of the total employment but accounted for 46% of all the job losses.

V. LIVELIHOOD LOSS DURING PANDEMIC

Though rural-to-all-urban migration is very low in India, rural-to-city migration, particularly in large cities, has been extremely significant. Higher productivity gains in major cities' agglomeration economies are partly passed to employees in the form of higher wages, which tend to function as a pull factor in the migration process. Given this scenario, the current research seeks to investigate the impact of the

COVID-19 pandemic lockdown, which has been the dominant technique in containing the pandemic's spread across countries, on livelihood loss, taking into account regional differences in the nature of economic activities. The major hypothesis is that the nationwide lockdown has had a differential impact across various states and this differential impact is an outcome of variations in migration rates and economic activities.

VI. HEALTH SECTOR

COVID19 is a major threat to India due to a lack of testing services, doctors, health equipment, and beds, even in the developed areas of the country. With the ensuing increase in the number of confirmed cases, many experts are questioning India's ability to contain the spread and handle the current cases. According to the National Health Profile of India for 2019, India's healthcare spending as a percentage of GDP was only 1.28 percent, which is lower than that of impoverished countries throughout the world (Rakshit & Basishta, 2020). The pandemic of the Coronavirus has disproportionately affected rural and urban areas. Because of the high population density, the brunt of the impact is being seen primarily in metropolitan areas. However, the risk is significantly greater in India's rural areas, which account for nearly 70% of the country's population. The healthcare sector in India is still expanding, and there are significant variations between rural and urban healthcare systems.

- *NEGATIVE IMPACT OF COVID-19 ARE WELL KNOWN BUT THERE ARE SOME POSITIVE FACTORS WHICH CAN BE COUNT ON INDIAN ECONOMY:*

1) A more digital economy

Demonetisation was the shock that pushed India into the digital era as people adopted online payments in the absence or short supply of cash. Covid-19 is the shock that is forcing everyone to adopt digital in everything — from buying groceries to seeking online consultations with a doctor for minor conditions. India's total e-commerce shopper base, at 30% of its online population, is quite low when compared with 78% in China and over 70% in the US. In a 53-page report on 'India's Digital Economy in a Post-Covid-19 World', Morgan Stanley has projected that India's online shoppers will jump to 590 million from 190

million in 2020. The average spend per online shopper is also projected to nearly double to \$318.

2) Global supply chains will be redrawn

China has been the factory of the world for quite some time now and as a result it has become the pillar of global supply chains for everything from chips to drug APIs. The world has realised that it might not be a good idea to put all eggs in one basket. This would mean that countries like India that have long waited for their turn to make for the world would increasingly see more foreign businesses set up base and generate large scale employment.

3) Policy reforms gathering pace

The coronavirus pandemic has led India to initiate reforms that have been stuck in red tape for decades. For instance, the government has liberalised the coal sector and changed certain labour laws that were said to have been hindering businesses. Moreover, the government has also announced agri market reforms such as bringing in legislation that will allow farmers to sell their produce to whoever they choose.

4) Liquidity rush in the capital markets

Central banks all around the world have cut interest rates and launched borrowing programmes to inject cash into the capital markets. The Reserve Bank of India came out with a plan in March to supply Rs 3.74 lakh crore of liquidity to the financial markets. While banks may have not been lending off the bat, their cash reserves — coupled with low interest rates — will mean that individuals and businesses will be afforded a huge breadth in borrowing once green shoots start to appear in the economy.

5) Nature of jobs will be transformed

The coronavirus pandemic has led to a lot of companies rethinking office spaces and on-site work. Tech bigwigs such as Facebook, Google and Twitter have already made announcements regarding giving staff the option to work from home in the long term. It's only a matter of time that many more companies follow suit as they determine that spending on office spaces can be cut and productivity can be measured better in terms of to-do timesheets. More workers are also finding out that the gig economy perhaps offers a lot more flexibility to earn money and follow passions.

6) Positive impact towards environment

COVID19 has some beneficial aspects as well, despite its major negative consequences and destruction of the economy and people. A gift to the Ganga is one of them. According to Prof. B. D. Tripathi, Chairman, Mahamana Malaviya Research Centre for Ganga, the pollution in the river has decreased significantly in just 34–35 days of lockdown due to COVID19 in India, which the two major plans, Ganga Action Plan, 1986, and Namami Gange, 2014, with hundreds of crores in investment, could not achieve. Because there is less traffic, less pollution, and less economic operations, there is a good influence on air quality, water quality, animals, and vegetation.

VII. CONCLUSION

The global impact of the COVID19 epidemic has been unprecedented, but India, as a rising country, is likely to be disproportionately affected in every sector. Agriculture and associated sectors have been hit disproportionately hard, with horticulture and poultry bearing the brunt of the damage. However, the agriculture industry is considered as a bright area and is expected to be less affected than other sectors. Manufacturing, particularly the automotive industry and small and medium-sized businesses (MSMEs), has suffered increased losses as a result of global supply chain disruptions. The service sector, which is the main driver of economic growth and the largest contributor to GDP, has been severely harmed as a result of various restrictions on mobility, such as the temporary suspension of tourism and hospitality, the limited availability of transportation, the closure of schools and colleges, and so on. The total economic and sectoral losses are determined by the intensity and duration of the crisis. Apart from the monetary losses, the societal impact of this coronavirus epidemic and unprecedented crisis is harsh, with enormous sociological and psychological issues.

Poverty and inequality are anticipated to worsen, having a particularly negative impact on migrants, casual and informal workers, as well as domestic violence and mental illness. Although there are some positive effects, the long-term viability of these effects on air quality, water quality, and wildlife is dependent on the post-lockdown scenario, as well as people's behaviour and habits. The government and the

Reserve Bank of India have adopted and declared several fiscal and monetary policy actions, but notable economists believe that the government has to spend more, regardless of the GDP numbers and budget deficit. In addition, more attention should be paid to the most vulnerable members of society and sectors, particularly the poor, SMEs, and the non-essential commodities sector, which are the hardest hit by the pandemic's demand contraction. The necessity of the hour is for unique, inclusive, and inventive methods.

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