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THE SPREAD OF COVID-19 AND ITS IMPACT ON THE INDIAN ECONOMY

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ABSTRACT

The epidemic coronavirus has created an unstable environment in which humans can survive. The infectious disease has ceased economic activity worldwide. The newly discovered virus will be reported for the first time in Wuhan, China at the end of 2019. Due to the lack of proper treatment and the rapid spread, humankind was trapped in the house. The once busy road is now empty, as people have lost the freedom to move freely. Due to the virus, we need to keep a safe distance from our loved ones for goodwill. The virus is very highly infected and can spread from person to person, causing the above scenarios. People who come into contact with most viruses suffer from mild flu-like symptoms. However, elderly people and people with underlying illnesses may have extreme symptoms, including respiratory problems.

In this report, we will mainly discuss the details of the virus and examine its impact on India's economy. Describes the state of the Indian economy before COVID-19, the economy after the outbreak and how this outbreak has affected the economy. Finally, it outlines the measures the government is already taking, including the nationwide lockdown and quarantine, which it is currently implementing, as well as other measures the government may take.

INTRODUCTION

"At the end of 2019, a brand-new virus surfaced and started making headlines around the world. In Wuhan City, Hubei Province, China, the coronavirus was first identified as COVID19 by the WHO in December. classified. The virus spread rapidly around the world after it broke out in China. COVID 19 now affects infectious diseases around the world and has serious health and economic implications. Politics such as social distance instead of, isolation at home, closure of institutions and government facilities, restrictions on the movement of citizens, and national blockade are the only ways to control the spread of the virus. This virus is also highly contagious. You can lower the currency of the planet. Simply put, a country's economy needed to avoid the spread of the disease. This created fear that the global economic downturn would continue.

"Now, the question arises. What was so dynamic about the virus that caused the entire human race to succumb to its whims? The coronavirus is a recurrent cold. From the Middle East Respiratory Syndrome (MERSCoV) to SRASCoV, it is a large family of viruses that can cause diseases, including SRASCoV, etc. The novel coronavirus (nCoV) is a threat to the population because immunity to this virus is unknown. Anyone who has come in contact with this virus may not experience mild symptoms. Others may also develop severe symptoms or life-threatening."[1]

[1] World Health Organisation.2021 Coronavirus disease (COVID-19) pandemic, Genveva :WHO

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On April 9, Kristalina Georgieva, President of the International Monetary Fund (IMF), said that by 2020, the worst impact on the world economy could be observed. Since the Great Depression of the 1930s.In 1918, many infectious diseases were reported worldwide, including the development of the diseases of Grip, HIV / AIDS, SARS, Mails (Middle East Respiratory Syndrome) and Ebola in Spain. Smallpox, plague and polio are common diseases in India over the last few years. However, after being discovered in late 2019, the COVID19 virus will spread rapidly in the coming months. India registered its first COVID 19 case on January 30, 2020. Since then, the number of cases has increased steadily and significantly. Compared to other seriously affected countries, India has recorded a smaller number of cases in the future. However, India is only in the early stages of onset and can quickly be overwhelmed by many cases.

From 25 March 2020, the Government of India has announced a three-week national closure to prevent the spread of the virus. All non-essential services and businesses, including retailers, educational institutions, places of worship, public facilities and government offices nationwide, will close their doors and all travel options will be suspended during this period. This is the most extensive government action taken on van demik. The unexpected impact of the closure on our economic system is expected to be quite detrimental. This includes millions of jobs and livelihoods. With activities across the country without suspending work or income, more than 50 million migrant workers have returned to their home towns or stayed in city camps to close borders. Raw materials and finished products are often heavily restricted in transit through countries. Countries are closing their borders and abruptly halting local exchanges and exchanges. All of these severely disrupt supply and distribution chain mechanisms in almost every sector. At the same time, consumer demand is collapsing as tens of millions of people are putting off unnecessary expenses left behind at home. The extent of the impact depends on the length and severity of the health crisis, the lock, and how the scenario is deployed after the lock is released. The loss of the economic system is already huge. If the closure continues, economic and livelihood damage can be fatal. "We found this disaster at a time when India's GDP growth was already slowing and unemployment was rising due to poor performance over the past few years. Before the surprise hit. The dangerous scenarios facing India's financial system will probably exacerbate the effects of the shock. In particular, macroeconomic policy capacity is severely limited in response to a crisis in which coverage, which is the brain of the economic system, is not functioning properly. " Prior to , the Indian economy experienced a general slowdown in demand, but now all demand and shipments have been interrupted. There are four channels where the impact is passed to the output increase. "It is an external supply and demands constraints due to the global economic downturn, disruption of the global shipping chain, courier shipping interruptions and reduced domestic demand. Financial surprises affect both the formal and informal sectors."[2]

[2] World Economic Forum.2021 Coronavirus disease (COVID-19) pandemic, Cologny, Switzerland: WEF

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SECTOR WISE IMPACT ON THE ECONOMY (In respect to trade with China)

1. Foreign trade: – Since 2004-05, China has been the largest import source of India, according to data from the Center of Indian Economy Monitoring (CMIE). In 2018-19, India's total imports accounted for 13.7 per cent of the latest period for which annual information is provided. Any major disruption in the Chinese financial system can disrupt these imports and hence every method of production and delivery of consumer products in India.

2. Automotive:- The effect on this industry may differ and rely based on the Chinese market. It is certainly influenced by China, and so it is. However, current inventory rates are appropriate for our industry in the specified timeframe.

3. Electronic Industry:- The largest manufacturer in China to our electronics sector; is the final product or raw material used in the industry. India's electronic industry will experience a setback as regards the availability, output and severe impacts of raw or final materials on commodity prices.

RBI's POLICY ACTION

To overcome the crisis, the RBI took four drastic steps after the Monetary Policy Committee meeting as one of its major initiatives.[3]

1. Massive repo / repo rate reduced to 4.40 percent from 5.15 percent / 4.90 percent. The 91-day pass, which measures the de facto status of monetary policy, fell from 5.09 percent on March 26 to 4.31 percent.

2. "Banks can generally borrow from RBI using the repo window in the short term. A new TLTRO (Target Organ Repository) with a limit of 1 trillion rupees to complement these facilities. The mechanism has been announced. This can be seen in banks as well, as they do not have to invest in the funds borrowed in the market for the next three years, but there may be requirements. March 27, 2020 In addition to a very good level for investing in debt such as, the cash borrowed here should be placed in financial valuation bonds, commercial bills and non-convertible bonds. "

3.1percent reduction. As a result, the cash holding ratio (CRR) decreased by 3percent. Eight years later, the CRR was fixed.

4. Under the Banking Act, banks provide mortgages if prices are postponed. According to the Health Framework, banks are required to allocate loan cash to a single bill class in the event of default. 31 Numbers are specified for SMA0, SMA1, and SMA2 accounts regardless of whether or not they pay fees during the 130-day or 3160-day period. Or 6190 days. The RBI is now allowing banks to provide term loans and continuous capital equipment 90-day mortgages for payments due between March 1, 2020 and May 31, 2020. I changed the rules. If an organization applies for and receives a moratorium, the loan account will

[3] *Covid-19: RBI Governor announces measures to tackle 2nd wave, promises more steps (2021). Available at: https://www.indiatoday.in/business/story/covid-19-rbi-governor-announces-measures-to-tackle-2nd-wave-promises-more-steps-1799007-2021-05-05#:~:text=The%20RBI%20has%20allowed%20borrowers,considered%20under%20Resolution%202.0%20framework. (Accessed: 23 J*

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be kept up to date and the SMA valuation will no longer apply. At some point during this period, the interest on the term loan will increase. The three interconnected problems of the are the constant crisis: health effects, post-closure financial surprises, and global currency stagnation. Each of these shocks is enormous at the individual level and imposes a heavy burden on policy makers to act collectively, swiftly and decisively.

ANALYSIS

"Even after assessing the impact of coronavirus on the economy; assessing the exact impact on Indian economy is hard with the uncertainty of how long will the pandemic. Since none of us or no study seems to have an answer to this, we can at the moment only forecast the likely scenarios of the Indian economy. Based on our study above; we could break down our assessment into three possible scenarios that are likely to occur in the given situation."[4]

Optimism showed a temporary effect of COVID19 and V-shaped rehabilitation: This prediction can lead to successful management of COVID19 infectious disease in India by June 2020. A strong policy is to improve the supply and quality of medical care, which can bring the Indian economy back to life from FY2021. It shows that the condition is not good and COVID 19 and U-shaped recovery are expanding the impact.

Second, despite the efforts and concentration of health measures and fiscal policy, the Government of India may have been largely unsuccessful in controlling proliferation. The current lockdown is expected to be extended until September 2020 due to strict movement restrictions. As debt rises and defaults affect market sentiment, some industries will face pressure to stress the financial sector and reduce domestic demand. Negative scenario showing new low level of normality due to COVID19 severe impact: Pandemic could spread early (with strict regulation) in 2021 from third situation With a sharp decline in demand, the economic environment is facing a decline in supply. After going through experimental experiments, it would be better if you only have FY2022. After that, the economy is slowly rebounding, with buyers continuing to spend and paying attention, which is a good way long-term spending can be affected. Economic growth over the next two years can be 1.5-2percent lower than it would otherwise be due to uneven recovery in all sectors.

CERTAIN STEPS GOVERNMENT MAY TAKE IN LIGHT OF RESULTANT CRISIS

Create a countrywide database of the available health infrastructure and scientific and para-medical resources. Segregate the public and private health care centres by earmarking a segment of health centre beds for treating COVID-19 patients only. Extend extra one-time budgetary support to enhance public health care in terms of facilities, system, and human resources potential. Tweak the prevailing customs obligation structure for pick out additives, which might be vital for production testing kits, ventilators and so on. Extend the insurance of relevant insurance schemes to COVID-19 if not already protected.

[4] Impact of the Coronavirus (COVID-19) on the Indian economy - statistics & facts available at https://www.statista.com/topics/6304/covid-19-economic-impact-on-india/#topicHeader__wrapper (Last modified on Jun 11, 2021)

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SUPPORTING THE CORPORATE HOUSES TO REDUCE ECONOMIC IMPACT AND FACILITATE QUICK RESTORATION

Providing access to funds to corporates so that they can being their day to day expenses. Providing a smooth supply of critical commodities and merchandise to help curb the economic impact of the COVID -19 outbreak. Ensuring that medium and small enterprises have access to proper credit facilities. Overall, the steps and the recognition of the probable scenarios for the Indian financial system can enable policymakers to identify suitable countermeasures to stem the spread of the pandemic.[5]

Covid-19 has offered India an incomparable venture. The enormous size of the population may be very disruptive given the precarious scenario of the financial system, particularly of the financial region, within the pre-COVID-19 period, and the dependence of the financial system on casual labour, lockdowns and various social distancing measures. The central and state governments have identified the challenge, but this is only the beginning. Politicians ought to be able to ramp up the response, because it is an incentive to the shock impact on both the formal and informal sectors and prepare the way for a "V" recovery. At the same time, the answers must be enshrined in the guidelines and limit discretion in the ways of preventing the financial system's long-term damage.

CONCLUSION

India has, by this time, take the following measures to counter the impact of COVID-19 . Countrywide lockdown and economic steps, coupled with financial measures from the RBI, to offer remedy for all, especially the deprived ones The government has directed the employers to not terminate or cut wages of casual or contractual workers. Government to contribute both personnel and employers' percentage within the Employees Provident Fund. RBI relaxes lending norms for banks, injects cash into the system, reduces the interest charges, and relaxes repayments for three months. The focal is on managing the pandemic and the ensuing public health crisis. Protecting earnings and employment, especially for the deprived and susceptible sections of society.

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[5] *Building back better: A sustainable, resilient recovery after COVID-19 (2021). Available at: https://www.oecd.org/coronavirus/policy-responses/building-back-better-a-sustainable-resilient-recovery-after-covid-19-52b869f5/*