

## Indian Economy during COVID-19 Pandemics and British India Epidemics : A Review

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### Abstract

Coronavirus disease (COVID-19) is an infectious disease caused by a coronavirus named as SARS-CoV-2. The COVID-19 is an ongoing global pandemic having impact on general society, mental health, economy, culture, politics, and other areas. The coronavirus pandemic has caused unprecedented fall in the Indian economy and experts predict that it will degrade more. The upliftment of the lockdown and removal of the restrictions imposed on economy lead to a healthy recovery of economy in the near future.

**Keywords :** *Coronavirus, Indian Economy, Lockdown, Unemployment*

### Introduction

#### Coronavirus

Coronavirus disease (COVID-19) is an infectious disease caused by a newly discovered coronavirus. In December 2019, a pneumonia outbreak was reported in Wuhan, China. [1] On 31 December 2019, this newly discovered virus named as 2019-nCoV by the World Health Organization (WHO), which was renamed as SARS-CoV-2 by the International Committee on Taxonomy of Viruses. [2]

As of 5 October 2020, there are approximately 1,037,340 confirmed deaths and more than 35,179,573 confirmed cases in the COVID-19 pandemic. [3] In India there are 6,649,129 Coronavirus Cases and 100,300 deaths.

#### HOW IT SPREADS

The transmission of Coronavirus infections mainly by droplets generated when an infected person coughs, sneezes, or breathe out. So social distancing is needed to stop the spread of Coronavirus as one can easily get infection if present within close proximity of COVID-19

infected person . It can also be transmitted by touching contaminated surface and then eyes, nose or mouth. Therefore frequent hand washing is recommended.

## **Effect of Lockdown**

Only handwashing or social distancing could not stop the spread of infection, other measures like travel restrictions and nationwide Lockdown was done in many Countries . [4] The pandemic caused more than a third of the global population at the time being placed on lockdown to stop the spread of COVID-19.[5] The COVID- 19 pandemic is an ongoing global pandemic having impact on general society, mental health economy, culture, politics, and other areas[6].

It has caused severe repercussions for economies across the world,[7] following soon after a global economic slowdown during 2019 that saw stagnation of stock markets and consumer activity worldwide.

Panic buying was one of the important consequence of Lockdown leading to shortages of supply like food, other grocery items and pharmaceuticals

## **Indian Economy**

The coronavirus pandemic has caused unprecedented fall in the Indian economy and experts predict that it will degrade more.

As of the impact on India, Unemployment rose from 6% in mid-March to 26% in mid-April , 14 crore people lost employment. Indian economy is estimated to lose over 4.5 billion dollars every day since the 21 day lockdown[8]. Major companies have suspended their operations. Stock markets had their worst losses in history on 23rd March 2020. India's GDP has been estimated to fall from 5.3 % to 2.5% [9]

This blow to the economy has been worse than that during The Financial Crisis.

The GDP of India hit a record low of -23.9% due to this lockdown in the second quarter (April-June) of 2020. The enormous contraction in economy has been due to lockdowns imposed and the restrictions on economic activities which went essential from which came into effect from 25<sup>th</sup> of March, 2020, since then the restrictions are gradually being lifted but it is predicted by experts that the economy will at least take a minimum of two years to heal itself.[10,11]



One major factor which directly as well as indirectly affected the economy is the historic increase in rate of unemployment, this led to huge blow to the economy. Experts have predicted a daily loss of 4.5 billion US dollars during the lockdown.

While the economy was shut, the people who are mostly affected during this pandemic were the daily wagers (not only this pandemic but in any pandemic the people who suffer are the daily wages and the farmers). An approximate of 80% of Indian families have been facing loss in income due to this pandemic. Complete lockdown has led to closing of shops which has troubled many shopkeepers. Industrial production fell deeply during April-May months, as most of the factories were not operating. Smaller businesses have been shut due to lockdown. There has been drastic decrease in income among the people which led to a decrease in demand, which in-turn created a decrease in supply and many smaller and larger businesses have been forced shut.

Transport sector has seen huge losses in India as well as in the rest of the world according to [intelligenttransport.com](http://intelligenttransport.com), only 1 to 2% of the total bus transport services are operational. 90% of airlines as well as major automobile companies have suffered losses. The GDP contraction of India has been most among the other countries for example GDP of USA contracted by - 9.1%, Japan by - 9.9%, Germany by - 11.3%, Canada by - 13%, Italy by - 17.7%, France by - 18.9% UK by - 21.7% and India's GDP being the worst affected at - 23.9% .

### **Atmanirbhar Bharat Abhiyan.**

Prime Minister Narendra Modi on August 15 announced Atmanirbhar Bharat Abhiyan. He said that "The state of the world today teaches us that (AtmaNirbhar Bharat) "Self-reliant India" is the only way we can improve economy . Atmanirbhar Bharat Abhiyan, according to Prime Minister is 'self-reliant India' or 'self-sufficient India'. [12]

Self-sufficient, means producing all the goods and services it needs by itself and does not want to depend on the rest of the world. Self-reliance means that the country should have enough resources i.e. foreign exchange reserves to pay for what it wants to import. The law and IT minister, Ravi Shankar Prasad, said that self-reliance does "not mean isolating away from the world [13] . Self-reliance is accepting that no country can be self-sufficient and thus it is better to

become economically prosperous that the country has enough to pay for what it cannot produce at home or what could be imported from abroad for cheaper.

## **Indian Economy during “the age of famines and epidemics’ in British India**

The period between 1870s to 1910s was called ‘the age of famines and epidemics’ in British India. During this period, there occurred many epidemics, such as cholera, malaria, smallpox, plague, and influenza. The death toll from these epidemics was extraordinary. It is estimated that about 5 million to 8 million people died. The Indian Economy during ‘the age of famines and epidemics’ was greatly affected. There was unprecedented fall in Indian economy due to certain reasons :

- (1) Indian wealth was drained off to England, leaving no surplus in India.
- (2) Peasants were forced to produce commercial crops in order to pay heavy land revenues or rents. This caused low food production, and dependency of peasants on rich money lenders, thus worsening the condition.
- (3) rich people gained from commercialization of agriculture, so did not invest much in agricultural production, thus decreasing agricultural production again leading to destructive famines.

## **Conclusion**

The government has been releasing many plans for the recovery of economy in the coming months.

For the solution, we would have to turn back to the basics of the working of an economy to come out of this major recession. Reduction in spending, debt restructuring (lowering debts), wealth redistribution from the rich to the poor, all three methods are deflationary and lastly the Central Bank prints new money which is inflationary. This is a very risky time. Policy makers need to balance all the four ways so that the deflationary ways balance with the inflationary ways and there is a beautiful deleveraging.

The PM has announced various plans like PM cares which have been more or less controversial. Among the masses, let's hope that the upliftment of the lockdown and removal of the restrictions imposed on economy lead to a healthy recovery of economy in the near future.



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