

Impact of Covid-19 on Indian economy

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ARTICLE ID: 072

The pandemic hit the world adversely, it was the biggest humanitarian crisis of the century. It affected people physically, economically and emotionally as well. The Covid-19 induced lockdown was a major economic shock. The day first lockdown was announced the unemployment rate increased by 19 % within a month. The lockdown had a havoc impact on the small, medium and large enterprises, which led to unemployment and economic downturn. The annual GDP growth of the country stood at 4.04 % in 2019-2020 and -7.25 % in 2020-21. The Indian economy contracted by 7.3 % in the April-June quarter of 2020-21 which was the worst decline in the GDP of the country. The annual growth rate of the per capita income was 2.52 percent in 2019-20 which declined to 8.36 percent during 2020-21. The income of the households decreased severely during the pandemic. The worst affected sector of the economy during 2020-21 was hospitality, tourism, travel, automobile, real estate, etc. with a decline of 18.20 percent in growth rate. The prices of the various food commodities and other daily household commodities increased substantially. The world has suffered a lot during this period and as the World Health Organisation predicted the virus will continue to rotate in the air for a few years as different variants.

According to Food and Agriculture Organisation Covid-19 has influenced agriculture in terms of supply and demand. Food and Nutritional Security are the two aspects that were affected equally during the pandemic time. During the first lockdown, the agricultural production contracted by -2.7 % as the peak harvesting time of crops like staple food wheat, and barley and high-value crops such as summer vegetables and fruits coincided with lockdown time. The lack of harvesting labour at that time and restriction on the movement of products led to the destruction of the crops in the farmer fields. Covid affected the dairy



industry also, as the lockdown reduced the demand for dairy products and the prices of milk declined, the farmers were further forced to dump their milk in the streets due to lack of demand and low prices. The misconception spread regarding chickens are the carriers of the coronavirus led to the significant fall in the intake of chicken meat, affecting 25 million farmers. The availability of the agricultural inputs decreased during the lockdown period and the prices increased due to supply constraints. The food security-related studies revealed that during the pandemic period number of meals consumed by the households and the number of items in the meal declined. The rural households reported less intake of food than before. The country has seen the severe influence of the pandemic on the lives of migrants and their dependents back home. Millions of migrant workers faced a loss of income, food storage and uncertainty about their jobs.

The manufacturing sector came to a halt during the first and second waves of the Covid. Several countries shut down their ports, airports and domestic transportation. During the first wave, restrictions were imposed on the movement of goods and people that impacted the workforce capacity and disrupted the supply chains, bringing nearly all manufacturing activity to a stand-still. Manufacturing output contracted by half from March 2020 to March 2021. During the second wave, small businesses and retailers bore the initial impact like liquidity crunches and stretched working capital. Millions of jobs have been lost permanently and have dampened consumption. India's merchandise export hit rock-bottom in April 2020. Due to strict international movement restrictions globally during 2019-20, the export of agricultural commodities from India declined drastically to 18.27 million tons from 23.18 million tons from the previous year. The restriction on international trade led to the decline in the export of Indian fish products to European countries. The export picked up its pace during 2020-21 and reached 32.11 million tons.

Measures took by the government

Time of crisis is a great teacher as it can teach how to utilise the opportunities in the given challenges. During the time of covid Prime Minister said to take this pandemic as an opportunity and laid emphasis on domestic products and economic self-reliance led to the creation of 'Atmanirbhar Bharat'. The Prime Minister announced 20 trillion rupees stimulus package, equivalent to 10% of India's GDP. Finance Minister announced a ₹1.70 Lakh Crore relief package under Pradhan Mantri Garib Kalyan Yojana for the poor. Two-third of the population is covered under the Pradhan Mantri Garib Kalyan Anna Yojana under which 5 kg of wheat and rice were allocated in addition to the current 5 kg allocation (for 3 months). Farmers will receive Rs. 6000 every year under the PM-KISAN scheme. MNREGA wages increase from Rs. 182 to Rs. 202. Likewise, the government has provided various provisions in different sectors in terms of healthcare, social security, reliefs for MSMEs, real state sector, etc.

Conclusion:

The impact of the COVID-19 and the resultant lockdown has been quite harsh on all sectors of the economy. The government has taken time to time to prevent measures to cope with this pandemic. The economy has been recovering from the adverse impacts of the pandemic. The GDP growth was 20.1 percent in the April-June quarter of 2021 when the second wave was intense in the country during the period. India's GDP is expected to grow 9.2 % in FY2022 according to the first advance estimate as the economy gained momentum after the second wave. The key sectors were expected to see double-digit growth during 2022 and consumption will see a modest recovery.