

## **IMPACT OF COVID-19 PANDEMIC ON SOCIO ECONOMIC PARAMETERS OF THE COUNTRY**

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### **I. ABSTRACT**

The present paper attempts to critically evaluate the impact of COVID -19 pandemic on socio-economic parameters of the country. With expert advice of the professionals, the socio-economic parameters have been categorized into 5 distinct captions, viz, agriculture, livestock & diaries, employment, cultural activities and foreign exchange reserves. The lockdown affected the movement of people including farmers, farm labours and vehicular traffic including farm machines. Migrant workers and private job sector employees who returned to their villages are being treated as source of disease due to fear of infection. Domestic violence, drinking alcohol and cardplaying has gradually increased. Foreign exchange reserves of the country have increased as a result of decreased imports of oil specifically from other countries.

### **II. INTRODUCTION**

Corona viruses are a diverse family of viruses that can cause disease in both animals and humans with a large range with severity. Some corona viruses are known to cause mild diseases such as common cold, as well as extreme diseases

like Extreme ARS and Middle East Respiratory Syndrome (MERS). Corona virus was the first serious disease with SARS outbreak in China (2003) and MERS in Saudi Arabia (2012). The recently discovered corona virus triggers the corona virus COVID-19 disease. The trigger agent is not yet identified but is an infectious disease with a death rate of 2-8 percent. In December 2019, the disease outbreak started in Wuhan, China, and spread worldwide, including India, because of its high infectious nature. This can be transmitted from person to person by shaking head, coughing and sneezing (aerosol transmission) respiratory outlets. The best way to avoid this pandemic disease is to separate, maintain social isolation and use preventive measures such as sanitizer or hand washing with soap, mask wearing, etc.

### **III. COVID-19 in Indian Perspective:**

The first confirmed laboratory case in India was identified in Kerala on 30 January 2020, when a woman returned from the city of Wuhan with two students and, on 18 May, more than 90,000 confirmed cases crossed and

The death rate is around 3000 with 3.3 percent nominal mortality. While the recovery rate has improved to 38.29%, i.e. the highest since the disease began in the country. The Indian government promptly introduced preventative measures to control the disease of COVID-19 by implementing Janata Curfew (22 March), Lockdown-1 (25 March-14 April)-complete lockdown except for critical commodities, Lockdown-2 (15 April-3 May), conditionally relaxing certain crops, milk and aquaculture after 20 April, in agricultural sector

Lockdown-3 (4 May-17 May) with additional rest in the green zone (without incident for 21 days) and lockdown-4 (18 May-31 May) with some minor amendments to previous orders. Government also introduced an early recognition danger 'Aarogyasetu app.' While the Indian government has taken prompt, effective and rigorous preventive steps to control the pandemic disease, the livelihoods of migrant workers, farmers and ultimately Indian agriculture are negative. The effect of the COVID-19 pandemic on the social and economic

conditions of farmers in India was thus highly emphasized in this paper. Table-1 explains the lockout situation.

#### **IV. REVIEW OF LITERATURE**

(Atkeson, 2020) This article teaches economists a simple SIR model of COVID-19 growth in the United States in the next 12-18 months. A model SIR is an epidemic propagation model of the entire population divided into an actively infected I recovered (or dead), and not more infectious I population. The rate of transmission between the three countries determines if an outbreak happens over time. This model allows empirical statements on the population balance between the extent to which the disease has been eliminated and the timing by means of social distance. Example models applications are given. The question is if the level of population of infectious diseases is above 1% (then the health system will be threatened seriously), 10% and the cumulative burden of the disease over 18 months (when the main financial and economic systems lack staff).

(McKibbin & Fernando, 2020) The outbreak of COVID-19 has ravaged and spread through the Chinese economy. The nature and economic effects of the epidemic are still highly unclear and it makes it difficult for policymakers to prepare an appropriate response to macroeconomic policies. This paper explores seven different scenarios for how COVID-19 could be built in the following year to enhance the understanding of economic outcomes by using a modeling approach introduced by McKibbin and Sidorenko (2006) in Lee and McKibbin (2003). In the global DSGE / CGE hybrid general equilibrium model, it addresses the effects of different scenarios on macroeconomic performance and financial markets. The examples in this article demonstrate that even a controlled outbreak can have a major short-term impact on the global economy. These scenarios highlight the scale of costs that can be avoided by higher spending on public security in all economies, but particularly in less advanced and densely populated economies.

(Zu et al., 2020) An outbreak of severe acute coronavirus 2 syndrome in Wuhan, Hubei Province, China was observed in December 2019 and spread to and from

China. On 12 February 2020, the World Health Organization officially named the 2019 novel coronavirus disease (COVID-19). Owing to the importance of early detection and disease evaluation in radiological tests, most patients diagnosed with the COVID-19 are suffering from pneumonia and standard CT imaging trends. To date, CT results have been reported in Hubei, China as significant clinical confirmation of COVID-19 diagnosis. This research focuses on etiology, epidemiology and clinical symptoms of COVID 19 and emphasizes the role of chest CT in disease prevention and management.

## V. OBJECTIVES

The key objectives of the study are:

1. To identify and study the impact of COVID-19 pandemic on the economy.
2. To statistically conclude the nature of impact on the economy.

## VI. Phases of Lockdown scenario and Unlock scenario

**Table 1:**

### Lockdown scenario

Lockdown	Duration (Year 2020)	Announcement date	Theme
Lockdown 1.0	25 March- 14 April	24-Mar	“Jaanhai tojahaanhai”
Lockdown 2.0	15 April - 03 May	11-Apr	“Jaanbhijahaanbhi”
Lockdown 3.0	4 May-17 May	11-May	“Jan se lekar jag tak”

**Table 2:**

### Unlock scenario

Unlock	Duration	Guidelines
Unlock 1.0	1 June-30 June	MHA issued fresh guidelines for the month of June permitted shopping malls, religious places, hotels and restaurants to reopen from 8 June
Unlock 2.0	1 July -31 July	Lockdown measures were only imposed in containment zones. In all other areas, most activities were permitted. Night curfews were in effect from 10 p.m. to 5 a.m. in all areas.
Unlock 3.0	1 Aug -31 Aug	removed night curfews and permitted gymnasiums and yoga centres to reopen from 5 August. Educational institutions will remain closed till 31 August.

There are numerous platforms to evaluate the impact of the disease in the world, but few main sectors have been taken into account in the succeeding section.

**1) Agriculture:**

India is an agrarian country. Agriculture sector alone not only provides 14 percent share in country's economy but also more than 40 percent of total employment. A majority of India's farmers (about 80%) are small and marginal with less than two hectare of land. Agriculture is a state subject in Indian subcontinent where agricultural policies vary from state to state. Lockdown-1 adversely affected the agricultural operations than further extensions. Complete lockdown restricted the movement of people including farmers, farm labours and vehicular traffic including farm machines, and as result negatively affected farm economy. Although, Indian government tried its best to minimize the adverse effect on agriculture but could not overrule its implications on agriculture. The major agricultural sectors which were being severely affected by disease are

**2) Harvesting:**

This was the peak of *rabi* season (March & April), after Holi festival, in North-India where crops like mustard, wheat, chickpea, lentil and paddy in irrigated regions, and plantation crops like pepper, coffee and banana in South-India were either at harvestable stage or almost at maturity stage. Unavailability or scarcity of farm labours significantly increased the daily wage price during harvesting operations. Small land holders harvested their crops manually either by themselves or through mutual agreement with each other. Large land holders faced tough time because they did not have enough man power. Thus, they were forced to pay high price for harvesting operation either by manually or through harvester. Matured crops were logged in the field due to amalgamation of high rainfall or hail with high wind velocity and leads to heavy crop damage. Complete restriction, imposed by Lockdown 1.0, tremendously affected harvesting operation in majority of *rabi* crops, however after relaxations, they were enabled to do their agricultural activities. But implications of government policies were not as we think as it was for the farmers.

**3) Farm labour:**

India's agriculture sector depends on migrant labourers for several operations from seed sowing to harvesting and threshing in the form either a skilled or unskilled farm labour. Curtailment of labour migration from one state to another state drastically affected the harvesting of commercial crops which were more dependent of migrant labours compare than food crops like wheat and paddy. Shortage of labour at peak time of harvesting of vegetables and fruits significantly increased daily wages. However, in contrast, daily wages decreased when migrant labours reverted to their native places from urban areas and tend to hunger and malnutrition.

**4) Agricultural Implements and Repairing centres:**

Agricultural implements such as sickle (daranti), hoe and thresher or combined harvester are essential and basic input to complete crop harvesting operation. During lockdown-1, shops involved in selling of farm implements, were completely closed and farmers could not purchase new farm implements for harvesting. They used their own old implements but got worse when either they were broken or their sharpness declined. The farm implement repairing centres were either completely closed or open for specific period and severely affected harvesting operation. It was one of the main reasons for crop loss at farm field during pandemic. Farmers had no choice beside delaying crop harvesting because of scarcity of farm labour or old and wear and tear implements could not be repaired on time.

**5) Storage and Mandis (market yards):**

Although, with great adversities, farmers were enabled to complete the harvesting operation but faced more challenge to store their produce at their residences. Predominantly, most of the farm produce either directly goes to Mandis for selling or storage for future use. The storage centres and mandis were either closed completely or opened for short time with some precautionary measures. Minimum support price (MSP), implemented by Indian government for few selected agricultural commodities, has their own limitations because they cannot purchase seed beyond their limit (as per government rule) and also have a lengthy

process. Thus, farmers were forced to sell their produce to middlemen at low price because they do not have storage facility or have to pay debt, taken from either landlords or banks in the form of crop loan. Migration of skilled workers from working places to their native places triggered panic because they were crucial not only for harvesting operations but also for post-harvest handling of produce in storage and marketing centres such as Mandis for food grains, fibre, food and vegetables. Poultry farmers have been badly hit due to misinformation on social media, that chicken is the carrier of disease, and also transportation restrictions.

**6) Transportation facility:**

The first visible impact of COVID-19 was on agricultural supply chain. Nationwide complete lockdown restricted the movement of people as well as vehicles between states, districts and even local areas. This not only adversely affected agriculture but also horticulture sector including fruits and vegetables. Farmers, involved in vegetable cultivation, were forced to sell their produce at low price or throw it on roads or not harvested from the field itself due to less demand in market and were unable to get cost of cultivation. They were unable to store their produce into the cold storages which were located far from their farm. The movement of their produce was greatly affected. Lack of transportation facility tends to post harvest losses either at farm or their own local storage facility.

**7) Agricultural inputs:**

As *kharif* season is fast approaching, agri-inputs like best quality of seeds, fertilizers, agro-chemical etc. have to be pre-positioned for easy availability into the market. To meet the agri-input-demand, private sector must play significant role with suitable policy support. As they could not sell their farm produce, Government must come forward to provide extended crop loan and flush sufficient and smooth cash credit to particularly, small and marginal farmers.

**8) Livestock and dairy:**

Although, there was least impact on fodder production and animal health but milk supply chain was interrupted due to less demand on area of production and

restrictions on the inter and intra-state movements of transportation. During this pandemic, either milk was converted into ghee like by-products or drunk by their families.

**9) Employment:**

As per government data, there are about nine crore farmers, and if not exceed similar number of landless agricultural labour. The COVID-19 disease drastically affected the livelihood of landless farmers and of small and marginal farmers. Those who were engaged in other activities as a part time job such as construction activities, transportation etc. became unemployed and now dependent on Government incentives and benefits. Migrant workers who were indulged in informal sector lost their job and today they are on footpath, and are forced to live meagre life.

**10) Social and cultural activities:**

There is fear of infection from the neighbours in the society, if someone has other state travel history. These behavioural changes might be due to go out for essential commodities such as purchasing of fruits and vegetables, grocery items, diesel, petrol and for medical emergencies. Migrant workers and private job sector employees who returned to their villages are being treated as source of disease due to fear of infection. Hiding of travel history, misbehaviour and aggression of returned individuals leads to mistrust between neighbours in villages. Farmers with their family either postponed or cancelled the marriage ceremony and other social events till this pandemic ends. Although, domestic violence, drinking alcohol (particularly after lockdown 2.0) and card playing has gradually increased but are to manage all these hurdles by their own ways and means. COVID-19 is an unprecedented challenge for Indian subcontinent; however, it has least impact on agricultural sector than other sectors like industries. Although, the government is doing its best at various level to protect the livelihood of farmers such as advanced release of INR 2000 to the bank accounts of farmers as financial support under PM-KISAN scheme, increased daily wage rate under MGNREGA, world's largest wage guarantee scheme, INR 500 per month financial assistance to over



200 million women *via* Jan Dhan scheme, PradhanMantri Garib Kalyan Yojna and additional supply of food grain to the registered beneficiaries. The government has launched various mobile based apps to alleviate the problems of farmers in the country

**11) Hotels and restaurants**

Demand has significantly declined with proprietors trying to recover their fixed costs. Hotel occupancy rates before lock-out decreased by 70% to 20%, with restaurants losing between 30 and 35% of their businesses.

**12) Entertainment and sports**

gathering venues such as cinemas, centres, promotional and sporting events are called off. One of the biggest cricketing events in IPL is currently delayed – the cancelation of the cricketing event alone could mean a loss of at least US\$ 500 million for the organization.

FMCG – The market for important FMCG goods has risen following the lockout announcement due to hoarding and customer fear. The demand for grocery, milk and hygiene products and limited production capacity in the supply chain have grown.

**13) E-commerce**

Many e-commerce players are unable to fulfill their current orders and can not accept new orders even though domestic delivery demand is growing. Yet businesses tend to prioritize the distribution of critical products.

**14) IT sector**

Demand for collaboration devices, conference platforms and cyber security apps has been growing in remote operations among other areas. In sectors like education, finance and human resources, these technical frameworks are used to ensure business continuity.

**VII. FINDINGS AND CONCLUSIONS**

1. Complete lockdown restricted the movement of people including farmers, farm labours and vehicular traffic including farm machines, and as result negatively affected farm economy.
2. Daily wages decreased where migrant labours reverted to their native places from urban areas and tend to hunger and malnutrition.
3. Farmers had no choice beside delaying crop harvesting because of scarcity of farm labour or old and wear and tear implements could not be repaired on time.
4. Poultry farmers were badly hit due to misinformation on social media, that chicken is the carrier of disease, and also transportation restrictions.
5. Lack of transportation facility tends to post harvest losses either at farm or their own local storage facility.
6. Milk supply chain was interrupted due to less demand on area of production and restrictions on the inter and intra-state movements of transportation.
7. The COVID-19 disease drastically affected the livelihood of landless farmers and of small and marginal farmers.
8. Those who were engaged in other activities as a part time job such as construction activities, transportation etc. became unemployed and now dependent on Government incentives and benefits.
9. Migrant workers who were indulged in informal sector lost their job and today they are on footpath, and are forced to live meagre life.
10. Migrant workers and private job sector employees who returned to their villages are being treated as source of disease due to fear of infection.
11. Hiding of travel history, misbehaviour and aggression of returned individuals led to mistrust between neighbours in villages.
12. Farmers with their family either postponed or cancelled the marriage ceremony and other social events till this pandemic ends.
13. Domestic violence, drinking alcohol and cardplaying has gradually increased.

14. Foreign exchange reserves of the country have increased manifolds as a result of decreased imports of oil specifically from other countries.

Overall, COVID-19 is an unprecedented challenge for Indian subcontinent; from the above findings, it can be concluded that pandemic has exerted least impact on agricultural sector than other sectors like industries and tertiary sector. The largest affected sector is industry as it could not survive at all during lockdown 1.0, even hotel industry has suffered a very big deal due to the pandemic. Thus, effective and sincere implementations of agricultural policies by Government and their officials will decide the fate of agriculture and are need of the hour during this pandemic.

**Disclaimer:** The content of this article is a personal opinion and experience of the authors, not necessarily an endorsement or suggestion of the institute where they are associated with.

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