

ECONOMIC DECLINATION DUE TO COVID-19 LOCKDOWN - A REVIEW

¹Yoshita Guntupalli, ²A. Jothi Priya, ³Karthik Ganesh Mohanraj, ⁴Lakshminarayanan Arivarasu

¹*Department of Physiology, Saveetha Dental College, Saveetha Institute of Medical and Technical Sciences (SIMATS), Saveetha University, Chennai, India*

²*Assistant Professor, Department of Physiology, Saveetha Dental College, Saveetha Institute of Medical and Technical Sciences (SIMATS), Saveetha University, Chennai, India*

³*Assistant Professor, Department of Anatomy, Scientist, Biomedical Research Unit and Lab Animal Centre (BRULAC) Saveetha Dental College, Saveetha Institute of Medical and Technical Sciences (SIMATS), Saveetha University, Chennai, India*

⁴*Assistant Professor, Department of Pharmacology, Saveetha Dental College, Saveetha Institute of Medical and Technical Sciences (SIMATS), Saveetha University, Chennai, India*

¹151801083.sdc@saveetha.com

²jothipriya.sdc@saveetha.com

³karthikm.sdc@saveetha.com

⁴lakshmin.sdc@saveetha.com

ABSTRACT

COVID 19 is a strain of coronavirus which is virulent and spreads easily among humans. It has become a pandemic and has caused a global emergency. Though the death rate is not that high it is still considered dangerous. It has caused a huge impact on the global economy. The purpose of this study is to analyse the economic impacts on various sectors of Indian economy. Several relevant articles were selected, analysed and computed in order to gain accurate information of the economic losses we have faced. National lockdown has impacted not only the Indian economy but also the global economy very severely. Many sectors such as the travel and tourism industry, the live events industry, hotels and real estate have been shut down and have faced severe losses. The GDP has faced a slight declination. The data collection and study analysis was conducted in the year 2020 in Private Dental College, Chennai.

KEY WORDS: COVID-19, Coronavirus, Lockdown, Indian economy, Decline.

INTRODUCTION

COVID 19 is a new strain of coronavirus, the same family of viruses as SARS and MERS, believed to be of bat origin. It originated from Wuhan, China [1]. It has an extremely fast rate of spread and has a gene which makes it easily transferable among humans [2]. It has become a global pandemic and is a cause of many deaths across the world. The first case in India was recorded on 30th January 2020. It has brought the entire nation to a standstill. The prime minister announced a national lockdown starting 24th March 2020 [3]. Isolation is the only way to stop the spread of this disease as no vaccination or treatment has been found yet [4]. Under section 144, not more than 4 people should gather outside and no public gatherings should be held [5]. Infected people experience mild to moderate respiratory illness [6]. Older people with underlying issues experience more severe illness and are at risk [7]. The virus spreads through saliva and nasal discharge. Social distancing is very important to tackle the situation [8]. The number of ventilators in India are only 1 lakh and the total population is 1.6 billion [9]. If the virus goes on spreading without any control then hospitals will soon be overflowing without any space [10]. Prevention is better than cure.

Economic impact caused by the pandemic on India is hugely disruptive [11]. The economy is currently in the lowest figures it has seen in the past 3 decades since 1990 [12]. The estimated loss per day is over

32,000 crore rupees [13]. 53% of the businesses have been affected [14]. The live events industry faces a loss of upto rupees 3000 crores [15]. The COVID pandemic may be the greatest financial emergency since independence [16]. Funds of rupees 15,000 crore have been given to the health sector. A COVID economic response task force has been announced by the prime minister on 19th March [17]. Various businesses have cut salaries and have started laying off many employees [15]. There is a 45% decrease in total growth state funding. Many major companies such as Larsen and Turbo, Bharat Forge, UltraTech cement and Tata Motors are temporarily suspended and have significantly reduced operations [18]. E-commerce has also been severely affected as they have stopped sale of non-essential items [19]. On 23rd March, the stock market experienced the worst losses ever seen in history [20]. SENSEX fell by 4000 points (13.15%) [21]. Tourism industry faces a major setback with a loss of Rs. 15,000 crores [22]. Tourism industry faces a major setback with a loss of Rs. 15,000 crores [23]. Trade industry is also severely affected. Overall, the economy has suffered a major setback and has been severely affected [24]. An economy built over a span of several years has been destroyed within a few months [25,26].

This research is being done to know more about the impact and ill effects of lock down and understand the seriousness of the situation. We should all be more responsible and tackle the situation together by staying safe and isolated. This is the only way we can combat the pandemic and return back to our normal way of life.

METHODOLOGY

This article was done based on the articles obtained from various platforms like PubMed, PubMed central and Google scholar. They were collected with a restriction in time basis from 2000-2020. The inclusion were original research papers and other review articles and journals. All articles were selected based on Covid-19 and its impact on Indian economy. This was done in the year 2020.

In order to study the effect the COVID pandemic has had on the economy, several articles and research journals were selected, analysed and computed in order to gain accurate information of the economic losses we have faced through various sectors. They are determined by article title, abstract and complete article. When the article holder websites were analysed on the topic of Lockdown and its Impact on Indian Economy, few articles were found as Covid is a recent happening. This article was reviewed from 38 articles collected. This helps us develop a better understanding of where the most impact has been created and how much impact was created. Quality of articles used was assessed manually and graded as strong, medium and weak accordingly.

ORIGIN

Covid-19 is a new strain of coronavirus which originated in December, 2019 in Wuhan, China [1]. It belongs to the same strain of virus as MERS and SARS. It is believed to be of bat origin. It has an extremely fast rate of spread among mammals and has become a threatening global pandemic. It has caused even all super power nations to announce a national lockdown [27].

TIMELINE

In India, the first case was recorded on 30th January, 2020 in Kerala. Cases dramatically began increasing in March. Lockdown was first announced on 24th March, 2020 for 21 days [3].

ONLINE SERVICES & E-COMMERCE

The entire country being under national lockdown, only essential services are available. Flipkart, Amazon and Big basket have been suspended and only delivery of limited number essential goods is allowed [3]. Mobile banking services are being used more frequently in lockdown [28]. Restaurants have been shut

down, however takeaway and delivery options are still available. Platforms like Ola and Uber are severely damaged [29].

Flipkart has shut down all services on its E-commerce platform. The Walmart-owned e-commerce giant mentions on its website and app that is suspending services temporarily. Amazon announced that it will accept orders only for essential products [30].

This is in agreement to the article we have cited.

BUSINESSES

53% of total businesses have been markedly impacted due to lockdown [14]. Production and distribution of non-essential goods have come to a halt resulting in a retrenchment of employees in many companies [3]. 75% of casual laborers wages have been severely affected [31]. Metal and mineral prices like Al, Cu, Ag and Pb have drastically dropped resulting in collapse in shares of mining MNCs [32]. Live events industry faces losses around Rs.3,000 crore. 25 million jobs have been permanently destroyed [15]. Real estate and hotels have also been impacted. It will take a minimum 2-3 months to restore the industry chain back to normal [13].

There will be a tsunami of job losses for employees who don't have a regular salary, people without a written contract. Labor market can soon turn into a nightmare post-COVID [33].

This is in agreement with the article we've taken.

TRAVEL

There has been a 25% fall in the travel and tourism industry. There is a 12-14% job risk in this industry [1]. The transport system has completely crashed and any sort of transport service other than that of essential goods has been suspended [3]. Mobility is restricted, flights suspended, trains have been stopped, leading to a severe setback on the industry [34].

AGRICULTURE

Pre- covid GDP growth of the agricultural industry was 3.2% per year. Post covid there hasn't been much impact as agricultural activities have not been suspended [1]. 29.3% households are experiencing a shortage of food, fuel and medical supplies [31]. Due to lack of that many buyers, there has been wastage of goods. This has resulted in dumping of 15,000 litres of milk and throwing over 10,000 kg of fruits and vegetables [3]. Indian tea exports may fall 6-8 per cent this year owing to the Covid-19 pandemic, which has paralysed logistics movement, as well as pushed the global economy towards recession [35]. More than half (56%) of the farmers said that the lockdown has impacted their ability to prepare for the upcoming sowing season. Half of them reported that they were "concerned about being able to afford inputs, particularly seeds and fertilizer," and more than one-third (38%) were concerned about labour shortages. About one-fourth said they were "storing their crops instead of selling them due to the lockdown" [36]. Due to reduced demand, there has been a slight fall in prices of agricultural goods [32]. Domestic supply and demand disruptions have arisen during lockdown due to which there is a slight growth declination [34]. There is also a disruption in raw material supply and shriveling demand [15]. Overall, the agricultural industry has been relatively less impacted as crop harvesting and food distribution continues. Livestock and fish demand has become low [13].

Agriculture, the largest employer in the country, which is largely informal, is severely affected by distortions of the food supply chain induced by the pandemic. Due to nation-wide lockdown, empty aisles

of stores and out-of-stock images of essential food items on online portals give the appearance of a country running out of stock [37].

Though this is contradictory to the article we have taken, the cited article is more recent and convincing. Also the demand varies from place to place depending on the severity of the cases present and also the zone which it comes under.

GDP & FINANCIAL LOSSES

The country's quarterly growth is consistently falling [3]. If not taken seriously the quarterly growth can fall below 5% [32]. Fall in BHP shows parallels to the Great Financial Gash of 2008-9 [32]. The economy loses \$4.5 billion everyday [13]. Trade impact is \$348 million [15]. GDP is expected to grow 1.5% to 2.8% in the year 2020-21. Fiscal started on April 1. Moody's Investors service on Friday slashed its estimate of India's GDP growth for calendar year 2020 to 2.5 per cent from an earlier estimate of 5.3 per cent, citing rising economic cost of the coronavirus pandemic. That was sharply lower compared to the growth rate of 5 per cent in 2019 [38]. The outbreak occurred when the economy was already slowing due to persistent financial sector weakness [34].

The International Monetary Fund (IMF) released its global growth projections and said in 2020, the world economy is expected to plunge into the worst recession since the Great Depression. It has estimated a loss of \$9 trillion to the global economy [29].

CONCLUSION

National lockdown has impacted not only India's economy, but also the global economy severely. The global economy which had taken several years to establish has come crashing down within a matter of a few months due to the COVID pandemic. India's economy too is suffering a severe setback. The impact created has caused a major setback of many industries including trade, agriculture, transport, etc. Businesses and startups too have faced many losses. Stock markets have completely crashed down. Restaurants and hotels due to lack of customers are in losses. The pandemic has touched every aspect of the Indian and global economy. We will all definitely remember the economic impact of coronavirus even long after everything goes back to normal.

ACKNOWLEDGEMENT

The author extends gratitude to their institution for their support

CONFLICT OF INTEREST

The author declares that there were no conflicts of interest.

SOURCE OF SUPPORT: Nil

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LIST OF TABLES

TABLE 1 - QUALITY ANALYSIS

First Author/ Publisher	Year of Publication	Quality
S. Mahendra Dev	2020	Strong
Prasanna Mohanty	2020	Medium
Gaurav Noronha	2020	Weak
Girish V	2020	Weak
Biman Mukherjee	2020	Medium
Elsevier	2020	Medium
The Hindu	2020	Medium
The Hindu Business Line	2020	Medium
Malini Goyal - Economic Times	2020	Strong

Table 1: Table shows the quality analysis of articles taken for analysis and reviewing. They were graded as strong, medium and weak.